

Agreement on a Structural Reform

2004

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1. Agreement on a Structural Reform

between the Danish government (the Liberal Party and the Conservative Party) and the Danish People's Party.

Introduction

The government (the Liberal Party and the Conservative Party) and the Danish People's Party are in agreement that there is a need for a reform of the framework for public tasks and public service.

The purpose of the reform is to maintain and develop a democratically governed public sector with a sound basis for continued development of the Danish welfare state.

Denmark has a long-standing tradition of taking care of the most vulnerable elements in the society and of investing in people and the future. The public sector should have even better possibilities of doing so in future.

Therefore, the decentralised public sector, which is a distinctive Danish feature, needs to be designed in such a way that it can meet future requirements by creating sustainable units with a clear responsibility to provide high quality welfare service to the Danish population.

Larger municipalities can provide the basis for improved task solution where more welfare tasks are solved locally, and democracy will be strengthened as more political decisions are made locally. Efforts should be made to expand democracy so that the citizens can be more actively involved in the decisions. The municipalities of the future should find new ways to involve citizens and users in local decisions.

The reform is based on comprehensive groundwork. The recommendation of the Commission on Administrative Structure, which was followed by a broad hearing and debate, has formed the basis for the political process that has now resulted in this agreement on the general principles for the future public sector. Implementation of the agreement requires extensive legislative work.

The reform defines a new public sector where municipalities, regions and the state each have their own identity in terms of tasks. The state establishes the general framework. The municipalities will be responsible for tasks that involve the citizens directly and therefore become the primary access point to the public sector for citizens and companies. Five new regions will be responsible for the health care service, the instigators of regional development and responsible for solving major operational tasks for the municipalities.

The agreement will result in a reduction of the taxation levels from three to two.

The conciliation parties find that the agreement on a structural reform creates a joint and binding framework for further development of the public sector.

The parties have agreed to prepare a plan for a more detailed legislative implementation of the agreement by the end of September 2004.

In this connection, the government (the Liberal Party and the Conservative Party) and the Danish People's Party emphasize the importance of a broad majority for the implementation of the structural reform. The conciliation parties are therefore open to an expansion of the group of conciliation parties with parties who wish to accede to this agreement before the implementation plan is finalized at the end of September.

The government and the Danish People's Party have proposed to the political parties, who have declined to accept the conciliation agreement, that they accede to those parts of the overall compromise that are acceptable (without the right of veto) and thereby to participate in the legislative implementation within the areas in question so that legislation in connection with implementation of the structural reform will have the broadest majority possible.

Distribution of tasks in the future public sector

With this agreement, a fundamental reform of the public sector will be implemented. The counties will be dissolved and five elected regions will be established. Larger and more sustainable municipalities will be given the responsibility to handle most of the citizen-related tasks. The following section is a general description of the distribution of tasks. Reference is also made to later chapters where the distribution of tasks and responsibilities is described for the individual sector areas.

Within the social sector where the regions basically have been assigned responsibility for a number of the existing county institutions, a discussion will take place during 2006 between the committees responsible for preparing the new regions and the municipalities/integration committees with a view to investigating whether it would be expedient to transfer county institutions to the local municipalities where they are located from the commencement of the reform in 2007. In situations where a local government wishes to take over an institution, but an agreement cannot be reached, the division councils will make a final decision according to the guidelines that apply in these situations.

In connection with the new distribution of tasks which form part of the structural reform, the conciliation parties also note that there has been a gradual decentralization of tasks to the municipalities over the years. The parties agree that this development should continue. For this purpose, the liaison committee to be established between the region and the municipalities should at least once during each election period discuss whether responsibility for any social institutions in the region should be transferred to the municipality where the institution is located.

Municipalities

The municipalities will be responsible for solving most of the welfare tasks. Consequently, there is consensus about transferring a number of tasks from the counties to the municipalities as their increased size will enable them to solve more tasks.

Creation of new, strong municipalities establishes the basis for them taking on a more substantial role in relation to development of the local area. Increased professional sustainability in the municipalities implies independent handling of more technical and environmental tasks, a better infrastructure and improved business development.

The conciliation parties are in agreement that the municipalities in future should undertake a number of additional tasks:

- A strengthened role in the health care service where the municipalities are encouraged to make an effort to improve prevention, training and care.
- Any rehabilitation that does not take place during hospitalisation.
- Job centres to be established in collaboration between the municipalities and the Danish Employment Service (AF).
- Authoritative and financing responsibility for all social services for the citizens.
- Institutions for children and young people with social or behavioural problems.
- Authoritative and financing responsibility for special education.
- Special schools with the exception of national and regional schools.
- Authoritative and financing responsibility for most of the special education for adults.
- Business service.
- Increased responsibility for collective transport.
- Responsibility for the majority of the existing county roads.
- The majority of the current county tasks involving nature and environment.
- More competence within physical planning.
- More responsibility for local cultural activities.

Furthermore, the local governments will have the opportunity to solve a number of citizen-related tasks on behalf of other authorities in local service centres.

Regions

New regions become responsible for the health care service, including hospitals and the entire national health insurance service, general practitioners and specialists.

Furthermore, the regions will be assigned a number of positively delimited tasks involving regional development and solution of a number of tasks that the individual municipality is unable to solve appropriately.

The conciliation parties are in agreement that the regions should undertake the following tasks:

- Responsibility for the health care service, including psychiatric treatment and the entire national health insurance service.
- Responsibility for preparation of development plans including a general vision for the development of the region within the areas of nature and environment, trade and industry, tourism, employment, education, and culture as well as development in outlying areas of the region and in the rural districts. The regions will be able to coordinate activities in these areas and provide secretarial service for the new regional growth fora.
- Responsibility for a number of institutions for exposed groups and groups with special needs.
- Establishment of transport companies throughout Denmark. The transport companies will be responsible for the collective bus service in the region as well as the county railways that are not transferred to the state.

Finally, subject to agreement with the local governments, the regions can be contractors on local tasks that are naturally related to regional tasks where they have special skills, e.g. in rehabilitation.

State

In order to ensure coherence in task solution, certain tasks will be transferred to the state. As a result, responsibility for upper secondary schools and

higher preparatory examination courses will be placed in the state together with the other youth educations. The state will assume responsibility for the Adult Education Centres (VUC), Preparatory Adult Education (FVU), including education of dyslexics, nursing and radiography educations as well as social and health educations.

County knowledge centres, state knowledge and communication centres, The Danish Centre for Technical Aids for Rehabilitation and Special Education and the most specialised national and regional counselling services will organisationally be concentrated under one umbrella – a national knowledge and special counselling organisation – with an executive committee consisting of representatives from the state, regions, municipalities and consumer organisations.

Responsibility for the general road network will be concentrated in central government who will also assume responsibility for those county railways that are not transferred to the transport companies.

Taxation and debt collection will be concentrated in the state, but the day-to-day service of the citizens regarding tax matters will still be carried out by the municipalities.

In future, the state will undertake general administration and payment of EU structural funds. Finally, the state will be assigned a number of the tasks currently residing in the counties in the areas of environment, planning and culture.

Municipalities

Division of municipalities

The conciliation parties are in agreement that the ongoing transfer of tasks to municipalities since the last local government reform and the citizens' increasing expectations to the quality and efficiency of local services have created a need for larger municipalities. The need for larger municipalities has been further intensified by the transfer of tasks to the municipalities that the conciliation parties have agreed upon.

Furthermore, there is consensus that the merger of municipalities will reduce the need for municipal partnerships and create the basis for a clearer distribution of responsibilities and therefore a more transparent administrative structure for the civil society. In addition, the conditions for democratic control and cross prioritization of tasks will be improved.

The conciliation parties therefore encourage the smaller municipalities to merge into new and larger municipalities.

The Commission on Administrative Structure was of the opinion that municipalities with a minimum size of 20,000 inhabitants would provide the framework for satisfactory, professional sustainability in the solution of the most important current tasks.

Based on the conditions of this agreement where the municipalities are given increased responsibility, the conciliation parties find that a population of minimum 30,000 will be a good aim for establishment of new sustainable local governments. Establishment of the new municipalities should take correlation between cultural and business activities into account, and efforts should be made to include both rural and urban areas.

Municipalities with less than 20,000 inhabitants, which are not interested in a merger which could increase the population to a level of approximately 20,000 inhabitants, must enter into binding partnerships with one or more municipalities with a view to ensuring professional sustainability in task performance.

Binding partnerships

Binding partnerships implies delegation so that the local government(s) that delegate(s) tasks to another local government will retain responsibility, also financially, for the tasks as the assignment only applies to the practical performance. As responsibility is maintained in the delegating municipality, it will not be possible to concentrate all the employees within the individual fields in one municipality. Therefore, a condition for entering into a binding

partnership will be that the demographic basis is at least approx. 30,000 inhabitants to ensure the required professional sustainability in the municipality which has been assigned performance of the task in question.

Binding partnerships should as a minimum include: Employment, visitation within social services, special education in special classes, special education for adults, rehabilitation that does not take place during hospitalisation, and tasks within the area of nature and environment that the municipalities will be taking over from the existing counties. Binding partnerships for the above-mentioned tasks should include a permanent group of municipalities.

In order to facilitate one-tier performance of certain tasks, some of the current local tasks should also be included in the partnership. This applies to cash benefits for the unemployed, special education in special classes, visitation, etc.

A binding partnership can only be entered into with a geographically adjacent municipality.

The conciliation parties are in agreement that special considerations should be taken regarding the islands that currently constitute – or are in the process of establishing – one independent municipality and where the local council does not wish the municipality to be part of a merger. Consequently, these municipalities will be requested to submit proposals indicating how they will ensure sustainability through binding partnerships with municipalities on the mainland.

Feedback from the municipalities

The Danish Ministry of the Interior and Health will contact the local councils by 1 July 2004 requesting them to inform the ministry by 1 January 2005 how they propose to achieve the required sustainability.

Local councils in municipalities with less than 20,000 inhabitants should state which merger of municipalities they wish to participate in. If the local council does not wish to enter into a merger of municipalities, the council

should state with which municipality or municipalities binding partnerships will be made.

