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1. LEGAL BASIS

1.1. Constitutional provisions

The Norwegian Constitution, which dates back to 1814, contains no provisions for local government.

1.2. Main legislative texts

On 1 January 1993, a new Local Government Act, dated 25 September 1992, concerning both municipalities and county municipalities, came into force. The act contains the main features for the organisation of municipalities and county municipalities. It regulates planning and information, political and administrative organisation, procedures, conditions for local elected representatives, local government financing and central governing.

There is also legislation for special sectors, such as social welfare, schools, planning and building. The special sector legislation has been revised and harmonised as far as possible according to the principles of the new Local Government Act.

2. STRUCTURE OF LOCAL AND REGIONAL AUTHORITIES

2.1. Main subdivisions

Norway has a two-tier system of local government: municipalities and county municipalities (hereafter municipality and county).

2.2. Statistical data

Number of Norwegian local authorities

Year	Counties	Municipalities
1950	20	744
1996	19	435

Population of Norwegian local authorities

Number of authorities with	Total number	Percentage
Less than 1 000 inhabitants	18	4.1
1 000-4 999	228	52.4
5 000-9 999	92	21.2
10 000-49 999	88	20.2
50 000 inhabitants and over	9	2.1

Surface and population of Norwegian local authorities

Surface area	Municipality	County
Largest	9 704 sq. km	48 637 sq. km
Smallest	57 sq. km	454 sq. km (Oslo)
Average	890 sq. km	20 366 sq. km
Population		
Smallest	212	76 629
Largest	483 401	483 601 (Oslo)
Average	10 000	229 000

2.3. Special structures for particular areas

Oslo is both a municipality and a county. It has a surface of 453.9 square kilometres and a population of 483 401 inhabitants.

2.4. Regulations governing changes in structures

There is a special act concerning changes in municipal boundaries (1956). Small changes can be decided by the county governor, if the municipalities and counties involved agree. Otherwise the Ministry of Local Government takes the decision, or even the parliament, when amalgamations or more substantial changes are involved.

Changes can be made upon request of the municipality or a group of inhabitants. Moreover, the government may take the initiative when national interests are concerned. In such cases a committee is usually set up to consider the question and make proposals.

According to the law, the municipal councils and county councils concerned shall be consulted. Local referendums are not a part of the legal system, but are usually held when it is suggested to amalgamate municipalities. The referendum is only consultative. The decision takes into consideration both local and national views, because municipal boundaries are not only a question of local interest.

This act is currently under review.

2.5. General units of state administration at local and regional levels and their relationship to local/regional authorities

a. The county governor

This is the government's principal representative in the county, responsible for ensuring that the activities of the municipalities are carried out in accordance with the legislation, regulations and budgetary provisions of central government. In addition the governor has advisory and co-ordinating functions towards the municipalities and the counties.

b. National Education Office

There are eighteen of these offices. They represent the Ministry of Education, and their directors ensure the enforcement of the government educational policy. In addition, they supervise both public primary and secondary schools, private schools, colleges of further education and adult education in voluntary adult education organisations; they are also responsible for the administration of public educational grants and for the co-ordination of educational policy on all levels within the region/county.

c. The chief county medical officer

This officer has the responsibility for surveillance of health services in the county and together with the Norwegian Board of Health promotes quality and legal protection within the health services. The medical officer supervises all municipal/county health services, gives advice and information and handles appeals from patients.

d. The Competition Authority

The Competition Authority has eight regional divisions. They have, among other activities, carried out studies of the local government procurement practices.

e. Employment offices

There are 18 county employment offices and 167 local ones. There is a close relationship between the employment offices and municipalities regarding social welfare, establishing of new businesses and the school sector. This contact is of a co-operative nature, not hierarchical.

f. The tax office

There is one such office in each municipality, headed by a local inspector of taxes, and a county tax office in each county. The tax authorities manage three large systems: the tax system, the value-added tax system and the population register system. There is a population register in each municipality. The population register forms the basis for both the tax and electoral roll. In most municipalities the local tax

office and population register are organised as one office entity, and headed by the local inspector of taxes, who is also registrar for the population register. There are regular contacts with the municipalities to obtain information on people's residence. The legislation also gives the registration offices the right to obtain information from the technical and social sector and the municipal treasurer. The population register forms the basis for population statistics, which are important for planning children's day-care centres, schools, residential areas, public transport, facilities for the elderly, nursing homes and other public services. Moreover, there is a tax collector in each county who controls and gives advice to the municipal treasurers.

g. The fishery administration

The fishery administration has a close relationship to both county and municipal authorities because of the importance of fisheries in developing local industry.

h. The Norwegian National Coastal Administration

The local offices of this administration are often in contact with local authorities in matters of planning and building. They have few governing functions towards municipalities.

i. The police

Their governing functions are few, but there is a great deal of informal contact with the municipal authorities.

j. Regional offices of the immigration directorate

There are six regional offices which deal with the settling of refugees in the municipalities, and supervise the running of the state's reception centres for asylum-seekers. The offices also advise the municipalities in their work with integrating refugees and immigrants.

