

**Directorate for Financial, Fiscal and Enterprise Affairs  
Fiscal Affairs**

---

**Fiscal Design Across Levels of Government**

---

**The OECD 1999 Survey on Fiscal Design Across Levels of Government**

**Country Report: Denmark**

**Final**

*This report has been prepared by the Ministry of the Interior, Denmark, by filling in a test questionnaire developed by Fiscal Affairs. The chapters in the report correspond directly to the questionnaire.*



## TABLE OF CONTENTS

INTRODUCTION .....	5
Box 2.1 Design of country reporting: Denmark.....	6
3. LOCAL DISCRETION - EXPENDITURE .....	7
Table 3.1.1 and table 3.1.2 Introductory remarks.....	7
Table 3.1.1 Expenditure Assignment – Actual Status of Legal Framework – 2 digits version.....	8
Table 3.1.2 Expenditure Assignment – Actual Status of Legal Framework – 3 digits version with explanatory notes.....	11
Tables 3.2 – 3.3 Introductory remarks.....	18
Table 3.2.1 Expenditures by function & levels of government 1996. Mill. (Dkr) .....	20
Table 3.2.2 Current expenditures by function and levels of government, 1996, Mill. DKK, consolidated	22
Table 3.2.3 Capital expenditures by function and levels of Government 1996, Mill. DKK, consolidated	25
Table 3.2.4 Data on total revenue and expenditure on regional and local government, 1996 .....	28
Table 3.3.1 State, Provincial and Regional government, 1996, Mill. DKK, consolidated.....	29
Table 3.3.2 Local government, 1996, Mill. DKK, consolidated .....	32
Box 3.4 National mandates for arranging the sub-national services.....	35
<i>Executive and legislative organs (1.1.1)</i> .....	35
Box 3.5 National mandates for the provision of sub-national services.....	45
Box 3.6 Macroeconomic control of local governments – Budget co-operation (expenditures) between central – sub-national level .....	46
4. TAX REVENUE.....	48
Tables 4.1 and 4.2 Introductory remarks .....	48
Table 4.1 Regional government .....	49
Table 4.2 Local government.....	50
4.4 Major tax reforms directed to subnational governments in the last 5 years.....	51
4.5 National measures for revenue-efficient local tax administration .....	51
.....	51
5. NON-TAX REVENUE .....	52
Box 5.3 Non-tax revenue. Introductory remarks.....	52
Table 5.1.A. Non-tax revenue by levels of government base. 1996. Mill (National currency).....	55
Table 5.2.A Non-tax revenues by sector (function) and base .....	56
Table 5.2.1.A State, Provincial and Regional Governments, 1996 .....	56
Table 5.2.2.A Local Government 1996 .....	57
Table 5.1.B Non-tax revenue by levels of government base, 1996, <i>including public utilities and public enterprises</i> .....	58
Table 5.2.B. Non-tax revenues by sector (function) and base, <i>including public utilities and public enterprises</i> .....	59

Table 5.2.1.B State, Provincial and Regional Governments, 1996 .....	59
Table 5.2.2. B Local Government, 1996.....	60
6. INTERGOVERNMENTAL FINANCIAL RELATIONS - GRANTS .....	62
Box 6.3 Grants. Introductory remarks. ....	62
Box 6.4 Evaluation of the present system of grants .....	63
6.1. Profile of grants 1996.....	64
Table 6.1.1. Regional government (mill. DKK).....	64
Table 6.1.2. Local government, incl. Copenhagen and Frederiksberg (mill. DKK).....	64
6.2. Specific grants by function 1996 .....	65
Table 6.2.1. Regional governments, mill. DKK.....	65
Table 6.2.2. Local governments, mill. DKK.....	67
7. BORROWING.....	69
Box 7.4 Borrowing. Introductory remarks. ....	69
Box 7.5.....	69
Box 7.6.....	70
Table 7.1 Capital borrowing by levels of government, 1996.....	70
Table 7.2 State, Provincial or Regional Government 1996. Capital accounts by function. ....	71
Table 7.3 Local Governments 1996. Capital accounts by function. (Dkr. Millions).....	72

## INTRODUCTION

The present report is submitted to the OECD as the first Danish contribution to the project on *Fiscal Design across Levels of Government*. The report contributes to the initiation and 'testing' of the project, which is intended to result in a series of publications in the coming years.

The report has been written in response to a questionnaire designed by the OECD and thus follows the structure outlined in the questionnaire. The present contribution should therefore be read in the context of the OECD survey and questionnaire and not as a single-standing report on the Danish system of regional and local government. Since the report is the first of its kind and has been written in response to a preliminary questionnaire, it raises a number of issues and problems in relation to data collection and validity of data. A number of these issues have previously been discussed at a seminar in Budapest in September 1999 at which the preliminary contributions from the three 'test countries' (Latvia, Hungary and Denmark) were discussed and evaluated.

The approach and methodology used when answering the questionnaire are outlined and explained in separate introductions to the individual parts of the report.

### **Box 2.1 Design of country reporting: Denmark.**

#### *Levels of government*

The main characteristics of the Danish political-administrative system are its unitary status and its three main tiers of government, which are to be referred to throughout this contribution to the survey. The three levels of government are: central government, regional (county) government and local (municipal) government.

The two capital city authorities of *Frederiksberg* and *Copenhagen* have a dual status as both regional and local government. However, they will in this contribution be classified as local (municipal) governments, which means that the finance statistics on these authorities are grouped together under 'local government'. From this follows that expenditures for these authorities that are ordinarily disposed of by county government will here be included in the local government category. The reason for this is threefold. Firstly, the capital authorities are in Danish government statistics normally classified as municipal governments, when not singled out as a separate category. Secondly, as they do not encompass smaller localities (except from four neighbourhood councils in Copenhagen, see below) they are – according to the GFS definition – considered local rather than regional governments. Finally, health care services, which are by far the most important task assigned to regional government, are in the capital city arranged differently than in the rest of the country. Hence, from 1996 a special purpose authority (*Capital City Hospital Services*) was established and given the sole responsibility for the provision of these services. Central government as well as the local authorities of *Frederiksberg* and *Copenhagen* are represented on the board of this authority, which has the responsibility for the state hospital in Copenhagen and the hospitals that were previously under the direct authority of the capital authorities. Even though the capital city authorities contribute financially to this special purpose authority their tasks are in reality very similar to other municipal governments, although somewhat extended.

It should be noted that the design outlined above does not include the four neighbourhood – or ward – councils in Copenhagen City. These authorities are therefore not included in the framework of sub-national government presented in this contribution. This is due to the fact that they have been established on an experimental basis only and they do not cover the entire territory of Copenhagen local authority. Unlike Danish counties and municipalities they do not raise own taxes. At the moment their future is rather uncertain.

Finally, although a large proportion of Danish social transfers are administered by semi-autonomous social insurance funds, these funds are in this contribution included under central government revenues and expenditures.

### 3. LOCAL DISCRETION - EXPENDITURE

#### **Table 3.1.1 and table 3.1.2 Introductory remarks**

Concerning table 3.1 the following general remarks should be noted:

There are two versions of table 3.1. In one of the versions, it is possible to compare the different countries since this table is filled-in according to the agreed on standards. The other version is an elaboration on the Danish case with explanatory notes and a further disaggregation.

The filling-in of table 3.1 has been done on the basis of functions of each tier of government. Functions have as a rule been disaggregated until they, as far as possible and according to the agreed on standards, can be assigned to one level of government. An “X” as a result of this procedure, indicates tasks carried out by the respective levels of government.

It should be noted that the described division of tasks reflects the situation today (1999), rather than in 1996, from which the data on finances stem. Apparent discrepancies between the described division of tasks and the actual expenditures of the various levels of government may thus be caused by this fact. The most important changes are mentioned in Box 3.4.

- Country Report: Denmark

**.1 Expenditure Assignment – Actual Status of Legal Framework – 2 digits version**

	Central Government	Regional Government	Local Government
General public services			
Executive and legislative organs	X	X	X
Foreign economic aid	X		
Fundamental research affairs and services	X		
General services	X	X	X
General public services not elsewhere classified	X		X
Justice affairs and services	X		
Foreign economic aid	X		
Justice-related applied research and experimental development	X		
Justice affairs not elsewhere classified			
Public order and safety affairs			
Police duties and fire protection	X		X
Law courts	X		
Prison administration and operation	X		
Public order and safety affairs not elsewhere classified	X		
Education affairs and services			
Pre-primary and primary education affairs and services			X
Secondary education affairs and services	X	X	
Tertiary education affairs and services	X		
Education services not definable by level	X		
Subsidiary services to education	X	X	X
Education affairs and services not elsewhere classified	X	X	X
Health affairs and services			
Hospital affairs and services		X	
Physicians, and medical, dental, and paramedical practitioners		X	X
Public health affairs and services	X	X	
Medicaments, prostheses, medical equipment, and appliances or other prescribed health products		X	

	Central Government	Regional Government	Local Government
Applied research and experimental development related to the health and medical delivery system	X		
Health affairs and services not elsewhere classified			
Social Security & Welfare			
Social security affairs and services	X	X	X
Welfare affairs and services		X	X
Social security and welfare affairs not elsewhere classified	X		
Planning and community amenity affairs and services			
Planning and community development		X	X
Water supply affairs and services		X	X
Sanitary affairs and services including pollution abatement and control		X	X
Street lighting affairs and services	X	X	X
Planning and community affairs not elsewhere specified			
Recreational, cultural, and religious affairs and services			
Recreational, cultural, and religious affairs and services	X	X	X
Water and energy affairs and services			
Water affairs and services	X		X
Electricity and other energy sources	X		X
Water and energy affairs not elsewhere specified			
Agriculture, forestry and hunting affairs and services	X		
Mining and mineral resource affairs and services, other than oil and gas; manufacturing affairs and services; and construction affairs and services			
Mining and mineral resource affairs and services, other than oil and gas		X	
Manufacturing affairs and services	X		
Construction affairs and services	X		X

- Country Report: Denmark

	Central Government	Regional Government	Local Government
mining and mineral resource affairs and services not elsewhere classified; manufacturing affairs and services not elsewhere classified; and construction affairs and services not elsewhere classified			
transportation and communication affairs and services			
road transport and services	X	X	X
water transport affairs and services	X	X	X
railway transport affairs and services	X		
air transport affairs and services	X		
pipeline transport and other transport system affairs and services	X		
transportation systems affairs and services not elsewhere classified			
communication affairs and services	X		
transportation and communication affairs not elsewhere classified			
other economic affairs and services			
distributive trade affairs and services including storage and warehousing; hotel and restaurant affairs and services	X		X
tourism affairs and services			
multipurpose development project affairs and services			
general economic and commercial affairs other than general government affairs	X		
general labour affairs and services	X		
other economic affairs and services not elsewhere classified			
expenditures not classified by major groups			
expenditures not classified by major groups	X	X	X

## .2 Expenditure Assignment – Actual Status of Legal Framework – 3 digits version with explanatory notes

	Central Government	Regional Government	Local Government
<b>General public services</b>			
<b>Executive and legislative organs</b>			
Executive and legislative organs	X	X	X
Financial and fiscal affairs and services	X	X	X
External affairs	X		
Foreign economic aid	X		
Fundamental research affairs and services	X		
General services	X	X	X
General public services not elsewhere classified	X		X (administration elections)
<b>Defence affairs and services</b>	X		
Foreign economic aid	X		
Defence-related applied research and experimental development	X		
Defence affairs not elsewhere classified			
<b>Public order and safety affairs</b>			
Police duties and fire protection			
Police duties	X		
Fire protection services			X
Law courts	X		
Prison administration and operation	X		
Public order and safety affairs not elsewhere classified	X		
	<b>Central Government</b>	<b>Regional Government</b>	<b>Local Government</b>
<b>Education affairs and services</b>			
Pre-primary and primary education affairs and services			X
Secondary education affairs and services			
General programs		X	

- Country Report: Denmark

	<b>Central Government</b>	<b>Regional Government</b>	<b>Local Government</b>
<b>Vocational programs</b>	<b>X</b>	<b>X (note: Only social and health education)</b>	
<b>Tertiary education affairs and services</b>	<b>X</b>		
<b>Education services not definable by level</b>	<b>X (note: Adult Education)</b>		
<b>Subsidiary services to education</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Education affairs and services not elsewhere classified</b>	<b>X (note: Including educational guidance regarding education belonging to the “central level” and over all guidance about the educational system)</b>	<b>X (note: Including educational guidance regarding education belonging to the “regional level” )</b>	<b>X (note: Including educational guidance regarding education belonging to the “local level”)</b>
<b>Health affairs and services</b>			
<b>Hospital affairs and services</b>		<b>X (note: In the Copenhagen area central government is involved)</b>	
<b>Clinics, and medical, dental, and paramedical practitioners</b>			
<b>General medical clinics and general practitioners</b>		<b>X</b>	
<b>Specialised medical clinics and specialist medical practitioners</b>		<b>X</b>	
<b>General or specialist dental clinics and dentists, oral hygienists or other related dental operating auxiliaries</b>		<b>X</b>	<b>X (note: only relate children dental attention)</b>
<b>Other clinics and paramedical personnel not elsewhere classified</b>		<b>X</b>	<b>X (note: only home nurses and health visitors)</b>

