

OLA
(Observatory on Local Autonomy)

Local government in the States of the European continent

Local self-government in Norway

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INTRODUCTION

Norway's population of 5 165 802 inhabitants (as of January 2015) is scattered over a total area of 385 186 km². Norway's Constitution is the oldest in Europe still in force, since May 17, 1814. The country celebrated the 200-year jubilee of its Constitution in 2014.

Norway is a constitutional monarchy (art. 1 of the Norwegian Constitution of 17 May 1814), as well as a parliamentary democracy. It can also be classified as both a majoritarian and consensus democracy, despite a long history of coalition and/or minority governments.

The executive power is vested in the King (art. 3). The King, Harald V, appoints and revokes the Prime minister (*statsministeren*) and the ministers (*statsrådene*) of his Council (art. 12). The Council of State (*Kongen i Statsråd*) is the government of Norway. The appointment by the King is a formality. The King is formally the head of State, but his functions are mainly ceremonial. The King benefits from legal sovereign immunity (art. 5). The Government (*Regjeringen*) is accountable to the Parliament (*Storting*) and has to resign if the Storting passes a vote of no confidence (art. 15). The Norwegian Parliament is composed of 169 members, elected for four years. General elections were organised in September 2013. The people exercise the legislative power through the Storting (art. 49).

The Supreme Court (*Høyesterett*) is the highest organ of the Judiciary. Constitutional judicial review of legislation is nowhere to be found in the Constitution, but it has been practiced by the courts since the 1820s. The

Supreme Court pronounces judgements in the final instance (art. 88). They cannot be appealed (art. 90).

Norway is a unitary state with a two tier-system of local government. The country is currently divided into 19 administrative regions called counties or “county municipalities” (*fylkeskommuner*) and 428 municipalities (*kommuner*), each governed by a popularly elected council.² The municipalities and the counties have the same administrative status and they are given almost the same rights and responsibilities, but not the same functions. Central government has the overriding authority and supervision of municipal and county municipal administration, the main representative of central government supervising local authorities being the county governor or “prefect” (*fylkesmann*).

The Norwegian local government system is the result of a challenging geography (and the difficulty for a central government to reach all the corners of the territory), political traditions, a strong craving for equality and independence, as well as a historically strong political influence of the farmers (*bønder*) who never lost their rights onto their own lands even under the Unions with Denmark and Sweden (the Odal law, or *odelsrett*,³ still exists). The principle of local self-government was recognized to the predecessors of the municipalities and counties in two laws of 1837, the *Alderman acts* (*formannskapslovene*). The same acts formally defined local authorities’ rights and responsibilities. They laid the foundation for the current legislation on local government.⁴

² For the number and names of the municipalities, as well as the name of the counties they belong to, see: <http://www.statkart.no/Kunnskap/Fakta-om-Norge/Fylker-og-kommuner/Tabell/> (09.07.13).

³ The *Odelsrett* is an ancient Scandinavian allodial title. When a farm is to be sold, any member of the family has the right to buy it or, when the property has been sold to a stranger, to redeem it within a specified period of time.

Following the European trend of liberalisation and municipal reforms that started in France at the end of the 18th century, the Norwegian parliament passed two laws in 1837 – the Alderman acts (*formannskapslovene*) – which organised local government in the form of a two-tier system, based on the existing parishes (*prestegjeldene*), and

The history of local government in Norway can be divided into five periods:

- The nineteenth century witnesses the emergence of the first municipalities and the adoption of the legislation formally recognising local government in 1837.
- The period 1890-1920 is characterized by the multiplication of the municipalities. The number of municipalities nearly doubled between 1837 and 1919, from 392 municipalities in 1837 to a total of 675 municipalities in 1919. In 1930, the number of municipalities even reached a peak level, with a total of 747 municipalities.
- A crisis of local government was experienced between 1920 and the end of the Second World War in 1945. In addition to their growing number, the municipalities suffered from an economic crisis because of their investments: they were indebted and were not able to repay their loans. A stronger national integration was necessary.⁵ The State aimed at stopping the expansion of the number of municipalities and slowing down their activity.
- In the period between 1945 and 1970, there is a progressive construction of the modern welfare state, with the development of the welfare municipalities or welfare local government (*velferdskommunen*). The period of municipal amalgamation was

laid down the principles of local self-government. One act concerned the relatively sparsely populated municipalities, the “rural municipalities” (*landkommuner* or *herreder*), the other, the more densely populated municipalities, the “urban municipalities” (*bykommuner*). The idea behind this legislation was to let clearly geographically defined entities govern themselves, to a certain extent. The country was then divided into 392 *formannskapsdistrikter* (the word *kommune* being used from 1921 onwards). Besides these *formannskapsdistrikter*, 18 *amtsformannskap* were established, each of which included all the *formannskapsdistrikter* of a county (*amt*). Suffrage was confined to a subset of the male population in those days,⁴ but the law provided for democratically elected local representatives. And local governments were given extensive powers. On the history of these acts and the legislative process surrounding them, see <http://www.stortinget.no/no/Stortinget-og-demokratiet/Historikk/Historisk-dokumentasjon/Formannskapslovene-av-1837/> (02.07.13).

⁵ Fimreite, A.-L., Y. Flo, T. Tranvik (2002), Lokalt handlingsrom og nasjonal integrasjon. Kommuneideologiske brytninger i Norge i et historisk perspektiv, Makt- og demokratiutredningens rapportserie, rapport nr. 50, <http://www.sv.uio.no/mutr/publikasjoner/rappporter/rapp2002/Rapport50.html>.

followed by a period of decentralization, during which new powers and functions were given to local government. The municipal and county councils were given the responsibility of a wide range of welfare functions. They also became important actors in land use planning (*arealplanlegging*)

- The period 1970-onwards is one of continuous decentralisation and transfer of tasks and responsibilities to the local government: the tasks and responsibilities of the municipalities continued to increase. But the State took back some key functions from the county municipalities between the 1990s and 2002.

As a decentralised welfare State, Norway belongs to the Scandinavian State tradition, with distinctly cooperative central-local relations.⁶ Few functions are performed exclusively by local government. Most of the important local functions are performed by local government under close supervision of the central government. There has been a continuous trend of increasing State intervention in local affairs.

More precisely, Norway combines elements of a centralist Welfare State with a strong tradition of local self-government and decentralisation (*desentralisering*).

According to the Norwegian Welfare model, which is a community-based model, basic welfare services are available to everyone and are mainly financed by the community. However, within such a system, often characterised as “integrational”, it is difficult to identify and assess the respective functions of central government and local government separately. To say the least, the relationship between the State and local government is an ambiguous one in the context of the Norwegian Welfare State. There is a general political agreement

⁶ Loughlin, J. & B.G. Peters (1997). “State traditions, administrative reform and regionalization”, in M. Keating & J. Loughlin (eds.), *The Political Economy of Regionalism*. London: Franck Cass.

that the municipal sector should provide equal welfare services, since the national aim is to offer a high level of services with equal standards, as well as equal living conditions, to everyone, all over the country. The concept of local government has progressively evolved from community self-governance to welfare and service provision and central / local partnership. Indeed, the municipalities are sometimes perceived as being part of the State administrative system (*statlig forvaltningssystem*), as they are placed under the supervision of the ministries (*fagdepartementer*), State agencies (*direktorater*) and county governors (*fylkesmenn*), even though there are supposedly independent legal entities (*selvstendige rettsssubjekter*) with a large degree of autonomy. The State imposes many different tasks to the local authorities in relation with welfare, in the field of health, care and provision of services (*omsorgs- og tjenestefunksjoner*), and it controls whether the local government has complied to the tasks.⁷

The explanation given in a draft resolution presented by the Government to the Parliament in May 2013 shows the difficulty of finding a balance between local autonomy and the satisfaction of national goals:

“The municipality and the county are the organizational expression of local democracy. The municipal sector contributes to the efficient provision of services. The proximity between citizens and municipalities and county councils provides a sound basis for adapting public welfare to citizens’ needs locally.

Municipalities are responsible for much of the welfare tasks (...) and have an important role to play as regulatory agencies (*myndighetsutøvere*) and in social development [locally and regionally]. In order to provide

⁷ See chapter 10 A of the *Local Government Act* (1992) on “State supervision and control”, especially article 60 a. <http://www.regjeringen.no/en/doc/laws/Acts/local-government-act.html?id=439600> (09.07.13)

customized services and to develop the local community, it is essential that local authorities have sufficient freedom to find the best solutions.”⁸

This tension – and its repercussions on the status of the local government in Norway – is particularly tangible in two areas that are crucial for the future of local government: the way the municipalities are financed (*finansiering*), on the one hand, and their number and borders (*kommuneinndeling*), on the other hand. A balance has constantly to be found and maintained between local autonomy (self-government) and State control. Considerations of equal services irrespective of location have to be balanced with considerations of local self-government. This means that local and regional authorities must be given room to prioritize services locally in line with local conditions, while the State tries to ensure equal living conditions for everyone throughout the country.

There is one interest organisation for municipalities, counties and local public enterprises in Norway called the Norwegian Association of Local and Regional Authorities (KS).⁹ This national association was founded in 1972 as a result of an amalgamation of The Union of Norwegian Cities (founded in 1903) and the Norwegian Association of Rural Municipalities (founded in 1923). All the municipalities and counties are members of KS, as well as approximately 500 public enterprises. One of the main missions and activities of KS is to advocate the interests of its members towards central government, the Parliament, labour organisations and other organisations. KS advises and informs its members about all matters and developments of importance to local government and

⁸ <http://www.regjeringen.no/nb/dep/krd/dok/regpubl/prop/2012-2013/prop-146-s-2012-2013.html?id=726677> (accessed 11.07.13), chapter 4, p. 25.

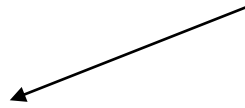
⁹ www.ks.no (accessed 12.07.13)

conducts central collective bargaining on their behalf. It takes part in consultations with the Norwegian government and acts as a lobby organization.

The Norwegian system of local government is best understood by first presenting its institutional organisation and system (I.), then by studying the local authorities' competences and resources (II.).

Annex N°1: Institutional framework of the Norwegian central government system

The King (Harald V) Hereditary monarchy No real political power	The Government Prime Minister (appointed by the King) Ministers (appointed by the King, art. 12)
Storting Monocameral parliament, 169 members Direct universal suffrage, every 4 years	
Electors Norwegian citizens over 18 y. old (art. 50)	
The Judiciary Supreme Court (19 Justices headed by the Chief Justice, <i>Høyesterettsjustitiarius</i>) The Supreme Court has general jurisdiction and hears all types of cases, civil as well as criminal, and cases pertaining to administrative law and constitutional law. The ordinary courts of justice are supplemented by special courts.	



Annex N°2: Institutional framework of the Norwegian local government system

Deconcentrated administration	Decentralised administration
18 county governors & their offices* (<i>fylkesmenn</i>)	19 county municipalities (<i>fylkeskommuner</i>)
Various regional government agencies (<i>regionaliserte statsetater</i>)	428 municipalities (<i>kommuner</i>)

* Oslo and Akerhus share the same county governor.

1. The Local Government System

The 175th anniversary of local (self-)government (*kommunalt selvstyre*) in Norway was celebrated in 2012.

1.1. Local Government Law

1.1.1 : Constitutional sources

There is a widely held conviction that local government has a strong status in Norway, thanks to its deep historical roots, tradition and convention. However, when the right of the local government, of the municipalities and counties to govern themselves is balanced with the right the Parliament and the central government have to steer and control them, it becomes clear that the principle of autonomy of local government in Norway only enjoys a weak legal protection.

In the unitary State of Norway, the Constitution bestows the powers of the State on the national authorities alone, and local self-government must be exercised within that framework. There are no constitutional provisions regarding local government in the Norwegian Constitution – the term “local government” is not even mentioned – and the principle of local self-government is not enshrined in the Constitution either. As a matter of fact, this principle is not even clearly spelled out, nor defined in ordinary legislation. The only way local self-government is legally “recognised” in a piece of legislation is indirect. In section 34 in the *Public Administration Act* of 1967, on the competence of the appellate instance in case of appeal against administrative decisions, it is stated that

“If a state body is the appellate instance for a decision made by a municipality or county municipality, the appellate instance shall attach

due importance to the interests of local self-government when trying discretionary issues.”¹⁰

A guiding principle in central-local relations is that central government regulation of local government has to have a statutory basis in acts of Parliament (*hjemmel i lov*).

1.1.2 : International sources

Norway ratified the *European Charter on Local Self-Government* of 15 October 1985, on May 26th, 1989.

At the time of ratification, Norwegian authorities considered that no new legislation was required. And since there already was a strong tradition of local self-government in Norway, the Charter was implemented by “passive transformation”.