k. The National Mapping Authority

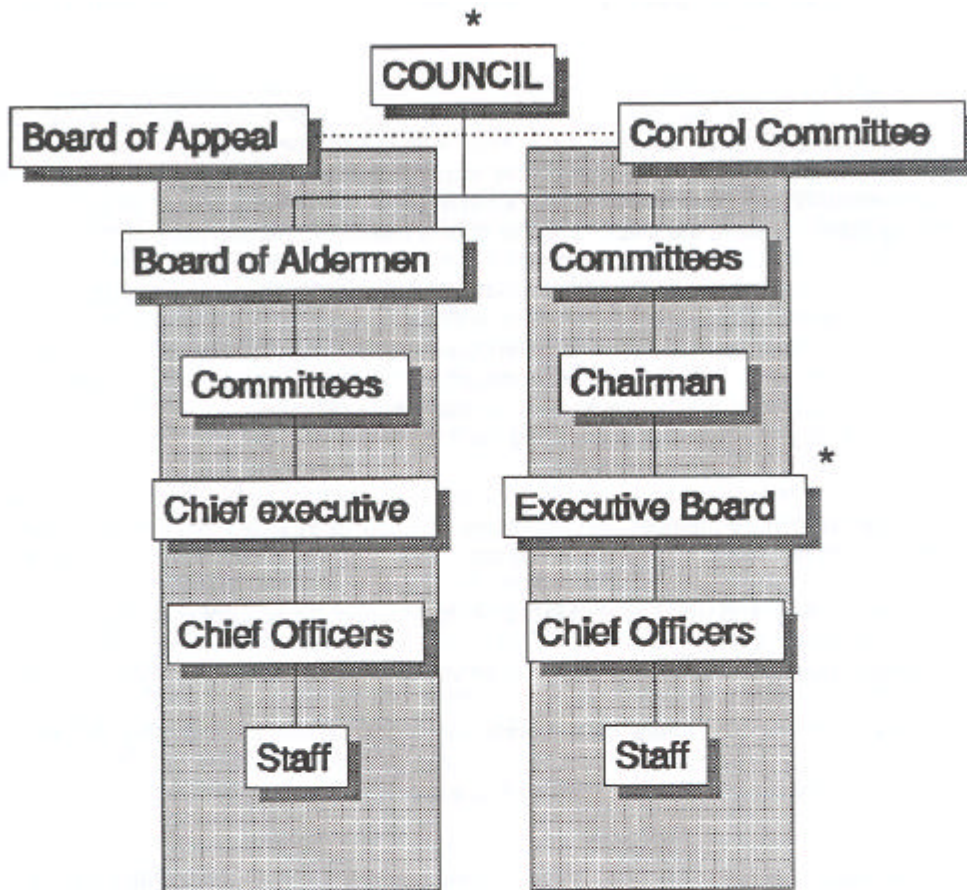
This authority has eighteen regional mapping offices responsible for the IT-based register of property, addresses and dwellings, to which the municipalities, among others, deliver updated data. The offices also advise the municipalities in questions related to subdivision of land. The main activity is still mapping in scale 1:5 000 and smaller.

l. The social security offices

These offices co-operate with the municipal social welfare offices in many cases, but have no governing functions towards municipalities/counties.

Organigram

Exemples of local authorities' organisation



**Local
Government
Organisation**

**Local
Government Organisation
under Parliamentary regime**
Articles 18-21 Local Government Act

(*) Elected body

3. ORGANS OF LOCAL AND REGIONAL AUTHORITIES

3.1. Deliberative body

The municipal/county council is the main authority of the municipalities and counties. Decision-making power can be delegated to an executive board and to permanent committees, unless otherwise provided by statute.

Those eligible and obliged to accept election to the municipal/county council are persons who have the right to vote at the election, who are registered in the population register as residents in the municipality/county on polling day and who are not disqualified or exempted. The following are disqualified: the county and deputy county governor, the chief municipal executive/county executive, the executive's deputy, the head of any branch of the municipal or county administration, the chief municipal/county treasurer, the secretary of the municipal/county council, the chief municipal/county auditor and the auditor of any municipal/county undertaking. Those who may claim exemption from election are persons who attain the age of 65 by the end of the year of the election, who have been members of the council for the last four years, who have the right to exemption under other statutory provisions, who are granted exemption by the electoral committee because they "would not have been able to carry out the duties of their office without unreasonable difficulty", or who are members of another political party than the one issuing the list.

The electoral system is based on the principles of direct election and of proportional representation in multi-member constituencies. Entitled to vote are Norwegian citizens or foreigners who have been registered at the population register as residents in Norway for the three years preceding polling day, who attain the age of 18 no later than 31 December in the year of the election, and who have not lost their right to vote (because of conviction for special criminal offences, entering the service of a foreign power without the consent of the government, buying votes, selling their vote or voting at more than one polling station).

At county elections the voters may modify the ballot papers by changing the order of candidates and by deleting candidates. At municipal elections the voters may in addition give an additional vote to candidates (cumulate) and add candidates (danglers) from other electoral lists.

Polling day is a Monday in September (usually the second). Some municipalities have polling day on both Sunday and Monday. It is possible to vote in advance, the condition being that one will be prevented from going to the polling station in person.

The result of the election is decided in two stages. The first is to determine the number of candidates for each list; the candidates of the individual lists are then declared elected.

In county elections the method followed for distributing the constituency seats between the lists is a modified version of Laguë's method. For determining the results at municipal elections a specific "Norwegian method" has been created. Both methods are rather complicated, and are explained below.

According to the method followed for distributing county constituency seats between the lists, the number of votes cast for each list is divided by 1.4 - 3 - 5 - 7 and so on. The number of votes shall be divided as many times as the greatest number of seats the list may be expected to win. The quotients are numbered consecutively. The seats are distributed consecutively between the lists according to the sizes of the quotients. The method of declaring the winning candidates for each list is the following: first of all, only the names placed as No. 1 on the ballot papers are counted. The candidate who gets most votes at this count is elected. Then the names placed as No. 2 on the ballot papers are counted. The candidate who gets the highest total of votes at the two counts, ignoring the one who is already elected, is elected. The same procedure continues until all the seats attributed to the list have been filled. For the voters' changes on the ballot papers to have any effect on the choice of person, more than half the voters must make changes in favour of the same candidate. One sixth of the seats are distributed between the lists in the same way as the other seats, but when candidates are being declared elected, the seat goes to the first candidate on the list who comes from a municipality which has not received any representation in the county council during the ordinary distribution.

At municipal elections, in order to distribute seats, the sum of the votes cast for each list is divided by the number of representatives to be elected plus one. The whole number of the quotient is increased by one. The number of votes cast for each list is divided by the increased quotient and each list wins as many seats as the whole numbers of the new quotients indicate. If not all the seats are distributed in this way, a new division is carried out in whereby the number of votes for each list is first divided by the number of seats the list has won plus one, then ? if necessary ? by the same figure plus two, and so on. The method of declaring candidates elected is that the seats won by each list are distributed between the candidates in the order of how many votes they have received.

3.2. Executive body

Strictly speaking, municipalities and counties do not have an executive body. Acts and decisions made by the council or its subordinated committees are normally handed directly over to the head of the administration for execution.

All municipalities and counties have a board of aldermen or executive body and permanent committees. They may be empowered by the municipal council to make decisions in all matters unless otherwise provided by statute. The municipal and county council may also appoint committees for the preparation of matters to be considered and for the performance of special functions. The board of aldermen and the permanent committees can be delegated authority to appoint such committees.

According to the law, the board of aldermen is not required to exercise functions other than considering proposals for the finance plan, annual budget and tax resolutions. In most municipalities and counties however, the board of aldermen is used as the most active and important body beside the council. Its functions can be summed up as two; as a preliminary deliberative body on items on the council's agenda, and as a decision maker on items without principal interest.