	Central Government	Regional Government	Local Government
Public health affairs and services	X (only disease detection services, prevention services, approval of medicine, general surveillance)	X	
Medicaments, prostheses, medical equipment, and appliances or other prescribed health products		X	
Applied research and experimental development related to the health and medical delivery system	X		
Health affairs and services not elsewhere classified			
Social Security & Welfare			
Social security affairs and services			
Sickness, maternity or temporary disablement benefit			X
Government employee pension scheme	X	X	X
Old age, disability, or survivors' benefits			(X)
Unemployment compensation			
Family and child allowance			(X)
Other social assistance to persons			X
Social security affairs not elsewhere classified			
Welfare affairs and services			
Welfare services - children's residential institutions		X	
Welfare services – old persons' residential institutions			X
Welfare services – handicapped persons		X	
Welfare Services – other residential institutions		X	
Welfare services not delivered through residential institutions		X	X
Welfare affairs and services not elsewhere classified			

- Country Report: Denmark

	Central Government	Regional Government	Local Government
social security and welfare affairs not elsewhere classified			
social security and welfare affairs not elsewhere classified	X (research, collection of information etc.)		
Housing and community amenity affairs and services			
Housing and community development			
Housing affairs and services			X
Community development affairs and services		X (territorial planning)	X (community planning)
Water supply affairs and services		X	X
Sanitary affairs and services including pollution abatement and control			
Refuse collection and disposal operations, sewage system operation, street cleaning			X
Pollution abatement and control affairs		X (control of major, polluting enterprises and enterprises owned by municipalities)	X
Street lighting affairs and services	X	X	X
Housing and community affairs not elsewhere specified			
Recreational, cultural, and religious affairs and services			
Recreational, cultural, and religious affairs and services			
Recreational affairs and services	X (note: Only financial support to the organisations of athletics)	X (note: Only support to organisations in renting rooms)	X (Note: manage sports centres, playing fields, parks, beaches and swimming baths)

	<b>Central Government</b>	<b>Regional Government</b>	<b>Local Governme</b>
<b>Cultural affairs and services</b>	<b>X (note: manage the national theatre, national museums, national libraries. Support to regional orchestras, theatres, making of films, zoos and individual artist and writers)</b>	<b>X (note: Support regional orchestras, theatres, museums and zoos. Manage some museums)</b>	<b>X (note: Support I theatres, museums zoos. Manage local libraries and some museums)</b>
<b>Broadcasting and publishing affairs and services</b>	<b>X (note: Support and partly manage the two national stations)</b>		<b>X (note: Only municipal and local stations)</b>
<b>Religious and other community affairs and services</b>	<b>X</b>		
<b>Recreational, cultural, and religious affairs and services not elsewhere classified</b>			
<b>Fuel and energy affairs and services</b>			
<b>Fuel affairs and services</b>			
<b>Coal mining affairs, other solid mineral fuels; coal processing affairs and services</b>			
<b>Petroleum and gas affairs and services</b>	<b>X</b>		<b>X (distribution of natural gas)</b>
<b>Nuclear fuel affairs and services</b>			
<b>Fuel affairs and services other than fuels of 9.1.1. to 9.1.3. inclusive</b>	<b>X</b>		
<b>Electricity and other energy sources</b>			
<b>Electricity affairs and services</b>			<b>X</b>
<b>Energy affairs and services other than electricity</b>	<b>X (co-ordination and control)</b>		<b>X</b>
<b>Fuel and energy affairs not elsewhere specified</b>			
<b>Agriculture, forestry and hunting affairs and services</b>	<b>X</b>		

- Country Report: Denmark

	Central Government	Regional Government	Local Government
Mining and mineral resource affairs and services, other than fuels; manufacturing affairs and services; and construction affairs and services			
Mining and mineral resource affairs and services, other than fuels		X	
Manufacturing affairs and services	X		
Construction affairs and services	X (research, statistics)		X (administration monitoring)
Mining and mineral resource affairs and services not elsewhere classified; manufacturing affairs and services not elsewhere classified; and construction affairs and services not elsewhere classified			
Transportation and communication affairs and services			
Road transport and services			
Highway construction affairs and services	X (main roads)	X (regional roads)	X (local roads)
Road system operation affairs and services		X (public transport)	X (taxi licences)
Water transport affairs and services	X	X (operation of ferries)	X (some harbour facilities)
Railway transport affairs and services	X		
Air transport affairs and services	X		
Pipeline transport and other transport system affairs and services	X		
Transportation systems affairs and services not elsewhere classified			
Communication affairs and services	X		
Transportation and communication affairs not elsewhere classified			
Other economic affairs and services			

	Central Government	Regional Government	Local Government
Distributive trade affairs and services including storage and warehousing; hotel and restaurant affairs and services			
Distributive trade affairs and services including storage and warehousing	X		
Hotel and restaurant affairs and services			X (licensing and control)
Tourism affairs and services			
Multipurpose development project affairs and services			
General economic and commercial affairs other than general labour affairs	X		
General labour affairs and services	X		
Other economic affairs and services not elsewhere classified			
Expenditures not classified by major groups			
Expenditures not classified by major groups			
Public debt transactions	X	X	X
Transfers of a general character between different levels of government	X		
Other expenditures not classified by major groups			

### Tables 3.2 – 3.3 Introductory remarks.

For the sake of illustration, table 3.2 has in the Danish contribution been produced in both an unconsolidated and a consolidated version.

The unconsolidated data is shown in table 3.2.1. The table includes separate data on consolidation, which shows that the data include a considerable amount of ‘double-counting’ of expenditures. This is due to the fact that considerable transfers take place between different tiers of government. The consolidation at the tier that carries out the task is therefore important to illustrate the real degree of decentralisation.

The consolidated data are reported by the official bureau, Statistics Denmark, in a special data analysis exercise.

The consolidated transfers include reimbursements from central government to regional and local governments, specific grants to local and regional government, payments for goods and services between governments, and shared-financing-schemes between local and regional governments. However, the social security benefits that central government reimburses by 100 per cent (old age benefits, maternity benefits and child allowances) are consolidated at the central government level as local government has no discretion in the administration of the payment of benefits. The general grants from central government to local and regional governments are unconsolidated, as it is not possible or meaningful to assign general grants to specific tasks.

The consolidated data reported in table 3.2 and table 3.3 describe, with the above mentioned exceptions, the distribution of tasks in the public sector, which mean that transfers between different tiers of government are consolidated at the level of government that performs the task.

All figures are 1996, and in million DKK.

According to the decision of the Budapest-meeting in September 1999, the data has been disaggregated to the 2-digits level of the IMF *Classification of the Functions of Government*, 1986. Although the description of the assignment of tasks at different tiers of government in table 3.1. are reported both in a 2-digits and a 3-digits version, it has not been possible at this stage to have the expenditure data reported in a more disaggregated version.

The consolidated data is reported for current expenditures (table 3.2.2) and capital expenditures (table 3.2.3).

The consolidation is, however, not without problems. This is shown by the fact that using this method the total of expenditures (current and capital) of the regional respectively local level of government are not – as they should be - equal to the total of regional respectively local government revenue. This shows that consolidation between the regional and municipal sector contains some difficulties. Therefore, further analysis of the data will be needed to ensure consolidation.

For the sake of comparison table 3.2.4. reports comprehensive data on the expenditures and revenues of the regional and local government sector. These data are unconsolidated, but balanced.

As an important task of Danish local government is provision of public utilities services, such as gas, water, electricity, central heating and environmental services (renovation, waste water treatment, etc.), the table – for the sake of illustration – reports data in italics, which include local government expenditures and revenues on public utilities. A more thorough description of the financing of public utilities is found in the introduction to chapter 5 on non-tax revenue.

The data in table 3.3 is reported for current expenditures, specified to categories of expenditures. The categories are wages & salaries, purchase of goods, purchase of services and subsidies, including social security expenditures.

- Country Report: Denmark

5.1 Expenditures by function & levels of government 1996. Mill. (Dkr)

1996	Central government	Social Security funds	Regional government	Local government	Consolidation	Total general government
	1	2	3	4	5	(1+2+3+4)
	429 496	63 445	74 306	265 870	206 579	6 386
<b>Public services</b>	61 272	-	1 831	11 265	38	74 386
<b>General public services</b>	34 225	-	1 755	10 334	30	46 344
..1.2 General administration (not separated to functions)	6 216	-	1 728	10 300	7	18 251
External affairs	25 932	-	27	1	1	25 961
Others (1.2, 1.3, 1.4 & 1.5)	2 077	-	-	32	-22	2 087
Defence	17 565	-	-	-	-	17 565
Law and order and safety	9 481	-	76	931	8	10 496
Social conditions	231 509	58 109	68 043	239 070	168 467	4 670
Education affairs and services	39 276	18	7 432	34 206	4 275	85 207
Pre-primary and primary education affairs and services	3 709	-	1 216	28 942	2 313	36 180
Secondary education affairs and services	10 836	-	5 130	658	320	16 944
Tertiary education affairs and services	16 354	-	149	2	12	16 517
Education services not definable by level	6 630	18	631	3 685	1 599	12 563
Subsidiary services to education	319	-	141	8	24	482
General administration	1 145	-	165	910	-	2 220
Other	83	-	-	-	7	90
Health affairs and services	2 136	-	48 113	7 873	5 557	62 679
Hospital affairs and services	1 223	-	37 935	6 119	5 461	44 738
Clinics and medical, dental, and paramedical practitioners appliances or other prescribed health related products.	165	-	9 842	1 750	85	12 642
General administration	451	-	324	0	-	775
Others (5.3, 5.5 & 5.6)	297	-	12	5	10	324
Social security & welfare affairs and services	176 003	58 091	11 352	184 971	158 105	2 992
Social security affairs and services	172 939	55 093	1 327	125 151	155 567	2 917
Welfare affairs and services	2 594	-	9 627	53 829	2 530	65 080
General administration	411	2 998	398	5 992	9	9 808

## Annex A - Country Report: D

1996	Central government	Social Security funds	Regional government	Local government	Consolidation	Total general government s
	1	2	3	4	5	(1+2+3+4-
<b>Other</b>	<b>60</b>	-	-	-	-	
<b>Housing and community amenities</b>	<b>6 548</b>	<b>0</b>	<b>527</b>	<b>2 956</b>	<b>99</b>	
<b>Housing affairs services</b>	<b>5 119</b>	<b>0</b>	<b>0</b>	<b>1 602</b>	<b>9</b>	
<b>Community development affairs and services</b>	<b>386</b>	-	<b>0</b>	<b>205</b>	<b>15</b>	
<b>Sanitary affairs and services including pollution abatement and control</b>	<b>873</b>	-	<b>503</b>	<b>1 129</b>	<b>71</b>	
<b>Others (7.2, 7.4 &amp; 7.5)</b>	<b>170</b>	-	<b>24</b>	<b>20</b>	<b>4</b>	
<b>Recreational, cultural, and religious affairs and services</b>	<b>7 547</b>	-	<b>620</b>	<b>9 064</b>	<b>432</b>	
<b>Recreational affairs and services</b>	<b>498</b>	-	<b>111</b>	<b>4 540</b>	<b>6</b>	
<b>Cultural affairs and services</b>	<b>2 770</b>	-	<b>509</b>	<b>4 380</b>	<b>424</b>	
<b>Religious and other community affairs and services</b>	<b>4 034</b>	-	-	<b>144</b>	<b>2</b>	
<b>Other services (8.03 &amp; 8.0.5)</b>	<b>246</b>	-	-	-	-	
<b>Economic services</b>	<b>41 707</b>	<b>1 429</b>	<b>4 127</b>	<b>12 946</b>	<b>2 344</b>	
<b>Fuel and energy affairs and services</b>	<b>2 499</b>	-	<b>1</b>	<b>473</b>	<b>2</b>	
<b>Agriculture, forestry and fishing etc.</b>	<b>12 586</b>	-	-	-	<b>6</b>	
<b>Mining and mineral resource affairs and services, construction affairs and services</b>	<b>1 841</b>	<b>0</b>	<b>18</b>	<b>303</b>	<b>6</b>	
<b>Transportation and communication affairs and services</b>	<b>9 921</b>	-	<b>2 865</b>	<b>6 602</b>	<b>310</b>	
<b>Road transport and services</b>	<b>3 015</b>	-	<b>1 598</b>	<b>5 506</b>	<b>303</b>	
<b>Water transport affairs and services</b>	<b>424</b>	-	<b>3</b>	<b>35</b>	-	
<b>Public transport (12.1.2, 12.3 &amp; 12.4)</b>	<b>6 450</b>	-	<b>1 264</b>	<b>1 061</b>	<b>8</b>	
<b>Others (12.5, 12.6, 12.7 &amp; 12.8)</b>	<b>33</b>	-	-	-	-	
<b>Other economic affairs and services</b>	<b>14 860</b>	<b>1 428</b>	<b>1 243</b>	<b>5 568</b>	<b>2 021</b>	
<b>Other functions</b>		-	-	-	-	
<b>Expenditure not classified by major groups</b>	<b>97 008</b>	<b>3 908</b>	<b>305</b>	<b>2 589</b>	<b>35 730</b>	