The Charter plays a minor role in Norwegian law. In legal theory, it only provides us with “vague principles”, and therefore only weak arguments in legal discussions.

¹⁰ <http://www.ub.uio.no/ujur/ulovdata/lov-19670210-000-eng.pdf> [unofficial translation] (accessed 08.09.2013).

Many have criticised the fact that Norwegian legislation does not seem to be in accordance with article 2 of the *European Charter of Local Self-Government*, which requires that the principle of local self-government shall be recognised in domestic legislation and even in the Constitution where practicable. However, in 2012, for the fifth time since the late 1980s, the Norwegian parliament refused to enshrine the principles of local self-government or local democracy in the Constitution. The reasons are mainly historical, political and legal: a strong, centralised State, a Welfare State, powerful State control.

There are currently three reform proposals pending, whose aim is:

- the implicit constitutionalisation of the principle of local democracy¹¹ for the first one,
- the constitutionalisation of local self-government or local democracy¹² for the second one and
- the constitutionalisation of local self-government and the duty for Parliament to protect and secure it¹³, for the third one.

¹¹ Grunnlovsforslag 5 (2011-2012), dokument 12:5 (2011-2012)

¹² Grunnlovsforslag 19 (2011-2012), dokument 12:19 (2011-2012)

¹³ Grunnlovsforslag 26 (2011-2012) dokument 12:26 (2011-2012)

The Norwegian legislation is still not in conformity with article 11 of the Charter either. Article 11 of the Charter states that local authorities shall have the right of recourse to a judicial remedy in order to secure both free exercise of their powers and respect for such principles of local self-government as are enshrined in the constitution or domestic legislation. Norway has been criticized twice by the Council of Europe for non-compliance with this provision. According to Norway, the county governor is a “judicial remedy” according to article 11. This institution is independent from the municipalities that are in conflict, but it cannot provide an independent “judicial remedy”, since it is part of the State hierarchy.

The consequences of the lack of legal protection of local self-government are, among others, a strong prefectoral system and a very weak (lack of?) judicial protection of local government.

1.1.3 : Legislative sources

The powers of the municipal and county councils for self-government are delegated by the State and are set out in legislation, not in the Constitution. The powers of local government are negatively defined, *i.e.* local authorities may take on any tasks as long as they are not expressly prohibited by law or fall under the jurisdiction of other public authorities.

The *Local Government Act (kommuneloven)*, enacted by the Storting on September 25, 1992, regulates the municipalities and counties.¹⁴ It replaces two local government acts of 1954, one for the municipalities and one for the counties, which themselves had been based on the urban and rural local

¹⁴ <http://www.ub.uio.no/ujur/ulovdata/lov-19920925-107-eng.pdf> (04.07.13). Norwegian version with 2013 updates: <http://www.lovdato.no/all/hl-19920925-107.html#map005>.

government acts of 1938 (*by- og landkommunelovene*), a continuation of the system / model developed in the acts of 1921. It represents the fifth generation of legislative acts on local self-government since the *formannskapslovene* of 1837.

The *Local Government Act* determines the ground rules for the local government bodies, their administration, the organisation of their work and proceedings, the rights and duties of the popularly elected representatives, the rules of procedure in the popularly elected bodies at municipal and county level, the cooperation between municipalities regarding local authority functions (inter-municipal cooperation etc.), the finance plan, annual budget etc., as well as the relationship with the supervisory state bodies.

Article 1 of the *Local government Act* states clearly that the local democratic organs have an administrative function (“functional democracy”, “effective management of common local interests”), more than a normative one, and that local government activity has to be kept “within the framework of the national community”.

The Act gives municipalities and councils wide options / some discretion when it comes to organising the political and administrative structure. It does not however regulate which duties are to be carried out locally. These questions are covered by many separate laws (*særlovgivning*).

A special committee (*kommunelovutvalget*) was appointed in June 2013 (with a deadline in December 2015 to deliver their report) to undertake a comprehensive reform of the Local Government Act, essentially aiming at strengthening local self-government in Norway. But the rapport will also contribute to provide clearer and more predictable framework for municipal activities.

The *Public Administration Act (forvaltningsloven)* of 10 February 1967, relating to procedure in cases concerning the public administration, contains, among others, provisions on appeal against administrative decisions taken by a municipal or county municipal body, and brought before the County governor.

The *Representation of the People Act* (Act nr. 57 of 28 June 2002) provides all the rules for the organisation of general and local elections. The voters elect representatives to both the municipal councils and county councils. In addition persons who are not Norwegian nationals, but who otherwise satisfy the provisions of section 2-1 of the Act (more than 18 years old, not disenfranchised), are entitled to vote if they 1) have been registered at the Population Registry as resident in Norway for the last three years prior to Election Day, or if they 2) are nationals of another Nordic country and were registered at the Population Registry no later than 31 May in the year of the election.

The *Freedom of Information Act* applies to the State, the county authorities and the municipal authorities. It aims at facilitating an open and transparent public administration.

Among the other legislative acts relating to local government, one should quote the *Local Government Boundaries Act* of 2001 and the *Inter-Municipal Companies Act* of 1999.

It is difficult to provide an exhaustive list of all the separate laws (*særlovgivning*) that impose tasks and duties on the local authorities and regulate various, specific issues in local administration, such as the *Planning and Building Act (plan- og bygningsloven)*, the *Education Act (opplæringsloven)*, the

Municipal Health Services Act (kommunehelsetjenesteloven), the Children Act (barneloven) and the Social Services Act (sosialtjenesteloven).

List of the main legal sources for local government

Constitutional sources:

(No provision on the local self-government in the Constitution of 17 May 1814)

International sources:

- *European Charter of Local Self-Government*, 15 October 1985 (ratified May 26, 1989)

Legislative sources:

- *Local Government Act*, 25 September 1992 (Lov 1992-9-25 nr. 107 om kommuner og fylkeskommuner, “kommuneloven”)
<http://www.regjeringen.no/upload/KRD/Vedlegg/KOMM/Kommunejuss/Locgovact2006.pdf>
- *Public Administration Act*, 10 February 1967 (Lov om behandlingsmåten i forvaltningssaker, “forvaltningsloven”, § 34)
<http://www.ub.uio.no/ujur/ulovdata/lov-19670210-000-eng.pdf>*
- *Act relating to the right of access to documents held by public authorities and public undertakings [Freedom of Information Act]*, 19 May 2006 (Lov om rett til innsyn i dokument i offentlig verksemd, “offentleglova”)
<http://www.ub.uio.no/ujur/ulovdata/lov-20060519-016-eng.pdf>*
- *Act No. 57 of 28 June 2002 relating to parliamentary and local government elections [Representation of the People Act]*, 28 June 2002 (Lov om valg til Stortinget, fylkesting og kommunestyre, “valgloven”)
<http://www.ub.uio.no/ujur/ulovdata/lov-20020628-057-eng.pdf>*
- *Act concerning the determination and alteration of local government boundaries [Local Government Boundaries Act]*, 15 June 2001 (Lov om fastsetjing og endring av kommune- og fylkesgrenser, “inndelingslova”)
<http://www.ub.uio.no/ujur/ulovdata/lov-20010615-070-eng.pdf>*
- *Pilot Schemes in Public Administration Act*, 26 June 1992 (Lov om forsøk i offentlig forvaltning, “forsøksloven”)
<http://www.ub.uio.no/ujur/ulovdata/lov-19920626-087-eng.pdf>*
- *Inter-Municipal Companies Act*, 29 January 1999 (Lov om interkommunale selskaper, “IKS-loven”)

* Unofficial translations by the Law Library of the University of Oslo. They may not be fully updated.

Annex N°3 : List of the main legal sources for local government

1.2. Local Government Organization

The municipalities (*kommuner*) and the counties (*fylkeskommuner*) are the two types of decentralised entities in Norway. The “deconcentrated” administration is found at the county level: there is a County governor (*fylkesmann*) office in each county, with the exception of Oslo and Akershus that share the same County governor.

1.2.1: The municipalities and the county municipalities – short presentation

The municipalities

The municipalities are the most important units of local government administration. The average size of the municipalities is 10 000 inhabitants. The smallest municipality has around 200 inhabitants. The biggest one, the capital Oslo, has more than half a million inhabitants (approximately 550 000). More than half of the municipalities have less than 5000 inhabitants. There are 13 municipalities with over 50000 inhabitants. The area of the municipalities varies also a lot from place to place: some municipalities have a huge area and a dispersed population, others are smaller but, on the contrary, are very densely populated.

Historically, the municipalities were divided in smaller entities and their number peaked at 747 in 1930 and 754 in 1947. After the Second World War, especially between 1958 and 1967, the number of municipalities was cut down to nearly a half (from 747 to 454) and it stabilized at a figure around 420-440 after the major amalgamation reform of 1967. Since 1978, the number of municipalities has relatively stabilized. However, the issue of the territorial structure and of the

need to reduce the number of municipalities or to create larger municipalities by merging or fusing municipalities together (*kommunesammenslåing*), in order to reduce the costs and increase their productivity, has been – and still is – under scrutiny: many claim that many existing municipalities are too small to carry out the welfare functions they are entrusted with and do not manage to provide adequate services. The idea of future mergers is in the air. The recent Danish local government reform of 2007 (where the 270 municipalities were consolidated or merged into 98 larger units and the 13 counties were replaced by 5 regions) is sometimes taken as an example. However, the main national rule since 1995 is that the municipalities should only merge willingly. There have been 7 municipal amalgamations between 1995 and 2013, involving a total of 14 municipalities. Research by Lawrence E. Rose, Jo Saglie and Jacob Aars shows that, if there is a general tendency in Norway in favour of municipal amalgamation (the main political parties are willing to reduce the number of the municipalities), the majority of the inhabitants are less favourable to the idea when it concerns the municipality they live in and the neighbouring ones.

The Norwegian Government committed itself to a comprehensive reform of the local government in Norway (50 years after the last one to date) and submitted its Local Government plan for 2015 to the Storting in May 2014. In a separate partial white paper, it presented a general plan for the local government reform, outlining the goals of reform, the planned economic measures and a time schedule for implementation of the reform with key milestones. The aim of the reform is to create larger municipalities that can be assigned additional responsibilities and granted more autonomy. As the government puts it, it is not just a structural, but a “welfare reform”, aiming at securing good welfare services for all, as “[m]ost services are best provided as close to the citizens as possible, in the local communities”, said Minister of Local Government and Modernisation Jan Tore Sanner.

There will be two different processes during the reform period. Municipalities that decide to merge no later than the autumn of 2015 will be followed up with Royal decrees. As regards the remaining municipalities, the plan is for them to adopt decisions by the summer of 2016. The Government is planning to present a comprehensive bill to the Storting regarding the new local government structure in the spring of 2017.

As part of the reform process, a committee of experts was appointed by the Ministry of Local Government and Modernisation in January 2014 to prepare and submit reform proposals to the Government. It submitted its first partial rapport, on the “Criteria for a good municipal structure”, 31 March 2014, and its final rapport, in December 2014. In the March report, the expert committee concluded that there should be between 15000 and 20000 inhabitants in each municipalities to ensure the quality of the public service at local level. They reiterated the same conclusion in the December report, underlining that the reduction of the number of the municipalities is a prerequisite for them to be able to take on new tasks.

In June 2015, the Government will present a white paper (*stortingsmelding*) with proposals for new tasks for more robust municipalities. The aim of the government is to present draft bills on the new local government structure and new tasks for the municipalities by spring 2017 to the Storting, after municipal mergers have been decided between autumn 2015 and spring 2016.

The counties

Each municipality belongs to a county. There are 19 counties, excluding Svalbard and Jan Mayen that have a special status. The counties as administrative divisions historically date back to the medieval and Viking period of Norway, when the local county councils (*fylkesting*) were powerful. After a long period of centralisation of authority under the King during the Union with

Denmark (1200-1814) and the creation of the modern counties' predecessors, the *amt*, local self-government was reintroduced in the municipalities in 1837, under the country's union with Sweden (1814-1905). The county divisions have remained more or less the same for 150 years. The 19 county administrations were established in the seventies, in order to create an administrative level between the State and the municipalities.

Each county forms a county authority, with the exception of the capital of Norway, Oslo. Oslo is both a municipality and a county and combines both sets of functions. The status of Oslo is unique. No other metropolitan area in Norway has any special governmental arrangements.

At the regional level, the County Governors initiated regional reform processes in autumn 2014 (that will last over 2 years), that will be conducted with the cooperation of the Norwegian Association of Local and Regional Authorities (KS).

1.2.2. : Local government's political and administrative organisation.