The board of aldermen consists of members of the municipal/county council (a minimum of 5), and usually the more senior members. The permanent committees have a minimum of 3 members and are elected amongst those who are eligible to the municipal council. The method of election is described in articles 35-38 of the Local Government Act.

If the municipality or county choose to organise according to a parliamentary system, regulated in the articles 18-21 of the Local Government Act, the board of aldermen and the employed head of the administration will be substituted by an elected administrative (executive) board, as further explained under section 3.4.

3.3. Political head

The mayor is the political head of the local/regional authority.

The mayor is the chairman of the council and of the board of aldermen and acts as the political and legal representative of the municipality. He/she has the right to attend meetings in all other committees, councils and boards, and can be given the floor. The municipal/county council can delegate the mayor authority to make decisions in individual cases or on non-fundamental matters (likewise for the head of the administration).

The municipal/county council elects a mayor from the board of aldermen. The term of office is four years. The previous mayor may claim exemption from election.

The mayor does not exercise any functions on behalf of the state.

3.4. Head of the administration

Every municipality and county must have a chief executive officer as the head of the administration.

The executive officer is the leader of the whole administration and has the right to instruct everybody who is employed in the municipality/county. His/her main tasks are to prepare and execute decisions. The executive officer has the right to attend all meetings and take the floor in all committees, councils and boards except the control committee, whose task it is to supervise the administration of the municipality.

Other functions are regulated by the municipal/county council. The council decides whether it requires the executive officer's recommendation in the matters that are put to it, or the recommendation of a politically elected committee. The executive officer can be delegated authority to make decisions in individual cases or on non-fundamental matters (likewise for the political head). More specifically he/she can be authorised to create/abolish positions and to make decisions concerning employees.

The council itself appoints the chief executive officer for a minimum term of six years.

Any municipality/county can decide to have a parliamentary system of self-government. In such cases, a political body – the administrative (executive) board – exists instead of the chief executive officer. The members of the board are elected by the municipal/county council by majority ballot. The board or individual members thereof have a duty to relinquish office in pursuance of a resolution of the council, and have the right to resign, together or individually. The county/municipal council empower the executive board to make decisions in all matters unless otherwise provided by statute. The board can give individual members authority in specific cases or in non-principal matters, if they have already been given administrative responsibility by the council, for a part of the municipal/county administration.

The board or individual members may be replaced by the council at any time during the four year term. There is a corresponding right to withdraw for the members of the board.

3.5. Division of powers and responsibilities

The municipal/county council is the central organ and has all power. Nevertheless, it is free to delegate power, except in cases where the Local Government Act uses the expression "the council itself". The executive board and the permanent committees can be given authority for a wide range of matters. Committees for special functions can be authorised to decide on individual matters directly connected to these functions. The municipal council may set up a managing board for the operation of a municipal concern or institution. This board can be given authority to make decisions on the running and organising of the concern. Two or more municipalities may set up a joint board for the realisation of municipal projects. The same kind of authority can be delegated to this board as above. The municipal council can also establish neighbourhood committees and give them authority in all matters that concern that geographical part of the municipality. As mentioned above, the mayor and the chief executive officer can be delegated some authority. The same kind of authority can be given to the chairman of a permanent committee or a working committee. The municipal council may decide that the board of aldermen, a permanent committee or the administrative or executive board can decide matters which should normally be decided by another organ, when it is necessary to make a decision and there is no time to summon the right organ.

3.6. Legal provisions concerning the internal structures

Municipalities and counties have wide-ranging authority to define their own structure within the framework of the Local Government Act. But special sector legislation also provides a few legal provisions concerning the internal structure.

4. DIRECT CITIZEN PARTICIPATION IN DECISION-MAKING

4.1. Local/regional referendums

The Local Government Act contains no provisions concerning local/regional referendums. The municipal/county council has the power to make all decisions, therefore referendums can only be consultative unless a law provides otherwise. Examples of consultative referendums concern changes in primary school districts and the language used for writing in a primary school. There is normally a referendum when changes in municipalities' boundaries, especially amalgamations, are considered.

4.2. Other forms of direct participation

The Local Government Act instructs the municipalities and counties to inform the public about their acts. The best possible provision must also be made for public insight into the municipal/county administration.

For this reason, meetings of the municipal/county council, the board of aldermen and other boards/committees are open to the public, with the exception of the meetings of the administrative board in a parliamentary system, which are generally closed to the public.

Some municipalities practice a "question time", where the public can meet and ask the politicians and chief executive officers questions about municipality matters.

Municipal/county institutions can have boards that consist of or partly consist of the users and/or the employees. A board for a "municipal concern" can also be elected by and among the employees in a concern. All municipalities/counties must have an administrative committee for handling matters that concern the relationship between the municipality/county as employer and the employees, unless they agree to use another procedure. Representatives of the employees are also allowed to take the floor in committees, when the latter deal with the same kind of matters as mentioned above.

In the context of planning and building, the legislation obliges the planning authorities to inform the public actively about their plans. Individuals and groups who are affected shall be allowed to participate in the process.

5. STATUS OF LOCAL ELECTED REPRESENTATIVES

5.1. Conditions for standing in local elections

Both native born and foreigners registered as residents for the three years preceding the election, may stand for election provided they are at least 18 years of age and resident in the local authority area on the day of the election.

5.2. Activities or functions incompatible with elected office

A number of functions are incompatible with elective office, namely the posts of county and deputy county governor, the chief municipal executive/county executive, the executive's deputy, the head of any branch of the municipal or county administration, the chief municipal/county treasurer, the secretary of the municipal/ county council, the chief municipal/county auditor and the auditor of any municipal/county undertaking.

5.3. Campaign financing and public authorities support

There is no regulation governing the financing of candidates' election campaigns. There is a general grant system for political parties based on their share of the votes at the last parliamentary election. The parties are free to use these funds at their own discretion.

5.4. Term of office

The term of office of elected representatives is four years.

5.5. Holding several elected offices simultaneously

There are no restrictions on holding several elected offices at the same time. A single person may have a place in a municipal council or a county council and in the parliament at the same time.

5.6. Duties and responsibilities, sanctions

Elected representatives must attend all sittings and vote on all agenda items. However, representatives are not allowed to attend sittings concerning matters in which they have a personal interest, financial or other.

Representatives are not obliged to declare their property interest, but the municipalities have been encouraged to establish such registers on a voluntary basis.