Based on the wishes of the local councils, division of the municipalities will be determined by the Minister for the Interior and Health pursuant to the provisions in a new law about division. A motion for the minister is being discussed by the conciliation parties. The conciliation parties have to agree on all important questions relating to the division.

Based on the agreements made by the local councils, a decision will be made as to which municipalities should enter into binding partnerships with each other.

If a municipality of less than approx 20,000 inhabitants has not made any agreement with one or more municipalities about a merger or a binding partnership, the Minister for the Interior and Health will make a decision on a merger in consultation with the municipalities involved and upon agreement with the conciliation parties.

Process for establishment of new municipalities

Elections for the local councils in the new merged municipalities and for the local councils in the other municipalities in the country will be held in November 2005.

The new, elected local councils in municipalities that are not included in a merger of municipalities will perform in accordance with the provisions of the Local Government Act and the Local Government Election Act effective from 1 January 2006 as local councils for the present municipalities.

In 2006 the elected local councils for the new, merged municipalities will have the role of integration committees with the authority to make preparations for the merger of municipalities.

Tenure for the local councils in the municipalities included in the merger of municipalities will be prolonged by statute by one year till the end of 2006.

The powers of the integration committees will be determined based on the authority bestowed on the integration committee in connection with the merger of municipalities on Bornholm.

In addition, it will be stipulated that some of the financial transactions of the current local councils, including large construction investments and supplementary appropriations, should be approved by the integration committees.

Consequently, the integration committees should be informed of the financial development, including liquidity in the merged municipalities.

The integration committees' administration expenditure, etc. in 2006 will be paid by the participating municipalities. Payment will be distributed according to the tax base.

The new division of municipalities comes into force on 1 January 2007.

Governmental issues

The number of members of the local councils for the new merged municipalities will be determined as requested by the local councils in the municipalities included in the merger if agreement can be reached about an uneven number of members of 25 to 31. In case of disagreement, the number of members will be fixed at 25 to 31 members for the first term of office of the local councils as follows:

- 25 members in municipalities with 20-40,000 inhabitants
- 27 members in municipalities with 40-60,000 inhabitants
- 29 members in municipalities with 60-80,000 inhabitants
- 31 members in municipalities with more than 80,000 inhabitants

For future terms of office (effective from 1 January 2010), the members of the local councils in all municipalities with at least 20,000 inhabitants should be an uneven number between 19 and 31 as prescribed in the bylaw, however max. 55 in the City of Copenhagen.

In municipalities with less than 20,000 inhabitants, the number of members will be the same as before.

Participatory democracy

Transfer of new tasks to the municipalities will create the basis for strengthening participatory democracy. Larger and more sustainable municipalities will also facilitate central government initiatives being based on specification of goals, framework and performance requirements rather than detailed government. This will provide more freedom to organise task performance locally.

The conciliation parties agree that the possibilities of the structural reform creating the basis for strengthening local democracy through increased citizen participation should be investigated. In collaboration with representatives from the local government, village associations and representatives from other associations, activities will be initiated to facilitate involvement of citizens and consumers in local decisions.

In this connection a further investigation will be made as to whether consumer organisations could be given more authority and whether the rules for appointment of community groups provide the required possibilities of involvement of local areas in the new and larger municipalities.

The conciliation parties agree that the voluntary organisations in Denmark promote that people with different qualifications become involved in binding communities and activities. Voluntary organisations in Denmark promote interest in collectiveness and are of crucial importance for a live democracy. Public authorities can set aside funds for strengthening and initiation of joint initiatives between the state and voluntary organisations or target funds for special tasks that these voluntary organisations can undertake. Public authorities have an obligation to try to avoid that it becomes unnecessarily difficult to perform a voluntary task.

Local financing sources

In addition to the financing sources available to the municipalities today, financing will be provided as follows:

- The share of the current county income tax that is not equivalent to the new health care contribution, cf. the section about regions.
- County land tax and the county's share of real property tax.
- County tax on public property will be adjusted with a view to establishing uniform rules throughout the country.

In connection with the assumption of these financing sources, the local block grant will be adjusted in order to balance local economy.

Local income tax will be imposed on the basis of the same levels of income as before. Local budgeting of the basis of income and equalisation may be simplified so that it becomes obligatory to use a government guaranteed tax base in budgeting. As a result of transfer of tax assessment to the state, equalisation will be based on the assessed income.

The structural reform will include implementation of an equalisation reform which will contribute to evening out the resulting shifts in the burden as much as possible. The size of the future municipalities, the type of municipalities to be merged, and the exact distribution of tasks will affect the equalisation. Division of municipalities is expected to be finalized during the first half of 2005. The exact distribution of tasks will be determined in connection with the reading of the bill during the session of the Danish parliament in 2004/2005, and a final decision on the distribution of tasks is therefore not to be expected until the actual division of municipalities.

In continuation of the committee's Recommendation no. 1437, it has been agreed to request the financing committee of the Ministry of the Interior and Health to make a proposal for modifications of the local grant and equalisation system, etc. taking into account the final distribution of tasks and the division of municipalities. On this basis, the government will submit

a specific proposal to be discussed by the conciliation parties with a view to presenting a bill.

In the deliberations of the financing committee, cf. the committee's Recommendation No. 1437, a number of possibilities could be considered to obtain a more satisfactory distribution of the burden, including:

- That the block grant in future is distributed by number of inhabitants and not by tax base. Such a modification should have the same neutrality of burden in case of cyclically induced changes of the block grant as today.
- That a symmetrical, cyclical regulation mechanism for the block grant is established to support budget cooperation.
- That the equalisation levels can be adjusted.
- That determination of the equalisation levels takes regional cost differences into account.
- That equalisation of expenditure can be broken down to facilitate use of different equalisation levels for different areas of expenditure in future.
- That new criteria for expenditure needs are introduced to reflect the changes in the task portfolio of the municipalities.
- That a form of equalisation for the capital is maintained that covers the metropolitan area around Copenhagen as a minimum.
- That it is assessed whether additional, local financing sources should be included in the equalisation.
- That the subsidies for municipalities with a low tax base and municipalities with special difficulties are assessed in the light of the other changes.
- That the contribution from VAT equalisation can be modified so that the contribution is set off against the block grant.
- That special schemes are avoided as much as possible.
- That changes in the equalisation system in general reflect the wish to strengthen financial incentives to take growth initiatives and avoid distortion.

The equalisation reform will be prepared on the basis of a municipality of min. 20,000 inhabitants. The basic bonus in equalisation of expenditure needs will be abolished and replaced by other criteria. For island municipalities, however, supplementary subsidies will be maintained.

In order to even out the distortion of the sharing of costs involved in implementation of the reform and to avoid sudden impacts on the economy of the individual municipality, the conciliation parties are prepared to ensure that the same kind of transitional schemes apply as was the case during the last equalisation reform in 1996. This means that compared to the tax percentage to be calculated for the merged municipalities in 2007, the annual loss due to the restructuring of tasks and financing will only be 0.2 per cent of the tax base.

Preparation of the financing system has taken into account especially costly, individual cases within the social sector. Consequently, a state reimbursement scheme for this type of large expenditures will be introduced. The financing committee has been requested to submit concrete proposals accordingly. Reference is made to chapter 8 about social services. A final decision regarding the reimbursement schemes will be made in connection with decisions on modifications in the grant and equalisation system.

If difficulties arise in connection with preparation of a financing scheme regarding social services, the conciliation parties agree to discuss the possibility of maintaining a basic rate system.

Regions

Establishment of regions

Five new regions will be established to be regulated by their own law. The law will prescribe the general framework for government of the regions and which tasks the regions should undertake.

The existing counties will be dissolved and the same applies to the Greater Copenhagen Authority (HUR) and the Copenhagen Hospital Corporation (H:S).

The following five regions will be established:

A region covering North Jutland which provisionally will be called "Region Nordjylland"

A region covering Mid Jutland which will be called "Region Midtjylland"

A region covering South Jutland/Funen which will be called "Region Syddanmark"

A region covering the capital and Bornholm which will be called "Region Hovedstaden"

A region covering the rest of Zealand, etc. which will be called "Region Sjælland".

The regional division will be prescribed by statute. The government proposal forms the basis for the division.

The conciliation parties have considered whether the regional division in North Jutland should be changed.

The parties are of the opinion that the region covering North Jutland according to the government's proposal will be sustainable considering the tasks assigned to the region, including the health care service. Therefore, the conciliation parties find that the government's delimitation of the regions in North and Mid Jutland can be the final solution. However, they are aware that the region in terms of population is smaller than the other regions.

Upon evaluation of the matter, the conciliation parties can point at a solution for a possible expansion where all the areas in North and West Jutland become one region around Limfjorden. However, the parties are of the opinion that such a solution should not be finalised before the affected areas have had an opportunity to submit their comments. Consequently, general and positive backup from the municipalities in the area is required if the previously specified delimitation of the region in Mid and North Jutland is to be changed.

In addition to the areas in Region Nordjylland indicated in the government proposal, such a combined region would consist of the municipalities Sallingsund, Sundsøre, Spøttrup, Skive, Fjends, Vinderup, Holstebro, Ulfborg-Vemb, Thyholm, Struer, Lemvig and Thyborøn-Harboøre.

The parties will consider the comments received about regional boundaries in September in connection with the discussion of the implementation plan. Decision on the division will follow the political procedure mentioned in connection with division of municipalities.

Regarding regional affiliation in the area around Vejle, the conciliation parties have noted that a referendum has been held in Vejle which indicated that Vejle should belong to the region of Mid Jutland.

However, for a number of reasons, the conciliation parties have decided to maintain the boundaries indicated in the government proposal.

Firstly, for professional health care reasons. Vejle Sygehus is an important factor in terms of medical education, offers of treatment and dissemination of professional health care skills in the entire region of southern Denmark and thus a prerequisite for maintenance and development of the faculty for health care science at the University of Southern Denmark. Secondly, there is a joint business development effort in the area called the triangle which Vejle is a part of. Finally, the parties find that Vejle could be the natural administrative centre for a region in Southern Denmark, cf. below.

If, in spite of these reasons, there is still a local wish to change the regional affiliation, the parties will be prepared to accede to local wishes. The final decision on this matter will also be made in connection with the implementation plan in September.

Nevertheless, there is general agreement that the exact delimitation of all the regions should be adjusted according to local wishes regarding mergers across the regional borders indicated.