The municipal council (*kommunestyret*) and county council (*fylkestinget*) are the highest municipal and county bodies. They pass resolutions on behalf of the municipality or county authority unless otherwise provided by statute or by resolution to delegate authority.

The local elections

Both at the municipal and at the county level, there are elections of popular representatives responsible to their constituents. Each municipality or county is a single constituency for local elections. According to the *Representation of the People Act* of 2002 (Act nr. 57 of 28 June 2002, “*valgloven*”)¹⁵, voters elect the members of the municipal and county councils. Direct elections to county councils were first introduced in 1975.

The local elections are held every four years, separately from the general elections; local elections are held midway through a four year Storting (parliament) period. The Government selects the Election Day, always a Monday in September.¹⁶ The next local (municipal and county) elections will be held in September 2015.

Are eligible to vote in municipal council and county council election:

- Norwegian citizens who reach the age of 18 no later than December 31 in the election year,
- Nationals of other Nordic countries who have been registered at the Population Registry no later than June 30 in the year of the election and
- Citizens who are not Norwegian but have been registered at the Population Registry as resident in Norway for the last three years prior to the Election Day.

¹⁵ In Norwegian, *Lov om valg til Stortinget, fylkesting og kommunestyre [Valgloven]*, <http://www.lovdatab.no/all/hl-20020628-057.html> (accessed 10.07.13); in English, Act relating to parliamentary and local government elections [*Representation of the People Act - The Election Act*], (accessed 10.07.13).

¹⁶ The municipal council may itself, with endorsement from at least 1/3 of its members, resolve that in one or more places in the municipal authority area polling shall also take place on the Sunday before the official polling day. It is also possible to vote in advance. See *Valgloven*, chapter 8.

The main contenders in local government elections are local branches of the national parties, but there are also local parties and lists of candidates formed around specifically local issues.

The election procedures and the allocation of mandates are quite complicated. The mandates are distributed according to the principle of proportional representation (more precisely according to the Sainte-Laguë's modified method¹⁷) and a list system. The lists can be put forward by registered local branches of national political parties and by independent groups that have demonstrated a sufficient degree of local support (in the form of a certain number of signatures from local residents). A list proposal must meet several requirements. Among others, it must be filled out with a minimum of seven candidates. The list proposal may contain a maximum number of candidates corresponding to the number of members who shall be elected to the county council or the municipal council, with no more than six other additional names. At both the municipal and county council elections, the voters may modify the lists prepared by parties or local groups and express preference for specific individuals (some candidates on the ballot are given one personal vote) as well as for the list as whole.¹⁸ Modifications of this sort may influence which individuals will be elected to the councils, but they do not impact on the proportional allocation of seats among parties or groups competing for election.

¹⁷ *Representation of the People Act*, § 11-4, (3): "Sainte-Laguë's modified method means that the total vote polled by each list is divided by 1.4, 3, 5, 7 and so forth. Each total vote polled shall be divided as many times as necessary to find the number of seats the list shall have. The first seat goes to the list that has the largest quotient. The second seat goes to the list that has the second largest quotient and so forth. If two or more lists have the same quotient, the seat goes to the list that has polled the largest number of votes. If they have polled the same number of votes, it is determined by lot to which list the seat shall be allocated."

¹⁸ *Representation of the People Act*, § 11-10 (2) [county council]: "Candidates on the list who have won a total personal vote of not less than eight per cent of the total vote polled by the list are returned in sequence according to the number of personal votes received. Remaining candidates are returned on the basis of their sequence on the list.;" § 11-12 [municipal council]: "Candidates whose names are in boldface are given the increased share of the poll to which they are entitled in accordance with subsection (3) of section 6-2 of this Act, before the personal votes the electors have given to the candidates are counted. Thereafter the candidates are returned in sequence according to the number of personal votes received. If two or more candidates have received an equality of votes, or no votes, the sequence on the list is decisive."

At elections to the municipal council, a certain number of candidates at the top of the list proposal may be given an increased share of the poll corresponding to 25 per cent of the number of ballot papers cast for the list concerned in the election.

The *Local Government Act*, art. 7, specifies the minimum (uneven) number of representatives to be elected at local level. A municipality with a population under 5 000 inhabitants is to have at least 11 members in its municipal council. When there is a population from 5 000 to 10 000, at least 19 representatives are required. In municipalities with more than 50 000 inhabitants, but not more than 100 000 of them, there must be no fewer than 35 representatives. Lastly for municipalities with more than 100 000 inhabitants, there must be at least 43 representatives.

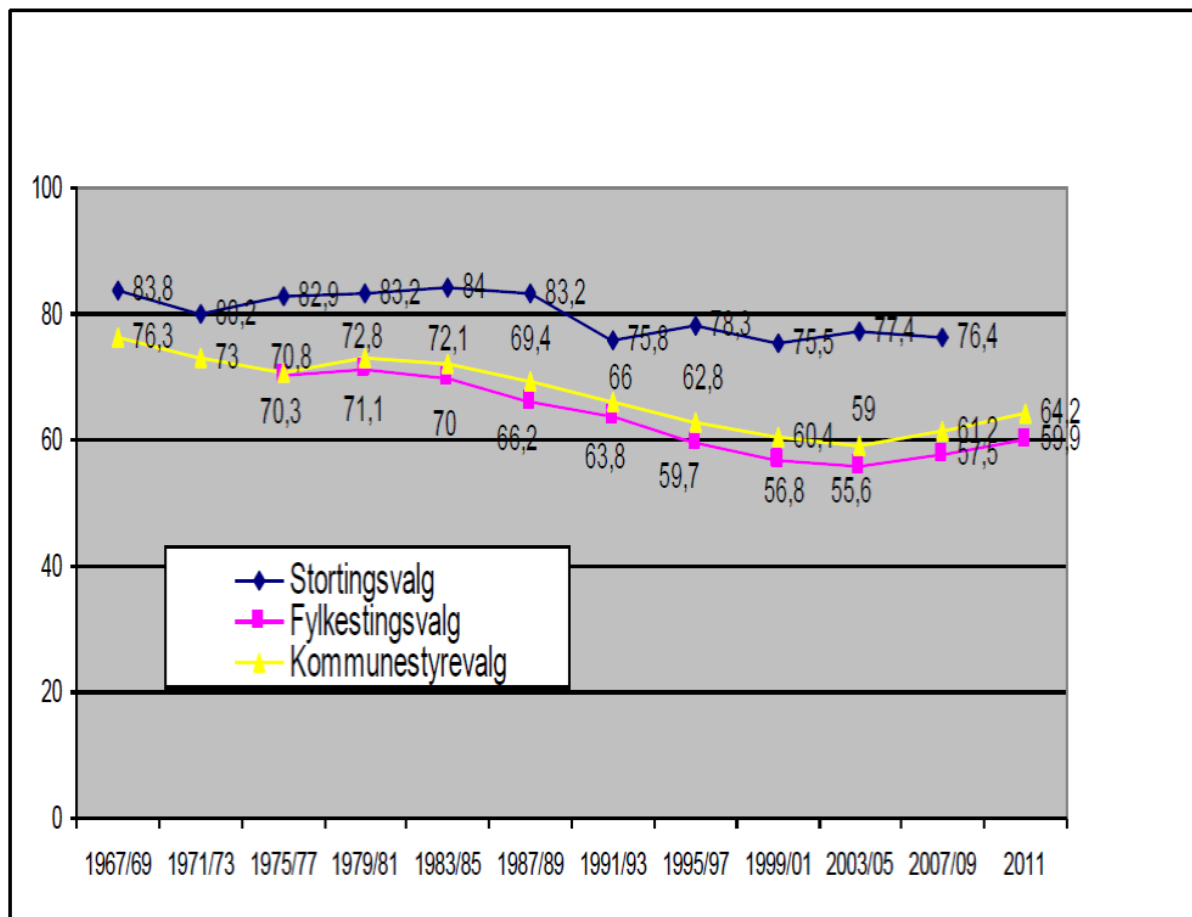
An equivalent system determines the size of the county council. In counties with up to 150 000 inhabitants, there must be no fewer than 19 representatives. In counties with more than 150 000 but not more than 200 000 inhabitants, no fewer than 27 representatives are required, in counties with more than 200 000 but not more than 300 000 inhabitants, there can't be fewer than 35 representatives and, lastly, in counties with more than 300 000 inhabitants, no fewer than 43 representatives have to be elected.

It is up to the municipal council and the county council to determine whether to increase the number of representatives beyond the legal minimum. They usually choose to do so: the average number of mandates varies from 13 (municipal councils) to 25 (county councils).

The *Local government Act* does not provide for "recall". The local councils are supposed to serve for the entire four-year period they are elected for. Should individual members of the councils be, for one reason or the other, unable or judged unqualified to serve, they may be replaced by other individuals taken

from the same electoral list from which the former had been elected. There are no by-elections in Norway.

Annex N°4: Voter participation (turnout) at various Norwegian elections



Stortingsvalg: general elections

Fylkestingsvalg: county municipal elections

Kommunestyrevalg: municipal elections

Source:

<http://www.uio.no/forskning/tverrfak/demokrati/aktuelt/arrangementer/konferanser/2012/papers/christensen-og-arnesen.pdf>

The “alderman model” vs. the “parliamentary model”

There are currently two main types of system used to organize the political and administrative structure of the municipalities and county municipalities: a traditional system, the “alderman model” (*formannskapsmodell*), on the one side, and a “parliamentary” (local) government system (*kommunal parlamentarisme*), on the other side.

According to the presidency model, used all over Norway with a few exceptions, the municipal and county councils are led by an executive committee or executive board. The municipal councils and county councils appoint respectively a municipal executive board (*formannskap*) and a county executive board (*fylkesutvalg*), with a minimum of 5 members. The members and alternates of these boards are elected for four years. They represent all the party groups from the relevant council. They are not directly elected by the citizens, but they are elected by proportional representation, which means that the political parties are represented according to their political representation in the county council / municipal council.¹⁹ The municipal council itself elects its chairman, the mayor (*ordfører*), and deputy chairman (*varaordfører*) from among the members of the municipal executive board. The mayor is the municipality’s highest political leader as opposed to the chief executive (*rådmannen* eller *administrasjonssjefen*) who is the municipality’s administrative manager. The mayor is the municipality’s legal representative. The mayor and deputy mayor are elected by the council for four-year terms. The county council itself elects its chair and deputy chair from among the members of the county executive board. The equivalent of a mayor in a county is called

¹⁹ According to the *Municipal Proposition for 2014*, 68 municipalities have a political system identical to the national one. - Prop. 146S (2012-2013), *Kommuneproposisjonen 2014*, p. 27, <http://www.regjeringen.no/nb/dep/krd/dok/regpubl/prop/2012-2013/prop-146-s-2012-2013.html?id=726677> (accessed 11.09.2013)

county mayor (*fylkesordfører*). Even though the mayors and county mayors are seldom the formal decision makers, they are “initiators” in relation with matters put on the agenda and are at the centre of municipal life, in a symbolic and political way. The chief executive, appointed by the municipal council and the county council, is the highest administrative officer for the overall management of the municipality or county authority.

Since 1985, a few municipalities and counties, like Oslo and Bergen, as well as the county municipalities Nordland, Hedmark, Nord-Trøndelag and Troms, have chosen, with the consent of at least half of the members of their respective municipal or county councils, a parliamentary model of local government.²⁰ When the resolution is voted, this form of local government has to be implemented before the beginning of the second year of the new term of office. The municipal or county council create an “executive government” or “cabinet” (*byråd* or *kommuneråd* at municipal level and *fylkesråd* at county level) that will be the highest administrative body for the management of the municipality or the county – which means that there is no chief executive (*rådmannen*) in a parliamentary model of local government. The cabinet is a political organ and it elected as a “collegium” by majority vote (*flertallsvalg* and not proportionality). It exercises responsibility for day-to-day operations of local government. In municipalities that have introduced a parliamentary form of government, the chair and deputy chair of the cabinet are elected from among the members of the municipal council. In county authorities that have introduced a parliamentary form of government, the chair and deputy chair are elected from among the members of the county council. The municipal or county council (*kommunestyret / bystyret og fylkestinget*) act as a municipal parliament.

²⁰ See *Local Government Act*, chapter 3, especially § 18, 19 and 19a (since 2012).

There are thus three main differences between the alderman model and the parliamentary model:

- The executive body is elected by proportional election in the alderman model, while it is elected by majority voting in the parliamentary model.
- The executive sits during the four years of the alderman system, while a city cabinet (*byråd*) and/or its members or county cabinet (*fylkesråd*) and/or its members must resign when they no longer have the confidence of the majority in the council, *i.e.* if a majority of the municipal/city council (*kommunestyret / bystyret*) or county council (*fylkestinget*) expresses distrust through a vote of no confidence (*mistillit*).
- The administration is headed by an employed / appointed (*ansatt*) chief executive in the alderman model, while the chief executive is politically elected by the Council in the parliamentary model (*et politisk valgt råd*).

