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***Smart City Examples Across Europe***

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ЈАВНО ПРЕДУЗЕЋЕ ЗА КОМУНАЛНУ  
ИНФРАСТРУКТУРУ И УСЛУГЕ

# **COMMUNAL COMPANIES MERGING AS SMART APPROACH: KIKINDA TOWN IN SERBIA CASE STUDY**

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# 1. INTRODUCTION



# THIS PAPER OBJECTIVE

- **HYPOTHESIS:**  
**communal companies merging  
is possible approach to get smart city**
- **CASE STUDY:**  
**Kikinda - Town in Serbia**
- **ECONOMIC ECHO:**  
**municipal budget response**

# 2. SMART TOWN CONCEPT



# URBANISM CHALLENGES

- **Contemporary analysis:  
space & functions synergy**
- **City 5 characteristics (*Lynch, 1981*):  
vitality, sense, fitness, access, control**
- **Urban planning and design includes:  
systems theory, project management, ICT**

# SMART CITY CONCEPT

- **Smart City (SC)  $\approx$  Intelligent / Digital City**
- **SC connects infrastructure:  
physical, IT, social, business**
- **SC components are:  
economy, people, governance,  
mobility, environment, living**
- **SC is:  
sustainable, competitive, innovative**

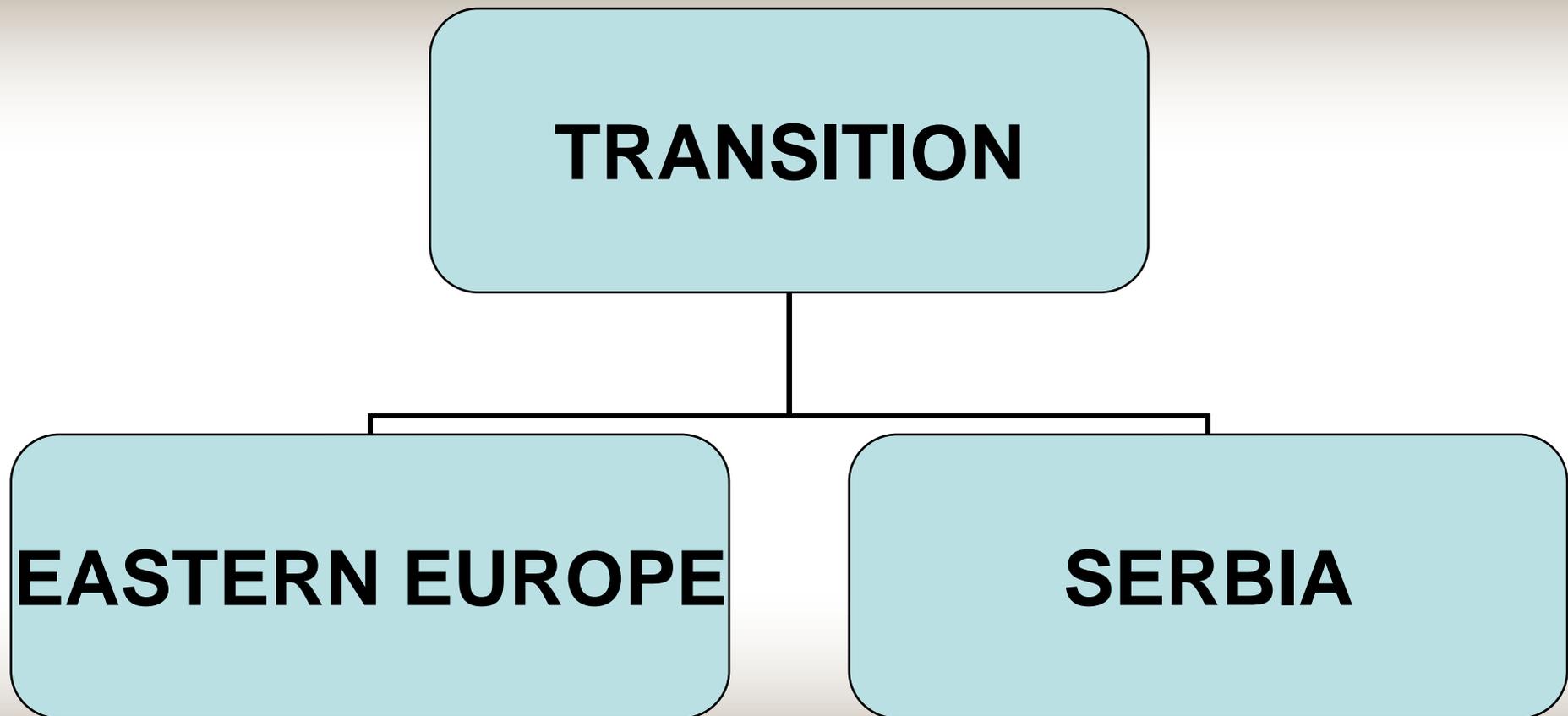
# SMART TOWN

- **Town is smaller than city**
- **Smart town has attributes of smart city**
- **Smart financing of society & infrastructure provides sustainable development**
- **Communal companies merging can improve municipal budget**

# 3. SERBIA IN TRANSITION



# TRANSITION PROCESS



# STATE & PUBLIC COMPANIES IN SERBIA (2012)

<b>COMPANY TYPE</b>	<b>Companies</b>	<b>Employees</b>
<b>Companies controlled by Agency</b>	<b>600</b>	<b>100 000</b>
<b>Large public &amp; state companies</b>	<b>50</b>	<b>110 000</b>
<b>Local public companies</b>	<b>650</b>	<b>70 000</b>
<b>TOTAL</b>	<b>1 300</b>	<b>280 000</b>

# PUBLIC SECTOR REFORM

- **Serbia transition:  
complex, slow, delayed**
- **Transition key issue:  
public sector reform**
- **Local public companies share:  
50% of total public companies  
25% of total public employees**