Elected representatives may be dismissed if sentenced for crimes in office. Moreover, when suspected of the crimes defined in sections 11 and 33 of the Penal Code, they may also be suspended from their duties for the duration of the investigation.

5.7. Resignation and leave from office

A representative may be granted the right to resign and to leave by the Council, if holding the office will be a disproportionate burden of permanent character, or given specific circumstances.

5.8. Restrictions on activities, reintegration

There are neither restrictions on the activities a former representative may exercise, nor assistance for vocational reintegration of representatives who are not re-elected.

5.9. Working conditions

Working conditions are for the most part decided at local level. The workload varies considerably. Meetings are usually held in the evening. The extent of secretarial services and offices for representatives is decided by the council.

5.10. Training and information

Each municipality and county organise training of the elected representatives at their own discretion. The Norwegian Association of Local Authorities is engaged in supporting training activities.

5.11. Leave from regular occupation

The representatives are granted leave from their regular occupation by law, when it is necessary in order to attend a meeting in an elected body. Some municipalities and counties have decided to remunerate some offices on a level sufficient for the holder to have it as his sole income and be a full time representative. These representatives are not granted a right of a full time leave from their regular occupation. They must either be granted a full time leave from their employer or quit their regular occupation.

5.12. Remuneration and compensation

All elected representatives are entitled to remuneration, which may be granted as duty allowance or as meeting allowance. The amount is decided by the local authority and may vary considerably and it is treated as a regular salary in the tax system. A fixed percentage of any personal income, including remuneration, will be deducted as part of the national health insurance and pension scheme. This is an integrated part of the Norwegian tax system.

Representatives are entitled to compensation for any documented loss of earnings. Undocumented losses, i.e. by housewives, are compensated at a level decided by the municipal or county council. This sum may vary considerably.

All necessary expenses related to fulfilling their duties are refunded.

5.13. Fair representation of the sexes

32,7 percent of the representatives were women in the municipal councils elected in 1995. The corresponding percentage in the county councils was 41,5.

6. DISTRIBUTION OF POWERS BETWEEN THE VARIOUS CATEGORIES OF LOCAL AND REGIONAL AUTHORITIES

6.1. Principles governing the distribution of powers

Important criteria when deciding the distribution of powers are: who is affected by the services in question, the economic implications and the importance of local knowledge for reasonable decision-making. On this basis, municipalities will be given the responsibility for tasks which first and foremost affect the inhabitants in that particular municipality. If a task affects inhabitants in several municipalities, and needs financing beyond the capacity of one municipality, counties will in principle be given the responsibility for this task.

A basic principle is that municipalities and counties may undertake any local functions which are not vested by law in other institutions. Another central principle is that responsibilities or tasks conferred upon municipalities and counties must be prescribed by law.

6.2. Distribution of powers between the state and local and regional authorities

A number of tasks have been delegated to local or regional authorities acting as agents of the central authority, namely: housing and integration of immigrants, employment schemes, health care for prisoners.

Today's distribution of competencies is the result of a process where various considerations have been important. Tasks have been moved both "upwards" and "downwards" in the system. The most important changes – in terms of resources – during the last fifteen years, have been the moving of tasks and authority from counties to municipalities. In 1988, responsibility for homes for aged people were transferred from counties to municipalities. In 1991 municipalities undertook responsibility for mentally retarded people.

The table at the end of this chapter provides detailed information about the distribution of powers.

6.3. Participation of local and regional authorities in national economic and spatial planning

The Planning and Building Act stresses the importance of a combined physical and economic planning. It concerns the use and management of natural resources, development activity and environmental protection and it is a continuous process, which includes surveys and research, co-ordination, balanced consideration, decision-making and conflict-solving.

The main planning responsibility lies with municipalities and, for a wider co-ordination of activity planning, with counties. The co-ordinating authority at central level is the Ministry of Environment.

The municipal plan consists of a long-term and a short-term plan. The long-term plan describes the objectives for development in the municipality and provides guidelines for sector planning. It also provides a plan for the use of land and the management of natural resources. The short-term plan is comprised of a co-ordinated programme for the activity of the different sectors for the coming years.

As far as necessary, the land use part of the plan designates building areas, agricultural areas, nature areas and outdoor areas for protection purposes. This part of the plan covers use and protection of watercourses and sea areas, as well as important links in the communication system.

The municipal plan is valid when it has been adopted by the municipal council and needs no further approval, except when the county or the national sector authorities have objections to the part of the plan dealing with land use. In this case, the plan has to be approved by the Ministry of Environment. The Ministry may require changes in the plan in consideration of national interests.

The county has the main responsibility for planning within its area. County planning is primarily intended to co-ordinate physical, economic, social and cultural activities within the county.

The county plan is reviewed and revised in detail, and submitted to central government every fourth year for approval. When approving the plan, central government makes the necessary changes in the interest of national policy.

The Local Government Act now also contains a provision on financial planning in addition to the annual budget. The municipal/county council shall once a year adopt a revolving finance plan (covering no fewer than the next four fiscal years). It shall be used as the basis for work on the budget and other planning activity within the authority, providing a realistic survey of probable revenues, anticipated expenditure and priority tasks in this period.

The Planning and Building Act does not specify any rules for co-ordinated planning at the national level. However, in addition to consideration and approval of the county plans, the government may set general aims and principles and specific guidelines for physical, economic and social developments. These must be followed by the counties and municipalities in their planning activities. The guidelines may be general, or may relate to the use of particularly vulnerable natural resources or land in specific areas. Every fourth year the government presents a white paper for the parliament with a long-term programme for the coming period. This planning document presents analysis of future economic, social and environmental challenges on important fields of public policy and the government's views on favourable courses of action to meet these challenges.