There have been some experiments with a direct election of the mayor (*direkte ordførervalg*) in some municipalities between 1999 and 2007. The experiment aimed at encouraging a higher voter turnout at local elections. The experiment was first conducted during the local elections of 1999, by 19 relatively small municipalities. The experiment was reiterated by 33 municipalities in 2003 and by 50 municipalities in 2007. It was criticised (and not reiterated in 2011) mainly because the direct election seemed to draw the focus on the personality of the candidate more than on the ideology and the actual local policies.

Administrative organisation

In addition to these main organs / institutions, various standing committees (*faste utvalg*), municipal district councils (*kommunedelutvalg*), boards (*nemnd*) etc. can be set up at municipal (and sometimes county) level.

But, first and foremost, since the mayor has no direct say over day-to-day affairs, the chief executive (*rådmannen* or *administrasjonssjefen*) serves as the highest administrative official within a municipality or county organised according to the “alderman model” and is vested with the responsibility of the overall management of the local authority. The chief executive is employed and not elected, as he/she supposed to be a politically independent professional. He/she has both a preparatory and executive function. He/she is charged with ensuring that all items of business placed before the council or its subordinate bodies are properly and thoroughly prepared. He/she has to make sure that all decisions taken by the council are duly implemented. He/she may also be delegated authority to make decisions on issues that do not involve questions of principle.

All local authorities must have an accountant or an audit section (*revisor* or *revisorordning*) that reports to the local government control committee (*kontrollutvalget*) and an accounting expert responsible for the financial statements and bills (“*regnskapkyndig person med ansvar for regnskapet*”) linked to the chief executive. There is also a committee on administrative affairs (*administrasjonsutvalg*) which, like the local government control committee, is a compulsory part of the political organisation of the local authorities. The local government control committee monitors and controls municipal decisions (kind of a judicial review function). The committee of administrative affairs is a joint committee composed of representatives of the employees and of the employers

and is in charge of considering matters relating to the relationship between the local authority as an employer and its employees (§ 25 of the *Local Government Act*).

The municipal council and county council may themselves appoint standing committees for municipal and county authority purposes or for parts of the municipal or county authority activity. Such committees shall have no fewer than three members and their area of activity is laid down by the municipal or county council. The chair or a working committee may be empowered to make decisions in individual matters or in types of business which do not involve questions of principle. Committees may also be appointed for preparatory discussion of business and for the execution of special functions.

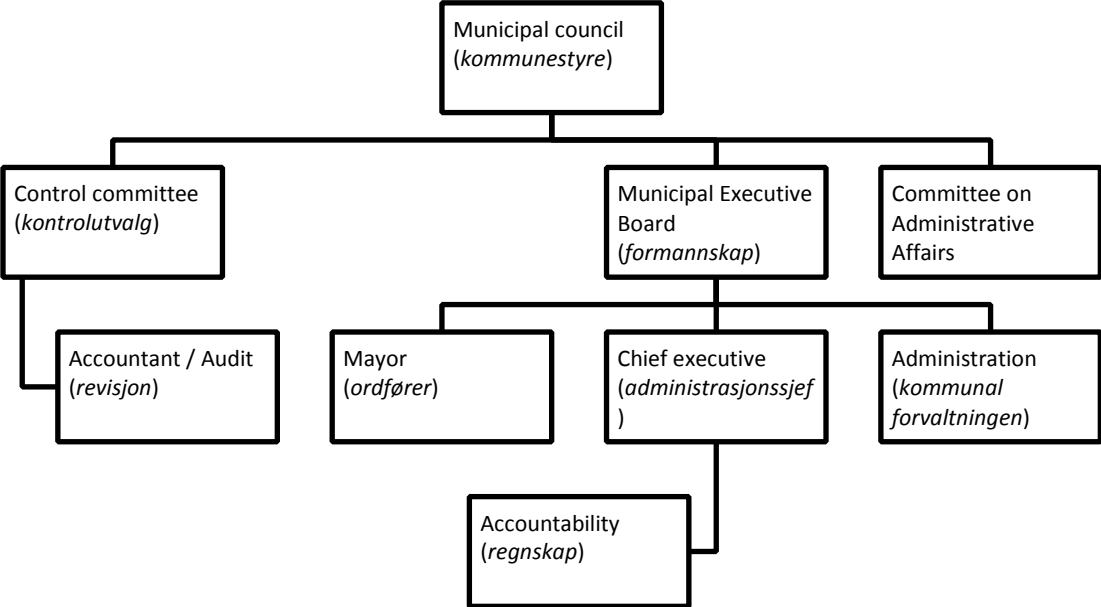
The municipal council and county council may themselves appoint municipal council committees and county council committees as preparatory bodies for the municipal council and county council. These committees (comprising no fewer than 3 members) cannot be empowered with the authority to make decisions. The municipal council and county council divide themselves all members of the municipal council and county council into municipal council committees and county council committees, and elect a chair and deputy chair for the committees. The committees may create working committees unless the municipal council or county council has decided otherwise.

The municipal council and county council can appoint separate boards for municipal or county authority institutions, etc. (with a minimum of 3 members) They can appoint the board members themselves or decide that the board will wholly or partly be appointed by the chief executive or be elected by the employees or users of the institution concerned.

The local authorities have been granted some latitude in determining their own internal structure and how to best provide public services. Currently, there is a

tendency to out-source the production and delivery of some public services or to create public stock companies.

Annex N°5-1 : A typical example of municipal organisation



Annex N°5-2 : Municipal organisation

ALDERMAN MODEL	PARLIAMENTARY MODEL
<p data-bbox="331 421 671 456"><i>Political organisation</i></p> <p data-bbox="248 483 754 519">MUNICIPAL / CITY COUNCIL</p> <p data-bbox="309 546 694 582"><i>(kommunestyre / bystyre)</i></p> <p data-bbox="201 676 564 712">Highest municipal body</p> <p data-bbox="201 739 683 775">Elected for 4 years (2011-2015)</p> <ol data-bbox="201 801 802 1420" style="list-style-type: none"> 1. up to 5000 inhabitants, no fewer than 11 members 2. more than 5000 but not more than 10,000 inhabitants, no fewer than 19 3. more than 10,000 but not more than 50,000 inhabitants, no fewer than 27 4. more than 50,000 but not more than 100,000 inhabitants, no fewer than 35 5. more than 100,000 inhabitants, no fewer than 43. <p data-bbox="201 1447 802 1550">Has the general decision-making authority</p> <p data-bbox="201 1576 802 1805">May appoint municipal council committees as preparatory bodies with no less than 3 members and a control committee</p> <p data-bbox="217 1899 786 1935">MUNICIPAL EXECUTIVE BOARD</p> <p data-bbox="389 1962 614 1998"><i>(formannskap)</i></p>	<p data-bbox="949 421 1289 456"><i>Political organisation</i></p> <p data-bbox="866 483 1372 519">MUNICIPAL / CITY COUNCIL</p> <p data-bbox="927 546 1311 582"><i>(kommunestyre / bystyre)</i></p> <p data-bbox="818 676 1182 712">Highest municipal body</p> <p data-bbox="818 739 1300 775">Elected for 4 years (2011-2015)</p> <ol data-bbox="818 801 1417 1420" style="list-style-type: none"> 1. up to 5000 inhabitants, no fewer than 11 members 2. more than 5000 but not more than 10,000 inhabitants, no fewer than 19 3. more than 10,000 but not more than 50,000 inhabitants, no fewer than 27 4. more than 50,000 but not more than 100,000 inhabitants, no fewer than 35 5. more than 100,000 inhabitants, no fewer than 43. <p data-bbox="962 1514 1273 1550">MAYOR (Ordfører)</p> <p data-bbox="818 1576 1303 1612">Elected for 4 years (2011-2015)</p> <p data-bbox="818 1639 1425 1742">Chosen from amongst the members of the municipal council</p> <p data-bbox="818 1769 1425 1872">Idem for the deputy mayor <i>(varaordfører)</i></p> <p data-bbox="818 1899 1230 1935">No real influence or power</p>

<p>Min. 5 members Elected for 4 years (2011-2015) Proportional representation</p> <p>MAYOR (ordfører)</p> <p>Elected for 4 years (2011-2015) Chosen from amongst the members of the municipal executive board Idem for the deputy mayor (<i>varaordfører</i>)</p> <p style="text-align: center;">*</p> <p>Compulsory and non mandatory committees Standing committees (<i>fasteutvalg</i>) District committees (<i>kommunedelutvalg</i>) Municipal companies (foretak) Committees (<i>komitéer</i>) Boards (<i>nemnd</i>)...</p>	<p style="text-align: center;">*</p> <p>Compulsory and non mandatory committees Standing committees (<i>fasteutvalg</i>) District committees (<i>kommunedelutvalg</i>) Municipal companies (foretak) Committees (<i>komitéer</i>) Boards (<i>nemnd</i>)...</p>
<p style="text-align: center;"><i>Administrative organisation</i></p> <p style="text-align: center;">CHIEF EXECUTIVE (<i>rådmann, administrasjonssjef</i>)</p> <p>Appointed by the municipal council Highest administrative officer for the overall management of the municipality.</p>	<p style="text-align: center;"><i>Administrative organisation</i></p> <p style="text-align: center;">MUNICIPAL [EXECUTIVE] GOVERNMENT (<i>kommunerådet / byrådet</i>)</p> <p>Highest administrative body of the municipality Elected as a collegium by majority</p>

<p>Administration + management committees</p>	<p>vote by the municipal council Usually elects a leader (<i>byrådsleder</i>) who functions as a Prime minister Can ask for a vote of confidence (<i>kabinettspørsmål</i>)</p> <p>Administration + management committees</p>
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Annex N°6: County organisation

ALDERMAN MODEL	PARLIAMENTARY MODEL
<p data-bbox="331 353 671 394"><i>Political organisation</i></p> <p data-bbox="331 421 671 461">COUNTY COUNCIL</p> <p data-bbox="400 488 603 528"><i>(fylkestinget)</i></p> <p data-bbox="201 611 517 651">Highest county body</p> <p data-bbox="201 678 687 719">Elected for 4 years (2011-2015)</p> <p data-bbox="201 745 802 840">a. up to 150,000 inhabitants, no fewer than 19 members</p> <p data-bbox="201 866 802 960">b. more than 150,000 but not more than 200,000 inhabitants, no fewer than 27</p> <p data-bbox="201 987 802 1081">c. more than 200,000 but not more than 300,000 inhabitants, no fewer than 35</p> <p data-bbox="201 1108 802 1202">d. more than 300,000 inhabitants, no fewer than 43</p> <p data-bbox="201 1252 802 1346">Has the general decision-making authority</p> <p data-bbox="201 1373 802 1601">May appoint county council committees as preparatory bodies with no less than 3 members and a control committee</p> <p data-bbox="240 1697 762 1738">COUNTY EXECUTIVE BOARD</p> <p data-bbox="395 1765 608 1805"><i>(fylkesutvalg)</i></p> <p data-bbox="201 1832 451 1872">Min. 5 members</p> <p data-bbox="201 1899 687 1939">Elected for 4 years (2011-2015)</p> <p data-bbox="201 1966 616 2007">Proportional representation</p>	<p data-bbox="949 353 1289 394"><i>Political organisation</i></p> <p data-bbox="949 421 1289 461">COUNTY COUNCIL</p> <p data-bbox="1018 488 1220 528"><i>(fylkestinget)</i></p> <p data-bbox="818 611 1134 651">Highest county body</p> <p data-bbox="818 678 1305 719">Elected for 4 years (2011-2015)</p> <p data-bbox="818 745 1393 840">a. up to 150,000 inhabitants, no fewer than 19 members</p> <p data-bbox="818 866 1422 960">b. more than 150,000 but not more than 200,000 inhabitants, no fewer than 27</p> <p data-bbox="818 987 1422 1081">c. more than 200,000 but not more than 300,000 inhabitants, no fewer than 35</p> <p data-bbox="818 1108 1374 1202">d. more than 300,000 inhabitants, no fewer than 43</p> <p data-bbox="962 1317 1273 1357">COUNTY MAYOR</p> <p data-bbox="994 1384 1241 1424"><i>(fylkesordfører)</i></p> <p data-bbox="818 1451 1401 1545">Chosen from amongst the members of the county council</p> <p data-bbox="818 1572 1305 1612">Elected for 4 years (2011-2015)</p> <p data-bbox="818 1639 1337 1680">Idem for the deputy county mayor</p> <p data-bbox="818 1706 1129 1747"><i>(varafylkesordfører)</i></p> <p data-bbox="818 1774 1230 1814">No real influence or power</p> <p data-bbox="874 1899 1361 1993">Compulsory and non mandatory committees</p>

<p style="text-align: center;">COUNTY MAYOR <i>(fylkesordfører)</i></p> <p>Elected for 4 years (2011-2015) Chosen from amongst the members of the county executive board. Idem for the deputy county mayor <i>(varafylkesordfører)</i></p> <p style="text-align: center;">Compulsory and non mandatory committees</p>	
<p style="text-align: center;"><i>Administrative organisation</i></p> <p style="text-align: center;">CHIEF EXECUTIVE <i>(rådmann, administrasjonssjef)</i></p> <p>Appointed by the county council Highest administrative officer for the overall management of the county authority</p> <p style="text-align: center;">Administration + management</p>	<p style="text-align: center;"><i>Administrative organisation</i></p> <p style="text-align: center;">COUNTY [EXECUTIVE] GOVERNMENT <i>(fylkesrådet)</i></p> <p>Highest administrative body of the county Usually elects a leader <i>(fylkesrådsleder)</i> who functions as a Prime minister</p>

committees	Elected as a collegium by majority vote by the county council Can ask for a vote of confidence (<i>kabinettspørsmål</i>) Administration+management committees
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1.3. Local government relations

1.3.1. The regional-local government relations

The county authorities have as a principle no authority over the local / municipal authorities. The county authorities' most important role is to take on tasks which are too big for the municipalities to deal with. An exception to this rule is the council of the capital which also is responsible for the task handled by county authorities elsewhere in the country.