- Country Report: Denmark

## 3.2 Current expenditures by function and levels of government, 1996, Mill. DKK, consolidated

1996	Central government	Regional government	Local government	Total
all public services	31.035	1.690	10.998	43.723
executive and legislative organs	-	-	-	-
international economic aid	24.257	0	0	24.257
international research affairs and services	-	-	-	-
international services	5.209	1.641	10.967	17.817
international public services not elsewhere classified	1.571	49	31	1.651
international trade affairs and services	18.036	0	0	18.036
international economic aid	-	-	-	-
science-related applied research and experimental development	-	-	-	-
international trade affairs not elsewhere classified	-	-	-	-
international order and safety affairs	8.450	75	794	9.319
international duties and fire protection	-	-	-	-
international courts	-	-	-	-
international administration and operation	-	-	-	-
international order and safety affairs not elsewhere classified	-	-	-	-
international information affairs and services	35.813	7.086	32.198	75.097
international primary and primary education affairs and services	4.179	991	26.880	32.050
international secondary education affairs and services	10.773	4.818	504	16.095
international tertiary education affairs and services	14.192	339	7	14.538
international information services not definable by level	5.230	615	3.649	9.494
international library services to education	259	156	252	667
international information affairs and services not elsewhere classified	1.180	166	906	2.252
international information affairs and services	1.022	46.977	5.340	53.339
international cultural affairs and services	298	36.538	1.938	38.774
international sports and medical, dental, and paramedical practitioners, and prostheses and medical equipment	86	10.101	3.373	13.560
international health affairs and services	388	322	28	738
international instruments, prostheses, medical equipment, and appliances	-	-	-	-
international prescribed health products	-	-	-	-

1996	Central government	Regional government	Local government	Total
and research and experimental development related to the and medical delivery system	-	-	-	-
affairs and services not elsewhere classified	250	17	0	267
security & Welfare	111.920	10.034	96.497	218.449
security affairs and services	109.722	768	39.981	150.471
re affairs and services	1.772	8.863	51.463	62.098
security and welfare affairs not elsewhere classified	426	402	5.053	5.881
ng and community amenity affairs and services	5.823	554	1.089	7.466
ng and community development	4.390	0	443	4.833
supply affairs and services	314	3	152	466
ary affairs and services including pollution abatement ntol	849	473	487	1.812
lighting affairs and services	-	-	-	-
ng and community affairs not elsewhere classified	273	78	7	358
ditional, cultural, and religious affairs and services	6.355	523	7.903	14.781
ational affairs and services	-	-	-	-
nd energy affairs and services	1.547	1	3	1.551
ffairs and services	-	-	-	-
icity and other energy sources	-	-	-	-
nd energy affairs not elsewhere classified	-	-	-	-
lture, forestry and hunting affairs and services	1.973	0	99	2.072
g and mineral resource affairs and services, other than manufacturing affairs and services; and construction and services	1.724	19	237	1.980
ng and mineral resource affairs and services, other than	-	-	-	-
ufacturing affairs and services	-	-	-	-
truction affairs and services	-	-	-	-
ing and mineral resource affairs and services not ere classified; manufacturing affairs and services not ere classified; and construction affairs and services not ere classified	-	-	-	-

- Country Report: Denmark

1996	Central government	Regional government	Local government	Total
Transportation and communication affairs and services	12.161	3.420	7.802	23.383
Land transport and services	4.813	2.163	6.763	13.739
Sea transport affairs and services	364	2	14	380
Aviation transport affairs and services	-	-	-	-
Other transport affairs and services	-	-	-	-
Line transport and other transport system affairs and services	-	-	-	-
Transport system affairs and services not elsewhere classified	6.957	1.253	1.025	9.235
Communication affairs and services	-	-	-	-
Transportation and communication affairs not elsewhere classified	28	0	0	28
Other economic affairs and services	12.156	1.099	5.584	18.839
Contributive trade affairs and services including storage and housing; hotel and restaurant affairs and services	2.357	38	159	2.554
Other economic affairs and services	-	-	-	-
Other purpose development project affairs and services	9.784	1.062	5.425	16.271
Other general economic and commercial affairs other than general economic affairs	-	-	-	-
Other general labour affairs and services	-	-	-	-
Other economic affairs and services not elsewhere classified	14	0	0	14
Expenditure not classified by major groups	61.977	316	2.497	64.790
Expenditures not classified by major groups	-	-	-	-
	309.992	71.794	171.041	552.827

**3.3 Capital expenditures by function and levels of Government 1996, Mill. DKK, consolidated**

1996	Central government	Regional government	Local government	Total
General public services	1.504	56	785	2.345
Executive and legislative organs	-	-	-	-
Foreign economic aid	249	0	1	250
Fundamental research affairs and services	-	-	-	-
General services	871	54	784	1.709
General public services not elsewhere classified	385	2	0	387
Peace affairs and services	752	0	0	752
Foreign economic aid	-	-	-	-
Peace-related applied research and experimental development	-	-	-	-
Peace affairs not elsewhere classified	-	-	-	-
Public order and safety affairs	605	0	170	775
Police duties and fire protection	-	-	-	-
Prisons and courts	-	-	-	-
Prison administration and operation	-	-	-	-
Public order and safety affairs not elsewhere classified	-	-	-	-
Education affairs and services	3.489	223	1.292	5.004
Pre-primary and primary education affairs and services	222	35	1.089	1.346
Secondary education affairs and services	178	152	119	449
Tertiary education affairs and services	2.559	28	0	2.587
Education services not definable by level	440	5	69	514
Subsidiary services to education	1	0	1	2
Education affairs and services not elsewhere classified	87	3	14	104
Health affairs and services	127	1.692	58	1.877
Hospital affairs and services	14	1.674	54	1.742
Physicians and medical, dental, and paramedical practitioners, optical medicaments, prostheses and medical equipment	3	13	4	20
Public health affairs and services	52	5	0	57
Optical medicaments, prostheses, medical equipment, and appliances or other prescribed health products	-	-	-	-

- Country Report: Denmark

1996	Central government	Regional government	Local government	Total
Applied research and experimental development related to health and medical delivery system	-	-	-	-
Health affairs and services not elsewhere classified	58	0	0	58
Social security & Welfare	278	406	2.813	3.497
Social security affairs and services	93	0	5	98
Welfare affairs and services	144	398	2.665	3.207
Social security and welfare affairs not elsewhere classified	41	8	143	192
Working and community amenity affairs and services	1.102	56	234	1.392
Working and community development	723	0	77	800
Water supply affairs and services	30	0	95	125
Wastewater and services including pollution abatement and control	220	34	47	301
Street lighting affairs and services	0	0	0	0
Working and community affairs not elsewhere classified	130	21	13	164
Cultural, recreational, cultural, and religious affairs and services	1.289	33	1.246	2.568
Cultural affairs and services	-	-	-	-
Oil and energy affairs and services	901	0	0	901
Electricity and services	-	-	-	-
Electricity and other energy sources	-	-	-	-
Oil and energy affairs not elsewhere classified	-	-	-	-
Agriculture, forestry and hunting affairs and services	691	0	0	691
Mining and mineral resource affairs and services, other than fuels; manufacturing affairs and services; and construction affairs and services	89	0	6	95
Mining and mineral resource affairs and services, other than fuels	-	-	-	-
Manufacturing affairs and services	-	-	-	-
Construction affairs and services	-	-	-	-
Mining and mineral resource affairs and services not elsewhere classified; manufacturing affairs and services not elsewhere classified; and construction affairs and services elsewhere classified	-	-	-	-

## Annex A - Country Report: D

1996	Central government	Regional government	Local government	Total
transportation and communication affairs and services	1.404	411	1.343	3.158
road transport and services	1.172	395	1.329	2.896
inter transport affairs and services	26	1	1	28
railway transport affairs and services	-	-	-	-
air transport affairs and services	-	-	-	-
marine transport and other transport system affairs and services	-	-	-	-
transport system affairs and services not elsewhere classified	206	15	14	235
communication affairs and services	-	-	-	-
transportation and communication affairs not elsewhere classified	0	0	0	0
non-economic affairs and services	747	18	99	864
tributary trade affairs and services including storage and re-housing; hotel and restaurant affairs and services	125	0	2	127
tourism affairs and services	-	-	-	-
multipurpose development project affairs and services	623	18	97	738
general economic and commercial affairs other than general labour affairs	-	-	-	-
general labour affairs and services	-	-	-	-
non-economic affairs and services not elsewhere classified	0	0	0	0
expenditure not classified by major groups	0	0	0	0
expenditures not classified by major groups	-	-	-	-
	12.978	2.895	8.046	23.919

**Table 3.2.4 Data on total revenue and expenditure on regional and local government, 1996**

(Mill. DKK, unconsolidated)

<b>Million DKK</b>	<b>Regional government</b>	<b>Local government</b>
<b>Current expenditures (gross)</b>	<b>70,708</b>	<b>176,934</b>
<b>Including public utilities</b>		<b>196,999</b>
<b>Capital expenditures (gross)</b>	<b>2,049</b>	<b>8,388</b>
<b>Including public utilities</b>		<b>11,974</b>
<b>Total expenditure (gross)</b>	<b>72,757</b>	<b>185,322</b>
<b>Including public utilities</b>		<b>208,973</b>
<b>VAT</b>	<b>2,701</b>	<b>6,789</b>
<b>Total expenditure incl. VAT</b>	<b>75,458</b>	<b>192,111</b>
<b>Including public utilities</b>		<b>215,762</b>
<b>Current revenue (1)</b>	<b>11,761</b>	<b>20,065</b>
<b>Capital revenue (2)</b>	<b>497</b>	<b>3,052</b>
<b>Total expenditure (net)</b>	<b>63,200</b>	<b>168,994</b>
<b>Including public utilities</b>		<b>192,645</b>
<b>Tax revenue</b>	<b>50,880</b>	<b>120,141</b>
<b>Non-tax revenue</b>	<b>533</b>	<b>7,208</b>
<b>Including public utilities</b>		<b>29,681</b>
<b>Specific grants</b>	<b>1,113</b>	<b>23,094</b>
<b>General purpose grants</b>	<b>10,877</b>	<b>19,665</b>
<b>Interest payments (net)</b>	<b>158</b>	<b>-502</b>
<b>Net borrowing</b>	<b>44</b>	<b>646</b>
<b>Financial items, including use of liquid assets (net)</b>	<b>-405</b>	<b>-80</b>
<b>Total revenue (net)</b>	<b>63,200</b>	<b>170,172</b>
<b>Including public utilities</b>		<b>192,645</b>

(1) Revenue from use of institutions by state, other regional or local governments.

(2) Sale of land and capital assets.