Regarding location of the central administrations of the five regions, the parties agree that they should use the existing county administration facilities to avoid construction of new buildings. Central administrations should also be placed geographically to allow reasonable accessibility from all parts of the region.

Therefore, location of the central administrations of the new regions will be prescribed by statute in the same way as the current legislation regarding counties.

Central administrations for the new regions will be located as follows:

- for Region Nordjylland in Aalborg
- for Region Midtjylland in Viborg
- for Region Syddanmark in Vejle
- for Region Sjælland in Sorø
- for Region Hovedstaden in Hillerød

Furthermore, the parties agree that the interests of those towns that loose status as head office for the county administration in connection with the reform will be considered with the location of the following new decentralised state administrations:

- Regional state offices
- State tax centres
- Employment regions

There is general agreement that Bornholm in Region Hovedstaden should be given own responsibility for regional development tasks.

Process for establishment of new regions

In November 2005 elections will be held for the governmental bodies of the new regions.

Tenure for the county councils will be prolonged by statute by one year till the end of 2006.

In 2006 the new, elected governmental bodies will act as preparation committees with the powers to make preparations for establishment of the new regions. The committees will be responsible for adoption of the bylaws of the new regions, the procedures of the regional councils, the first budget of the regional councils, structure of the regions' administration, and any other decisions required to prepare establishment of the new regions. It will also be stipulated that some of the financial measures of the existing county councils, including large investments in construction and supplementary appropriations should be approved by the preparation committees of the new regions. Consequently, the county councils should keep the preparation committees informed of the financial development, including liquidity in the counties.

The county councils pay any costs involved in the administration of the preparation committees in 2006.

The new regions will be in operation on 1 January 2007.

Governmental issues

The number of members of the governmental body for the regions is fixed at 41.

Establishment of the regions and other governmental issues, including government system will be prescribed in the legislation about regions.

The governmental body for the region will be called the regional council and the chairman of the regional council will be called the chairman of the regional council.

In order to promote a good and ongoing collaboration between the region and the municipalities in the region, a liaison committee will be appointed

consisting of the chairman of the regional council and the mayors who will meet twice a year.

Regional financing sources

The economy of the regions will be divided into two separate parts: Health care and other tasks. Financing of these two areas will consist partly of grants from the state, partly of contributions from the municipalities in the region.

Health care

The majority of the regions (approx. 75%) will receive a *block grant from the state* for health care services. In order to give the regions equal opportunities to run the health care service, the grant will be distributed according to a number of objective distribution criteria reflecting the expenditure needs. These criteria will partly take into account the age composition of the population in the individual regions, partly the social structure that may have an influence on the need for health care services. The new distribution model will be introduced gradually over a five year period.

Furthermore, part of the state financing of the regions will be paid as a *state, activity-related grant*. The activity pool will be determined annually, but basically it only constitutes max. five per cent of the health care expenditure in the regions. The pool will strengthen the regions' incentives to create increased activity in the hospital sector.

In addition there will be a *local contribution to financing of the health care service*. With this local co-financing, the municipalities will be assigned a larger role in the health care service. Due to the co-financing, the municipalities will become more interested in initiating prevention and encouraged to relieve the pressure on health care service.

Local financing consists of a basic contribution, amounting to max. DKK 1,500 per inhabitant, and an activity-related contribution. The basic contribution will be determined by the regions according to a detailed

procedure, see below, and this contribution is expected to correspond to just under a tenth of the health care expenditure. The activity-related contribution is based on the citizens' use of the health care service and will primarily depend on the number of people discharged from the hospitals. The activity-related contribution is also expected to finance approximately one tenth of the total regional health care expenditure. The contribution is described in further detail in chapter 2 about health care.

In order to finance the main part of the regional and local health care expenditure, the state imposes a *health care contribution*. The health care contribution partially replaces county income tax and the remaining part of the county income tax goes to the municipalities. The health care contribution, which is based on the local tax base, amounts to 8%, and the proceeds are paid to the state which distributes the funds to the regions and the municipalities.

Other tasks

For financing of tasks involving development of the regions, the outlying areas and the rural districts, the regions will receive a block grant from the state based on criteria corresponding to the tasks, and they will also be allowed to charge a *development contribution* per inhabitant in the municipalities. The development contribution can amount to max. DKK 200 per inhabitant. This contribution together with the block grant can be used for development tasks at the regions' own discretion.

Finally, some tasks within social services and special education will be undertaken by the regions against payment of local rates.

Procedure for the regions' specification of contributions from the municipalities

Limits for the basic contribution to the health care expenditure and for the development contribution, respectively, will be prescribed by statute and regulated annually based on the rate regulation percentage. Contribution per inhabitant within these limits will be specified in the annual financial agreements. The government can establish a netting mechanism that ensures neutralisation of proceeds in excess of what has been agreed.

If the individual region wishes to increase the contribution in relation to the basis stipulated, the region must give notice accordingly in due time to allow for a dialogue between region and municipalities before a final decision is made in the region in question. The dialogue will be anchored in the liaison committee to be established between the region and the municipalities of the region. Two thirds of the municipalities of the region can veto increases of the contribution that exceed the regulated rate. The process will be planned so that the local basic contribution is known so far in advance that it can be allowed for in the local budgets. Furthermore, the time of the decision should be coordinated with the budgeting schedule of the municipalities.

The local basic contribution to the health care service is initially fixed at DKK 1.000 per inhabitant. The development contribution will initially be fixed at DKK 100 per inhabitant.

In connection with preparation of alterations in the local grant and equalisation system, these amounts will be used as a starting point.

A more detailed plan of the future financing schemes for the regions will be discussed in the financing committee of the Ministry of the Interior and Health before the legislation is implemented.

Credit facilities for the regions will be determined annually.

Management of expenditure in the regions

Financing will be predictable for the regional councils given the financing sources mentioned and with clear rules about financial management and economic balance, the regions can take measures to avoid deficits. If there is still a risk of a deficit, the regions shall promptly take remedial action. The regions can be put under administration by the Ministry of the Interior and Health if the deficit continues to build up in the same way as municipalities and counties today. This requires preparation of a financial restoration plan, possibly supplemented by a short-term access to loans. In this connection the Minister for the Interior and Health can decide on a temporary deviation from the fixed maximum for the local contribution to the region.

Increases in the local contribution as a result hereof cannot be vetoed by the municipalities in the region.

Transfer of staff and division of assets and liabilities in connection with transfer of tasks

Staff

There is general agreement to establish the most secure framework possible for the staff during the restructuring.

The employees will basically follow the task, i.e. employees involved in tasks that are transferred to another authority should be transferred to the same authority.

Furthermore, it will be prescribed by statute that all employees under a collective agreement, etc. will be covered by the Company Transfer Act. Basically, employees have to accept a new employer, and they cannot consider a change of employer as a dismissal. On the other hand, they have the right to continue employment with the new employer on the same terms as before.

The conciliation parties have noted that the Minister of Finance has informed the employees' organisations of the government's proposal for a structural reform and the consequences to the staff. They have also been informed that meetings will be held as required during implementation of the reform.

The conciliation parties emphasize that the involved MED-committees in the municipalities and counties as well as consultative committees in the state will be involved in accordance with the agreements to this effect in order to ensure that staff representatives will get the opportunity to discuss legal, financial and social consequences for employees affected by the reform. The conciliation parties encourage the parties on the public labour market to create the framework for joint discussions between the MED-committees in the municipalities and counties regarding questions relating to the time after the merger of the municipalities and the transfer of tasks.

Furthermore, provisions will be made so that local authority officials get employment with the new authority on terms and conditions that are equivalent to those they had previously.

The specific distribution of staff will be agreed upon between the authority that releases staff and the authority that takes in staff. The integration and the preparation committees constitute the receiving authorities in connection with the new merged municipalities and regions, respectively.

Furthermore, five temporary division councils will be established with three members each who will have the authority to make a final decision on distribution of staff in case of disputes between the affected authorities. The chairman will be appointed by the Minister for the Interior and Health. In addition, one member will be appointed by the Minister of Finance to participate in discussions about division where the state is involved. Two members will be appointed upon recommendation by the municipalities. In cases where the state is involved, the council consists of the chairman, a representative from the Ministry of Finance and a representative from the local sector involved in the division. When the case concerns issues between the state and the municipality, the council will consist of the chairman and representatives from these sectors. The state provides secretarial assistance required by the division councils.

Time limits will be stipulated in the legislation to ensure that all the employees will be advised of their new place of employment in due time before the transfer of tasks/merger of municipalities takes place.

Distribution of assets and liabilities

In connection with changes in the distribution of tasks, assets/liabilities related to task performance will be transferred from the ceding authority to the receiving authority. It will be necessary to define which assets/liabilities and rights/obligations are to be transferred to which authority.

The specific distribution of assets/liabilities and rights/obligations will be agreed upon between the ceding and the receiving authorities.

The temporary division councils mentioned above will be given the powers to make a final decision on distribution of assets/liabilities and rights/obligations in case of disputes between the affected authorities.

Time limits will be stipulated in the legislation as to when the final statements of assets/liabilities and rights/obligations should be ready so that the receiving authorities will have time to take appropriate action regarding contracts etc. that they will be entering into. The division councils will operate until the end of 2007 in order to make decisions in questions of doubt that may arise after commencement of the reform.

Transfer of tasks between the state and the municipalities before 1 January 2007 will be treated as normal transfers of tasks with the usual negotiations based on the expanded total balance principle.

Further initiatives related to the reform

Local service centres

Legislation will be implemented to facilitate establishment of local service centres to handle tasks involving citizen service across the state, regions and municipalities.

Barriers in the legislation that are inappropriate for the performance of tasks for the citizens in the local service centres will be removed. In this connection, exchange of information between relevant authorities will be facilitated. Please see chapter 15.

Reform of the regional governmental administration - including the supervisory and appeals structure

The current provisions regarding state counties and state county directors will be repealed. As a result of the agreed changes of structure and distribution of tasks, five new regional government offices will be established under the Ministry of the Interior and Health to handle tasks involving family and personal rights, free legal aid, appeals, etc. cf. chapter 18. The name and location of the offices will be determined in connection with the implementation.