According to the "generalist principle" (*generalistprinsipp*), the municipalities and county municipalities are expected to provide the same range of services, with, in principle, the same quality of service, regardless of their size (number of inhabitants). The result is that small municipalities usually struggle with the so-called "[small] scale disadvantage" ("*smådriftsulemper*"), because of relatively higher administrative expenses and poor exploitation of production capacity.

Two or more municipalities, two or more county authorities, or one or more municipalities and one or more county authorities, may create a separate board for the discharge of joint functions. Nowadays, the choice of inter-municipal cooperation is more popular than ever.

1.3.2. Inter-municipal cooperation *et alia*

In recent years, the municipalities and county municipalities have tended to turn to alternative forms of organisation: municipal corporations/enterprises (*kommunal foretak*), various forms for inter-municipal cooperation (*interkommunalt samarbeid, med samkommuner, vertskommuner osv.*),

municipal companies with limited liability (*kommunalt aksjeselskap*), inter-municipal companies (*interkommunalt selskap*), municipal foundations (*kommunal stiftelse*).

Nearly all Norwegian municipalities are involved in inter-municipal cooperation, the majority of them participating in 8 to 15 inter-municipal cooperation arrangements (*samarbeidsordninger*).

1.3.3. The local government - people relations ²¹

The Norwegian Constitution does not contain any provision for direct democracy. The procedures that currently exist have either been introduced by acts of national legislation or result from local experiments with different forms of local democracy.

- Local referenda (*lokale folkeavstemninger*)²²
- Local citizen initiatives (*innbyggerinitiativ*)

There is a variety of other means of providing citizens with the opportunity to express their own views on local issues, such as advisory councils for special groups (elderly, disabled persons, young persons, etc.), information meetings, announcements in local newspapers soliciting viewpoints on matters to be decided. Almost 90 % of the municipalities have established a representation scheme for young people (*representasjonsordning for ungdom*).

²¹ On the popular participation and turnout at local elections, see a recent study by Dag Arne Christensen, Sveinung Arnesen, Guro Ødegård and Johannes Bergh, *Valgdeltakelsen ved kommunestyretvalget 2011*, <http://www.samfunnsforskning.no/Publikasjoner/Rapporter/2013/2013-001> (accessed 11.07.13).

²² 708 local referenda were organised between 1970 and 2011. - Prop. 146S (2012-2013), *Kommuneproposisjonen 2014*, p. 27.

There are a few, sporadic, examples of local authorities experimenting with new electronic information and communication technologies, in order to establish local public debate forums.²³ And internet and social media are in general more extensively used.

One can also find optional “neighbourhood councils”, usually in the largest Norwegian municipalities.

According to a recent report published in 2012, the Norwegian local councillors and party politicians seem to be very unfavourable towards various forms of direct democracy as they try to strengthen representative democracy and tend to see other channels of participation as competition.²⁴ Another way to explain it might be that the national political parties have a strong hold at the local level and try to channel participation through the political parties.

This trend is confirmed and explained in the government’s *Municipal proposition for 2014*:

“Compared with the average in Europe, the Norwegian municipal council members are less open to a higher level of direct or participatory democratic action. To a greater extent than in most European countries, the Norwegian local councilors are opposed to [direct democracy mechanisms such as] direct mayor election, the use of binding and advisory referenda, participatory procedures where citizens can discuss

²³ The Norwegian Government is beginning to digitalize the public sector. http://www.regjeringen.no/upload/FAD/Kampanje/DAN/Regjeringensdigitaliseringsprogram/digit_prg_eng.pdf (accessed 12.07.13).

²⁴ Jacob Aars and Audun Offerdal, *Norske kommunestyrerepresentantar i europeisk lys*, Uni Rokkansenteret, Rapport 1-2012, http://www.regjeringen.no/upload/KRD/Rapporter/Rapporter_2012/Rapport1-2012-Rokkansenteret.pdf (accessed 11.07.13), p. 5, 50, 75.

and make binding decisions on specific local issues or the use of procedures to consult the inhabitants.

It may be noted that Norway is the only country where the members of the municipal council perceive the chief executive as being more influential than the mayor.²⁵

1.4. The control exercised by the State on local authorities

As explained in the introduction, central-local government relations are characterised by both partnership and control/supervision. Two words sum up quite well their relationship: “steering/control and interplay/cooperation” (*styring og samspill*).²⁶

The central government has a strong hold and control over local government in Norway. The local authorities frequently criticise what they see as the central government’s “meddling” in local affairs.

How to describe this relation: an ambiguous relationship, oscillating between partnership and strong central steering.

The Ministry of Local Government and Regional Development (*Kommunal- og regional departementet, KRD*) has the overall responsibility for the supervision

²⁵ “Sammenlignet med gjennomsnittet i Europa er de norske kommunestyrerepresentantene mindre åpne for større innslag av direkte- eller deltakerdemokratiske tiltak. I større grad enn i de fleste europeiske land er norske kommunestyrerepresentanter motstandere av for eksempel direkte ordførervalg, bruk av bindende og rådgivende folkeavstemninger, medvirkningsprosedyrer der innbyggerne kan diskutere og fatte bindende vedtak i bestemte lokale saker eller bruk av prosedyrer for å konsultere innbyggerne. Det kan være grunn til å merke seg at Norge er det eneste landet der kommunestyrerepresentantene oppfatter administrasjonssjefen som mer innflytelsesrik enn ordføreren.” – Prop. 146S (2012-2013), *Kommuneproposisjonen 2014*, p. 33.

²⁶ These words were used in the title of the White Paper of the Ministry of Local government and Regional Development, in February 2012, Meld. St. 12 (2011–2012) *Stat og kommune – styring og samspel*, <http://www.regjeringen.no/nn/dep/krd/Dokument/proposisjonar-og-meldingar/stortingsmeldingar/2011-2012/meld-st-12-20112012.html?id=671829> (accessed 11.07.13).

of local government. The State is directly represented at local level by county governor's office (*fylkesmann*).²⁷

The County Governor (*fylkesmann*) is the chief representative of the King and Government, and work to ensure that decisions of the Storting (Parliament) and Government are implemented correctly. The county governor's office supervises, and advises on, local activities. More precisely, the county governors carry out the supervision of the municipalities while the supervision of the county councils is conducted by the national ministries, according to their functional responsibilities.

Since local government is responsible for the basic services of society, an important role of the County Governor is to advise and supervise the local authorities in the implementation of central policies in a local context – ideally with due respect to the political judgement of the local government.

Acting as a “guardian of civil rights”, the County Governor may review local decisions regarding the rights of any individual in the fields of health and social care, education, building and planning, and may change the decisions for the benefit of the individual. Other important fields of action are environment protection, agriculture, emergency planning, local government finances and family matters.

As it is important that rights of municipal self-governance and local democracy are balanced against national principles of equality and the rule of law that are applicable to everyone who lives in Norway, the County Governor has the authority to audit municipal activities. Three or more members of a municipal council may act jointly to send a decision to the County Governor to have its

²⁷ <http://www.fylkesmannen.no/en/> (accessed 09.09.2013).

legality established. More importantly, the County Governor may also examine the legality of municipal decision-making on his own initiative. The County Governor will establish whether the decision has been adopted in a lawful manner, whether it has been adopted by the correct public authority, and whether the contents of the decision comply with statutory and regulatory requirements. The ministries and the county governors are supposed to carry out the supervision of the legality of local decisions only, not of their merit. If local / municipal decisions are found to be illegal, these decisions may be revoked by the prefect or the respective ministry.

The fact that national legislation provides the State administration with extensive authority to review the local government's decisions whereas the local government's possibility to bring the outcome of such review before a court is very limited is a real issue. The State administration usually has the final say not only on administrative discretion but even on the interpretation of legislation concerning the municipalities' room for manoeuvre. The legal protection of the local government is weakened as a consequence and, as mentioned above, it does not seem to comply with the European Charter of Local Self-Government.

In addition to these important tasks, the County Governor has responsibility for providing advice and guidance to municipalities regarding their financial management. This responsibility includes advising on regulatory matters, municipal income and central government budgetary policy. The prefects also have to check the soundness of local government finance and can reject budgets that are not balanced. Municipalities that have failed to balance their budgets in accordance with the requirements of the Local Government Act are entered on the Register for Governmental Approval of Financial Obligations (generally known by the acronym ROBЕК). The County Governor is responsible for monitoring the budgets and financial planning of ROBЕК-registered

municipalities, and must also approve all decisions regarding borrowing and long-term loan agreements. The Ministry of Local Government and regional Development is entitled to suspend local councils in cases of severe financial mismanagement, i.e. if councils are not able to meet their financial obligations, such as paying debts and salaries. However, no such cases have occurred since the 1930s.

Municipalities may provide guarantees for loans. If a municipality is to provide a guarantee for an amount in excess of 500 000 NOK, the decision to do so must be approved by the County Governor.

Municipalities may receive discretionary grants. This is one of the ways in which central government funds are transferred to the municipal sector. The County Governor has responsibility for distributing such grants to the municipalities in the county. Grants are distributed in accordance with departmental guidelines.

Lastly, decisions to take out loans through inter-municipal companies must be approved by the County Governor.

The national government retains an overall responsibility and needs to be informed on the activities of the local authorities. In order to develop national policies and to control that every municipality keeps up with national standards, the national government has developed an information system of reporting called KOSTRA (Local governments-State-Reporting / *KOmmune-Stat-Rapportering*). KOSTRA is a national information system that provides information on the use of resources by the municipal and county authorities. The system is based on data records and annual reports to Statistics Norway by local authorities. Are recorded financial data and data on the provision of service, as well as user requirements. The aim with KOSTRA is to keep the central government updated with local activities and the use of resources at local level, as well as to assist local authorities in identifying areas where resources can be

used more effectively. Benchmarking between municipalities is an important aim of KOSTRA.

Because the relationship between the State and local government can, in some respect, be described as “quasi-hierarchical” (especially when local government authorities regarded as agencies for the execution of national policies), when disputes occur between the State and the local government, it is usually the State (through the County governor), that has the final word and decides whether a measure decided by the local government is legally acceptable or on how discretion over its desirability is to be exercised at a national or local level. The county governor, who is appointed by and accountable to central government, supervises, controls municipal decisions and examines the complaints regarding decisions taken by the municipalities. In that respect, the State, through the county governor, acts as both “judge and party”. The local government authorities have very few means to formally challenge decisions by the State administration, *e.g.* through reviews by independent bodies, even when these decisions influence their legal, political or financial priorities. And, when acting as administrative authorities, the local government authorities’ access to the courts is most limited.²⁸ The Norwegian courts only have a general jurisdiction and play a really marginal role in this area. A majority of disputes between the State and local government are solved at the administrative level. Moreover, there are no courts specialised in administrative law and municipal law. Court proceedings are based on a process that is mainly oral, often very expensive and long. They are not appropriate for disputes where a decision has to be made quickly.

²⁸ Nguyễn-Duy, I., E. Smith, H. Baldersheim (2009). *Tvistløsningsordninger mellom stat og kommune*. Oslo: KS/Unipub, pp. 73-83; Nguyễn-Duy, I. (2012). “La résolution des litiges Etat-collectivités locales en Norvège”. *Revue de l’Institut du Monde et du Développement (RMID)*, 2012-3, pp. 76-8.