## A.1 State, Provincial and Regional government, 1996, Mill. DKK, consolidated

1996	Wages and Salaries	Purchase of Goods and Services	Subsidies	Others	Total
all public services	1.121	429	70	70	1690
executive and legislative organs	-	-	-	-	-
in economic aid	0	0	0	0	0
scientific research affairs and services	-	-	-	-	-
all services	1.084	419	70	68	1641
all public services not elsewhere classified	37	10	0	2	49
justice affairs and services	0	0	0	0	0
in economic aid	-	-	-	-	-
science-related applied research and experimental development	-	-	-	-	-
justice affairs not elsewhere classified	-	-	-	-	-
order and safety affairs	2	71	0	2	75
police duties and fire protection	-	-	-	-	-
courts	-	-	-	-	-
justice administration and operation	-	-	-	-	-
order and safety affairs not elsewhere classified	-	-	-	-	-
education affairs and services	5.517	1.025	235	309	7.086
tertiary and primary education affairs and services	625	277	47	42	991
secondary education affairs and services	4.024	559	2	233	4818
primary education affairs and services	267	66	1	5	339
education services not definable by level	480	80	35	20	615
tertiary services to education	3	3	150	0	156
education affairs and services not elsewhere classified	118	40	0	8	166
health affairs and services	24.955	20.133	78	1.811	46.977
hospital affairs and services	24.606	10.575	64	1.293	36.538
dentists and medical, dental, and paramedical practitioners, and prostheses, prostheses and medical equipment	101	9481	14	505	10.101
health affairs and services	236	73	0	13	322

- Country Report: Denmark

1996	Wages and Salaries	Purchase of Goods and Services	Subsidies	Others	Total
aments, prostheses, medical equipment, and appliances or prescribed health products	-	-	-	-	-
d research and experimental development related to the and medical delivery system	-	-	-	-	-
l affairs and services not elsewhere classified	12	5	0	0	17
security & Welfare	7.425	1.305	842	462	10.034
security affairs and services	0	0	768	0	768
re affairs and services	7.144	1.208	73	438	8.863
security and welfare affairs not elsewhere classified	281	97	0	24	402
ng and community amenity affairs and services	50	405	3	96	554
ng and community development	0	0	0	0	0
upply affairs and services	0	0	3	0	3
ry affairs and services including pollution abatement and l	49	403	0	21	473
ighting affairs and services	-	-	-	-	-
ng and community affairs not elsewhere classified	1	2	0	75	78
ditional, cultural, and religious affairs and services	149	104	241	29	523
ational affairs and services	-	-	-	-	-
nd energy affairs and services	0	0	1	0	1
ffairs and services	-	-	-	-	-
icity and other energy sources	-	-	-	-	-
nd energy affairs not elsewhere classified	-	-	-	-	-
lture, forestry and hunting affairs and services	0	0	0	0	0
g and mineral resource affairs and services, other than manufacturing affairs and services; and construction and services	6	6	7	0	19
ng and mineral resource affairs and services, other than	-	-	-	-	-
ufacturing affairs and services	-	-	-	-	-
truction affairs and services	-	-	-	-	-

1996	Wages and Salaries	Purchase of Goods and Services	Subsidies	Others	Total
ing and mineral resource affairs and services not ere classified; manufacturing affairs and services not ere classified; and construction affairs and services not ere classified	-	-	-	-	-
ortation and communication affairs and services	257	665	1533	965	3.420
l transport and services	257	661	280	965	2.163
r transport affairs and services	0	0	2	0	2
vay transport affairs and services	-	-	-	-	-
ransport affairs and services	-	-	-	-	-
line transport and other transport system affairs and ces	-	-	-	-	-
sport system affairs and services not elsewhere classifies	0	3	1250	0	1.253
munication affairs and service	-	-	-	-	-
nsportation and communication affairs not elsewhere ified	0	0	0	0	0
r economic affairs and services	894	98	37	70	1.099
ibutive trade affairs and services including storage and housing; hotel and restaurant affairs and services	12	16	8	2	38
ism affairs and services	-	-	-	-	-
ipurpose development project affairs and services	882	82	30	68	1.062
ral economic and commercial affairs other than general r affairs	-	-	-	-	-
ral labour affairs and services	-	-	-	-	-
r economic affairs and services not elsewhere classified	0	0	0	0	0
nditure not classifies by major groups	0	0	0	316	316
nditures not classified by major groups	-	-	-	-	-
	40.376	24.241	3.047	4.130	71.794

- Country Report: Denmark

1.2 Local government, 1996, Mill. DKK, consolidated

1996	Wages and Salaries	Purchase of Goods and Services	Subsidies	Others	Total
<b>all public services</b>	<b>7.381</b>	<b>2.403</b>	<b>96</b>	<b>1.118</b>	<b>10.998</b>
executive and legislative organs	-	-	-	-	-
in economic aid	0	0	0	0	0
scientific research affairs and services	-	-	-	-	-
all services	7.363	2.392	96	1.116	10.967
all public services not elsewhere classified	18	11	0	2	31
social affairs and services	0	0	0	0	0
in economic aid	-	-	-	-	-
science-related applied research and experimental development	-	-	-	-	-
social affairs not elsewhere classified	-	-	-	-	-
order and safety affairs	634	61	11	88	794
police duties and fire protection	-	-	-	-	-
courts	-	-	-	-	-
administration and operation	-	-	-	-	-
order and safety affairs not elsewhere classified	-	-	-	-	-
education affairs and services	22.171	5.129	2.605	2.293	32.198
tertiary and primary education affairs and services	19.891	4.940	231	1.818	26.880
secondary education affairs and services	456	-16	23	41	504
primary education affairs and services	3	0	2	2	7
education services not definable by level	1.161	5	2.346	137	3.649
tertiary services to education	1	6	2	243	252
education affairs and services not elsewhere classified	657	195	1	53	906
health affairs and services	2.433	2.192	1	714	5.340
hospital affairs and services	1.123	401	0	414	1.938
dentists and medical, dental, and paramedical practitioners, and prostheses, prostheses and medical equipment	1.309	1.791	1	272	3.373
health affairs and services	0	0	0	28	28

1996	Wages and Salaries	Purchase of Goods and Services	Subsidies	Others	Total
aments, prostheses, medical equipment, and appliances or prescribed health products	-	-	-	-	-
ed research and experimental development related to the and medical delivery system	-	-	-	-	-
ra affairs and services not elsewhere classified	0	0	0	0	0
security & Welfare	46.559	5.557	40.143	4.189	96.497
security affairs and services	0	0	39.981	0	39.981
re affairs and services	42.918	4.598	201	3.746	51.463
security and welfare affairs not elsewhere classified	3.641	958	11	443	5.053
ng and community amenity affairs and services	96	377	444	68	1.089
ng and community development	0	0	443	0	443
upply affairs and services	3	100	0	49	152
ry affairs and services including pollution abatement and l	93	271	1	18	487
ighting affairs and services	-	-	-	-	-
ng and community affairs not elsewhere classified	1	5	0	1	7
ditional, cultural, and religious affairs and services	4.439	1.837	1.050	577	7.903
ational affairs and services	-	-	-	-	-
nd energy affairs and services	0	0	3	0	3
ffairs and services	-	-	-	-	-
icity and other energy sources	-	-	-	-	-
nd energy affairs not elsewhere classified	-	-	-	-	-
lture, forestry and hunting affairs and services	0	0	0	99	99
g and mineral resource affairs and services, other than manufacturing affairs and services; and construction and services	135	-17	95	24	237
ng and mineral resource affairs and services, other than	-	-	-	-	-
ufacturing affairs and services	-	-	-	-	-
truction affairs and services	-	-	-	-	-

- Country Report: Denmark

1996	Wages and Salaries	Purchase of Goods and Services	Subsidies	Others	Total
ing and mineral resource affairs and services not ere classified; manufacturing affairs and services not ere classified; and construction affairs and services not ere classified	-	-	-	-	-
ortation and communication affairs and services	1.705	2.452	1.061	2.584	7.802
l transport and services	1.705	2.452	22	2.584	6.763
r transport affairs and services	0	0	14	0	14
vay transport affairs and services	-	-	-	-	-
ransport affairs and services	-	-	-	-	-
line transport and other transport system affairs and ces	-	-	-	-	-
sport system affairs and services not elsewhere classified	0	0	1.025	0	1.025
munication affairs and service	-	-	-	-	-
nsportation and communication affairs not elsewhere ified	0	0	0	0	0
r economic affairs and services	4.388	236	371	589	5.584
ibutive trade affairs and services including storage and housing; hotel and restaurant affairs and services	68	8	74	9	159
ism affairs and services	-	-	-	-	-
ipurpose development project affairs and services	4.320	229	297	579	5.425
ral economic and commercial affairs other than general r affairs	-	-	-	-	-
ral labour affairs and services	-	-	-	-	-
r economic affairs and services not elsewhere classified	0	0	0	0	0
nditure not classified by major groups	0	0	0	2.497	2.497
nditures not classified by major groups	-	-	-	-	-
	89.941	20.227	46.034	14.840	171.041

**Box 3.4 National mandates for arranging the sub-national services****1.1*****Executive and legislative organs (1.1.1)***

Regional and local governments have their own independent executive and legislative organs, which carry out the administration of the areas assigned to the regional respectively the local level of government.

***Financial and fiscal affairs and services (1.1.2)***

Regional and local governments have their own independent administration of financial and fiscal affairs, which carry out all task related to the planning, budgeting, collection of taxes and management of public funds and debts in the county or municipality

***1.4 General services***

Regional and local governments have their own independent administration of personnel services.

***1.5 General public services not elsewhere classified***

Local government is responsible for the carrying out of all elections. Local governments have no discretion in the organisation of elections.

***3.1 Fire protection services (3.1.2)***

Local government has some discretion in dimensioning and planning of fire protection services, as the central government has only set a minimum level for the dimensioning of the fire protection services. This minimum level is dependent of the size of the population in the municipality.

***4.1 Pre-primary and primary education affairs and services***

Local governments are responsible for providing children from age 6 to age 16 with primary education. Within minimum standards stipulated by legislation concerning education programs etc. local governments can set the level of service, capacity, expenditure norms etc. There is no access to claim user payment, except for limited user payment related to field trips. At every school user boards with some influence in setting the standards have been established

**4.2*****Secondary education – general programs (4.2.1)***

Regional governments are responsible for providing the general programs. There are rather strict standards stipulated by legislation concerning educational programs. Regional governments have some discretion in deciding capacity, planing and structure of schools, expenditure norms etc. There is no access to claim user payment, except for field trips and photocopies.

***Secondary education – vocational programs (4.2.2)***

Regional governments are responsible for the management of social and health education. There are rather strict standards regarding the level of service. Also in capacity planing etc. legislation limits the autonomy of regional government. There is no access to claim user payments.

#### ***4.5 Subsidiary services to education***

Both regional and local government have considerable discretion in setting standards etc. for subsidiary services related to the relevant education under their authority. However, there are only few subsidiary services. For local and regional government the subsidiary services are transportation to schools and food services. For local government there is no access to claim user payments related to transportation. Regional government can claim some limited user payments. Regarding food services regional and local governments have an access to claim user payments.

#### ***4.6 Education affairs and services not elsewhere classified***

Both regional and local government are responsible for providing the students with educational guidance related to the relevant education under their authority. Both have considerable discretion in setting services, expenditure norms and standards etc. for educational guidance. There is no access to claim user payment.

#### ***5.1 Hospital affairs and services***

Regional governments are responsible for providing the public with hospital services. In general regional governments have considerable discretion in deciding matters related to the management and supply of services of hospitals. However, the development of the entire hospital sector is an important issue in the general agreements between central government and regional governments, cf. the description of the budget co-operation in table 3.6. This means that the autonomy of regional governments in some cases may be limited by these agreements. However, it should be noted that the agreements are voluntary, and covers the sector as a whole. It does not restrict the discretion of the individual regional government. There is no access to claim user payment.

In the area of Copenhagen hospital services are organised differently from the rest of the country. An independent hospital authority has been established, H:S, with responsibility for providing hospital services. This independent authority is made up of the central government and the municipalities of Copenhagen and Frederiksberg.

#### **5.2**

##### ***General medical clinics and general medical practitioners (5.2.1)***

Regional governments are responsible for general medical clinics and general practitioners. The system is based upon private organised clinics, which are paid by regional governments for providing medical services. The financial settling of accounts between regional government and the clinics are implemented according to an agreement between the two parties in which the different services of the clinics are priced. Agreements are made in full discretion. There is in general no access to claim user payments.

##### ***Specialised medical clinics and specialist medical practitioners (5.2.2)***

Regional governments are responsible for specialised medical clinics and specialist practitioners. The system is based upon private organised clinics, which are paid by regional government for providing medical services. The financial settling of accounts between regional government and the clinics are implemented according to

an agreement, in which the different services of the clinics are priced. Agreements are made in full discretion. There is in general no access to claim user payments.

***General or specialist dental clinics and dentists, oral hygienists or other related dental operating auxiliaries (5.2.3)***

Regional governments are responsible for providing services from general or specialist dental clinics and dentists. The system is based upon private organised clinics, which are partly paid by regional governments for providing dentists services. The financial settling of accounts between regional government and the clinics are implemented according to an agreement in which the different services of the clinics are priced. Agreements are made in full discretion. The system is in general based upon user payments with support from regional government. Local governments are providing dental services for children up to age 18 and handicapped persons in clinics managed by local government or by private clinics paid by local government. Local governments have a wide autonomy in setting the amount of services etc. for this service. There is no access to claim user payment.