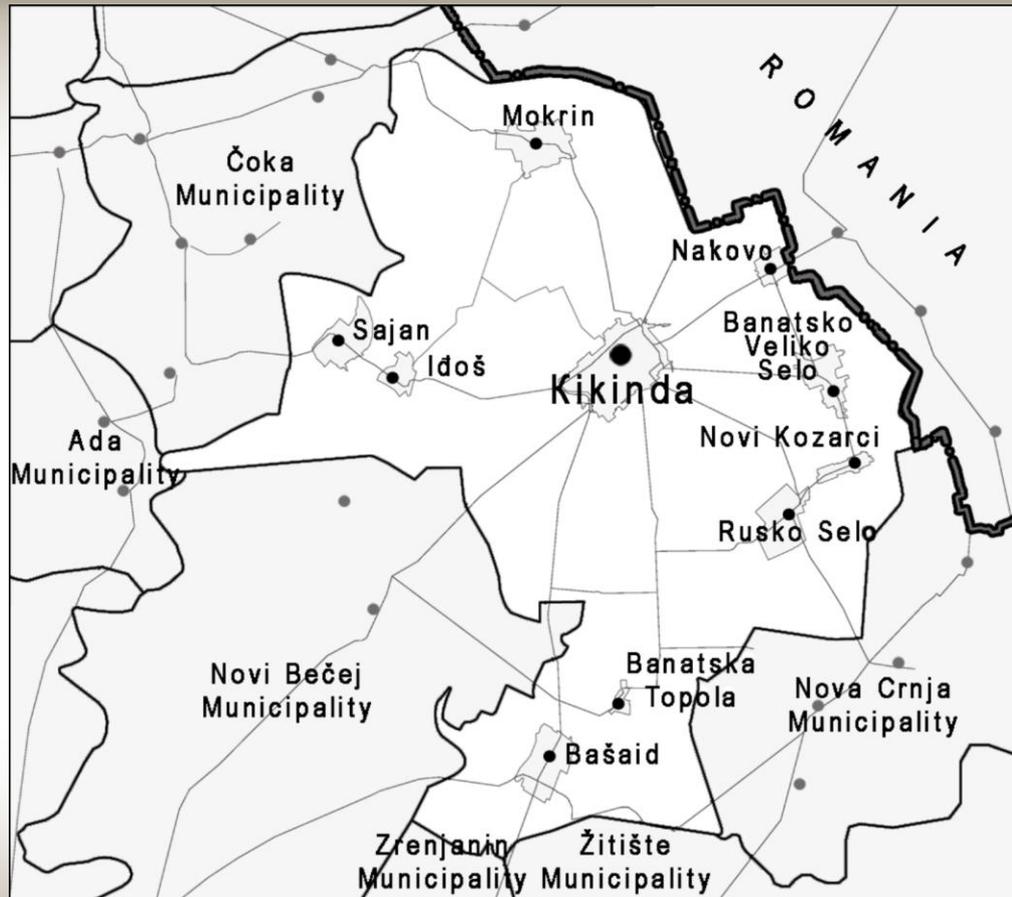
# 4. KIKINDA TOWN



# KIKINDA : TOWN IN SERBIA



# KIKINDA MUNICIPALITY



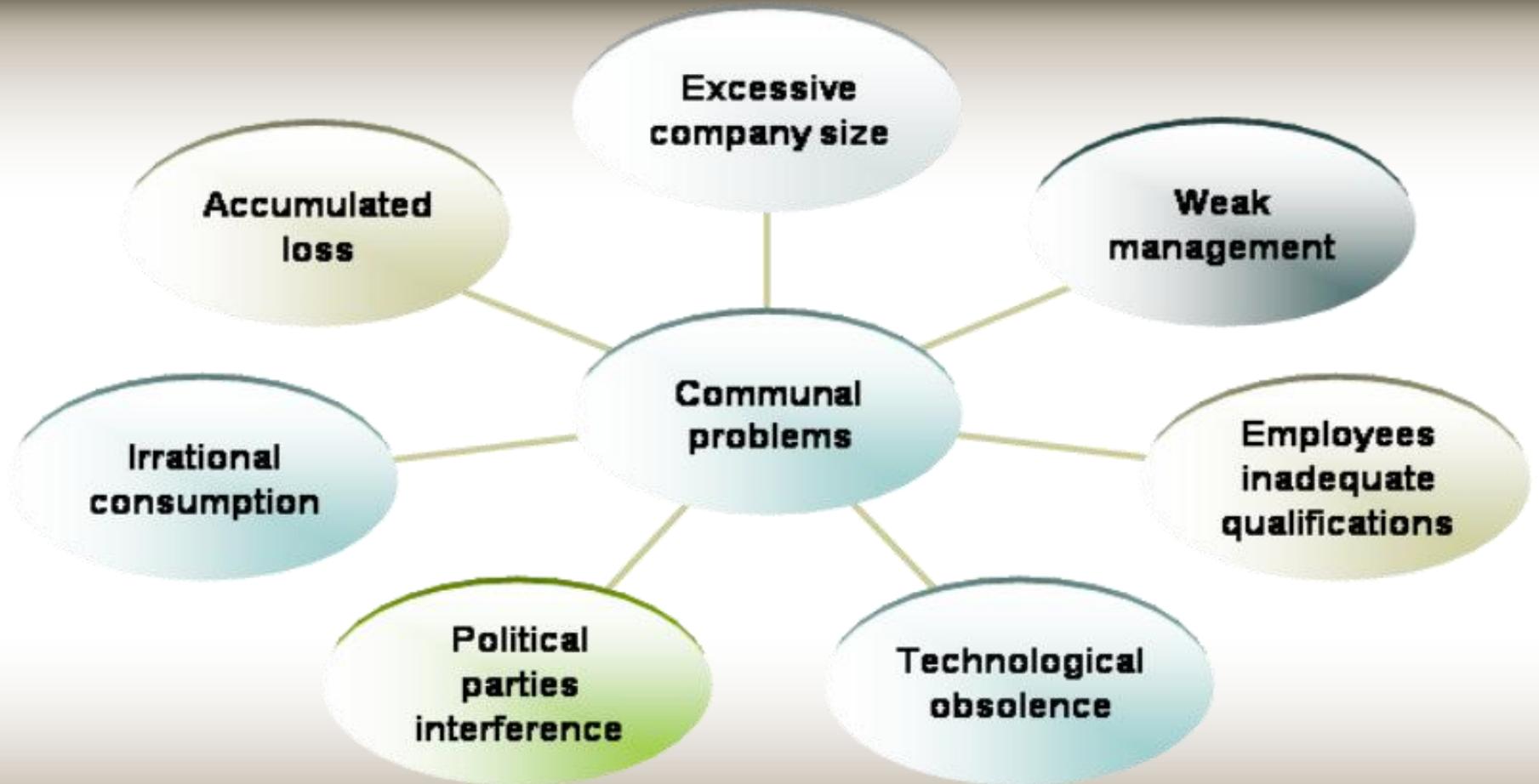
# KIKINDA MUNICIPALITY DATA

<b>Total area</b>	<b>783 km<sup>2</sup></b>
<b>Agricultural area</b>	<b>70 538 ha</b>
<b>Population (2011)</b>	<b>59 453</b>
<b>Number of population per 1 km<sup>2</sup> (2011)</b>	<b>76</b>
<b>Population average age (2011)</b>	<b>42.4</b>
<b>Natural increase per 1.000 inhabitants (2014)</b>	<b>– 6.8</b>
<b>Number of employees (2014)</b>	<b>13 679</b>

# INFRASTRUCTURE & ECONOMY

- **Urbanized town of Kikinda**
- **Proximity of Romania and Hungary**
- **Developed road and rail network**
- **Fertile agricultural land**
- **Natural raw materials**
- **Industrial tradition**