The active role played by the Norwegian Association of Local and Regional Authorities (*Kommunesektorens interesse- og arbeidsgiverorganisasjon - KS*) helps to counter-balance the strong central steering of the Norwegian government.

On-going contacts, consultations (some of them annual) and agreements between Central Government and KS are a central part of KS's work and a way to influence, lobby and maintain a general pressure on the central government so that it takes local government interests into account more systematically.

The dialogue and negotiations between the central government and KS led, among other things, to the creation of two new kinds of dispute settlement bodies (*tvisteløsningsordninger*), the Child Welfare Dispute Resolution Committee (*Barnevernets tvisteløsningsnemnd*, BTN) in 2010 and the National Dispute Resolution Tribunal for Disputes within the Health and Care Sector (*Den nasjonale tvisteløsningsnemnda for tvistesaker innen helse – og omsorgsektoren*) in 2012. If they prove efficient enough, the government might contemplate the creation of a real administrative court in Norway. This idea was examined last year: it has not been rejected entirely, but has been postponed for now.

2. Local councils' policies and resources

2.1 Local Government Responsibilities

The main rule is that local government (both municipalities and county municipalities) may take on any tasks that are not expressly denied to them by law or specifically assigned to other authorities. They can thus theoretically engage in a broad range of discretionary activities. In reality, a huge part of local government activity is mandated and/or subject to the control of the central government: The *Local Government Act* provides municipalities and county

councils with great freedom to organise their activities, so long as they comply with the provisions of the *Public Administration Act*, the *Freedom of Information Act* and various pieces of specialised legislation. The national Parliament, the *Storting*, through statutory legislation, decides which tasks local government authorities will perform. As they have actually been assigned primary responsibility for approximately two-thirds of all public services, one can say that Norway is a fairly decentralised State, even though the grip of central government is firm and tight.

Yet, the distribution of functions and responsibilities between the central government and the local government is not easy to draw up. It is bound to change regularly, in line with the development of society and the needs for a well-functioning Welfare State. No single piece of legislation stipulates how various functions are to be divided between central and local government. The division of tasks is largely a matter of special legislation (*særlovigivning*) which is frequently amended. It is thus difficult to tell exactly where local responsibility starts and ends and to come up with a comprehensive and up-to-date listing for each level of government.

2.1.1 : A quick description of each local government tier's responsibilities

The municipalities are responsible for:

- preschool child day-care facilities (nurseries and kindergartens) and child welfare services
- primary and lower secondary education,
- primary health care,
- care for the elderly and disabled,

- social services,
- fire protection,
- local planning (land use) and zoning regulation, agricultural issues, environmental issues
- municipal / local roads and harbours,
- water supply and sewage services,
- garbage collection and disposal
- culture (public libraries) and business development, church maintenance.

In budgetary volume, primary education and caring functions are the most important tasks of the municipalities.

The counties administer:

- upper secondary education
- regional development
 - o county roads and public transport
 - o county land use planning
 - o business development
 - o culture (museums, sports, protection of national heritage - *kulturminnevern*)
- as well as several technical services.

From the 1990s, the State began to decrease the counties' responsibilities. They lost responsibility for core tasks related to economic development and, in 2002, their most important function, the responsibility for hospitals and specialised health care, was transferred from the county authorities to the State.²⁹

²⁹ The central government is responsible for: the National Insurance Scheme, specialised health services (hospitals), higher education/universities, labour market, refugees and immigrants, national road network,

One exception in this process: the responsibility for national roads, as well as some other functions, was transferred to the counties in 2010.

In budgetary volume, secondary education is the most important function of the counties, followed by public transportation (*samferdsel*).

railways, agricultural issues, environmental issues, police, courts, prisons, armed forces, foreign policy and specialised social services.

2.1.2 : A short account of issues related to land use planning and management

Proper land-use planning and management are essential for satisfactory social development. While national objectives are established by central government and parliament, it is the municipalities and county councils that are responsible for carrying out regulations at a municipal and county level. Under the Planning and Building Act, municipalities are responsible for coordinating the physical, economic, social and cultural development of the areas under their control through an ongoing program of municipal planning. Meanwhile the county council has responsibility to coordinate central government, county-council and municipal planning activities within the county.

The County Governor has two key responsibilities in the field of land use management:

- as the competent authority within the areas of agriculture, environmental protection, health, and civil protection, the County Governor has a duty to ensure the safeguarding of national interests.
- the County Governor must ensure that municipal decisions made in connection with area development plans and grants of planning permission comply with statutory and regulatory requirements. He can use an legal instrument called “*motsegn*”, according to which he can mark his / the State’s opposition to a particular plan (of land use) which he deems contrary to national interests, important regional interests or other adverse interests. OBS: The municipalities usually complain against the seemingly frequent use of this legal instrument, arguing that it entails a significant reduction, if not an infringement, of local democracy. Yet, in total, it only affects approximately 3,7 plans of land use (*reguleringsplan + kommuneplan*) in each municipality.

Annex N°7: The distribution of responsibilities among Norwegian local authorities

	Municipalities	County municipalities	State
Education	Preschool child day-care and child welfare services Primary and lower secondary schools	Upper secondary schools	Higher education and university
Health	Primary health care Care for the elderly and disabled		Hospitals and specialised health services Specialised institutions for care of drug and alcohol abusers
Transports	Municipal roads and harbours	County roads and public transport	National roads and railways
Employment			Labour market training schemes
Economy & planification	Local land use planning	County land use planning Regional development	
Social action / welfare	Financial support for welfare clients		The National Insurance Scheme

			Specialised institutions for child welfare
Culture	Church maintenance and cultural affairs (public libraries, etc.)	Museums, sports, protection of national heritage	
Nature / environment	Local environmental issues		National agricultural and environmental issues
Diverse	Water supply and sewage services Garbage collection and disposal Fire protection		Police services, courts and prisons Military defence Foreign policy Refugee and immigration policy

2.2 Local Government Resources (Human and Financial Resources)

2.2.1 : Local government staff

It is difficult to gather exact numbers and statistics. There are a few variations, depending on the source for the statistics.

According to KS' statistics,³⁰ as of 2011 (1st December), approx. 436.723 persons were employed by local government (both municipalities and counties), for 483.718 working positions (*stillinger*), full-time and part-time. There are more posts than employees, but fewer FTEs per employee, as many employees work part-time and an employee can have multiple positions in the municipality or county. 43.787 persons were employed in the county municipalities, with a total of 46.483 posts and 392.936 employees were in charge of 437.235 positions in the municipalities.

According to Statistics Norway for 2012 and 2013, "More than 466 000 persons were employed in municipal activities in 2013. Compared to 2012, this is an increase of 1.2 per cent. A total of 361 000 man-years were performed in the municipalities in 2013."

Altogether, the local government employs approx. 19,3 % of the country's workforce (both national and subnational), that is to say approximately one in five of all employees in Norway.

³⁰ <http://www.ks.no/tema/Okonomi1/Kommuneokonomi1/Lonns--og-personalstatistikk/Antall-ansatte-stillinger-og-arsverk-i-kommuner-og-fylkeskommuner-pr-1-desember-2011/>

Annex N°8: Local government staff in 2011 and 2012

Employed persons and contracted man-years in municipalities and counties ^{1 2}

	2011	2012	Change in absolute figures	Change in per cent
			2011 - 2012	2011 - 2012
Municipalities				
Employed persons	461 092	460 964	-128	0.0
Contracted man-years	354 204.5	356 650.0	2 446	0.7
Contracted man-years adjusted for long term leaves	320 591.3	321 643.6	1 052	0.3
Counties				
Employed persons	48 169	47 870	-299	-0.6
Contracted man-years	41 664.0	41 880.5	217	0.5
Contracted man-years adjusted for long term leaves	38 857.2	38 896.8	40	0.1

¹The figures for Oslo municipality are included in the figures for the county authority for upper secondary school and dental health services only.

²The figures for Oslo in the 4th quarter of 2012 are too low by an estimated 2 500-3 500. This is due to insufficient reporting to The Central Register of Employers and Employees, which is one of the data sources for the employment statistics.

Source: Statistics Norway

Annex N°8 Bis: Local government staff in 2012 and 2013

Employed persons and contracted man-years in municipalities and counties ¹²

	2012	2013	Change in absolute figures 2012 - 2013	Change in per cent 2012 - 2013
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¹The figures for Oslo municipality are included in the figures for the county authority for upper secondary school and dental health services only.

²The figures for Oslo in the 4th quarter of 2012 were too low. This is due to insufficient reporting to The Central Register of Employers and Employees, which is one of the data sources for the employment statistics.

Municipalities

Employed persons and contracted man-years in municipalities and counties¹²

	2012	2013	Change in absolute figures 2012 - 2013	Change in per cent 2012 - 2013
Employed persons	460 964	466 377	5 413	1.2
Contracted man-years	356 650.0	361 135.0	4 485	1.3
Contracted man-years adjusted for long term leaves	321 643.6	327 491.2	5 848	1.8
Counties				
Employed persons	47 870	48 198	328	0.7
Contracted man-years	41 880.5	42 054.7	174	0.4
Contracted man-years adjusted for long term leaves	38 896.8	39 164.7	268	0.7

Source: Statistics Norway

Employed persons in Norway from 1970 to 2011

	1970	1980	1990	2000	2009	2011
Employed persons, total	1 641.4	1 948.9	2 058.8	2 319.7	2 601.9	2 636.0
Mainland Norway	1 587.5	1 900.3	1 999.3	2 248.5	2 506.2	2 537.7
Central government	110.6	132.5	149.7	157.0	275.9	285.0
Local government	167.6	319.9	418.6	536.1	487.8	510.0

Source: http://www.ssb.no/en/befolkning/artikler-og-publikasjoner/_attachment/91796?_ts=13c6ca485b8

Update - Total employed persons in 2013: 2 619 000 (source: Statistics Norway)

2.2.2 : Local government financial resources

Description of the system:

Local government (total) revenues (*samlede inntekter*) are estimated in the State Budget for 2012 to around 374 billion NOK. This represents about 17,8 % of the GDP for mainland Norway.

Part of the revenue of each level of administration comes from local taxation, fees and local business management. The other part comes from allocations from the central authorities and other public institutions.

Nowadays, municipalities and counties are largely financed by tax revenues, grants from the State budget and fees (user fees / *brukerbetaling*). Allocations from the State budget are provided partly as block grants and partly as earmarked grants. Tax revenue and block grants from the state are referred to as free income (*fri inntekt*), as municipalities and county municipalities can use these funds freely as long as they fulfill their statutory tasks in an appropriate manner. Earmarked grants are tied to specific purposes. The user fees are what the citizens pay for specific services such as water supply, sewage and garbage collection, child day-care, etc.. In recent years, the municipalities have increased user fees and charges to the point where they account for approx. 14 % of total municipality income. Central government authorities follow the municipalities' practice carefully and impose limitations on the rates charged when they deem it necessary.

Municipalities's free income consists of block grants and tax revenues (*rammetilskudd og skatteinntekter*), usually accounting for just under 70 percent of the totality of local government revenues. The free income amounts in 2013 to about three-quarters of local government revenues. Municipalities and counties may dispose freely of this revenue, without any other guidance or recommendations from the state than what is already stated in laws and regulations. Of the free income, 2/3 consists of tax revenues and less than 1/3 consists of block grants. The free revenues are distributed between municipalities and counties through the income system (*inntektssystemet*).

The main purpose of the income system is to equalize the municipalities' finances so that they can provide the same standard of services to the citizens throughout the country. Thus, intergovernmental transfers involve an important redistributive functions based on several criteria.

The distribution of block grant takes into account the structural differences in municipal costs (expenditure equalization, *utgiftsutjevning*) and the differences in tax revenues (income equalization, *inntektutjevningen*).

Both the demand for municipal services and the cost of the services provided by the municipalities will vary between the municipalities. The aim of the expenditure equalization is to capture these variations. One takes from the municipalities that are relatively easy to run and gives to those that are relatively heavy to run.

Through a formula (*kostnadsnøkler*) consisting of objective criteria and scales captured variations in local government expenditure needs up.

Key cost for the municipalities consists of four partial key costs (*delkostnadsnøkler*) respectively administration, primary education, health and social services, agriculture and environmental protection. Among the various criteria, the age of the population, the number of divorced, unmarried/single and unemployed persons, the number of immigrants, the number of mentally disabled persons in the municipality, are taken into account.

Income equalization equalizes differences in tax revenue between municipalities. It includes the income and wealth tax paid by the individual taxpayers and tax on natural resources paid by the energy companies.