The new regional government offices will have the same geographic borders as the regions. Each of the five new regional government offices will be headed by a director who will be responsible for the day-to-day management and for ensuring availability of the required skills to handle the tasks assigned to the office.

In order to simplify the citizen service, a number of adjustments of the distribution of tasks will be made in the area of family law. Establishment of the new regional government offices will be made gradually as the state counties are finally closed down by the end of 2006, cf. chapter 18.

The parties attach importance to a regional balance in the location of public workplaces. Therefore, location of the regional government offices will be related to the location of the central administration of the new elected regions. Branch offices will be established where the distance between the regional government office and the citizen makes it necessary.

Location of these and the new general tax administration in 25-30 tax centres will be coordinated with the location of other public workplaces, cf. the goal regarding a regional balance in the location of public workplaces

Establishment of an evaluation institute

The parties agree that the potential of the new structure for the public sector should be fully utilised. An independent evaluation institute will be established to systematically follow up on decentralised, public task performance and to publish comparisons of the results.

The institute should provide a joint anchoring of knowledge about solution of public tasks and improved comparisons across the municipalities and thereby create more openness and transparency in the public sector.

It is a prerequisite that the institute works closely together with other relevant knowledge and research institutions.

The purpose of the institute's evaluations and analyses is to compare and assess decentralised task performance in the public sector and to support local efforts to enhance efficiency and utilisation of resources in task performance through improved financial management. In this way politicians will have the best possible basis for decision making, and the citizens will receive the best possible quality in the public service for their taxes.

The evaluation institute will be established by statute under the Ministry of the Interior and Health following discussions with the municipalities. The institute will have a consultative committee, an executive committee and a day-to-day management. By 1 July 2005 at the latest, an executive committee will be appointed in order for the evaluation institute to be operational from 1 January 2006.

The German minority in North Schleswig

The German minority in North Schleswig is a national minority in Denmark. The historical status of the minority implies that special considerations need to be taken.

The current financial grant that supports the cultural and social activities, etc. of the German minority will be maintained.

The government and the German minority will discuss how to facilitate the minority's continued, local, political involvement. The discussion will be based on a model where it will become statutory for the future Region Syddanmark and for future municipalities in North Schleswig to appoint a special committee with representatives from the minority to protect the interests of the German minority similar to the committees appointed according to section 17, 4, in the Danish Local Government Act.

Transitional schemes – in general

For each sector, cf. the individual chapters, transitional schemes have been made to ensure reasonable time to plan the future takeover of tasks.

It is to be expected that it will be possible to reap financial gain from the merger of municipalities and establishment of the new regions that will benefit the merged municipalities. However, the transition will also involve non-recurrent costs.

As a result of the fact that there is no time correlation between non-recurrent costs and lasting financial gain, the following special financing options will be made available upon submission of an application:

- Loans with specific limitations. The loans are to be paid back within a few years. The integration committees will be able to obtain dispensation to take loans or enter into rental agreements, etc. in 2006.
- Limited possibilities of extraordinary subsidies for exposed municipalities included in a merger. The supplementary subsidy will be financed through the block grant.

Other organisational or financial issues regarding the restructuring

In connection with decisions on transfer of tasks, the financing system and division of municipalities, it will be possible to calculate the new tax percentages that will ensure balance in relation to continued financing of an unchanged average expenditure level in the merged municipalities. In order to avoid unintentional slides in the tax and expenditure levels in connection with the reform, the parties are prepared to set an upper limit for local taxes corresponding to the calculated level during the transitional period. This will ensure that all taxes remain stable during the restructuring.

The Minister for the Interior and Health will also be able to decide on a differentiation of tax payment in the new merged municipalities during an interim period based on the rates of the original municipalities if any inappropriate financial measures have been taken in one or more of the merging municipalities or if other arguments justify such a differentiation.

For the first years after a municipal merger, the Minister for the Interior and Health will be able to make dispensations so that the service level in the

merged municipalities for a transitional period can vary in the different parts of the municipality if there are any practical difficulties involved in harmonization.

In order to avoid unintentional effects of the local government reform, a mayor, who has only been in office during this election period – and is still a mayor during the period from 1 January 2006 to 31 December 2006 – but has been elected to the local council in a merged municipality during the first election period, will be entitled to pension at the expiry of the election period on the same terms as those mayors with an 8-year term of office.

Legal implementation of the agreement

General framework

The legal implementation of the agreement should create a new framework for public task performance. The parties agree that the reform should not result in higher taxes or increased public expenditure. Changes in distribution of tasks will be made based on the principle that the reform is neutral when it comes to expenditure and the funds follow the tasks. This should ensure that the authorities taking on new tasks will be compensated by the authorities giving up the tasks. The distribution is made on the basis of the annual accounts for 2003/2004, adjusted for price and wage inflation, any new legislation, changed demography, etc., cf. the normal expanded total balance principles.

Time schedule

Implementation of the agreement requires a large amount of legislative work including comprehensive coordination across the ministries. Bills regarding the agreement on a structural reform will be introduced to the conciliation parties by the Minister for the Interior and Health before they are submitted for a hearing and presented to the Danish parliament.

The required bills about distribution of tasks and division will be submitted to the Danish parliament in January or February 2005 at the latest when the government has received information from the local councils about specific wishes regarding mergers and binding partnerships to be adopted by the Danish parliament before the end of the session in 2004/2005. If required,

the conciliation parties are prepared to try to postpone the start of the period where the parliament has no meetings.

Regional division and the new act on division of municipalities will be included in this legislation. Local division and any resulting changes of the regional borders will be determined administratively by 1 July 2005 at the latest. The conciliation parties will be involved in the decision about the final local and regional division, see above.

The entire reform will be implemented as a gradual transition from the existing structure and distribution of tasks to the new structure. However, the new geographic structure should be in place by 1 January 2007.

The time schedule for the restructuring in general is as follows:

- On 1 January 2007, the regions will take over responsibility for the hospitals, including psychiatric treatment and the National Health Insurance Service.
- Within the employment sector, a process will be initiated to establish job centres throughout the country.
- Upper secondary schools will be transferred to the state concurrently with the school reform which becomes effective from the school year 2005/06.
- Adult Education Centres (VUC) will be transferred to the state together with upper secondary schools from the school year 2005/06.
- Preparatory adult education, nursing and radiography educations as well as social and health educations will be transferred to the state as per 1 January 2007.
- In the social sector, the municipalities will take over all the administrative tasks and the responsibility for financing social services on 1 January 2007. On this date the regions will also take over the existing social institutions in the counties with the exception of institutions for children and young people who need to be placed outside their own homes due to social or behavioural

problems. This also applies to institutions that according to decisions made in 2006 will be transferred to the municipalities where they are located. At a later stage, a further development in terms of transfer of tasks from the regions to the municipalities may take place.

- On 1 January 2007, the municipalities will take over the authoritative and financing responsibility for special education, special education for adults and special pedagogical assistance for small children. The regions will take over the existing regional and national county institutions that offer special education for children, young people or adults. The municipalities will also take over the remaining county institutions except those involving education of dyslexics which will be transferred to the state.
- Within the business sector, changes will be implemented as per 1 January 2007 where the local occupational service will be anchored in the local governments and the regions will establish growth fora to cover the entire country.
- By 1 January 2007 at the latest, the regions should have established transport companies responsible for those local and regional bus services and county railways that are not transferred to the state. A general transport company will be established to cover the Copenhagen area (excluding Bornholm) and Region Sjælland. On 1 January 2007, the county railways outside the Copenhagen area will be transferred either to the state or the transport companies based on a specific assessment and after a discussion with the regional council in question.
- The majority of the existing county roads will be transferred to the municipalities on 1 January 2007 and a smaller part to the state.
- County tasks involving nature and environment will be distributed between the state and the municipalities as per 1 January 2007.
- Within planning, the guidelines for the current regional plans ("Regional Plans 2005") will have legal effect as national planning directives as per 1 January 2006. Administration of planning will be maintained in the counties/Greater Copenhagen Authority until 1 January 2007. Consequently, "Regional Plans 2005" will become

the national planning directives and constitute the general guidelines for local planning for a transitional period until the municipalities have updated their local plans according to the new rules.

- Tax and collection will be concentrated in central government. Transfer of tasks will take place during 2005. The exact time will be prescribed by statute.
- Changes within the cultural sphere will come into force on 1 January 2007.
- The state counties will be closed by the end of 2006 as five new regional government offices will be opened on 1 January 2007 to handle supervision and appeals, etc. During the period up to 2007, tasks from several state counties and management of these counties can be assigned to the director for the coming government offices.
- Division and financing reform on 1 January 2007.

The reform applies until it has been implemented in the individual sectors. Subsequently, the parties are at liberty to make changes in public task performance.

Constituency

Implementation of the structural reform creates a need to look at the current division of constituencies. After a discussion with the parties of the Danish parliament, the Minister for the Interior and Health will therefore take the initiative to appoint a constituency commission, who in the light of the new division of municipalities should consider the need for changes of the current division of constituencies and make proposals accordingly.

2. Health Care

The conciliation parties wish to support and promote a strong, public health care service that offers patients unrestricted, equal and free access to prevention, examination, treatment and care at a high professional level. Furthermore, the health care service should provide high quality and high level education and research.

Therefore, the conciliation parties agree on the following distribution of tasks and responsibility:

- The regions should have responsibility for the hospitals, the general practitioners and other health insurance schemes as well as psychiatric treatment.
- The regions will have uniform conditions for solution of tasks within the health care sector. Health care services will primarily be financed through a block grant based on objective criteria for expenditure need, a smaller state activity pool, and local co-financing.
- The National Board of Health will be responsible for providing strong national coordination and improved concentration of the most specialised treatment.
- Central health care authorities will be responsible for ensuring systematic follow-up on quality, efficiency and IT application in the health care service based on common standards.
- The municipalities will be responsible for prevention, care and rehabilitation that do not take place during hospitalisation. The municipalities should be able to find new solutions especially within prevention and rehabilitation, e.g. in the form of health care centres.
- The municipalities and regions will be obliged by statute to cooperate about treatment, training, prevention and care. Obligatory health care agreements should include agreements on the discharge procedure for weak, elderly patients and for prevention and rehabilitation.