Function	Competent authority			Type of competence				Exercise of the competence				Remarks
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority	*
General administration												A
Security, police	•			•				•		•		
Fire protection	•		•		•	•		•	•			A
Civil protection	•	•	•		•	•		•				A
Justice	•			•				•				
Civil status register	•			•		•		•				
Statistical office	•			•				•				
Electoral register	•		•		•	•		•				
Education**												A
Pre-school education			•	•			•	•		•		B
Primary education			•			•		•				
Secondary education		•				•		•				
Vocational and technical	•	•				•		•				1
Higher education	•					•		•				
Adult education	•	•	•			•		•				
Other												
Public Health												B, 2
Hospitals	•	•				•		•				3
Health protection	•	•	•			•		•				4

(*) in case there are any remarks see last page in this country's table

(**) the competence refers to infrastructures (I) or to the staff(S)

Function	Competent authority			Type of competence				Exercise of the competence				Remarks *
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority	
Social Welfare												
Kindergarten and nursery			•		•	•	•	•	•			B, 5
Family welfare services		•	•				•	•				B, 6
Welfare homes			•			•		•				
Social security	•					•		•				7
Social services			•			•		•				8
Housing and town planning												
Housing	•		•		•			•	•			B
Town planning		•	•			•		•	•			
Regional/spatial planning		•				•		•				
Environment, public sanitation												
Water & sewage			•			•		•	•			B
Refuse collection & disposal			•			•		•	•			B
Cemeteries & crematoria			•			•		•				
Slaughterhouses	•		•									B
Environmental protection	•		•		•	•		•	•			A
Consumer protection	•											
Culture, leisure & sports												
Theatres & concerts	•	•	•		•		•	•	•			
Museums & libraries	•	•	•		•	•		•				11
Parks & open spaces			•		•		•	•	•			B
Sports & leisure	•	•	•		•		•	•	•			B

(*) in case there are any remarks see last page in this country's table

(**) the competence refers to infrastructures (I) or to the staff(S)

Function	Competent authority			Type of competence				Exercise of the competence				Remarks *
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority	
Religious facilities	•		•		•	•						13
Other cultural facilities	•	•	•		•		•	•				14
Traffic, transport**												
Roads	•	• (I)	• (M)		•			•				
Transport												
Urban road transport	•		•		•							15
Urban rail transport	•		•				•					
Ports			•			•		•				
Airports	•					•		•				16
Other traffic & transport												
Economic services												
Gas												
District heating		•	•		•		•	•	•			B, 17
Water supply			•		•			•	•			B
Agriculture, forests, fishing	•		•		•	•		•	•	•		
Electricity			•		•		•	•	•			B
Economic promotion	•	•	•		•		•	•	•			C
Trade & industry	•	•	•		•		•	•	•			C
Tourism		•	•		•			•	•			C
Other economic services	•	•	•		•			•	•			C
Other functions												

(*) in case there are any remarks see last page in this country's table

(**) the competence refers to infrastructures (I) or to the management (M)

REMARKS

- A The state has overall co-ordination responsibility
 - B Private sector involved possibly with public supervision
 - C Support is provided by public authorities
-
1. The state has responsibility for technical schools ("engineering schools"), maritime schools, music conservatories and training nurses, while counties are responsible for vocational training in secondary schools.
 2. The chief county medical officer has overall supervision competence.
 3. Counties are the main provider of hospital services, and they are also responsible for convalescent homes. However, there are a few state hospitals.
 4. Municipalities are responsible for necessary primary health care, while counties are responsible for specialised medical services. The state participate by means of its national hospitals.
 5. Municipalities are responsible for nurseries and kindergartens, but the law does not stipulate the extent of the service.
 6. The development of the service is encouraged by a special earmarked grant from the state.
 7. Social insurance scheme.
 8. Support of persons in need.
 9. Municipalities are responsible for preparing building lots. The state, through the State Housing Bank, grants favourable building loans to private persons.
 10. This is the responsibility of private firms/organisations, but municipalities, together with the State Food Control have a general control function.
 11. Every municipality and county is obliged by law to establish and manage a library.
 12. This is not prescribed by law but the three levels of authorities perform tasks and contribute resources to this field. The county municipalities often perform tasks which are too big for one municipality.
 13. The state is responsible for regulations concerning religious ministers while municipalities are responsible for religious facilities.
 14. Art galleries.
 15. The state provides planning subsidies.
 16. The state is responsible for international airports. There are thirty-three minor municipal airports. This is a voluntary task.
 17. To a large extent electricity is used for heating, and power plants are most often owned and managed by municipalities.

7. CO-OPERATION AND OTHER TYPES OF LINKAGE BETWEEN LOCAL AND REGIONAL AUTHORITIES

7.1. Institutionalised co-operation for the performance of tasks of common interest

Institutional co-operation is regulated both in the Local Government Act and in sector laws.

The Local Government Act contains the general regulations on intermunicipal co-operation: municipalities and counties may establish a board for the performance of tasks of common interest.

This board can be given authority to make decisions which concern the management and organisation of the activity. The rules for the board shall contain provisions as regards composition of the board, how members are elected, field of competence, economic aspects and termination of the co-operation.

In practice, co-operation is most often established with authority in sector or specific areas legislation. The organisation of the co-operation is formalised with relatively independent boards. The co-operative board often has its own budget, its own administration and rules for withdrawal.

Central government may, both through the Local Government Act and in sector legislation, make decisions on compulsory co-operation between local authorities. In practice this is rather rare.

As regards municipalities, co-operation is most often established in the following fields:

- development and housing, which involves water supply, refuse disposal, sewage plants;
- preparing and improving conditions for business development;
- teaching;
- health services.

Co-operation between counties is less extensive, due to the fact that there are fewer units (18 counties and 435 municipalities), their total field of activity is smaller, and the physical distance is much greater.

Co-operation between counties involves first and foremost buying and selling services, for example places for pupils in secondary schools and hospital beds. Actual co-operation is often established within health services and the cultural field.

7.2. Associations of local authorities at national or regional level

There is no special legislation regulating the relationship between the Norwegian Association of Local Authorities and central government.

7.3. International co-operation between local authorities

Norway has signed the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities. There is also an agreement between the Nordic countries on transfrontier co-operation between municipalities.

Transfrontier bodies may prepare and perform tasks in different fields. But municipalities cannot give transfrontier bodies decision-making power.

8. FINANCE

The main sources of income for counties and municipalities are shown in the following table.

Income 1994 (current)	Municipalities(*)		Counties		Total	
	NOK million	%	NOK million	%	NOK million	%
Net tax revenues	54 893	45.0	20 093	42.2	74 986	44.6
Central government transfer	40 989	33.5	24 826	52.2	65 815	39.1
Block grant through the General Purpose Grants Scheme	[22 306]	[18.2]	[19 523]	[41.0]	[41 823]	[24.9]
Earmarked grants	[18 683]	[15.3]	[5 303]	[11.2]	[23 992]	[14.2]
Fees and charges	21 325	17.5	1 444	3.0	22 769	13.5
Interest	2 195	1.8	305	0.7	2 500	1.5
Transfers from municipalities/counties	1 069	0.9	535	1.1		
Other transfers	1 619	1.3	398	0.8	2 217	1.3
TOTAL	122 311	100	47 605	100	168 311	100

(*) The figures for the county of Oslo are included in the figures for the municipalities

[] Elements in central government transfer.