The income system also includes grants that are justified by regional policy objectives (*distriktpolitiske målsetninger*). The main grants to municipalities based on regional policy are the Northern Norway and Namdalen Grants (*Nord-Norge- og Namdalstilskudd*), the grant to small municipalities with under 3200 inhabitants and an average taxable income that has been 120 percent lower than

the national average for the last three years (*småkommunetilskudd*) and district grants to Southern Norway (*Distriktstilskudd Sør-Norge*).

Municipalities with particularly high population growth will be granted a specific growth subsidy (*veksttilskudd*). The justification for this special grant is that municipalities with high population growth in the short and medium term, may find it difficult to adapt the provision of services to a growing population, and may find it difficult to finance the necessary investments without sacrificing the provision of services.

In addition, discretionary grants (*skjønnstilskudd*) may be distributed to local authorities in order to compensate for special local conditions that are not captured or addressed well enough in the fixed part of the income system.

The *per capita* grant (*innbyggertilskudd*) is granted to all municipalities according to the number of inhabitants (it amounts to 40.000 NOK *per capita*). It is then redistributed according to the expenditure and income equalization, the correction scheme for pupils in public and private schools (*korreksjonsordningen for elever i statlige og private skoler*), the repartition/division subsidy (*inndelingstilskuddet*) and the income guaranty subsidy (*inntektsgarantitilskuddet*).

In general, local authorities with lesser income or special needs will typically receive more from central government, while local authorities with stronger resources will receive less.

Apart from the intergovernmental transfers of funds (*block grants, earmarked grants*), the most important source of income for the municipalities comes from taxation on income and wealth. Wealth tax is levied at both municipal and central government level. The municipal councils may also choose to impose property taxes in accordance with the Property Tax Law. All property owners are obliged to pay this tax. The tax is calculated as being between 0.2% and

0.7% of a property's value. Previously, this ability was limited to urban municipalities or to properties found in locations that could be considered an area of urban character, but the statutory provisions have been relaxed. In 2009, 299 municipalities had chosen to levy property taxes and 131 municipalities had chosen not to impose property taxes.

The Storting seems to have taken over the responsibility for the financing of municipalities by setting the tax percentage that the municipal income tax is calculated by (*skattøre*) and by deciding, in 2011, to reduce the tax part of municipal financing from 45 to 40 % (Kommuneprp. 2012). Harald Baldersheim observed that the municipalities financially have become more and more dependent of the State since the new revenue system has been introduced.

The main part of local government resources is allocated to municipal services. In Norway, with the exception of Oslo, approx. 78 per cent of net expenditure (*netto driftsutgifter*) goes to key public service areas such as kindergarten, primary school and health services. The municipal operating expenditures for these three sectors were respectively 36.3 billion, 61 billion and 90.8 billion kroner in 2012. Net costs for health care services were increased by approximately 11.2 billion from 2011 to 2012, while the increase corresponded to approximately 4.3 billion from 2010 to 2011. The increase was mainly due to the Health management reform (*samhandlingsreformen*) that entered into force in 2012. Expenditures for administration (*driftsutgiftene til administrasjonen*) was 20.8 billion NOK in 2012.

Municipalities have been given a substantial boost to their economy in recent years. From 2005 to 2013, their income actually increased by almost 61 billion Norwegian crowns, or 2.5 percent per year. This is 0.3 percentage points higher than the previous 15 years. The real growth in local government revenues and income in 2013 is now estimated to be higher than in the National Budget for

2013. Local government's revenues are estimated to increase by about 4.9 billion from 2012 to 2013. Growth in local government taxable income is estimated at 2.4 billion.

Critic of the system:

The economic activities of local government are controlled primarily through the income limits stipulated by the Storting. Local authorities are responsible for adapting their use of resources and provision of services to the prescribed income limits, according to the current laws and regulations. This means that municipalities and counties must prioritize in an appropriate way between the different tasks they are responsible for and they have a duty to use their resources efficiently. At the same time, the State has an overriding responsibility to ensure that there is consistency and balance between the duties imposed on local government, and the resources made available.

In a perspective of local self-government, it is worrying to note that the financing of local government has been constantly evolving towards more and more direct dependence on the State. The main part of the local government resources comes from direct allocations from the State budget (*direkte bevilgninger over statsbudsjett*). As explained earlier, block grants allocated to the municipalities are made based on an assessment of the need, which means that there is little incentive for the municipalities to fight for local autonomy.

Baldersheim and Rose characterise the Norwegian local government finances as a "funding paradox: a high proportion of revenues is derived from local taxes but local and county councils have very limited discretion with regard to stipulated levels of taxation since narrow limits are set by central government.

The result is that all councils have the same level of taxation. In reality, in short, rates of local income tax are decreed by Parliament.³¹

Annex N°9 : Municipal authority accounts and revenues

National figures, municipal accounts

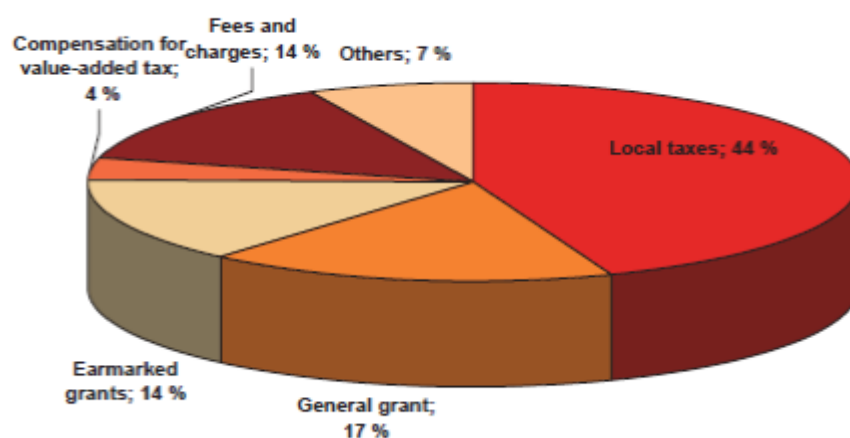
	Amount (mill. NOK)	Per cent change	Per cent change
	2012	2011 - 2012	2006 - 2012
Main financial figures			
Gross operating revenue	343 920	07.mar	49.6
Gross operating expenditure	337 066	06.sep	53.0
Net operating surplus	9 373
Gross investment expenditure	36 879	02.feb	49.0
	2012	2011	2006
National key figures			
Gross operating surplus as a percentage of total gross operating revenue	2.0	01.jul	04.feb
Net operating surplus as a percentage of total gross operating revenue	02.jul	2.0	05.jun
Unrestricted revenues per capita (NOK)	68.3	67.6	60.5
Gross operating expenditure, administration, management and joint expenditure, as a percentage of gross operating expenditure	06.mai	06.jul	7.0
Gross operating expenditure, kindergarten, as a percentage of gross operating expenditure	12.feb	12.0	09.jul
Gross operating expenditure, primary and lower secondary education, as a percentage of gross operating expenditure	20.sep	21.mar	23.jan
Brutto driftsutgifter, helse og omsorg i prosent av brutto driftsutgifter 2)	33.3	31.jan	33.3

Source: Statistics Norway

1 euro (€) = 9, 21 Norwegian Crowns (NOK) in 2015

³¹ Baldersheim, H. & L. Rose (2011). "Norway: The Decline of Subnational Democracy?", in J. Loughlin, F. Hendriks & A. Lidström (eds.), *The Oxford Handbook of Local and Regional Democracy in Europe*, Oxford: Oxford University Press, p. 290-1.

Composition of the municipal revenues for 2006, Oslo included, NOK 236 billion



Source: Norwegian Ministry of Local Government and Regional Development
Annex N° 9 Bis: Municipal authority accounts. Update for 2013.

National figures, municipal accounts

	Amount (mill. NOK)	Per cent change	
		2012 2013	2007 2013
Main financial figures			
Gross operating revenue	361 950	5.2	49.7
Gross operating expenditure	356 542	5.8	49.8
Net operating surplus	8 307
Gross investment expenditure	39 630	7.4	32.1

National figures, municipal accounts

	Amount (mill. NOK)	Per cent change	
		2012 2013	2007 2013
		2012	2007
	2013	-	-
		2013	2013
	2013	2012	2007
National key figures			
Gross operating surplus as a percentage of total gross operating revenue	1.5	2.0	1.5
Net operating surplus as a percentage of total gross operating revenue	2.3	2.7	2.3
Unrestricted revenues per capita (NOK)	68.1	68.3	59.3
Gross operating expenditure, administration and management expenditure, as a percentage of gross operating expenditure	6.4	6.6	7.1
Gross operating expenditure, kindergarten, as a percentage of gross operating expenditure	11.9	12.2	10.5
Gross operating expenditure, primary and lower secondary education, as a percentage of gross operating expenditure	20.4	20.9	22.7
Brutto driftsutgifter, helse og omsorg i prosent av brutto driftsutgifter 2)	32.8	33.3	32.8

Source: Statistics Norway

Annex N°10: County authority accounts

National figures, county municipalities

	Amount (mill. NOK)	Per cent change	Per cent change
	2012	2011 - 2012	2006 - 2012
Main financial figures			
Gross operating revenues	63 120	04.feb	60.5
Gross operating expenditure	60 383	03.apr	58.8
Net operating surplus	3 307
Gross investment expenditure	12 519	3.0	206.6
	2012	2011	2006
Financial figures			
Gross operating surplus of total gross operating revenues	04.mar	03.jun	03.mar
Net operating surplus as a percentage of total gross operating revenue	05.feb	05.mai	05.mar
Unrestricted revenues per capita (NOK)	76.7	75.7	74.8
Gross operating expenditure, administration, management and joint expenditure, as a percentage of gross operating expenditure	04.aug	05.apr	..
Gross operating expenditure, upper secondary education, as a percentage of gross	48.5	47.6	54.8
Gross operating expenditure, transportation affairs, as a percentage of gross op	27.jul	27.apr	17.jan

Source: Statistics Norway

1 euro (€) = 9, 21 Norwegian Crowns (NOK) in 2015

Annex N°10 Bis: County authority accounts. Update for 2013

National figures, county municipalities

	Amount (mill. NOK)	Per cent change	
		2012	2007
2013		-	-
		2013	2013

Main financial figures

National figures, county municipalities

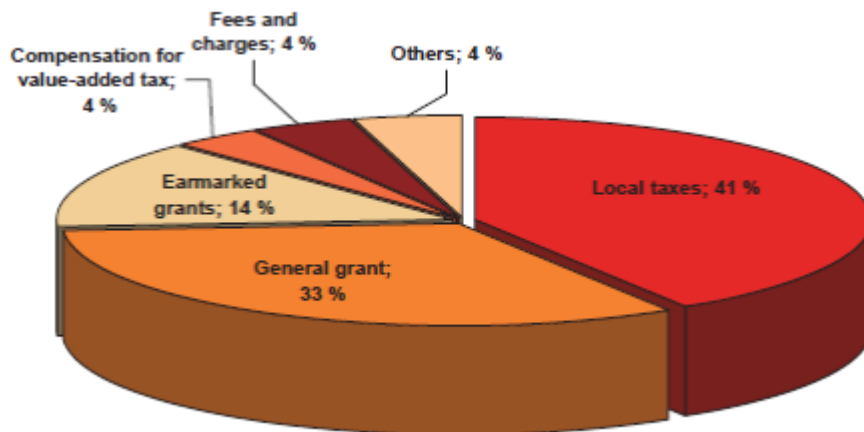
	Amount (mill. NOK)	Per cent change	
		2012	2007
	2013	-	-
		2013	2013
Gross operating revenues	67 376	6.7	65.1
Gross operating expenditure	64 282	6.5	59.9
Net operating surplus	4 000
Gross investment expenditure	14 305	14.3	187.2
	2013	2012	2007
Financial figures			
Gross operating surplus of total gross operating revenues	4.6	4.3	1.5
Net operating surplus as a percentage of total gross operating revenue	5.9	5.2	4.0
Unrestricted revenues per capita (NOK)	74.6	76.6	75.3
Gross operating expenditure, administration and management expenditure, as a percentage of gross operating expenditure	4.8	5.1	3.9
Gross operating expenditure, upper secondary education, as a percentage of gross	47.1	48.5	54.4

National figures, county municipalities

	Amount (mill. NOK)	Per cent change	
		2012 2013	2007 2013
Gross operating expenditure, transportation affairs, as a percentage of gross op	27.8	27.7	18.7