- The municipalities will pay a contribution for financing of the health care service which gives them further incentives to make an extra effort within prevention, training and care.
- The local co-financing consists of a basic contribution per inhabitant and an activity-related contribution.

Larger regions are better equipped professionally and financially to take on the responsibility for the hospitals in accordance with the recommendations from the government's consultative health care committee and the Commission on Administrative Structure, and a combined Copenhagen region will be better equipped to provide efficient coordination of the efforts in the entire Copenhagen area.

Fewer regions will provide a better basis for concentrating more treatments, exploiting the benefits of specialisation, and ensuring better utilisation of the limited staff resources. Furthermore, it will be easier to fulfil the common, national quality standards. The possibilities of establishing electronic case records to ensure exchange of accessible information about the patients will be improved. The new regions will also have sufficient professional and financial sustainability for high level research and education.

Research is an integral part of task performance in the health care service. Therefore, all the regions should be obliged to support high quality and high level research. The distribution of research funds should strengthen the research environments and provide the opportunity for the individual regions to develop their core competences.

Competence and responsibility to plan the health care efforts in the individual regions lie with the elected councils in the regions. The elected councils will be responsible for making a large number of decisions about regional health care services, e.g. prioritisation between treatment areas, physical organisation of the services, management principles for the hospitals, collaboration between the hospital service and the general practice sector, etc. It is also important that there is a general coordination of larger investments and expansions in the hospital service.

Focus should be placed on promotion of health and prevention. The municipalities should be able to find new solutions especially within prevention and rehabilitation, e.g. in the form of health care centres.

If the regions close hospitals, it should be considered whether available capacity could be used to establish and develop new local solutions within care, prevention and rehabilitation, e.g. as health care centres to be established in partnership with the health care regions. It will be specified exactly how to give the municipalities the opportunity and the time to react on decisions about closure of hospitals enabling them to coordinate local services with performance of other tasks in the health care service.

National coordination of specialty planning and quality

It is important that treatments originate from the highly specialised departments concurrently with development of the necessary routine on the basic level in the hospital service or in the primary sector. It is also important that there is coordinated use of highly specialised resources in the health care service and that the treatments offered meet the same high quality standards.

Suggestions from the central health care authorities regarding highly specialised types of treatment, e.g. location of treatment facilities for cancer and heart patients, will therefore be binding for the regions. Based on the recommendations from the government's consultative committee and the Commission on Administrative Structure, the central health care authorities will specify certain standards for quality and application of IT in the regions.

Activities have been initiated to establish a Danish model for quality development in the health care service which will set standards for quality and ensure accreditation of the health care service. These activities should be maintained in a close collaboration between the central health care authorities, the regions and the municipalities. The National Board of Health will define specific requirements to standards, etc.

The central health care authorities define requirements for IT application standards in the health care service with a view to ensuring quick implementation of electronic case records in order to establish coherence in the systems across the regions. This will contribute to a positive patient process all the way through the health care system and ensure the best possible quality of the records of the health care service.

Local responsibility for rehabilitation

The municipalities assume responsibility for and financing of any training and rehabilitation that do not take place during hospitalisation. This task can be performed in own institutions, in private establishments or, upon agreement, in public hospitals. The specific framework for rehabilitation should be stipulated in the statutory health care agreement between the region and the municipalities see below.

The hospitals will continue to prepare plans for rehabilitation to define which type of rehabilitation the individual patient is entitled to. The plan is the patient's security that a targeted effort will be made after the patient has been discharged from the hospital. The plans for rehabilitation will include a professional assessment of the functional level of the individual patient before and after rehabilitation.

In order to create financial neutrality between rehabilitation during and after hospitalisation and to avoid cash considerations, the municipalities will contribute to the financing of rehabilitation during hospitalisation through a basic rate model based on relatively few rates. Financing of rehabilitation is not included in the rate for hospitalisation of DKK 3,000, see below.

Increased cooperation between regions and municipalities

It is crucial for a positive and coherent patient process that cooperation between the hospitals, the general practitioners and the municipalities is efficient and stable.

Therefore, a statutory cooperation between municipalities and regions will be established in the form of obligatory, regional health care agreements to support the required coherence between treatment, prevention and care.

The obligatory health care agreements should include agreements on discharge from the hospital for weak and elderly patients, agreements on the social service for people with mental disorders, and agreements on prevention and rehabilitation.

The health care agreements will be anchored in the regional consultative committees consisting of representatives from the region, the municipalities in the region and private practices. The regional consultative committees can be used to resolve disputes, for example about the service level, professional indications and visitation criteria in the area of training, and create the basis for a continuous dialogue about planning of the effort.

The health care agreements should live up to requirements defined by central government, and service goals for the joint effort should be published.

Membership of the Negotiating Committee of the National Health Insurance Service will enable the municipalities to influence the collective agreement system and thereby ensure that more services are targeted at local needs, e.g. within social medicine.

A financing system that supports quality and coherence

The state pays a block grant to the regions based on objective criteria for the expenditure need. This gives the regions uniform financial conditions for tasks solution within the area of health care. Financing of the regions primarily originates from the block grant which gives the regions the freedom to prioritise and plan the effort. Part of the financing is reserved for a state activity pool that is paid on account to the regions and reduced according to fixed rates if the regions do not perform an agreed activity.

Systematic and publicly available productivity analyses at regional, hospital, department or any other relevant level should clarify the ability to provide

value for money. The productivity analyses will become an important management tool ensuring that the best methods become known quickly. Furthermore, service declarations will create full openness about quality, services and facilities at the hospital wards.

In order to improve coherence between the health care service and local tasks, the municipalities will have a partial payment responsibility for the health care service.

Local contribution to financing of the health care service will consist of a basic contribution per inhabitant and an activity-related contribution. The scheme has been described in detail in the section about financing of the regions.

A partial payment responsibility for treatment of their own citizens, which depends on how much the citizens use the health care service, will give the municipalities the incentive to make an extra effort within the area of prevention, training and care.

The activity-related local payment goes to the region and includes:

- Hospitalisation (max. DKK 3,000/each)
- Obligatory rate for treated patients
- Out-patient treatment
- Rehabilitation
- Psychiatric treatment
- National health care insurance (general practitioners, etc.)

Those municipalities that manage to reduce the need for hospital treatment through an efficient effort within prevention and care will be rewarded by having to pay less for hospitalisation of their citizens. The citizens will benefit from more needs being fulfilled properly in the immediate environment close to their own home and their own doctor.

Reducing unnecessary hospitalisation and ensuring that treated patients are discharged as quickly as possible will be accomplished by making the current care rate, which the counties today charge the municipalities for treated patients, obligatory both for somatic and for psychiatric patients.

Local co-financing of health insurance services and local representation in the Negotiating Committee of the National Health Insurance Service support the correlation between the private practice sector and the municipal effort, e.g. a closer interaction between general practitioners and the municipalities (in the area of sickness benefits, in home care, etc.).

Transitional schemes

In order to ensure a gradual and flexible equalisation of the existing differences in the financial situation in the regions, the new subsidy model will be introduced gradually on the basis of objective criteria over a period of five years.

3. Employment

The future employment system will be organised with local job centres so that citizens and companies have one access point to employment activities.

There is general agreement about the following central elements:

- One access point for citizens and companies. All the citizens and companies who need help and service use one local job centre.
- Local job centres constitute an independent unit and perform tasks for companies, employees and unemployed – regardless of the earning level. The centre has the following general responsibilities:
 - Advise companies and employees about jobs and education.
 - Contact companies, including the role of agent for new employees and support in connection with recruitment.
 - Visitation, re-visitation and contact as well as support in connection with job search.
 - Prepare job plans and provide active offers.
 - Procure offers, including tenders, and follow up on performance and results.
 - Focus on the actual availability of the unemployed.
- Separating job performance and money (remuneration). Assessment of citizens' entitlement to public subsidies and specification of the amount will not take place at the job centre.
- Focus on the needs of the unemployed – not which unemployment fund they use.
- Strong unemployed should get jobs – not become clients. Unemployed with good job opportunities should get jobs and only have limited contact with the job centre during the first months.
- Coherent performance so that the employment effort goes hand in hand with social services, if necessary. It should be possible to combine social, health care and employment services for all target groups.
- Central management and supervision of the employment effort to ensure correlation between the national employment policy and the

local effort:

- Focus on results and effects of the employment effort. A new national measurement system will be established to evaluate results and effects of the employment effort.
- Central government in four regions with the possibility of intervention if results fail to materialize at local level. The region makes the framework for obligatory tasks performance for objectively delimited target groups. With own funds the region ensures efficient prevention, removal of bottlenecks and a fast and active effort in case of major company closures.
- The labour market parties should have an influence on the employment effort at central, regional and local level.
- Unemployment insurance funds maintain their current responsibilities in terms of payment of benefits and assessment of availability and provide advice, guidance and service to their members.
- The new employment system should ensure that the employment effort for citizens and companies is as efficient as possible during the entire process.

Everything under one roof: Cooperation between the Danish Employment Service and the municipalities about the entire employment effort

A cooperation between the Danish Employment Service and the municipalities about joint job centres will be established throughout the country so that citizens and companies have one access point to the employment effort. One access point for everyone - for the unemployed who need a job, for the citizens who would like another job, and for the companies who need employees or those who want to retain employees.

Close to 1.2 million citizens are currently in contact with the local government or the employment service every year. Therefore, it is important that the employment effort in future takes place close to the citizens and the companies. The strong unemployed should have jobs and not become clients. The unemployed with good qualifications should only have limited contact with the job centre. The unemployed on the edge of the labour

market should be offered jobs combined with a social subsidy if required. No one should be left unattended.