***Other clinics and paramedical personnel not elsewhere classified (5.2.4)***

Regional governments are responsible for providing chiropodists, chiropractors, physiotherapists, and psychological services. The system is based upon private organised clinics, which are partly paid by regional governments for providing their services. The financial settling of accounts between regional government and the clinics are implemented according to an agreement in which the different services of the clinics are priced. Agreements are made in full discretion. The system is in general based upon user payments with some support from regional government. However, groups of people with a high demand for service because of sickness, get services for free.

Local governments are responsible for providing home nurses and health visitors. Local governments have full autonomy in deciding the amount of services, expenditure norms and standards etc. There is no access to claim user payment.

***5.3 Public health affairs and services***

Regional governments are responsible for blood bank operation, and have duties related to disease detection and prevention services. With regard to blood bank operation regional governments have limited autonomy in setting the amount of services, planing etc. In matters concerning disease detection and prevention services law and the central government regulate regional governments' activities, and there is only limited autonomy. There is no access to claim user payment.

***5.4 Medicaments, prostheses, medical equipment, and appliances or other prescribed health products***

Regional governments are paying for medicine expenses and expenses related to supplying prostheses, medical equipment etc. This system is in general based upon user payments with support from regional government. Parliament decides by law how much and for what medicaments the patients and regional governments are supposed to pay for. There is only little autonomy in setting the amount of services etc. With regard to issues involving prostheses and medical equipment, regional governments have wider autonomy in deciding the amount of services etc. There is no user payments related to supplying patients with prostheses and other medical equipment.

### **6.1 Social security affairs and services**

These services are provided almost exclusively by local government, although they are regulated in detail by law. As a consequence of the limited local government competencies in this area, the tasks are to a large extent financed by means of central government reimbursements. However, the scope for local government discretion varies somewhat, which is reflected in the reimbursement rate of the individual social security benefits (between 50 and 100 per cent).

#### ***Sickness, maternity or temporary disablement benefit (6.1.1)***

The administration of sickness and maternity benefits are regulated in detail by law, which determines eligibility criteria, financing arrangement and benefit levels partly by law (*Sickness and Childbirth Compensation Act of 1997*) and partly by means of administrative regulations. Local governments have little discretion in the administration of the benefits. Maternity benefits are reimbursed 100 per cent by the state. Sickness benefits are financed by central government during the first 13 weeks (although private employers pay the benefit the first 2 weeks of illness). After 13 weeks central government reimburses 50 per cent of benefits and the remainder is financed by local government.

#### ***Government employee pension scheme (6.1.2)***

A small and decreasing proportion of regional and local government civil servants are employed on special conditions, which include government payment of civil servant pensions (as opposed to other categories of public government employees and civil servants whose pensions are paid through autonomous pension funds). These pensions are highly regulated by central government thus leaving virtually no discretion to sub-national government. The bulk of government employee pensions are administered by autonomous pension funds that negotiated terms and conditions with the associations of regional and local government.

#### ***Old age, disability, or survivors' benefit (6.1.3)***

Social pensions (which are universal and therefore automatically include survivors) are regulated in detail by law (the *Social Pension Act*.) Eligibility criteria, financing arrangements and benefit levels are determined by law. The very limited discretion in the administration of social pensions is reflected in the financing of the benefits, which are financed 100 percent through reimbursements. Therefore, in table 3.1.2 the local government responsibility in relation to this task is indicated with an "(X)".

Local governments have considerably more autonomy with respect to early retirement pensions (that may be granted on basis of health problems or other needs). This autonomy has been increased in recent years, as the competence to grant the highest early retirement pensions has been transferred from a special board to the municipalities themselves. This change has been reflected in the financing arrangements. Only 35-50 per cent of pensions to person aged 60-66 are now reimbursed by central government.

#### ***Unemployment compensation benefit (6.1.4)***

Eligibility criteria and compensation levels are stipulated by law (Ministry of Labour). The administration of unemployment compensation for the insured unemployed is not a regional or local government task. It is carried out by a number of unemployment insurance funds. Consequently, no indication of governmental responsibility is made in relation to this task in table 3.1.1 and 3.1.2.

#### ***Family and child allowance (6.1.5)***

Eligibility criteria and amounts are regulated in detail by law (Child Allowance Act), thus leaving very little discretion to local governments. The allowances are thus financed 100 percent by the state. Therefore, in table 3.1.2 local government responsibility in relation to this task is indicated with an "(X)".

***Other social assistance to persons (6.1.6)***

Social assistance to non-insured, unemployed and other persons in need is regulated by law, although local government has some discretion in the administration of social assistance. The Ministry of Social Affairs has issued guidelines for the administration of the law. Benefit levels and eligibility criteria are determined by law, although local government has some discretion, for instance concerning cash benefit supplements.

Expenditure norms are partly determined by central government, as 50 percent of benefits are financed by reimbursements and benefit levels are partly fixed by law and administrative regulations. The organisation of the administration of social assistance is to a large extent decided by local government.

***Social security affairs not elsewhere classified (6.1.7)***

See 6.3.0

***6.2 Welfare affairs and services***

Welfare services are almost exclusively provided by regional and local government. Local government provides those services that large proportions of the citizens depend upon (such as home-care for the elderly, kindergartens etc.), whereas regional government provides the more specialised social services that requires a high level of expertise and which are most efficiently provided within larger administrative units. This concerns, for instance, residential institutions for severely handicapped and treatment of the mentally ill.

In both cases, regional and local governments are within the law given extensive autonomy in the provision and delivery of services. This is also reflected in the fact that the services are not, as opposed to social security benefits, financed through reimbursements.

***Welfare services – children’s residential institutions (6.2.1)***

The *Social Services Act* obliges regional government to provide this type of services, but the authority decides on how to meet this requirement. Regional government has generally full discretion to decide upon type of service and how to provide it (e.g. in co-operation with other county or municipal authorities, by contract with independent institutions etc.). The authority also decides on the number of places to be provided.

The financing of the services (which is shared between regional and local government) is stipulated by law and administrative regulation, but expenditure norms and standards are under the discretion of regional government. Rules concerning user payments are to be found in administrative regulations issued by the Ministry of Social Affairs.

***Welfare services – old persons’ residential institutions (6.2.2)***

Local governments are no longer obliged to provide residential institutions for old people and are, furthermore, no longer in a position to establish new residential institutions, as the traditional institutions for old people in principle have ceased to exist. Living quarters for old people in need will instead be provided by municipalities or housing associations etc., as part of ordinary social housing. Consequently, the provision of living quarters will be separated from the provision of care services, which will increasingly be regarded as part of the non-residential social services.

However, local governments may decide to continue to provide old persons with places in already established residential institutions, although construction of new institutions can no longer take place. In practice,

therefore, a large part of the services are – and will be – provided through flexible, integrated institutions that provide services to both residents in traditional institutions and to elderly people in ordinary housing.

Concerning the existing local government residential institutions, local governments have wide-ranging autonomy in organising the services, setting service standards etc.

Local governments have some leeway in setting rates for rent and other user payments (residents receive social pension and pay subsequently for rent and certain other services). However, according to the *Social Services Act* the minister of social affairs may issue administrative regulations ensuring some degree of congruence between residential institutions and other forms of social housing.

#### ***Welfare services – handicapped persons (6.2.3)***

The *Social Services Act* obliges regional government to provide this type of services, but the authority decides on how to meet this requirement. Regional government has generally full discretion to decide upon type of service and how to provide it (e.g. in co-operation with other county or municipal authorities, by contract with independent institutions etc.). The authority also decides on the number of places to be provided. According to the law, the minister of social affairs has the authority to issue administrative regulations regarding user payment.

The *Social Services Act* obliges county authorities to provide opportunities for sheltered employment and social and leisure time activities for handicapped (and other persons with special needs). Regional government has, however, autonomy to decide on how to meet this requirement.

#### ***Welfare services – other residential institutions (6.2.4)***

By law, regional government has a responsibility of providing residential institutions for persons with severe social problems or other social needs. It has in general full autonomy concerning the standard of the service, the amount of places to be offered etc. and how it is provided, e.g. in co-operation with other county or municipal authorities, by contract with independent institutions etc. Municipalities are also allowed to establish institutions if agreed with county authority.

#### ***Welfare services not delivered through residential institutions (6.2.5)***

The general purpose and type of social services are stipulated in framework legislation (*Social Services Act*). In general, the law assigns a responsibility on behalf of the regional and local governments to provide for certain needs (child-care, home-care for the elderly etc.). But county and municipal authorities are in general autonomous in deciding on type, amount and standard of services. However, it should be noted that a number of specific requirements – time limits, cash benefits etc. – are tied to ‘activation’/job training of benefit recipients, which is considered a social service.

Local governments are generally free to decide on input norms, although there are, for instance, certain regulations concerning user payments. For example, elderly persons may not be charged for home help and user charges for day-care places for children cannot, at the moment, exceed 30 percent of operating costs.

#### ***Welfare affairs and services not elsewhere classified (6.2.6)***

See 6.3.0

**6.3 Social security and welfare affairs not elsewhere classified**

See 6.3.0

***Social security and welfare affairs not elsewhere classified (6.3.0)***

These services, e.g. the compiling and dissemination of statistics and information, research etc., are provided by state institutions under the Ministry of Social Affairs. A description is therefore not relevant here.

**7.1*****Housing affairs and services (7.1.1)***

Supervision of publicly subsidised dwellings is the responsibility of local governments. As the area is regulated by laws and central government executive orders, local governments have only little discretion in administration of the area.

Slum clearance is regulated by the same regulations as urban renewal (re. category 7.1.2.).

***Community development affairs and services (7.1.2)***

The community development affairs can be divided into two tasks: Planning and administration of zoning laws etc., respectively renewal and development of urban areas.

The whole overall territorial planning, including the administration of zoning laws is carried out by regional government. The local or community planning is the responsibility of local government. Regional and local governments have considerable discretion in carrying out the planning tasks, as long as overall guidelines for the territorial planning and development are respected.

Renewal and development of urban areas are carried out by local government. The area is regulated by the Law on urban renewal, which sets up the financial framework and defines the types of urban renewal that can be implemented according to the law. The decisions on the type, scope and extent of urban renewal are taken by local government.

***7.2 Water supply affairs and services***

Water supply affairs are co-ordinated and regulated by central government. However, regional government is responsible for planning and survey of the water resources in the region. The planning of the use of water resources has to be based on needs of the population and industry and protection of the environment. Regional government issues licences to use of water resources.

Local government is responsible for supply of water and planing of water supply, but in most municipalities private waterworks take care of the supply. The water supply is organised as public utility companies, which are rate-financed by the users.

Local and regional governments have some discretion in the administration of the water supply, as the levels of service set by central government are minimum standards.

### 7.3

#### ***Refuse collection and disposal operations, sewage system operation, street cleaning (7.3.1)***

Local governments are obliged to collect refuse from the local households and enterprises and have to establish special reuse arrangements for collection of paper, glass (bottles, jars, etc.), and make arrangements for treatment of chemicals etc. The municipal refuse collection is organised as public utility companies and is rate-financed. Local governments have considerable discretion in the organisation of the operation of refuse collection.

Local governments are responsible for establishment, operation and maintenance of the sewage system and sewage treatment plants. Regional governments are responsible for the overall planning related to the discharge of sewage. The operation of sewage systems is fully user-financed, i.e. organised as public utility companies. As the discharge of sewage has to fulfil some minimum standards, local governments have some discretion in the fulfilment of the task.

Street cleaning is the responsibility of the authority responsible for the operation and maintenance of the street or road, as described in category 12.1.

#### ***Pollution abatement and control affairs (7.3.2)***

The pollution abatement and control affairs are regulated according to the Law on protection of the environment. Local governments are responsible for supervision and control of most enterprises. Regional governments are controlling the 'especially polluting enterprises' and enterprises (mainly public utilities) owned by the municipalities.

As local governments are responsible for the community planning (re. 7.1.2.), they can influence the location of enterprises in the local community. Local and regional governments have, according to the environmental laws, some discretion in their administration. However, local discretion in this field is gradually being reduced by the implementation of EU standards.

### ***7.4 Street lighting affairs and services***

Street lighting is the responsibility of the authority responsible for the operation and maintenance of the street or road, as described in category 12.1.

### 8.0

#### ***Recreational affairs and services (8.0.1)***

Local governments supply the public with sports centres, playing fields, parks, beaches, and swimming baths. Furthermore, local government manages these facilities. Local governments have full discretion in setting the amount of services, setting targets for capacity etc. It has also access to claim user payments for some of the facilities.