# COMMUNAL PROBLEMS



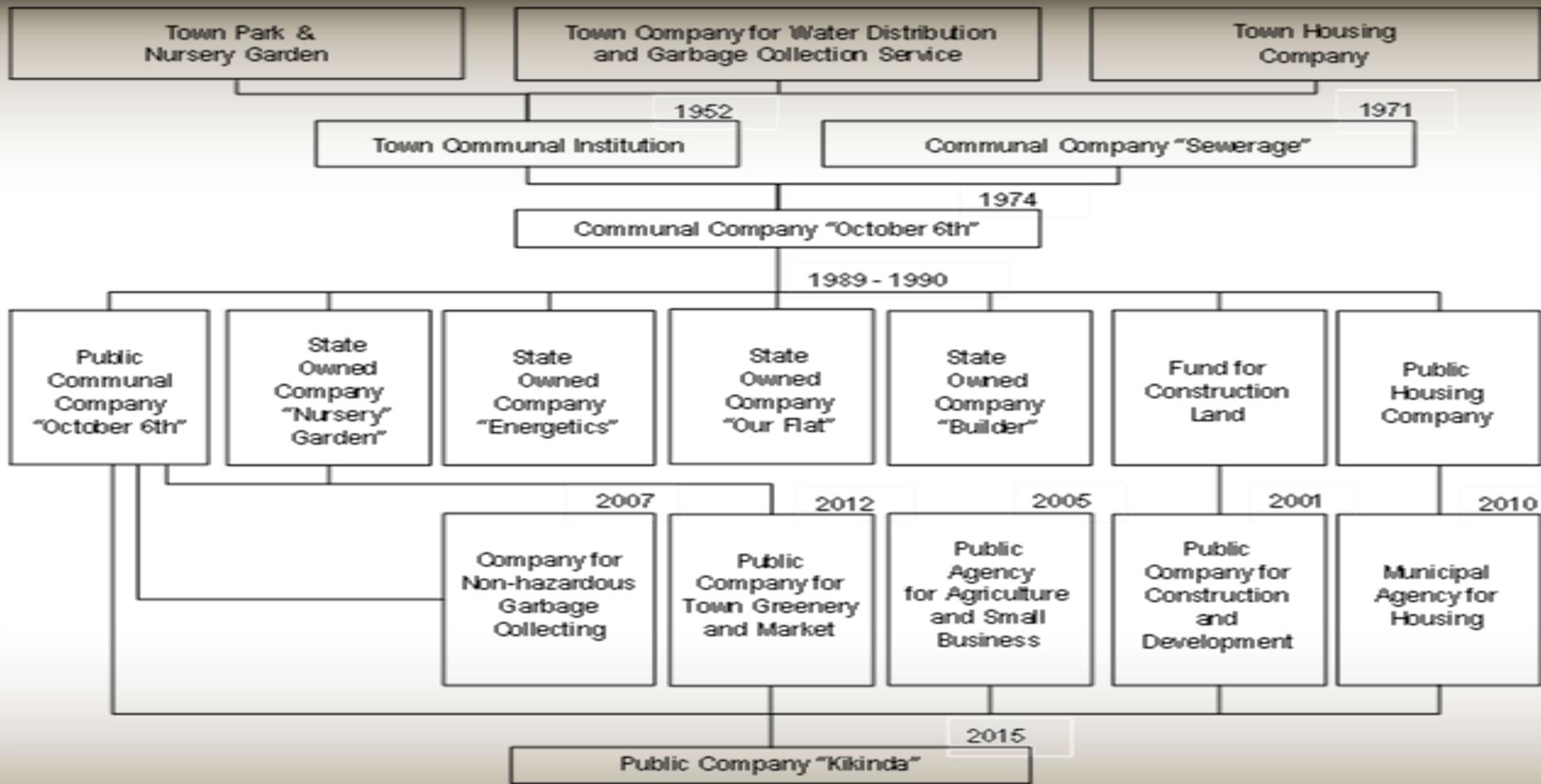
# 5. COMMUNAL MERGING



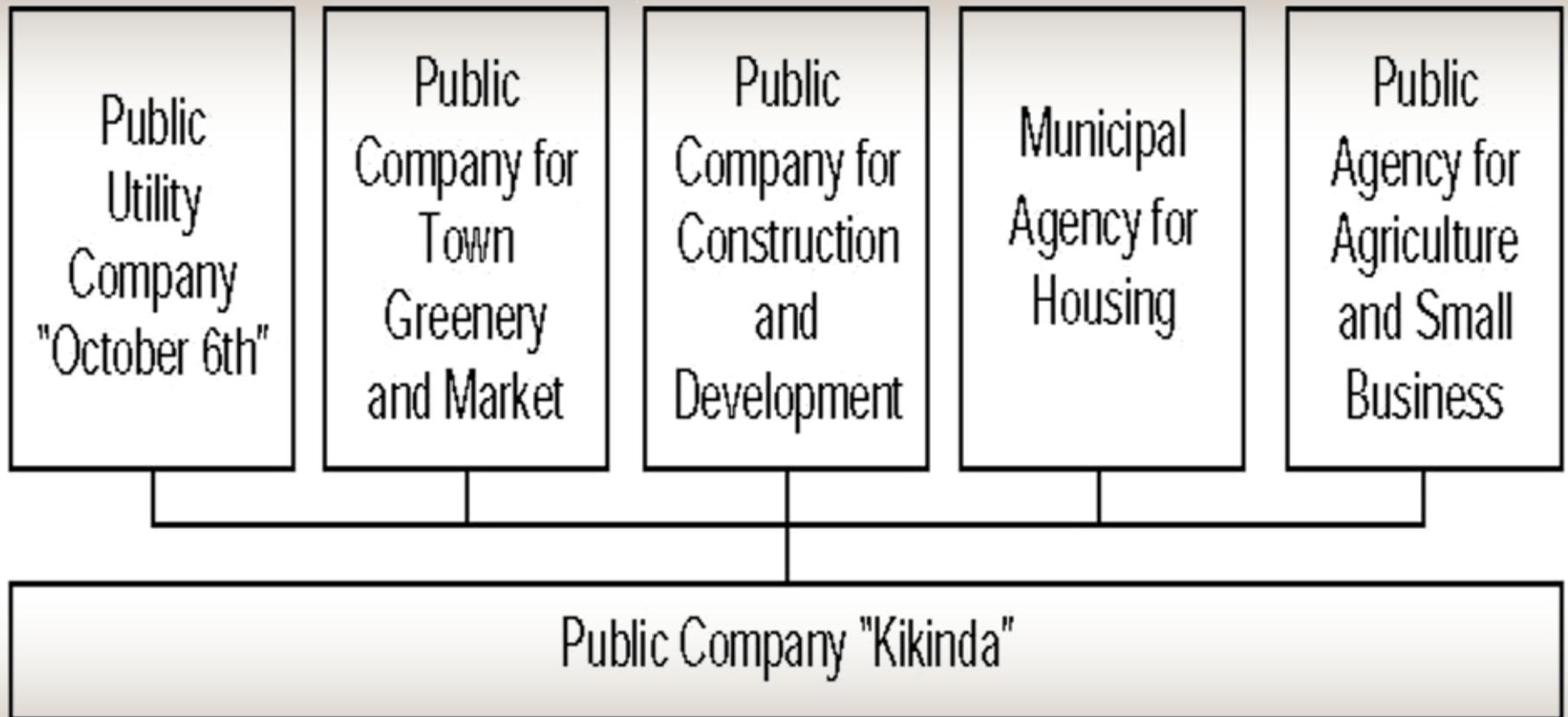
# HISTORICAL BACKGROUND

- **Kikinda communal history:**  
**Habsburg Monarchy (18<sup>th</sup> century)**  
**Yugoslavia Kingdom (after WW I)**  
**Yugoslavia Republic (after WW II)**  
**Serbia Republic**
- **Communal infrastructure factors:**  
**natural, historical, economic, social**
- **Communal companies changes:**  
**establishing – splitting - merging**