8.1. Taxes

Counties and municipalities have their own taxes which are collected by the local authorities. Municipal tax revenues are derived mainly from income tax and capital taxes levied on individuals and companies. County tax revenues come only from income tax.

In addition to income tax and capital tax, the municipalities are entitled to levy a property tax on commercial properties and housing in urban areas. The individual municipality decides whether or not a property tax will be levied. The permitted rate is between 0.2 and 0.7% of the rateable value of the property concerned. Revenues from property tax are dependent upon the taxation base. Rateable values may be reviewed every ten years. This form of taxation is not fully utilised in all municipalities, and in 1994, 204 municipalities had revenues from property tax. Total revenues from property tax for the country as a whole are NOK 2.8 billion (1994).

The right of local authorities to levy taxes is limited. The maximum and minimum rates are determined by the parliament each year. In 1996, the maximum local government income tax rates were 11.75% for municipalities and 7% for counties. In practice, all the local authorities levy maximum rates. The parliament also lays down rules for the taxation base, deductions, etc. This means that local government tax revenues are largely determined by tax legislation passed annually by the parliament, and by fluctuations in local income and employment levels.

8.2. Grants from higher authorities

Approximately 40% of local government income, that is both municipalities and counties, is represented by grants from central government. The following table shows the transfers from the state, divided into two categories: earmarked grants and block grants.

Grants	Municipalities*		Counties		Total	
	NOK million	%	NOK million	%	NOK million	%
Earmarked grants	18.68	45.5	5 303	21.3	23 992	36.5
Block grants	22 306	54.5	19 523	78.7	41 823	63.5
TOTAL	40 989	100	24 826	100	65 815	100

(*) The figures for the county of Oslo are included in the figures for the municipalities.

Block grants are intended to finance current expenditure, while earmarked grants are intended to finance specific services or projects.

While in general, earmarked grants are not regulated by law, block grants are, even though the government decides on their distribution. In practice however, the principles for the distribution of block grants are discussed in parliament.

In the case of earmarked grants, the central government decides the use for the funds. Most earmarked grants are conditional upon the municipalities paying a proportion of the costs themselves.

The 1996 state budget contained 113 earmarked grants to local authorities. These include grants for investments, for research and development projects, to cover costs affecting only a small number of municipalities, and to cover expenses in connection with services provided by municipal authorities on behalf of the central government. The government also provides earmarked grants for certain priority areas, such as nursery schools and child welfare.

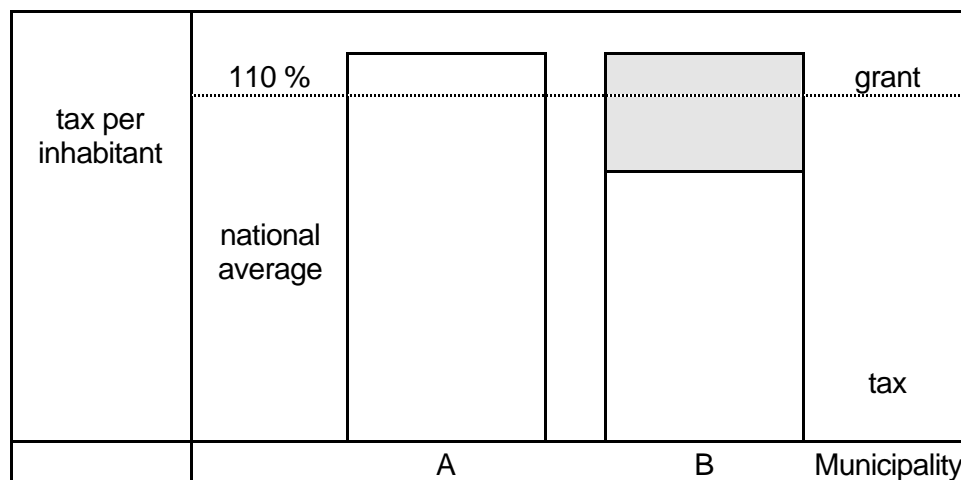
The main earmarked grants in the 1996 state budget were:

- grants for refugee housing and the integration of immigrants;
- grants for employment schemes;
- grants for hospital outpatients departments;
- refunds of approved capital expenditure to hospitals;
- operating grants for kindergartens;
- grants for services provided by institutions, or at home, for mentally retarded;
- grants for nursing care at home, and services provided by institutions for the elderly;
- operating grants for nursery schools and child-minding institutions outside school hours.

8.3. Financial equalisation

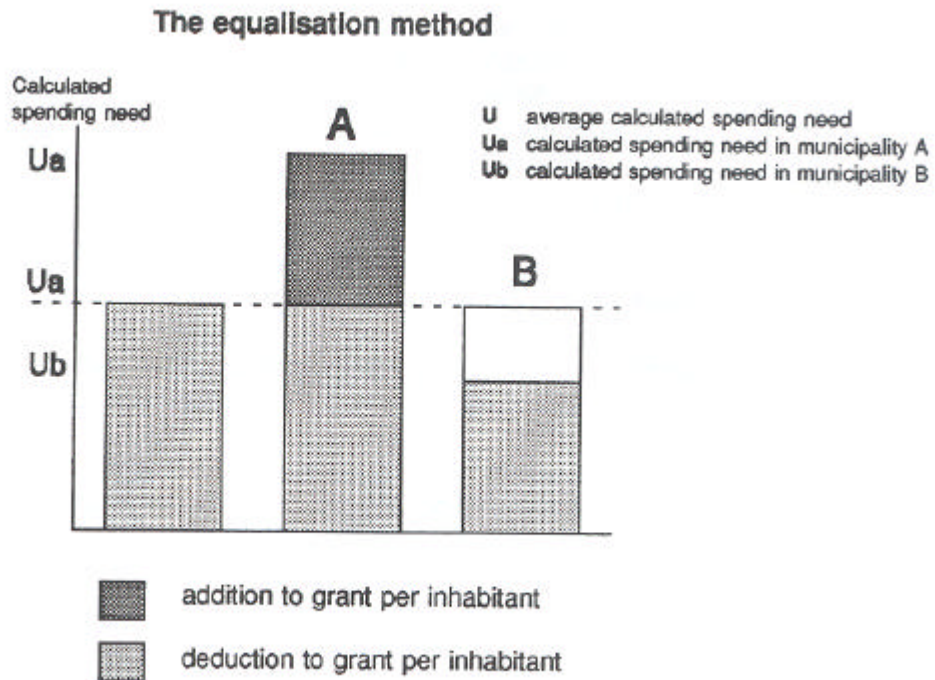
General or block grants are used to equalise tax revenues and spending needs. The system was reformed in 1996. According to the equalisation of tax revenues method, all municipalities with per capita tax revenues below a certain reference level (in the reformed system 110 % of the national average) receive grants to compensate them for 90 % of the difference between their own revenue level and the reference level. The equalisation scheme also provides for a certain reduction for municipalities with particularly high tax revenues.