Cooperation between the Danish Employment Service and the municipalities will be based on the following model:

There is general agreement about the following:

Joint job centres all over the country

- All over the country, the Danish Employment Service and the local government will move into joint job centres and enter into a binding partnership about the employment effort.
- Local job centres constitute one common access point for all target groups. The job centre will undertake citizen and company-related tasks. Quality and professionalism in task performance requires a sufficiently large demographic basis for each job centre.
- A new coherent employment system will be established covering the entire country based on local job centres using the same logo, standards and methods.
- The state finances all expenditures to those unemployed with insurance and the municipalities finance expenditure for other target groups through a state reimbursement.
- The state will be the responsible authority for the insured unemployed, and the municipalities the responsible authority for other target groups.
- All employees in the job centre can solve tasks for any target group.
- The job centre undertakes tasks for all local target groups. In addition, the job centres will as a minimum be responsible for all the general service tasks (registration, CV, job search, guidance, etc.) for the insured unemployed.
- In situations where the job centre needs special expertise, it can refer the individual to another provider, to other local administrations or to one of the 40 job centres assigned special tasks.
- Central government makes the Danish Unemployment Service system available to municipalities all over the country, including

employees, resources, etc. and has the final responsibility for the state tasks being performed in the joint job centres.

- The local element of the job centre will be organised as an independent administration. The local council has the final responsibility for local tasks being solved in the joint job centre.
- The municipalities shall cooperate with the Danish Unemployment Service and the Minister of Employment will be authorized to stipulate minimum requirements to the cooperation.

Up to 40 job centres with special responsibilities

- In up to 40 locations in the country, joint job centres will be established between the state and larger municipalities to undertake tasks for all the local target groups and the insured unemployed. These 40 job centres will be responsible for a number of special tasks for insured unemployed referred from surrounding smaller job centres, i.e. people with a risk of long-term unemployment, complex job plans, etc.

10 pilot job centres

Approx. 10 pilot job centres selected from the 40 job centres will have special responsibilities where central government is the responsible authority for the insured unemployed through the local governments.

Evaluation of the new employment system

It has been agreed to make an evaluation of the new employment system. The purpose of the evaluation is:

- To document experience and effects from the three types of job centres (job centres, job centres with special responsibilities and pilot job centres).
- To contribute to providing a more efficient employment system, including:
 - A more efficient utilisation of resources and skills
 - More focus on results and effects of the effort
 - Efficient utilisation of methods and tools
- Evaluation of the new employment system will take place at two

levels:

- Partly as a general cross evaluation of the job centres based on a number of centrally defined success criteria
- Partly through a number of consumer surveys in the job centres
- The evaluation will focus on:
 - Effects and results of the effort
 - Organisation and management of the tests
 - Joint visitation
 - Joint contact process
 - Joint company contact
 - Joint use of other suppliers
 - Activation
- Evaluation will take place continuously in the period from 2007 till the end of 2010.

The conciliation parties have an understanding regarding the details of the implementation.

4. Upper Secondary School and Higher Preparatory Examination Course

The conciliation parties wish to ensure improved coherence in the youth educations and a good and accessible range of educational options for everyone. Concentrating all the youth educations in central government makes it feasible to create uniform management and a framework which facilitates a more extensive cooperation between the different institutions, when appropriate due to professional and local conditions.

The conciliation parties therefore agree on the following principles for the future distribution of tasks and responsibility:

Private institutions

- Upper secondary schools and higher preparatory examination courses will be placed in the state. After a transitional period, institutions will become private and taximeter financed in a new and modernised form.
- A new executive committee with a majority of external representatives primarily from the local area (region, municipalities and trade and industry) and from higher educations will become responsible for management of the institution after the transitional period. The executive committee makes decisions about the capacity of upper secondary schools and higher preparatory examination courses and about the specific range of studies and optional subjects within the given financial framework. Management responsibility also includes any decision on expansion or recommendation to the region and the Minister of Education about closure of the schools or courses in question.
- The executive committee of the institution also becomes responsible for employment and dismissal of the principal, who undertakes the day-to-day management of the institution, teachers and other staff members, whereas central government has the general responsibility relating to collective agreements.
- Upper secondary schools and higher preparatory examination

courses will have the day-to-day management responsibility, including decisions on capacity and admission. Upon approval by the region, binding partnerships will be established between the institutions about capacity, range of educational options and allocation of students.

- Subject to approval of the studies and optional subjects stipulated by the Minister of Education, the institutions shall provide the required broad range of studies and optional subjects.
- The free choice of upper secondary school and higher preparatory examination course will remain unchanged.

Regions

- In collaboration with the institutions, including the binding partnerships between upper secondary schools and higher preparatory examination courses, the regions should coordinate the effort in terms of the geographic location of the educational facilities in the region and the capacity with a view to ensuring a sufficient and varied range of educational options for everyone. The following basic educations will be included: upper secondary examination (Stx), higher preparatory examination course (hf), higher commercial examination course (hhx), higher technical examination course (htx), basic vocational training, basic agriculturist training and the basic social and health educations.
- In addition to the binding partnerships between upper secondary schools and higher preparatory examination courses, the regions will be responsible for coordination of the allocation of students at these institutions. Allocation of students will take into account the student's wishes regarding school, study and optional subjects as well as time of transport to the school.
- The regions will have the right to recommend a location for new upper secondary schools, higher preparatory examination courses and any other youth educations. The Minister of Education makes the final decision on the geographic location.
- The tasks of the regions will be financed through a combination of a development contribution and a reduced block grant within the

current financial framework.

State

- Maintenance of a uniform national quality and standard.
- Central government will continue to undertake the pedagogical supervision of upper secondary educations.
- Central government has the overall responsibility for finances and provision of offers.
- Through subsidies, the central government finances operation of upper secondary schools or higher preparatory examination courses.
- The Minister of Education is responsible for approval of the range of educational offers based on professional and financial sustainability and geographic location, including for example whether higher preparatory examination courses should be able to provide individual subjects or whether the adult education system should be able to offer 2-year higher preparatory examination courses.
- The state will have the overall responsibility for the range of studies and optional subjects. The Minister of Education will be authorized to give the individual institutions a final order to offer specific studies and optional subjects.
- In collaboration with the institutions and the regions, central government will be responsible for ensuring that there is a sufficient and varied range of educational options for everyone.

Analysis of the management system

- Prior to the conversion to private ownership and financing by taximeter, a general analysis will be made of the control system (private and taximeter financing and interaction with educational rules and the supervisory authorities).
- The general analysis of private ownership and taximeter financing also includes the question of employee representation in the executive committees of the private institutions of education. Students and employees at upper secondary schools will have the

same right of representation in the executive committee as students and employees at technical and vocational schools.

Reform of the management system

- Based on the analysis of private ownership and taximeter financing, the management system will be modernised in order for the system to be more supportive of the educational goals, i.e. that as many people as possible start and complete a high quality youth education, that the range of youth educations is broad and varied, and that resources are used efficiently.
- When the upper secondary schools and the higher preparatory examination courses are converted to taximeter financing, it will be taken into account that the upper secondary schools as "mono institutions" basically are more vulnerable to fluctuations in intake and activities than the technical and vocational schools. Financial management will also take into account the professional profile of the existing upper secondary schools so that the intentions included in the reform can be implemented throughout the country.

Transitional schemes

- Transfer of upper secondary schools to central government will take place concurrently with commencement of the upper secondary school reform effective from the school year 2005/06.
- After a transitional period of 2½ years, management of institutions and finances will be harmonised with management of the other state institutions of youth education, i.e. upper secondary schools will become private and financed according to a taximeter system.
- Central government should approve the collective agreements that are expected to be made in the spring of 2005. If necessary, a special authorisation will be made in the legislation during the autumn of 2004.

Educational Guidance for Young People

- Also in future, Educational Guidance for Young People together with the primary schools and the various youth education facilities will play an important role in ensuring that all young people get

good advice and counselling and that as many young people as possible get an education.

5. Adult Education Centres (VUC) and Preparatory Adult Education (FVU)

The conciliation parties wish to support improved coherence in adult education. A uniform framework for adult education centres and vocational institutions will be established, the latter currently being the main suppliers of basic adult education and vocational adult education, respectively, to business degree level.

The conciliation parties therefore agree on the following principles for the future distribution of tasks and responsibility:

- Central government takes over responsibility for the education centres for adults, and the institutions will become private and financed according to a taximeter system in a new and modernised form.
- Preparatory education of adults will be anchored in the existing adult education centres and the operational responsibility will be transferred to central government.
- Adult education centres will be converted into private institutions with an executive committee responsible for the range of studies and admission as well as buildings and finances, etc.
- Today, adult education centres in most counties are organised with only one or a few main adult education centres and a number of local centres. With a central government anchoring, organisation of adult education centres in one main centre and a number of local centres will remain unchanged. The executive committees of the individual institutions will make decisions on organisation of the educational facilities to ensure coordination with the region.
- Operation of adult education centres will be financed by the state through activity-related taximeter subsidies.
- Central government will maintain management of content and supervision, etc.
- In order to ensure that the different types of educational facilities will be able to retain their special identity, the type of tasks the

- institutions can undertake will be delimited.
- Through its policy, central government will ensure a broad and varied range of adult educations in the entire county so that the adult education environment currently being provided by the adult education centres will not be diminished.
 - The adult education centre will continue to cooperate with other adult education centres, institutions for business education (vocational and technical schools and labour market centres) as well as other places of education in a local community. The institutions will get more uniform rules and thus a better basis for cooperation.
 - In cooperation with the institutions, the regions should coordinate the effort, including capacity and geographic location of educational facilities in the region with a view to providing a sufficient and varied range of adult educations for everyone.
 - The tasks of the regions will be financed through a combination of a development contribution and a smaller block grant within the current financial framework.
 - The state will continue to be responsible for central management of contents and supervision, etc. thereby ensuring that the educations provided by the adult education centres are of the same high quality throughout the country. The institution's executive committee and management will have the operational responsibility for the individual institution.
 - Responsibility for that part of adult education that includes education for people with dyslexia will be transferred to the state and governed by the Preparatory Adult Education Act. Visitation for dyslexic education will be undertaken by the adult education centres. In this way education for adults will be concentrated in one place. Responsibility for making collective agreements concerning preparatory adult education and education for dyslexics will be transferred to the adult education centres. In this connection, rules will be established to ensure that there is a broad range of options close to the citizens.
 - The existing organisation and financing of the adult education

- centres will basically be transferred to the state unchanged.
- Transfer of adult education centres to the state will take place concurrently with the transfer of upper secondary schools effective from the school year 2005/06.
 - The state must approve the collective agreements that are expected to be made in the spring of 2005. If necessary, a special authorization to this effect will be made in the legislation in the autumn of 2004.
 - After a transitional scheme of 2½ years, management of institutions and finances will be harmonised with the management of technical and vocational institutions, i.e. adult education centres become private and taximeter financed. Prior to the conversion to private ownership and taximeter financing, a general analysis of the management system will be made (privately owned and taximeter financing and the interaction with the educational rules and the supervisory authorities) with a view to ensuring a broad and varied range of high quality educations throughout the country and efficient use of resources. In this connection, it will be taken into account that adult education centres as "mono institutions" basically are vulnerable to fluctuations in intake and activity.