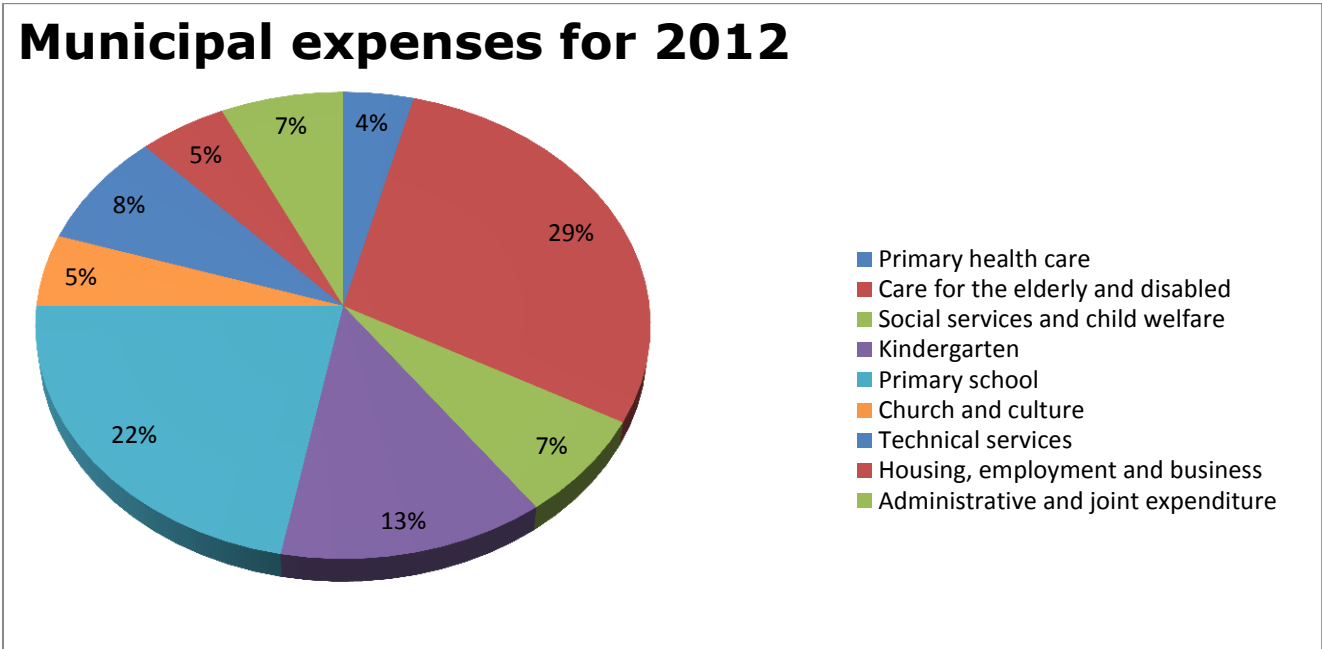
Source: Statistics Norway

County revenues for 2006, Oslo excluded, 40 billion NOK



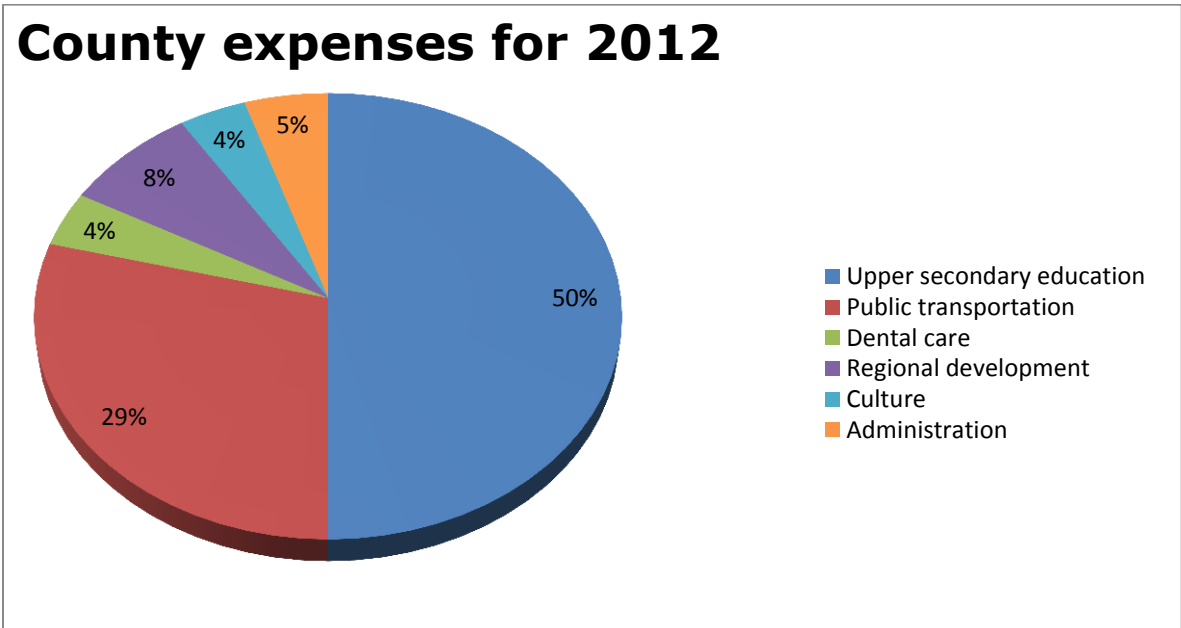
Source: Norwegian Ministry of Local Government and Regional Development

Annex 11: Municipal expenses for 2012



Adapted from <http://www.regjeringen.no/en/dep/krd/Subjects/the-municipality-state-relationship/fakta-om-kommunene-og-fylkeskommunene.html?id=548623>

Annex 12: County expenses for 2012



Adapted from <http://www.regjeringen.no/en/dep/krd/Subjects/the-municipality-state-relationship/fakta-om-kommunene-og-fylkeskommunene.html?id=548623>

Annex n°13: Local Government. Revenues and expenditures.

Local government. Revenue and expenditure. Accrued values. NOK million.

	2008	2009	2010	2011	2012
A. Revenue	304 205	333 637	354 961	382 028	405 626
Taxes on income, wealth etc	119 826	130 886	138 979	133 823	144 018
Taxes on goods and services	8 394	8 559	9 223	9 662	10 321
Property income	15 185	11 971	11 550	18 565	15 578
Interest	7 522	4 887	4 239	5 054	5 545
Dividends	4 789	5 264	5 088	8 397	4 957
Withdrawals from income of quasi-corporations	2 874	1 820	198	3 124	3 024
Withdrawal from other activities	2 874	1 820	198	3 124	3 024
Land rent, road rent etc	0	0	2 025	1 990	2 052
Administrative fees and charges	39 320	41 960	44 499	47 191	50 036
Current transfers	121 480	140 263	150 709	172 788	185 674
Grants from other general government units	117 188	136 037	146 153	166 778	180 280
Grants from central government	117 188	136 037	146 153	166 778	180 280
Other domestic transfers	4 292	4 226	4 556	6 010	5 394
B. Expense	321 354	341 371	365 273	390 509	415 218
Compensation of employees	172 288	185 750	195 204	210 447	221 845
Use of goods and services	62 071	67 475	71 671	74 478	76 476
Consumption of fixed capital	23 515	24 635	30 776	33 342	35 253
Social benefits in kind	15 433	17 655	19 244	20 798	22 128
Property expense	15 996	10 485	10 494	12 129	12 723
Interest	15 996	10 485	10 494	12 129	12 723
Social benefits in cash	8 400	9 575	10 280	10 320	10 494
Social assistance benefits	4 544	4 962	4 893	4 775	4 795
Other benefits	3 856	4 613	5 387	5 545	5 699
Subsidies	10 491	10 962	12 861	13 480	14 184
Current transfers	11 990	13 508	13 352	13 681	19 934
Grants to other general government units	1 773	2 268	1 477	1 264	6 711
Grants to central government	1 773	2 268	1 477	1 264	6 711
Transfers to non-profit institutions serving households	10 217	11 240	11 875	12 417	13 223
Capital transfers	1 170	1 329	1 390	1 834	2 181
Capital transfers to business enterprises	1 170	1 329	1 390	1 834	2 181
C. Change in net worth from transactions (A-B)	-17 149	-7 734	-10 312	-8 481	-9 592
D. Net acquisitions of non-financial assets	14 163	18 024	16 954	14 606	12 905
Gross acquisitions of fixed assets	38 844	43 377	48 634	49 441	50 466
Acquisitions of fixed assets	38 983	43 953	48 679	49 514	50 528
Disposals of fixed assets	-139	-575	-46	-73	-61
Consumption of fixed capital	-23 515	-24 635	-30 776	-33 342	-35 253
Net acquisitions of land	-1 166	-718	-904	-1 493	-2 309
Acquisitions of land	1 009	1 216	1 020	1 344	1 232
Disposals of land	-2 175	-1 935	-1 924	-2 837	-3 541
E. Total expenditure (B+D)	335 517	359 395	382 226	405 114	428 123
F. Net lending/borrowing (A-E)	-31 312	-25 758	-27 266	-23 086	-22 496
Wages and salaries (own account capital formation)	141	157	149	177	213
Goods and services (own account capital formation)	1 026	1 270	1 147	1 033	1 042

Source: Statistics Norway

1 euro (€) = 9, 21 Norwegian Crowns (NOK) in 2015

Annex N° 13 Bis: Local Government. Revenues and expenditures. Update for 2013

Local government. Revenue and expenditure. Recorded values (mill. NOK), by type, time and contents

	2013
	Revenue and expenditure
A Total revenue	439 583
A1 Taxes on income, wealth etc	151 780
A2 Taxes on goods and services	11 033
A5 Property income	17 267
A51 Interest	5 714
A52 Dividends	5 065
A53 Withdrawals from income of quasi-corporations	1 809
A55 Road rent, resource rent, etc	4 680
A6 Administrative fees and sales of goods and services	56 146
A7 Current transfers	203 356
A71 Grants from other general government units	197 785
A711 Grants from central government	197 785
A74 Other domestic transfers	5 571
B Expense	445 658

B1 Compensation of employees	237 420
B2 Use of goods and services	82 991
B3 Consumption of fixed capital and R&D	38 591
B4 Property expense	12 683
B41 Interest	12 683
B5 Social benefits in kind	23 427
B6 Social benefits in cash	12 089
B7 Subsidies	14 700
B8 Current transfers	22 335
B81 Grants to other general government units	8 751
B811 Grants to central government	8 751
B82 Transfers to non-profit institutions serving households	13 583
B83 Other domestic transfers	2
B9 Capital transfers	1 421
C Change in net worth from transactions (A-B)	-6 076
D Net acquisitions of non-financial assets	15 413
D1 Gross acquisitions of fixed assets and R&D	55 922
D11 Acquisitions of fixed assets and R&D	56 050
D12 Disposals of fixed assets (-)	-128
D2 Consumption of fixed capital and R&D (-)	-38 591
D3 Net acquisitions of non-financial non-produced	-1 918

assets

D31 Acquisitions of non-financial non-produced assets	1 588
D32 Disposals of non-financial non-produced assets (-)	-3 505
E Total expenditure (B+D)	461 072
F Net lending/borrowing (A-E)	-21 489
W1 Wages and salaries (own account capital formation)	125
W2 Goods and services (own account capital formation)	1 145
W3 Consumption of fixed capital (own account capital formation)	0

Source: Statistics Norway **Conclusion:**

In a White paper presented by the Government to the Storting in February 2012 and entitled “The State and the municipalities – Governance and Team play”³², it is underlined, among other things, that local self-government is more than ever under pressure in Norway.

There is less and less room for local variations because of the close “integration” between the State and the municipalities in the area of welfare, for example.

There is a lack of balance between local self-government and central government and a visible tension between local and national democracy.

The Government remarks, in the White paper, that the governance tools used by the State have been even more intrusive in both scope and detail than for 10-15 years ago, particularly in fields such as education, health, planning

³² Meld. St. 12 “Stat og kommune – Styring og Samspel” (2011-2012).

(*arealplanbygning*) etc. The increasing use of “pedagogical tools” such as guidelines or instruction books (*statlige veiledere*) sent to the municipalities and the requirement to achieve the results expected by the State (*resultatstyring*) have also put a lot of pressure on the municipalities.

Moreover, the municipalities have relatively little room to influence the size of their income. This is why it is particularly important that there is a correlation between the tasks that are under the municipalities’ responsibility and the resources put at their disposal. The fact that the concept of local self-government does not have an official, legal (constitutional) status in Norway contributes to this disturbing situation.

However the comprehensive reforms planned for the next three years by the Government (until 1 January 2018) let us believe that the status of local self-government will be reinforced in the years to come, if not at the constitutional level, at the legislative one, and that the political orientations and legal changes might have deep consequences for the Norwegian legal and institutional landscape.

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