Regional governments only support financially private-based athletics organisations. The support is related to the organisation's expenses for rents of rooms and offices. Regional governments have no influence in setting the amount of services etc.

#### ***Cultural affairs and services (8.0.2)***

In matters concerning cultural affairs regional governments support financially regional theatres, museums, orchestras, and zoos. Furthermore, it is possible for a regional government to set up and manage a museum or other cultural related activities. In these situations regional governments have some discretion in setting the

amount of services etc. In situations where regional governments only support financially, they have discretionary power in distributing support to specific institutions. There is access to claim user payments, e.g. entrance admission.

Local governments support local theatres, museums, and zoos. They also manage some museums and other cultural related activities and are responsible for local libraries. In matters related to the management of own institutions and local libraries local governments have wide autonomy in setting the amount of services and capacity planing etc. When local governments support cultural institutions like local theatres they have discretionary power in distributing support to specific institutions. There is access to claim user payments, e.g. entrance admission. However, local governments can not claim user payments related to the issuing of books from local libraries.

### ***Broadcasting and publishing affairs and services (8.0.3)***

According to legislation local governments have opportunity of broadcasting in the local area or providing broadcasting facilities for people in the local area. Local governments have wide autonomy in deciding on matters related to the amount of service etc. When a local government provides broadcasting facilities to people in the local area there is access to claim user payments of these people.

### ***9.1 Petroleum and gas affairs (9.1.2)***

In some urban areas the local governments distribute town gas. The production and distribution of town gas is rate-financed, i.e. a public utility company.

## **9.2**

### ***Electricity affairs and services (9.2.1)***

Electricity affairs are regulated by the Law on provision of electricity. The distribution of electricity is carried out by a total of 100 companies, half of these owned by local governments and managed as rate-financed public utility companies.

The power stations (mainly coal-fired) are owned by the distribution companies in the area, which the power station supplies.

From January 2000 the production of electricity is transferred to independent companies, separated from the local governments. Local governments will from this date only be dealing with the distribution of electricity.

### ***Energy affairs and services other than electricity (9.2.2)***

The production and distribution of heat is regulated by the Law on heat supply. The production and distribution of heat is carried out by local heat supply companies, which in many municipalities are owned by local government. The companies are managed as rate-financed public utility companies.

Local governments have furthermore the responsibility for planning and preparation of heat distribution, approval of heat distribution projects and decisions on compulsory connection of households to the local heating supply system. Local governments have considerable discretion in the decisions concerning local heating supply systems.

**11.1 Mining and mineral resource affairs and services, other than fuels**

The administration of mining and mineral resource affairs are regulated by the regional territorial plans, which are drawn up by regional governments. Regional government issues licences for commercial use of mineral resources. As the area is regulated in the regional plan, regional government has considerable discretion in the administration of the use of mineral resources.

**11.3 Construction affairs and services**

Construction affairs and services are regulated by the Law on construction affairs, and other laws. Local governments are responsible for the administration of regulations concerning building standards and planning permissions. Local governments have some discretion in the administration of the law, partly because local governments are the authority responsible for the community planning (re. category 7.1.2.)

**12.1**

**Road transport affairs and services (12.1.1)**

Local governments are responsible for the local roads, regional governments for the regional roads and central government for main roads and motorways. Regional and local governments have considerable discretion in deciding the standard of maintenance and operation of the roads.

**Road system operation and services (12.1.2)**

Regional government has to prepare a plan for the regional and local public transport in the region and has the responsibility for operation of the public transport system, co-ordination with the transport system in other regions and subsidies to reduce the fares. The operation of public transport is in most regions contracted out to private companies. Regional government has some discretion in deciding the service level of the regional public transport.

Local government has the responsibility for licensing of taxi companies. Local government has little discretion in the administration of taxi licenses.

**12.2 Water transport affairs and services**

Water transport affairs are regulated by the Law on management of ferry services. Regional government grants permissions to ferry services.

Some harbour facilities are operated and managed by the local governments. The municipal council sets up a harbour committee, which decides in matters related to the operation of the harbour.

In the two, above mentioned, areas the regional respectively local authorities have some discretion in their management of water transport affairs.

**13.1 Hotel and restaurant affairs and services (13.1.2)**

Hotel and restaurant affairs and services are regulated by the Law on restaurants and hotel services. Local governments grant licences to operation of hotels and restaurants.

The control of hygienic conditions in hotels and restaurants are the responsibility of local government 'Foodstuff control'. From January 1<sup>st</sup> 2000 the task will be transferred to central government administration.

**14.0 Public debt transactions (14.0.1)**

As local and regional governments in some cases are allowed to raise debts, they are also responsible for interests payments and outlays for underwriting loans.

**Box 3.5 National mandates for the provision of sub-national services****3.5.1 *Own production or contracting out of services***

Local and regional governments are in general allowed to choose between own production and contracting-out of the provision of services. However, authority duties, defined as functions and responsibilities related to the sub-national governments' performance as authority, can not be contracted out. The only not-authority duty, which the sub-national governments are not allowed to contract out, is home nursing. Traditionally sub-national government has first of all, contracted-out construction tasks and other technical tasks. In recent years, there has been some debate on contracting-out of the provision of welfare services, e.g. kindergartens and home help for elderly people. Only a few municipalities have up till now chosen to contract-out welfare services.

As the division of sub-national tasks into authority duties and other tasks are well defined in the legislation concerning the relevant area, the decision of sub-national governments between own production and contracting-out is made in full autonomy.

**3.5.2 *Recruitment and payment of personnel***

The framework for recruitment and payment of personnel by regional or local governments is determined by the Local Government Act. The decisions on payment and conditions of employment have to be approved by the Pay Board, which members are appointed by the Minister of Interior upon recommendation by the associations of local and regional authorities and others.

In fact, the most important task by the Pay Board is approval of the collective agreements between the associations of local and regional authorities and the trade unions of the local and regional governments' employees. Such agreements are negotiated and renewed biennially and are concluded by the parties independently of central government.

As the public sector labour market is relatively regulated by the collective agreements on payment and other conditions of employment, the individual local and regional governments has little discretion in setting wages etc. freely or according to labour market conditions. But it is important to mention that the area is not regulated by the central government, but by the collective agreements between the organisations of employers (the associations of local and regional authorities) and employees (trade unions).

Within the framework set by the collective agreements and within the possibilities determined by the budget of the municipality or county concerned, local and regional governments have full autonomy in decisions on recruitment and payment of personnel.

### **Box 3.6 Macroeconomic control of local governments – Budget co-operation (expenditures) between central – sub-national level**

#### ***3.6.1 Main characteristics of the instruments for central control of expenditures***

Since the beginning of the 1980s there has been a formalised co-ordination of central and sub-national finance through an institutionalised and extensive bargaining system, the so-called system of *budget co-operation* between central government and regional and local government represented by their respective national associations. The main objective throughout this period has been macroeconomic management and co-ordination in the form of expenditure and revenue targets for sub-national government and other economic concerns, such as local government borrowing and investments. But in recent years other aspects have become increasingly important, e.g. ongoing adjustment of the system of state financing of sub-national government, prioritisation of local government tasks, and the organisation and delivery of local government services.

The agreements resulting from the budget co-operation are voluntary and not legally binding. The associations are thus not in a position to commit their members individually and central government is often dependent upon subsequent approval from parliament. The agreements are rather joint declarations on common economic objectives and how the parties intend to fulfil these.

The agreements are traditionally made for one year at a time, although recently some changes have been made to this (see 3.6.2 below). The negotiation cycle starts in March/April (agenda setting and technical issues) and includes a period of negotiations at the administrative level before reaching the political level in May/June, during which the final result is reached. The negotiation partners consist of the government, represented primarily by the Ministry of Finance, the Ministry of the Interior and the Ministry of Economics, on the one hand, and the regional and local government partners, on the other. The latter are represented by the *Association of County Councils in Denmark* and the *National Association of Local Authorities in Denmark* and the two unitary metropolitan authorities of *Copenhagen* and *Frederiksberg*, which stand outside the national associations.

The agreements usually result in maximum targets for expenditures as well as revenues for the regional governments and the local governments respectively. Of prime concern are sub-national income taxes and overall (non-sector specific) budgets. But it is important to emphasise that the targets apply to the regional governments respectively local governments as a whole. There is therefore scope for individual sub-national governments to exceed the tax or budgetary limits agreed upon.

The agreements will also result in joint decisions and declarations concerning specific problems or issues in relation to sub-national services and tasks. Examples of this include targets for the expansion of municipal day-care facilities for children or for certain types of health care services in the counties. The agreements will also result in the establishment of joint committees etc. and initiation of investigations into particular issues related to sub-national services and tasks that need further analysis. The result of this work will typically be discussed during the negotiations the following year with a view to reach agreement on new initiatives or priorities.

#### ***3.6.2 Recent reforms in the central-local relations***

Since its establishment the system of budget co-operation has developed in a rather stable fashion and only few major changes have been introduced, although the system over time has become more wide-ranging in scope as described above.

In the last five years, the most important changes are related to, first, the change from single- to multi-year financial targets and, second, the introduction of quarterly meetings between the parties.

In June 1998, a four-year agreement was introduced, including maximum expenditure targets for each of the years 1999-2002. The maximum targets were to be “binding” in the sense that if they were exceeded in one year, the maximum target was to be reduced correspondingly for the following year. The background for the introduction of multi-year targets is a need for a higher degree of compliance with the agreed targets. The multi-year targets are, furthermore, expected to give sub-national government better possibilities for more long-term prioritisation and planning.

As part of the 1998 negotiations, it was furthermore agreed to introduce quarterly meetings between the parties as a supplement to the annual negotiations. The reason behind this novelty is to strengthen the ongoing dialogue concerning regional and local government finances as well as services. To underpin these meetings, quarterly accounts for the sub-national sector as a whole have been introduced from 1999.

It is too early to evaluate effects of the changes mentioned above.

### ***3.6.3 The specific budget co-operation***

In connection with the annual budget negotiations an adjustment of the general state grant to regional and local government is made on basis of the “law programme” (a schedule for the legislation that is expected to be put before parliament) for the coming year and according to the so-called *Principle of Compensation*. This principle implies that sub-national government should be compensated for changes in the legislation and other means of mandatory regulation that have an effect on local government tasks. Hence, the cost of decentralised – or new – tasks must be calculated and added to the general state grant for the coming year. A set of generally agreed principles and methods have been developed for this purpose.

Budgets of sub-national governments do not need approval of central government or other authorities (cf. section 3.6.1).

Sub-national government must report their budgets and accounts to central government on an annual basis. From 1999, quarterly accounts must be provided as well (cf. section 3.6.2).

### ***3.6.4 Central mandates on economic management***

Sub-national governments’ budgets and accounts have since 1977 been standardised according to the ‘Authorised Budget and Accounting System’ thus providing a complete overview of regional and local government finances.

There is an established procedure for reporting accounts to central government. Non-financial performance data are not included in this, but regional and local government must provide an annual description of existing services, their quality, quantity etc.

## 4. TAX REVENUE

### Tables 4.1 and 4.2 Introductory remarks

**1100 Individuals:** Both regional and local government are free to set their own tax rate on income. The tax base is laid down by law. Regional and local government decide the income tax rate each year as part of the adoption of the budget.

Tax rates on income are, however, an important issue in the agreements between central government and regional/local governments, cf. box 3.6. In these voluntary agreements the parties typically agree that the income taxes of regional/local governments on the average may not exceed a certain level.

**1200 Corporations:** Local governments receive 3/25 of the tax levied on corporations situated in the area of local governments.

**4100 recurrent taxes/immovable:** Local governments levy tax on private land on the basis of a public valuation of the value of land. Local government may fix the land tax percentage between 0,6 and 2,6 pct.

In addition to land tax, local government may collect contribution rates on the value of business premises and public premises. Tax on business premises may not exceed 1 pct. Tax related to public premises may not exceed 0,5 pct. Further, local government may levy tax on the value of public owned land. Local government may set this tax rate between 0,6 and 2,4 pct (land belonging to central government) and at between 0 and 1 pct (land belonging to other local/regional governments).

Regional governments land tax rate is fixed by law at 1 pct. Regional governments may, however, levy tax on public premises and land. Taxes on premises owned by central, regional or local government may not exceed 0,375 pct. Land owned by central, regional or local government might not be taxed by more than 0,5 pct.

Both local and regional governments can decide to exempt certain groups from land tax, e.g. private schools, non-profit institutions, sports grounds and museums. Furthermore, protected buildings are exempt from land tax by law.

**6000 other - Paid by other than business, or unidentifiable:** In this category is included taxes of a more marginal importance. The taxes are: Tax on the estate of a deceased person, tax on foreign researchers, tax on pension schemes, and tax related to profit from stocks. All are categorised as “f” taxes.