# COMMUNAL COMPANIES (1952-2015)



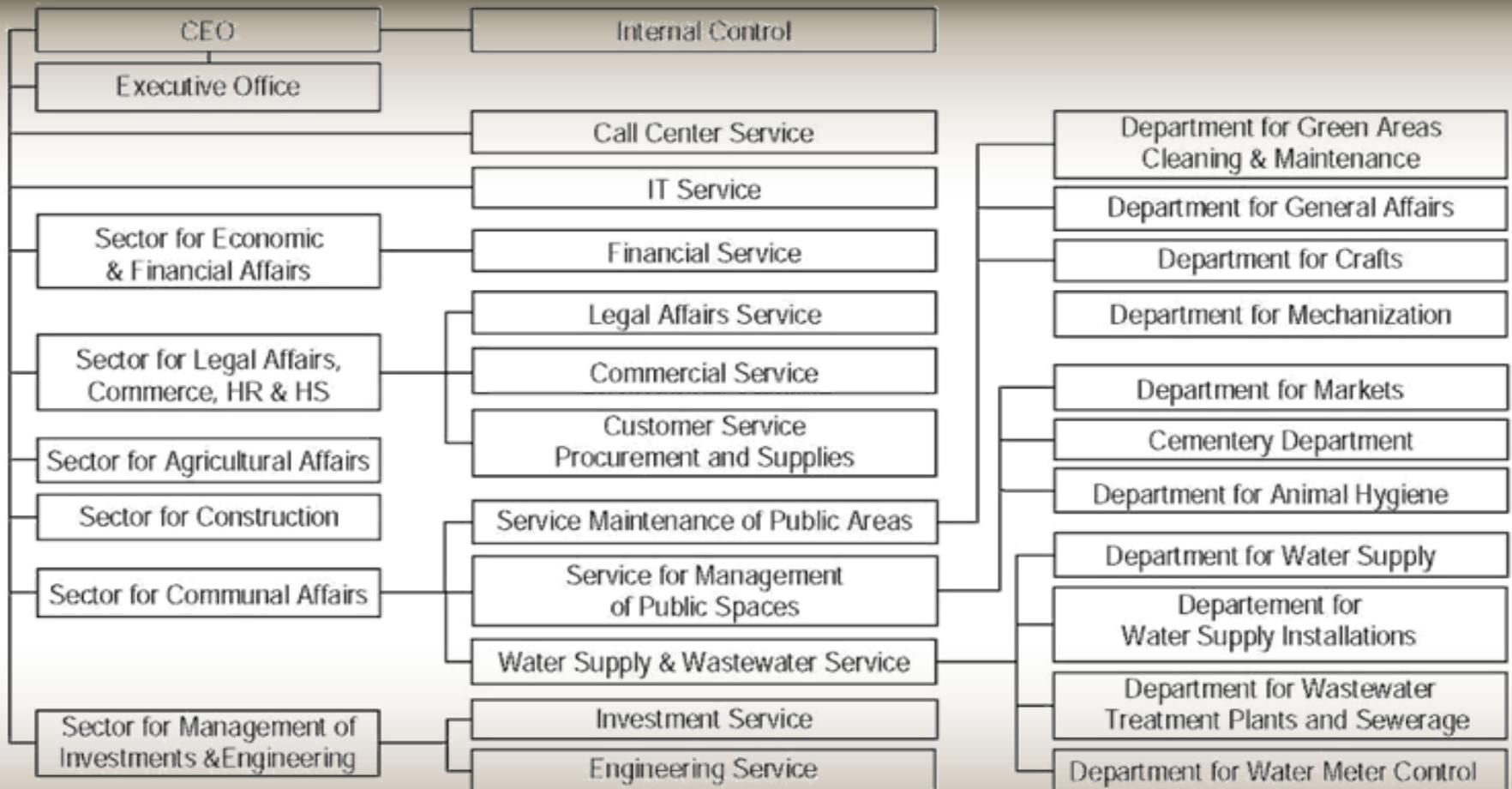
# COMMUNAL MERGING (2015)



# NEW COMPANY: PC KIKINDA

- **Public company “Kikinda” (PCK)**
- **PCK: for communal Infrastructure & services**
- **PCK established: 2014**
- **PCK divided: sectors, services, departments**
- **PCK mission: compound services, sustainable technologically and economically**

# PC KIKINDA ORGANIGRAM



# 6. MERGING ECONOMIC ECHO



# **COSTS & CASH FLOW**

- **Costs: economical indicator of company**
- **Five companies (5PC) are replaced by Public company Kikinda (PCK)**
- **Costs of 5PC & PCK are not comparable**
- **Cash: base of every business**
- **Cash outflow: base for comparison**