The calculation of equalisation of tax revenues is illustrated in the diagram below:



Concerning equalisation of spending needs, the scheme includes two steps. Firstly a block grant for spending needs voted by the parliament is allocated equally to all inhabitants. Secondly, a grant for each municipality is redistributed among the municipalities according to variations in spending needs for the municipalities.

This equalisation method is illustrated in the chart below:



8.4. Other sources of income

Local government also receives revenue from fees and charges paid by the local population for local services. They are permitted to charge local inhabitants for the use of many local services including: water, sewage, waste disposal, kindergartens, nursery schools, child-minding institutions outside school hours and home help.

Municipalities have a large degree of freedom to determine the size of fees and charges. However, in cases where an activity must be regarded as a natural local government responsibility, or where the municipality has a monopoly, the cost price principle applies. Thus, the municipality may not charge a fee which is higher than the cost of providing the service concerned. Within these limits, it is up to the local council to determine the size of fees and charges.

The size of the charge will depend upon how the production of the service is to be financed. A large fee may mean that the users of the service pay for the cost of producing it. A low fee may mean that the municipality subsidises the users of the service concerned. In the latter case, the municipality must use other revenues to cover the costs of producing the service, which means that other municipal activities will suffer.

For services which are regarded as ordinary commercial operations, such as car parks and cinemas, the municipality is free to fix the price.

8.5. Loans

Pursuant to the Local Government Act, Norwegian municipalities have freedom to raise loans for the following purposes:

- 1) long-term investments in fixed assets and capital;
- 2) conversion of older liabilities associated with investments in fixed assets and capital;
- 3) loans granted by the Norwegian National Housing Bank (Den Norske Stats Husbank) for further distribution to priority groups for purchase of housing property;
- 4) financing of accounting deficits;
- 5) liquidity purposes.

The "regulations concerning repayment periods and other conditions for loans" provide rules governing repayment periods and methods of repayment.

Pursuant to the regulations, repayment periods for loans shall not exceed forty years and shall otherwise be maximally equivalent to the technical/economic lifetime of the investment.

Loans for financing of accounting deficits shall have a maximum repayment period of four years, which is equivalent to the maximum cover period for accounting deficits.

Loans for liquidity purposes shall be redeemed at the latest by the end of the financial year in which they are raised.

Concerning the method of repayment, all payments made in respect of loans shall be entered in the accounts in accordance with the serial principle. This does not apply to liquidity loans, for which ordinary repayments do not accrue.

Norwegian municipalities can, however, choose to raise fixed term loans, loans with repayment-free periods or annuity loans. If these types of loan are raised, the difference between repayments in accordance with the serial principle and the actual loan repayments shall be deposited in a special fund.

Regulations have been laid down concerning the freedom of Norwegian municipalities to make allocations involving an exchange rate risk. Pursuant to these regulations, Norwegian municipalities do not have the freedom to raise foreign currency loans. Foreign loans must be in Norwegian kroner.

Decisions involving the raising of loans are not valid unless approved by state authorities. The approval by the state authorities is based on an evaluation of the economic situation in the individual municipality and county and the ability to pay future interests and dividends. The evaluation is made independently of the national macro-economic development or the situation of the credit market.

The approval of borrowing by the counties is made by the ministry, while the approval of borrowing by the municipalities is made by the county governor.

8.6. Financial control

The work of the government and the parliament in determining the income framework for local authorities starts in the spring. In the annual proposition concerning local government finance, which is presented to the parliament in May, the government gives the first signals of the size of the income framework for the coming year. This is presented in the form of a target figure for real growth in total local government income (growth above inflation). The target figure is fixed on the basis of a total evaluation of the national economy, the desire to improve county and municipal welfare services and the general economic situation in the local government sector.

Grants for employment schemes and for refugees and asylum seekers are excluded from these estimates, since the need for grants in these areas may show great fluctuations from year to year, independent of purely local economic considerations.

Since 1992, the government has presented a target figure for the growth of "free" revenues, i.e. the sum of tax revenues and block grants transferred through the general purpose grant scheme. These are the main sources of county and municipal income and differ from earmarked grants and local fees and charges in that the counties or municipalities are not bound to use these funds for particular purposes.

These target figures provide the basis for further work on the state budget, which continues until October. In the state budget the individual sources of revenue are calculated or estimated. Tax estimates depend upon the tax legislation which is proposed in the budget, and on estimated fluctuations in income and employment in the country as a whole. Income from fees and charges is estimated on the basis of historical data, estimated inflation and any new reforms that have been proposed. Total central government grants are based on the provisions of the state budget and are calculated to achieve the desired real growth. Block grants are distributed between municipalities and between counties

The balance between block grants and earmarked grants is a focal point of the government's work on local government financing. Earmarked grants bind local governments' use of resources to services which have been given priority by the government and the parliament. Block grants ensure the growth of "free" revenues, which is to give counties and municipalities improved opportunities to decide priorities for themselves. The balance between block grants and tax revenues is also a central point, due to very different composition of the income base in various municipalities.

Total revenues for individual counties and municipalities will vary in relation to the average figures used in the government's calculations. They will depend upon fluctuations in local tax revenues, the effects of distribution criteria for block grants under the general purpose grants scheme, whether or not they receive a share of earmarked grants, and whether fees and charges or property taxes are increased.

Each year, the Ministry of Local Government publishes a brochure called "Documentation and calculations for local government finance", which describes the general purpose grants scheme and gives details of all the data upon which grants and actual calculations for each county and municipality are based.

9. SUPERVISION OF LOCAL AND REGIONAL ADMINISTRATION

9.1. General administrative supervision

According to the Local Government Act of 25 September 1992, government supervision of local government acts, whether municipal or county, is not automatic, with the exception of the legality control of the budget acts.

9.2. Control restricted to legality

The county governor's control is limited to legality, unless the law provides for expediency. Acts other than the budget will be subject to legal control upon request from three or more members of the council concerned, or at the county governor's initiative, if it is justified and abstaining would otherwise be deemed irresponsible.