**Regional government**

(figures are 1996, Dkr.millions)

	a	b	c	d	e.1	e.2	e.3	f
taxes on income etc								
on individuals		47.669						
on corporations								
on allocable								
social security contributions								
on employees								
on employers								
on self-employed								
on allocable								
taxes on payroll and workforce								
taxes on property								
current taxes/immovable								
current net wealth taxes		108						3.
estate, inheritance, gift tax								
tax on financial/capital								
other non-recurrent taxes								
other recurrent taxes								
taxes on goods and services								
taxes on production, sale etc.								
taxes on use of goods								
on allocable								
other taxes								
collected solely by business								
collected by other than business								
		47.777						3.

- Country Report: Denmark

**Local government**

(figures are 1996, mill. Dkr.)

	a	b	c	d	e.1	e.2	e.3
taxes on income etc on individuals on corporations non-allocable		109.540				2.125	
social security contributions on employees on employers on self-employed non-allocable							
taxes on payroll and workforce							
taxes on property current taxes/immovable current net wealth taxes estate, inheritance, gift tax taxes on financial/capital other non-recurrent taxes other recurrent taxes		7.153					
taxes on goods and services taxes on production, sale etc. taxes on use of goods non-allocable other taxes levied solely by business levied by other than business							
		116.693				2.125	

#### **4.4 Major tax reforms directed to subnational governments in the last 5 years**

In 1998 the parliament approved a new law concerning tax on real estate. The law has effect from year 2000. The law is going to replace a system, in which people owing real estate were taxed on the value they could get by renting their real estate. The value was added to the income, and was hence taxed as income. This means the revenue from this tax was automatically split between central, regional, and local government according to the rates the different levels had decided concerning tax rate on income.

In the new law owners are taxed directly according to the value of their real estate. The revenue from the tax is split between regional government and local government with 1/3 of the revenue going to regional government and 2/3 going to local government.

The main objective of the new law is to obtain a more transparent tax system.

#### **4.5 National measures for revenue-efficient local tax administration**

Local governments are responsible for the assessment of people's taxable income, which is decisive for how much people have to pay in tax.

Local governments are responsible for collecting the land tax of both regional and local government. Contribution rates on business premises and public premises/land are collected with land tax.

Local governments were prior to 1999 responsible for the assessment of the corporations' taxable profit. However, recent initiatives have transferred this assessment from local government to central government. Local government can enter an agreement with central government, keeping the assessment, if it employs people with a professional knowledge on taxation of corporations.

Regional and local income taxes are collected together with state tax and paid by employers etc. to the Central Customs and Tax Administration, which settles the amount collected with regional and local governments.

Central government is assisting local governments in matters related to tax issues by offering guidance.

## 5. NON-TAX REVENUE

### **Box 5.3 Non-tax revenue. Introductory remarks.**

The types of non-tax revenues described below are not an exhaustive description of non-tax revenue sources in Denmark, as there is a wealth of user charges and fees etc. to be found in regional and local government. They are in most cases regulated by law or by other regulatory means, although they are sometimes warranted by tradition. Their use varies across individual authorities.

In general, charges and fees cannot exceed the cost of providing the service concerned. Furthermore, in some cases charges and fees are specifically stipulated by law or by administrative regulation. This is for instance the case concerning certain environmental charges. In other cases, such as certain regulatory charges and fees (cf. 2g, below), a maximum charge is stipulated by law or by administrative regulation.

The description will focus on those non-tax revenues that are most important revenue wise. These revenue sources are typically regulated directly by law.

The description will as far as possible follow the classification described in the questionnaire (cf. the discussion below). But the last two categories (contributions to pension and welfare funds within government and other non-tax revenues) are not included, as these do not apply.

As far as the non-tax revenue data concerns it is not possible to separate ‘administrative fees and charges’, on the one hand, and ‘fines and forfeits’, on the other.

#### *1. Entrepreneurial and property income*

The IMF classification on non-tax revenues does not include revenues from public utilities, such as gas, water, electricity, central heating, collective transport or the environmental services (renovation, waste water treatment etc.). However, the provision of these services is – at least in Denmark – an important local government task and forms one of the largest non-tax revenue sources in Danish regional and local government.

In Denmark, the provision of gas, water, electricity, waste water, and renovation services is a local government task. Collective transport (busses and harbours) is in part a regional and local government task.

The delivery of these services is often organised in local government-owned stock companies, or other corporate enterprises, or provided on a contractual basis. According to the law, gas, water, electricity and waste water services are to be provided on the basis that “it pays for itself”, i.e. that subsidisation or surpluses do not occur over time. Therefore, they are in the long term financed 100 per cent by the users of these services. The delivery of water is slightly different in this respect, as the law gives local government the possibility of subsidising waterworks. Still, in practice user financing makes up almost 100 per cent of total financing.

Local government may chose to finance renovation services either by taxes or by user charges. If financed through user charges, these most cover no more, no less the cost. Therefore, renovation is almost 100 per cent user financed.

Regional and local governments may engage in the provision of collective transport of different kind, e.g. bus services and harbours, either by themselves or by subsidising the provision of these. Although partly financed by user charges collective transport is heavily subsidised.

To illustrate the importance of public utilities tables 5.1-5.2 – as well as 3.2 – are shown in two versions: one including and one excluding public utilities.

It should be emphasised that the data in tables 5.1-5.2 are not complete, as it is not possible to obtain separate information on all types of user charges.

It should, furthermore, be noted that in table 5.1 (the version that includes public utilities) all revenues from utilities are as a matter of convenience shown under category “1. Entrepreneurial and property income”, rather than in the sub-categories 1.1 and 1.2. This is because the services may be organised differently across different local authorities (as departmental services or public enterprises).

## *2. Administrative fees and charges*

Here a distinction is made between payments for services of a non-regulatory nature, typically social services, culture and education (a-f) and compulsory payments for regulatory services (g).

### *(a) Child-care*

Day-care institutions etc. for pre-school children are financed partly by user charges, although they are heavily subsidised by local government. As a rule, local government cannot – according to the law – charge more 30 per cent of operating costs of having a child attending the institution. However, local governments that have full coverage, i.e. no waiting lists, for all children aged 6 months or more may charge up to 33 per cent.

### *(b) Care for the elderly*

Elderly people living in residential institutions, or in other forms of accommodation for the elderly, pay for a range of services, such as rent, heating, laundry, transport etc. The charges cannot exceed the actual cost of providing the service.

Home-help for elderly people is, according to the law, to be provided free of charge (except when provided on a temporary basis for certain income brackets). However, changes to this are expected in the near future.

Practical services for elderly persons, evening courses, trips etc., as well as care services provided by special day-care centres may be charged.

### *(c) Residential institutions for children and youth*

The minister of social affairs issues detailed rules on user payments for residential places in institutions. However, charges cannot be made if children or youths are placed in residential institutions, when this is done to provide a handicapped child or young person with required treatment and care.

### *(d) Health services*

Although health services are not in general financed by means of user charges, some services are partly financed in this way. This applies to certain services provided by the general practitioner, such as inoculations. Medicine as well as dental services are likewise partly financed by means of user charges.

*(e) Education*

Charges are in use in some forms of education provided by regional and local authorities, such as evening classes for adults. For some of these, for instance all-day school services and supplementary further education courses for adults, the law stipulates rules for user charges. For other types of services, local and regional governments have full autonomy to determine the size of the charges provided the authority does not intend to obtain a financial surplus on these activities. The authority in question may for instance charge for photocopies and materials used in institutions of further education or in music schools for children.

*(f) Culture and leisure-time facilities*

Cultural services and leisure-time activities such as libraries and museums, cinemas, theatres, concerts, sports halls, swimming pools, youth clubs, camping sites etc. may be financed partly by user charges. By law, local government is obliged to provide library facilities free of charge. However, the libraries may charge for additional services (e.g. CD's, tapes etc.) and may impose fines on users not complying with the rules for borrowing books and other materials. Local government may freely set charges for other cultural and leisure-time activities, as long as they do not exceed the actual cost of providing these.

*(g) Regulatory fees*

A range of administrative fees of a regulatory nature exists. The most important are: fees to be paid for certain regional and local government information, documents and certificates, fees in connection with building permits, fees for pest control, fees in connection with environmental control and permits when establishing farms or other commercial enterprises. The allowed maximum fee for all of these are either regulated by law or by means of administrative regulation issued by the line-ministry. A survey carried out in 1999 by the Ministry of the Interior shows, however, that the fees for some of these services vary considerably.

*3. Fines and forfeits*

This category includes charges for late payments of various kinds (for which a maximum is specified by law). Another example is certain types of parking tickets.

**.A. Non-tax revenue by levels of government base. 1996. Mill (National currency)**

<b>Base</b>	<b>State, Provincial or Regional Government</b>	<b>Local Government</b>
<b>entrepreneurial and property income</b>		
<b>ash operating surpluses of departmental</b>		
<b>enterprise sales to the public with a surplus</b>		
<b>from non-financial public enterprises and</b>		
<b>public financial institutions</b>		
<b>ther property income</b>		
<b>Administrative fees &amp; charges, non-industrial</b>	<b>533</b>	
<b>and incidental sales</b>		
<b>nes and forfeits</b>		
<b>ontributions to government employee pension</b>		
<b>and welfare funds within government</b>		
<b>mployer contributions from other levels of</b>		
<b>overnment</b>		
<b>ther non-tax revenue</b>		

- Country Report: Denmark

**2.A Non-tax revenues by sector (function) and base**

**2.1.A State, Provincial and Regional Governments, 1996**

(millions)

	<b>Entrepreneurial and property Income</b>	<b>Administrative fees and charges</b>	<b>Fines and forfeits</b>	<b>Other non-tax revenues</b>
<b>General public services</b>				
<b>Defence</b>				
<b>Public order &amp; safety</b>				
<b>Education</b>				
<b>Pre-primary and primary education</b>				
<b>Secondary education</b>		17		
<b>Tertiary education</b>				
<b>Education services not defined by level</b>				
<b>Subsidiary services to education</b>				
<b>Other</b>				
<b>Health</b>				
<b>Social security &amp; welfare</b>				
<b>Social security affairs and services</b>				
<b>Welfare affairs and services</b>		516		
<b>Other</b>				
<b>Housing &amp; community amenities</b>				
<b>Recreational, cultural &amp; religious affairs</b>				
<b>Fuel &amp; energy</b>				
<b>Agriculture, forestry, fishing &amp; hunting</b>				
<b>Mining, manufacturing &amp; construction, except fuel &amp; energy</b>				
<b>Transportation &amp; communication</b>				
<b>Other economic affairs</b>				
<b>Other functions</b>				
<b>Total</b>				

## .2.A Local Government 1996

ions)

	Entrepreneurial and property Income	Administrative fees and charges	Fines and forfeits	Other non- tax revenues	T
General public services					
Defence					
Public order & safety					
Education					
Health					
Social security & Welfare					
Social security affairs and services					
Welfare affairs and services		6,364			
Other					
Housing & community amenities					
Recreational, cultural & religious affairs		844			
Fuel & energy					
Agriculture, forestry, fishing & hunting					
Mining, manufacturing & construction, except fuel & energy					
Transportation & communication					
Other economic affairs					
Other functions					
Total					

- Country Report: Denmark

**.B Non-tax revenue by levels of government base, 1996, including public utilities and public enterprises**

(in millions)

Base	State, Provincial or Regional Government	Local Government
Entrepreneurial and property income		
Cash operating surpluses of departmental enterprises sales to the public with a surplus		
From non-financial public enterprises and public financial institutions		
Other property income		
Administrative fees & charges, non-industrial and incidental sales	533	
Fines and forfeits		
Contributions to government employee pension and welfare funds within government		
Employer contributions from other levels of government		
Other non-tax revenue		

**2.B. Non-tax revenues by sector (function) and base, including public utilities and public enterprises****2.1.B State, Provincial and Regional Governments, 1996**

(in millions)

	Entrepreneurial and property Income	Administrative fees and charges	Fines and forfeits	Other non-tax revenues
General public services				
Defence				
Public order & safety				
Education				
Pre-primary and primary education				
Secondary education		17		
Tertiary education				
Education services not defined by level				
Subsidiary services to education				
Other				
Health				
Social security & welfare				
Social security affairs and services				
Welfare affairs and services		516		
Other				
Housing & community amenities				
Recreational, cultural & religious affairs				
Fuel & energy				
Agriculture, forestry, fishing & hunting				
Mining, manufacturing & construction, except fuel & energy				
Transportation & communication				
Other economic affairs				
Other functions				
Total				