6. Nursing and Radiography Educations

The conciliation parties wish to strengthen the quality and the interaction between the various health care educations and the popular cross-disciplinary skills in the health care sector and to provide a geographically widespread selection of medium-term health care educations.

The conciliation parties therefore agree on the following principles for the future distribution of tasks and responsibility:

- Responsibility for management and operation of institutions for nursing and radiography educations will be placed in central government.
- Nursing and radiography educations can be anchored in Centres for Further Education.
- Together with the municipalities and regions, central government specifies the annual admission rate to the education and hereby ensures that the need for qualified health care staff is met.
- There will still be a need for coordination of the tasks involved in the radiography education. The radiography schools in the counties of North Jutland and Funen have already been allocated to a Centre for Further Education.
- The Minister of Education can order a Centre for Further Education to offer specific professional, higher educations at certain educational facilities. This authority will in future include nursing and radiography educations.

7. Social and Health Educations (SOSU)

The conciliation parties wish to promote a clearer and more transparent correlation between the vocational youth educations and to make sure that a sufficient and skilled workforce is available in the social and health care sector throughout the country.

The conciliation parties therefore agree on the following principles for the future distribution of tasks and responsibility:

- Responsibility for management and operation of institutions for social and health educations will be placed in central government.
- After a transitional period, management of the schools will be harmonised with the other institutions for vocational youth education.
- Basically, the educations will be available at the same institutions as today.
- The educations will still include training at school and in practice, and the admission requirements will remain unchanged. The current differences in terms of content and finances between the individual institutions for social and health educations will be evened out. This means that the conditions will become more uniform regardless of where the education takes place.
- Dimensioning of education places for basic training and for trainees will still be made on the basis of the need for qualified staff within the health care sector. The need for health care staff with private suppliers will to a greater extent be included in the assessment of the total need for education places.
- Educational affiliation with the primary users in the municipalities and at the hospitals will be maintained. The responsibility of the municipalities and the hospitals to provide the majority of the trainee places will be maintained, and dimensioning of education places will still be made on the basis of the need for qualified staff. Consequently, based on a dialogue with the region, the Minister of Education will be authorized to order the region and the

municipalities to establish a minimum number of trainee places. Furthermore, it would be desirable to promote the use of trainee places with private suppliers within the health care sector.

- Municipalities and regions will also be represented in the executive committees of the institutions of education.
- Long term it will be possible to integrate the educations in the technical and vocational educations to the benefit of both social and health educations and other vocational educations. This will facilitate flexibility and possibly transfer of merits across the educations.
- In cooperation with the institutions, the regions should coordinate the effort, including geographic location of educational facilities and capacity in the region with a view to providing a sufficient and varied range of educational options for everyone.
- Educations that, upon agreement with Diakonissestiftelsen, are completed at the deacon colleges in Århus, Dianalund and Frederiksberg will remain unchanged.

8. Social Services

The conciliation parties wish to create a clear and unambiguous distribution of responsibility in the social sector and to ensure that social tasks will be solved in a more qualified way in the immediate environment and in close interaction with other services. The wide range of services and the special expertise available to the citizens and municipalities today should be developed and supported.

The municipality where the citizen resides will be responsible for giving the individual the help that he/she requires.

The regions will be responsible for maintaining and developing services that the local government is unable to provide in a professionally sustainable manner.

In order to ensure a coherent and comprehensive collection and development of knowledge, counselling and guidance of citizens and municipalities and an overview of all the special counselling options available, a knowledge and special counselling organisation will be established. Organisational concentration of the national knowledge centres will facilitate development of knowledge and special counselling for the groups of disabled people.

The conciliation parties therefore agree on the following principles for the future distribution of tasks and responsibility:

Responsibility for the citizen and anchoring of services and institutions

- The municipalities have the financial and the authoritative responsibility in the social service sector.
- The regions have the duty of provision and development as they, basically, run all the existing county institutions in the region, including secure facilities for young criminals, services for children with disabilities, services for the mentally ill with a large need for help, care or treatment for a long period of time as well as treatment for alcohol and drug abuse. Furthermore, the regions will

take over the rights and obligations of the counties in relation to the private institutions in these areas.

- The other existing county institutions for children and young people who need to be placed outside their own homes due to social or behavioural problems will be the responsibility of the municipality where the individual lives. Furthermore, the municipalities will take over the rights and obligations that the counties have in relation to the private institutions in these areas.
- The City of Copenhagen and the City of Frederiksberg as well as the regional municipality of Bornholm maintain their current institutions.
- Each municipality will be responsible for ensuring that the required social services are available for their own citizens either in their own institutions or by purchase of treatment elsewhere, including the services provided by the regions.
- The regions will be responsible for adjustment of capacity and services and institutions in the region, including any new services. Furthermore, the region has the responsibility for continuous, professional development of the contents of the services corresponding to the development of the needs. The regions' obligation to arrange for provision and professional development of services and institutions is based on annual statements from each of the local governments in the region that describe the requirements and the municipalities' expected need for available places in the regions. The statements form the basis for an annual framework agreement between the municipalities and the region that determine the adjustment and development responsibility of the region. The local governments may still choose to establish and run services and institutions themselves.
- Capacity and composition of the most specialised national services must be coordinated by the regions in concert.
- The regions should prepare a development plan for the very large social institutions. The plan will be made on the basis of discussions with the municipalities in the region.
- A service portal will be established by central government with a

list of all the local and regional services and all the approved private services. Operation of the service portal will be financed by the state.

- The visitation municipality has the responsibility for personal supervision, i.e. supervision of the individual citizen. The conciliation parties will discuss the framework for institutional supervision in further detail.
- The existing appeals procedures will be maintained.

Financing

- The municipalities will have full financing responsibility, however with a central reimbursement scheme, see below. Regional services will be financed by the municipalities. The principles for payment for regional and national services will be determined after a discussion with the local and regional parties.
- A central reimbursement scheme will be introduced to ensure that very large expenditures in individual cases are not imposed on the municipality. This scheme applies to all social services ranging from the unspecialised to the very specialised services. The scheme will be financed jointly and severally by the local governments through regulation of the block grant. However, final specification of the reimbursement scheme will be made in connection with the modifications of the grant and equalisation system. The financing system should reflect the fact that the municipalities will be more financially sustainable than with the current basic rate system.
- State reimbursement will be maintained within the areas where it applies today, i.e. reception centres and crisis centres for women.

Knowledge and counselling

- The County Knowledge Centres, the State Knowledge and Communication Centre and the Danish Centre for Technical Aids for Rehabilitation and Special Education and the most specialised national and regional counselling services that are independent of specific institutions will organisationally be placed under one umbrella – a national organisation for knowledge and special

counselling with an executive committee consisting of representatives from the state, regions, municipalities and consumer organisations. The type of special counselling to be provided by the organisation will be discussed in the municipalities, regions and consumer organisations.

- The organisation for knowledge and special counselling will collect, develop, process and communicate knowledge to the municipalities and institutions and assist the municipalities and the citizens with recommended special counselling in complex individual cases. This service will be provided partly via a number of satellite organisations under the Organisation for Knowledge and Special Counselling around the country and partly via networks consisting of employees elsewhere, e.g. in hospitals.
- The national and regional special counselling functions attached to the Institute for the Blind and the Partially Sighted, Refsnæsskolen, the Children's Clinic, etc. will remain attached to these institutions, but their counselling function will be part of the Organisation for Knowledge and Special Counselling.
- The municipalities will undertake any other counselling for the citizens and may apply to the central Organisation for Knowledge and Special Counselling and to the regional institutions for support.
- Handicap advisory boards will be established in all the municipalities to advise the local council regarding general issues within this area. The boards will consist of representatives from the municipality and from handicap organisations upon recommendation from the Danish Council of Organisations of Disabled People.

Transitional scheme

- The basic rate model with development councils consisting of representatives from municipalities, regions and consumer organisations will be maintained during the transitional period. A development council will be established in each region. The councils should follow the development in the area for a transitional period of four years.

- For a transitional period of four years, the development councils will be obliged to prepare an annual report about the area to be submitted to the Ministry of Social Affairs. The report to the Ministry of Social Affairs should include an assessment of the development in the region.
- The first report is to be submitted by 1 March 2008 at the latest. More detailed rules about the duty to report will be prescribed in an executive order.
- The reports will enable the Minister of Social Affairs to determine whether the municipalities live up to their responsibilities. On this basis, the Minister of Social Affairs can use the options available, e.g. start a dialogue with the local government or, if necessary, contact the supervisory authorities.

9. Special Education

The conciliation parties wish to ensure that decisions on special education are made as close to the citizens as possible and that the correlation between special education and normal education is strengthened.

If children and adults need special education, the municipality in which they live will be responsible for offering the special education required.

The regions are responsible for maintaining and developing the national and regional services in order to ensure availability and development of knowledge.

The conciliation parties therefore agree on the following principles for the future distribution of tasks and responsibility:

Responsibility for the citizen and anchoring of services and institutions

- The municipalities will finance and undertake special education, special education for adults and special pedagogical assistance for small children.
- The regions will be responsible for provision and development due to the fact that they will be running the existing national and regional institutions that offer special education for children, young people or adults. The institutions will be operated by the regions where they are located. This applies to services for people with serious sight and hearing disabilities, cf. the list of institutions.
- The City of Copenhagen maintains its current two institutions, cf. the list of institutions.
- The remaining, existing primary and lower secondary schools (special schools) in the county and the institutions that offer special education for adults with the exception of offers for dyslexics will be the responsibility of the municipality in which they live.
- Municipalities without the relevant services available can buy places for special education, e.g. at schools in other municipalities and regions or use private services.