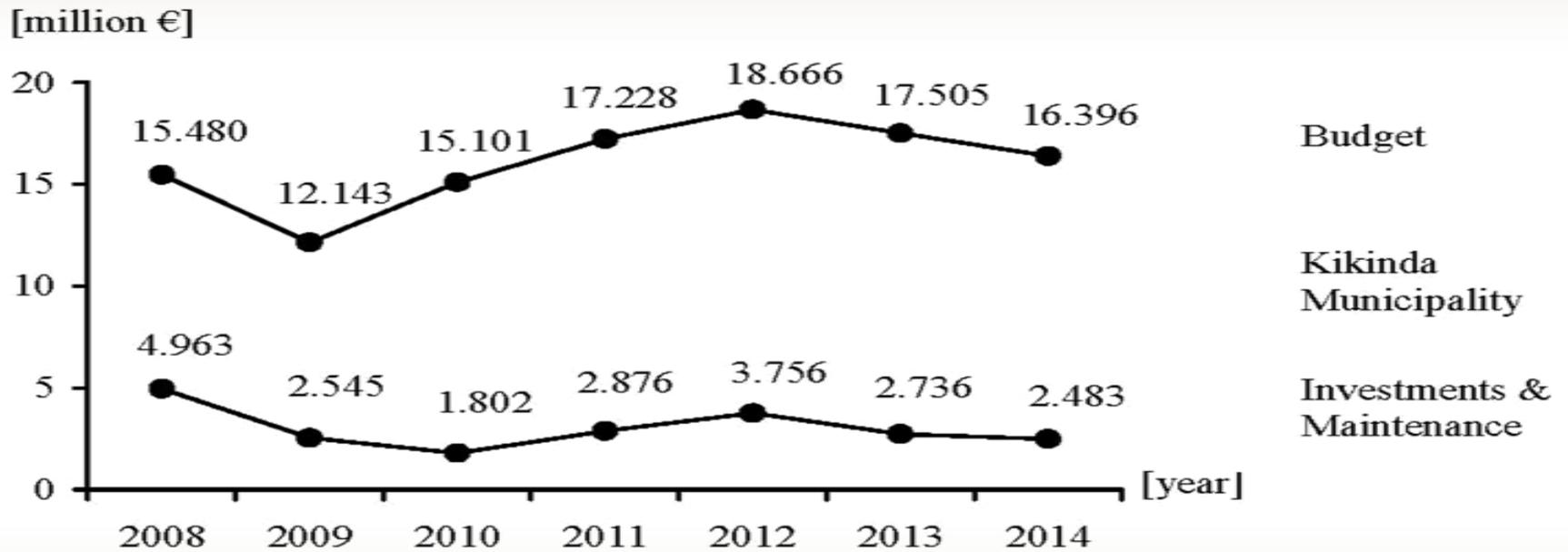
# CASH OUTFLOW: 5 COMPANIES & PC KIKINDA

Outflow	Before merging:		After merging:		Difference:
	Five companies (5PC)		PC Kikinda (PCK)		(5PC-PCK)
	2014 (state)		2016 (plan)		
	Cash [milion €]	Share [%]	Cash [milion €]	Share [%]	Cash [milion €]
Operating activities	5.410	73	2.119	86	3.291
Investing activities	1.838	25	0.358	14	1.480
Financial activities	0.162	2	0	0	0.162
<b>TOTAL</b>	<b>7.410</b>	<b>100</b>	<b>2.477</b>	<b>100</b>	<b>4.933</b>

# PART OF CASH OUTFLOW COMPARISON

Outflow	Before merging: Five companies (5PC)	After merging: PC Kikinda (PCK)	Difference: (5PC-PCK)
	2014 (state)	2016 (plan)	
	Cash	Cash	Cash
	[milion €]	[milion €]	[milion €]
Employees' expenses	2.249	1.392	<b>0.857</b>
Supplies & services	2.854	0.581	<b>2.273</b>

# MUNICIPAL BUDGET RELAXATION



# BUDGET BEFORE MERGING

- **Budget focus:  
CONSUMPTION**
- **Annual investments:  
only 19% of Budget**
- **Budget pay:  
3PC (three public companies)**

# BUDGET AFTER MERGING

- **Budget focus:  
INVESTMENTS**
- **Budget:  
financial savings enable investments**
- **Budget pay not:  
3PC (being in liquidation)**

# 7. CONCLUSIONS



# **COMMUNAL COMPANIES MERGING ...**

- ... PIONEER VENTURE  
IN SERBIA THESE DAYS**
- ... SIGNIFICANT SAVINGS  
IN MUNICIPAL BUDGET**
- ... POSSIBLE PATH  
TOWARDS SMART TOWN**

# 8. REFERENCES



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- **LYNCH, 1981**
- **MUMFORD, 1961**
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- **UVALIĆ, 2010**
- **VESELINOVIĆ, 2014**
- **YOUNG, 2014**

# THANK YOU FOR ATTENTION



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