The act will be declared invalid if:

- 1) The local authority does not hold the necessary power to make such a decision, or
- 2) the content of the decision is in conflict with law, or
- 3) there are procedural mistakes that may have affected the outcome of the decision.

9.3. Control of expediency

Although there is no general administrative supervision of the expediency of local government acts, the sector legislation alters this picture. In almost all cases where state competencies are delegated to local governments, the handling of complaints corresponds to the county governor or the relevant ministry. In the field of building and planning, the county governor has the right to file a complaint on his own behalf, even if all the other parties concerned are satisfied with the act.

The county governor is free to make his own judgement of the act, and make those changes he deems necessary or expedient. The situation is balanced by government instructions to the county governors, instructing them to pay attention to the value of local self government.

9.4. Other control mechanisms

Since Norway is a unitary state, the competence of the local government levels is based on law. The parliament is competent to make what changes it considers necessary in the competence of the municipalities or even a single municipality, within the limits laid down in Norway's international obligations.

9.5. Remedies for local authorities

According to section 35 of the Administration Law, local authorities can request the county governor or the Ministry of Local Government to alter a particular decision they have made on the basis of their controlling authority. However, this is only possible when the decision does not grant any rights to individuals.

If the county governor does not modify his decision, the Ministry of Local Government may do so under the same conditions. This will be the final decision, unless the matter is taken to court.

9.6. Auditing of local and regional accounts

Every municipality is obliged to employ an auditor with the necessary staff or participate in an intermunicipal audit co-operation. The law requires operational auditing (effectiveness and efficiency) as well as financial auditing. The audit reports are given to the municipal or county control committee, who forwards it to the council with its own recommendations. The council is the supreme authority in charge of looking after the municipalities' administration.

9.7. Other forms of control

The parliamentary ombudsman for public administration is empowered to "ensure that public administration does not unjustly affect the individual citizen, and that officials and others in public service carry out their duties conscientiously". The ombudsman may in this capacity investigate the legality of certain municipal resolutions either on his own initiative or following a formal complaint. He is not empowered to nullify a municipal resolution, but may express an opinion recommending nullification, disciplinary action, and where available, compensation.

Mention should also be made of the Administration Law which governs the administrative procedures of public authorities, including local authorities.

10. APPEALS AGAINST DECISIONS OF LOCAL AND REGIONAL AUTHORITIES

In conformity with the Local Government Act, individuals have the right to appeal against local decisions. The municipal council has the power to settle the case, but it may also give other local political bodies such power. Decisions made by the municipal council itself may be appealed to the Ministry of Local Government.

Most local government decisions which regulate the rights and duties of a person or group of persons are, however, based on specific legislation, e.g. on schools, social security, planning and building, etc., and are subject to special procedures for appeal.

11. LOCAL/REGIONAL ADMINISTRATIVE PERSONNEL

11.1. Main categories of personnel and authority responsible for administrative status and for appointment

The chief office is the administrative head of the local government. He/she is appointed (and dismissed) by the council and is the highest administrative officer for the overall management of the municipality/county, with the exceptions that follow from statute and within the framework laid down by the council. The post conveys full powers to issue instructions to all employees. The chief executive shall ensure that those items within the competence of elected bodies are properly elucidated, and that resolutions are implemented. He/she has the right to be present and take the floor in person, or represented by one of the subordinates, at meetings of all elected bodies with the exception of the control committee.

The council may empower a board of aldermen, a committee or the chief executive to create and to discontinue posts and to make decisions in personnel matters.

The council itself may decide that appointments to senior administrative posts shall be made for a limited term, not however, to be shorter than six years.

11.2. Authority responsible for financial status

Each municipality/county is obliged to appoint a person with expertise in accountancy to be responsible for the accounts, (normally including the function as chief municipal treasurer), and to appoint an auditor or participate in district auditing arrangements.

The council exercises the highest level of supervision of management and shall ensure that the accounts are audited in a satisfactory manner. The council itself elects a control committee to be responsible for the continuous supervision of management on its behalf.

11.3. Relationship of conditions of service to those of national civil service

Wage and working conditions for teachers are negotiated by central government even though they are employed by municipalities and counties.

11.4. Figures

Local authority staff (in thousands)

	1990	1995
Local government in all	332.4	380.3
Local government education in all	95.0	98.4
Primary education (mun.)	58.9	56.7
Secondary education (county mun.)	28.0	31.2
Other education	8.1	10.5
Health and social welfare in all	168.7	205.8
Kindergartens/nursery and child-minding institutions outside school hours (mun.)	19.3	30.0
Specialised somatic health services (county mun.)	48.2	50.8
Mental/psychiatric health services (county mun.)	14.3	14.4
Nursing and care (for the elderly) (mun.)	68.4	85.4
Remaining health and social welfare services	18.5	25.2
Other local government service production	68.7	76.1

12. REFORMS ENVISAGED OR IN PROGRESS

After more than ten years of continuous reform activities in local government and in central – local government relationship, the present Norwegian situation may be described as one of overall consolidation: local governments are now engaged in adapting to and making use of their expanded freedom of organisation which results from the Local Government Act of 1992.

Accordingly, at present there are no major reforms envisaged or in progress. However, there are several items on the agenda for debate, namely:

1) Ownership structure and management models for hospitals

Today this is a responsibility for the county municipalities. A group of experts has reviewed the question, but did not come to an agreement. A part of this committee recommends that the state takes over such responsibility. The hospitals today accounts for about 60% of the county municipalities' expenditure. The hospital question has therefore contributed to nourish a debate on the future of the county municipalities in their present form as a separate, independent, regional (intermediate) governmental level.

2) Local government structure of the Oslo metropolitan area

Oslo is both a municipality and a county municipality and its periphery is divided into two county municipalities and several municipalities. A committee has recently presented a report on the future structure of local government in this area.

3) Financing of local government

A committee has recently prepared a report on the principles for local finances, especially in regard to the relation between taxation and central government grants, hereunder on the question of easing the restrictions laid upon local taxation. Another committee has proposed a new law on property tax.

4) Municipal undertakings and intermunicipal co-operation

A committee has proposed both a new chapter in the Local Government Act on organising of municipal companies dealing with matters of business character and a new law on intermunicipal co-operation.

5) Privatisation

The question of outsourcing and/or privatisation as a means for more effective use of municipal revenues and better quality in the production of services.