- Country Report: Denmark

**2. B Local Government, 1996**

lions)

	<b>Entrepreneurial and property Income</b>	<b>Administrative fees and charges</b>	<b>Fines and forfeits</b>	<b>Other non-tax revenues</b>	
<b>General public services</b>					
<b>Defence</b>					
<b>Public order &amp; safety</b>					
<b>Education</b>					
<b>Health</b>					
<b>Social security &amp; Welfare</b>					
<b>Social security affairs and services</b>					
<b>Welfare affairs and services</b>			<b>6,364</b>		
<b>Other</b>					
<b>Housing &amp; community amenities</b>	<b>7,812</b>				
<b>Housing and community development</b>					
<b>Water supply affairs and services</b>	<b>1,751</b>				
<b>Sanitary affairs and services</b>	<b>6,061</b>				
<b>Street lighting affairs and services</b>					
<b>Other</b>					
<b>Recreational, cultural &amp; religious affairs</b>			<b>844</b>		
<b>Fuel &amp; energy</b>					
<b>Fuel affairs and services</b>	<b>7,908</b>				
<b>Electricity and other energy sources</b>	<b>6,664</b>				
<b>Other</b>					
<b>Agriculture, forestry, fishing &amp; hunting</b>					
<b>Mining, manufacturing &amp; construction, except fuel &amp; energy</b>					

	<b>Entrepreneurial and property Income</b>	<b>Administrative fees and charges</b>	<b>Fines and forfeits</b>	<b>Other non- tax revenues</b>	
<b>Transportation &amp; communication</b>					
<b>Road transport affairs</b>					
<b>Water transport affairs</b>	<b>89</b>				
<b>Railway affairs and services</b>					
<b>Air transport affairs and services</b>					
<b>Pipeline transport</b>					
<b>Other transport affairs</b>					
<b>Communication affairs</b>					
<b>Other</b>					
<b>Other economic affairs</b>					
<b>Other functions</b>					
<b>Total</b>					

## 6. INTERGOVERNMENTAL FINANCIAL RELATIONS - GRANTS

### Box 6.3 Grants. Introductory remarks.

Grants from central government to sub-national governments can be classified into the following main categories:

- General grants, which are allocated to sub national government according to the tax base of the sub-national government. The size of the total grant depends on last year's grant, changes in the legislation on sub-national tasks and changes in the distribution of tasks, market conditions that influence the payment of cash benefits etc., and the development of prices and wages. Total grant in 1996: DKK 29.9 billion (municipalities: DKK 19.1 billion, counties: DKK 10.8 billion).
- Special grants in the form of reimbursements to sub-national government, first of all in the field of social services and cash benefits. The reimbursements are allocated to sub-national government conditional of the actual costs in the area of, for instance, social assistance to non-insured unemployed people (reimbursed by 50 percent), early retirement pension (reimbursed by 50 percent) and rent allowances (reimbursed by 50-75 percent). The total amount of reimbursements from central government to municipalities was in 1996 DKK 22.5 billion, and to counties DKK 0.6 billion. Local governments administrate a number of social benefits (such as old age pension and child benefit) on behalf of the central government. The expenses are reimbursed by 100% and are not counted here.
- Special grants in the form of special funds allocated by central government's discretion to specific purposes described in the national budget law. Examples are pool for reuse projects in municipalities, pool for restoration of streams by municipalities or counties, pool for projects for mentally ill persons, pool for reduction of public transport rates, etc. The total number of pools or funds for special purposes was in 1997 about 50, which allocated DKK 1.2 billion to sub-national government.

Besides the above mentioned major categories of grants some minor grants exist:

- General grant to local authorities with special economic difficulties. The grant is allocated by the central government according to criteria on structural and economic difficulties. The criteria are agreed between the Ministry of the Interior and the association of local authorities. Total grant in 1996: DKK 123 million.
- General grant to local authorities on larger islands. Total grant in 1996: DKK 26 million distributed to 4 municipalities.

**Box 6.4 Evaluation of the present system of grants**

Larger reforms of the system of grants to sub-national government have not been implemented recently. However, in recent years two major trends have been towards: 1) Reduction of the level of reimbursements from central to sub-national government, e.g. in the field of early retirement pension the rate of reimbursement has been reduced from 50 percent to 35 percent for new recipients. 2) Increasing use of funds for specific purposes that are allocated to sub-national government by central government discretion.

- Country Report: Denmark

**Table of grants 1996**

**.1. Regional government (mill. DKK)**

		Specific grants		General purpose grant			Total	
		Current or both		Objective criteria				
		Conditional		Not conditional	Without own tax effort	With own tax effort		Discretionary
Standard cost (1997)		Actual cost						
517		596			10,827		50	11,374

**.2. Local government, incl. Copenhagen and Frederiksberg (mill. DKK)**

		Specific grants		General purpose grant			Total	
		Current or both		Objective criteria				
		Conditional		Not conditional	Without own tax effort	With own tax effort		Discretionary
Standard cost (1997)		Actual cost						
636		22,458			19,087		578	20,721

the amount of conditional specific grants that covers a certain cost does not exist for 1996. The data for 1997 is from a

## Specific grants by function 1996

## A.1. Regional governments, mill. DKK

	Specific grants			Total
	Conditional		Not conditional	
	Standard costs (1997)	Actual costs		
General public services	4			
Executive and legislative organs	4			
General services				
Defence				
Public order & safety				
Education	44	2		
Pre-primary and primary education affairs and services		2		
Secondary education affairs and services	30			
Education affairs and services not elsewhere specified	15			
Health	391	1		
Hospital affairs and services	350			
Public health affairs and services	41	1		
Social security & welfare	37	582		
Social security affairs and services	1	335		
Welfare affairs and services	36	247		
Housing and community amenities	17			
Sanitary affairs and services including pollution abatement and control	17			

- Country Report: Denmark

	Specific grants			Total
	Conditional		Not conditional	
	Standard costs (1997)	Actual costs		
Recreational, cultural & religious affairs		7		
Recreational, cultural and religious affairs and services		7		
Fuel & energy				
Fuel and energy affairs not elsewhere specified				
Agriculture, forestry, fishing & hunting				
Mining, manufacturing & construction, except fuels & energy				
Transportation & communication	13	4		
Road transport affairs and services	13	4		
Water transport affairs and services				
Other economic affairs	11			
Multipurpose development projects and services	11			
Other functions				
	517	596		

## 4.2. Local governments, mill. DKK

	Specific grants			Total
	Conditional		Not conditional	
	Standard costs (1997)	Actual costs		
General public services	94			
Executive and legislative organs	26			
General services	69			
Defence				
Public order & safety				
Education	45	3		
Pre-primary and primary education affairs and services	35	3		
Secondary education affairs and services				
Education affairs and services not elsewhere specified	10			
Health	6			
Hospital affairs and services				
Public health affairs and services	6			
Social security & welfare	320	22,350		
Social security affairs and services	21	21,991		
Welfare affairs and services	299	359		
Housing and community amenities	55			
Sanitary affairs and services including pollution abatement and control	55			
Recreational, cultural & religious affairs	9	98		
Recreational, cultural and religious affairs and services	9	98		

- Country Report: Denmark

	Specific grants			Total
	Conditional		Not conditional	
	Standard costs (1997)	Actual costs		
<b>Fuel &amp; energy</b>	29			
<b>Fuel and energy affairs not elsewhere specified</b>	29			
<b>Agriculture, forestry, fishing &amp; hunting</b>				
<b>Mining, manufacturing &amp; construction, except fuels &amp; energy</b>				
<b>Transportation &amp; communication</b>	36			
<b>Road transport affairs and services</b>	29			
<b>Water transport affairs and services</b>	7			
<b>Other economic affairs</b>	49			
<b>Multipurpose development projects and services</b>	49			
<b>Other functions</b>				
	<b>636</b>	<b>22,458</b>		

## 7. BORROWING

### **Box 7.4 Borrowing. Introductory remarks.**

The general rule is, that local and regional governments do not have an access to borrow. However, there are exemptions. Firstly, for each local government a loan bracket is made up each year. This loan bracket corresponds to the sum of local governments' investment for this year in rate-financed areas such as water, heat, electricity, gas, sewage, waste, and water treatment. Also included in the loan bracket are investments with a high political priority, e.g. urban renewal and homes for elderly. The definition of a loan bracket reflects that local governments are only allowed to raise loans for the financing the above mentioned purposes. Secondly, the Ministry of the Interior can grant an exemption from the loan brackets. Annually as a part of the budget co-operation this pool of exemption is fixed (cf. box 3.6). In 1999 the pool for local governments was DKK 500 mill. It should be noted that the pool is used as a fiscal instrument by central government, being raised in times of heavy unemployment where a fiscal expansion is wanted and the opposite.

Regional governments are allowed to raise loans within an annual bracket amounting to 25 pct. of net construction investments excluding VAT in the region. As in the case of local governments, the Ministry of the Interior can grant exemption from the fixed loan brackets.

The monitoring of compliance with the loan brackets is a part of the annually audition of the budgets.

### **Box 7.5**

The access of local and regional governments to raise loans is precisely described in legislation and central government regulations. Loans can only be raised in connection with certain investments in rate-financed areas such as water, heat, electricity, gas, sewage, waste, and water treatment. Neither local nor regional governments are able to finance operating cost through borrowing.

Central government regulations determine the terms of the loans local and regional governments are allowed to raise. The term of loans can not exceed 25 years, except for loans raised to finance housing of elderly people.

There are no restrictions as to where local and regional governments can raise loans, and thus no distinction is made between national and foreign loans.

**Box 7.6**

If local or regional governments take out a lease or enter into a leasing agreement, it is normally considered as borrowing, that is if the lease concerns an area that otherwise would have been a responsibility of local or regional government. The same applies if local or regional government issue a loan guarantee to an independent institution, or if a loan is raised by an independent or private institution, which have an operating agreement with the authority.

Both local and regional government are free to raise loans at markets terms, at those institutions lending money, they consider to be “the best offer”.

**Table 7.1 Capital borrowing by levels of government, 1996**

(Dkr. Millions)

	<b>Regional Government</b>	<b>Local Government</b>
<b>Capital Borrowing</b>		
<b>Domestic long terms bonds</b>	-	-
<b>Domestic long term loans</b>	55	1.328
<b>Abroad long terms bonds</b>	-	-
<b>Abroad term loans</b>	-11	-680

*Note:* The numbers are net borrowing

**Table 7.2 State, Provincial or Regional Government 1996. Capital accounts by function.**

(Dkr. Millions)

		<b>Capital Borrowing</b>
<b>1</b>	<b>General public services</b>	
<b>2</b>	<b>Defence</b>	
<b>3</b>	<b>Public order &amp; safety</b>	
<b>4</b>	<b>Education</b>	
<b>5</b>	<b>Health</b>	
<b>6</b>	<b>Social security &amp; Welfare</b>	
<b>7</b>	<b>Housing &amp; community amenities</b>	
<b>8</b>	<b>Recreational, cultural &amp; religious affairs</b>	
<b>9</b>	<b>Fuel &amp; energy</b>	
<b>10</b>	<b>Agriculture, forestry, fishing &amp; hunting</b>	
<b>11</b>	<b>Mining, manufacturing &amp; construction, except fuel &amp; energy</b>	
<b>12</b>	<b>Transportation &amp; communication</b>	
<b>13</b>	<b>Other economic affairs</b>	
<b>14</b>	<b>Other functions</b>	
<b>15</b>	<b>Total</b>	

**Note:** Due to the rules cornering borrowing it is not possible to allocate to different expenditure categories

**Table 7.3 Local Governments 1996. Capital accounts by function. (Dkr. Millions)**

		<b>Capital Borrowing</b>
<b>1</b>	<b>General public services</b>	
<b>2</b>	<b>Defence</b>	
<b>3</b>	<b>Public order &amp; safety</b>	
<b>4</b>	<b>Education</b>	
<b>5</b>	<b>Health</b>	
<b>6</b>	<b>Social security &amp; Welfare</b>	
<b>7</b>	<b>Housing &amp; community amenities</b>	
<b>8</b>	<b>Recreational, cultural &amp; religious affairs</b>	
<b>9</b>	<b>Fuel &amp; energy</b>	
<b>10</b>	<b>Agriculture, forestry, fishing &amp; hunting</b>	
<b>11</b>	<b>Mining, manufacturing &amp; construction, except fuel &amp; energy</b>	
<b>12</b>	<b>Transportation &amp; communication</b>	
<b>13</b>	<b>Other economic affairs</b>	
<b>14</b>	<b>Other functions</b>	
<b>15</b>	<b>Total</b>	

*Note:* Due to the rules concerning borrowing it is not possible to allocate to different expenditure categories