- The regions are responsible for adjusting capacity and for the services and institutions in the regions, including creation of new services and planning of special education for example for people with a mental deficiency. Furthermore, the region is responsible for continuous professional development of the contents of the services as the need arises. The regions' obligation to provide and develop services and institutions will be based on annual reports from each of the municipalities in the region that describe the requirements and the municipalities' expected use of places in the regions. The reports will form the basis for an annual framework agreement between the municipalities and the region that specify the adjustment and development responsibility of the region.
- Capacity and composition of the most specialised services nationally and regionally should be coordinated by the regions in concert.
- Central government will continue to specify the goals and content of education in primary and lower secondary schools as well as special education for adults and special pedagogical assistance for small children.

Financing

- The municipalities will have full financing responsibility for all the special educations.
- Regional services will be financed by the municipalities. More detailed principles for payment will be determined after a discussion with the local and regional parties.

Appeals

- Access to appeal at primary and lower secondary school level will be expanded to include any special education, i.e. children in special schools or special classes.
- The existing access to appeal will be maintained for special education for adults.
- In future, the existing appeals body for higher special education will also become the appeals body for the special education

performed in special classes and special schools pursuant to the Act on the Folkeskole, Section 20, 1, and pursuant to the Act on Special Education for Adults.

Special education for adults

- Responsibility for special education for dyslexic adults will be transferred to the state and it will be governed by the Act on Preparatory Adult Education. At the same time, visitation for education of dyslexics will be transferred to the adult education centre. In this way all the educational offers for adults with reading difficulties will be concentrated in the adult education centres at central government level as private institutions.
- Responsibility for operating agreements for preparatory adult education and education of dyslexic adults will be transferred to the adult education centre. Rules will be established to ensure a broad selection of services close to the citizens.
- Responsibility for the remaining elements of special education for adults will be placed in the municipalities. Specific anchoring will be specified, including the possibility of transferring some types of special education for adults to the rehabilitation provided by the municipalities, e.g. speech training as a result of brain damage and elements from the special education for adults for people with problems of movement, sight or hearing, people with speech, voice or language difficulties, people with general learning disabilities and people with mental disorders. It is a requirement that no expansion of existing tasks and obligations is made.

Transitional scheme

- The regional development councils consisting of representatives from the municipalities, regions and the consumer organisations will follow the development of special education in the region for a period of four years.
- For a transitional period of four years, the development councils will submit reports to the Ministry of Education. The report should include an assessment of the development in the field.

- The first report should be submitted by 1 March 2008 at the latest. More detailed rules about the duty to report will be prescribed in an executive order.
- The reports will enable the minister to assess whether the local governments live up to their responsibility of authority. On the basis of a report, the minister can start a dialogue with a local government or, if necessary, involve the supervisory authorities.

List of special educations, etc. (national and regional institutions)

- The Children's Clinic (City of Copenhagen): Counselling, etc. for small children with a hearing disability, other communication disabilities and any additional handicaps on Zealand.
- The Centre for the Deafblind (County of North Jutland): Educational and housing services for deaf children, young people and adults in Jutland.
- Fredericiaskolen (County of Vejle): Educational services for deaf children and children with hearing disabilities in Jutland.
- Geelsgaardskolen (City of Copenhagen): Educational services for children and young people with serious motoric disorders, acquired brain damage, the deafblind, etc. in most of Denmark
- The Institute for the Blind and Partially Sighted in Denmark (City of Copenhagen): National service for young people and adults with impaired sight.
- Kolonien Filadelfia (County of West Zealand): National and regional service for children, young people and adults with epilepsy admitted to the Epilepsy Hospital.
- Nyborgskolen (County of Funen): National continuation and boarding school for young people who are deaf or have a hearing impairment.
- Refnæsskolen/Synscenter Refnæs (County of West Zealand): National service for children, young people and adults with impaired vision.
- Ålborgskolen (County of North Jutland): National and regional educational service etc. for children and adults who are deaf or have a hearing impairment and for autistic children.

- The school at Kastelsvej (City of Copenhagen): School for children who are deaf, hard-of-hearing or have a hearing impairment with additional functional disablement.

10. Trade and Industry

The conciliation parties wish to strengthen local and regional growth in the entire country and to create a more coherent and simple structure that ensures quick and efficient case handling of problems that the companies face every day. Development of local growth will be anchored in the region with the obligation to involve local trade and industry, local governments, the labour market parties and the knowledge institutions in a growth environment. In this way the regional efforts within business development will get a strong and broad local ownership.

The municipalities will be responsible for local business service where closeness and daily contact with the users are a priority. The regional business effort, including tourism, will be anchored in growth fora in the five new regions in which a number of stakeholders will participate. Central government continues to be responsible for the general growth policy, including cross coordination between business, education, transport and employment policies within the framework of the national growth strategy.

- The regions will establish growth fora consisting of up to 20 representatives from the region, the municipalities, local trade and industry, knowledge institutions and the labour market parties. It is important that local trade and industry and the knowledge institutions are strongly represented in the groups. The regions can establish several growth fora within the same region and two regions may establish growth fora together. The regions decide whether the chairman of the growth forum should be an elected representative from the region (e.g. the chairman of the regional council) or a representative from the business sector. The regions provide secretarial service for the growth fora.
- The growth fora must
 - prepare a regional business development strategy based on the strengths and weaknesses of the region in relation to the business structure and the central growth environment. The strategy is part of the basis for the regional council's develop-

ment plan and via the region, it constitutes an element in the national growth strategy.

- continuously monitor the development of the regional growth environment to facilitate preparation and adjustment of the business development strategy.
- develop and prioritise initiatives to improve the local growth environment, including development of the outlying areas by recommending to the region how to use the funds available in the region for business purposes and to the state how to prioritise EU structural funds.
- The regions will receive block grants which, in combination with a development contribution and EU structural funds, can finance regional business activities within the current financial framework. The regional business effort can basically be financed by EU structural funds for which central government has the overall responsibility, regional funds for the purpose, local funds and co-financing from the trade and industry and the knowledge institutions.
- Whereas local promotion of tourism will be anchored in the municipalities, development of regional promotion of tourism will be the responsibility of the region upon recommendation from the growth fora.
- The outlying areas should have a high priority in the activities of the growth fora. Efforts will be made to make sure that their share of the EU funds will be at least the same as today.
- Generally, cooperation across borders will be organised in cross-border units in accordance with the guidelines of the EU Commission for the coming Intergovern. programme period 2007-2013. This applies to the Danish/German cooperation and the Danish/Swedish cooperation in the Øresund region. Activities involving development of the Danish/German cooperation and those in relation to the Øresund region will be anchored in the relevant regions in Denmark and in central government.
- Local business service will be anchored in the municipalities.
- The state will be responsible for the national growth policy,

including general administration and payment of EU structural funds. Each year central government will present a prioritisation framework to the regions in which EU structural funds are distributed to the individual regions according to a specific scale.

11. Collective Transport

The conciliation parties wish to make it easy and simple to use collective transport. Therefore, a clear distribution of responsibility will be established for train and bus services. The tasks will be anchored so that the responsible authorities have the tools and the incentive to create the best possible transport solutions for the civil society:

- The regions will be responsible for establishing transport companies all over Denmark. The transport companies will get the overall responsibility, including fares, for the local and regional bus service and the county railways that are not transferred to state level.
- Transport companies can be established in collaboration between several regions or more transport companies can be established within one region. The transport companies cooperate on the stretches that cross boundaries between regions.
- Correlation between train and bus services will be ensured and expanded in general through coordination of the time schedule and long-term plans made by central government and the transport companies.
- A combined transport company will cover the Copenhagen area (excluding Bornholm) and Region Sjælland. Special rules will be made for the municipalities' contribution to transport on Zealand where the contributions will reflect objective distribution criteria. A collaboration structure will be established in the Copenhagen area to ensure correlation between the different means of transport.
- The executive committees of the transport companies will consist of representatives from the region(s) and the municipalities with the latter having the majority. The regions cannot be vetoed in issues that may affect their economy. The individual municipality will be able to influence the supply of bus services within its own boundaries against taking on a significant share of the financing responsibility.
- Both municipalities and regions contribute to financing of the

transport companies. It will be taken into account that local conditions may justify other financing models.

- Regional tasks will be financed through a combination of a development contribution from the local governments and a block grant from the state.
- County railways outside the Copenhagen area will be transferred either to the state or to the transport companies after a specific assessment and discussion with the regional council in question. The transport company covering the Copenhagen area also takes over responsibility for railway services within the Copenhagen area.
- The state will be responsible for the majority of the train service and the railway network and determine the level of fares (except for the county railways that are not transferred to state level).
- All the bus services will remain based on contracts with private bus companies. The existing ticket system for busses and trains will be maintained in the new structure based on the agreement model applied today outside the Copenhagen area. This will ensure a reasonable balance in the contribution margin when fixing the fares for bus and train services, respectively.
- Long term, efforts should be made to establish a more simple and easy fare system in collective transport. The goal is to establish a joint fare system for the entire collective transport system in the country. This objective should be seen in the context of the plans to establish a national electronic travel card.
- Development of fares should be subject to a limitation so that the fares in future on average do not exceed the price and wage inflation.
- Legislation about transport companies will prescribe when the fare system should be specified and the level of the fares subject to the mentioned limit.

12. Roads

The conciliation parties wish to make administration of public roads more simple and clear. The structure should provide closeness of the administration and a coherent general network for traffic between larger cities, traffic junctions and international traffic.

- The existing approx. 10.000 km of county roads will be distributed between the municipalities and the state based on objective criteria.
- The majority of the existing county roads will be transferred to the municipalities. Consequently, this applies to all local roads, including county roads with local characteristics, i.e. roads with little traffic and many access roads.
- The general road network will be the responsibility of central government. The state road network should have efficient connections to and from the most important traffic junctions, including ports, airports and border crossings. In addition, central government will be responsible for:
 - Roads that are important in terms of business logistics and distribution systems.
 - Roads that in terms of traffic and functions are related to the international road network, especially seen in the light of the increasing international trade and the need for efficient handling of transit traffic through Denmark.
 - Stretches of road that involve tasks to support a flexible labour market, including increased commuter traffic.
- Local offices under the Danish Road Directorate will ensure continued local presence and contact in the state road network.

Transitional schemes

In connection with transfer of the county road network to the municipalities and the state, it will be necessary to consider continuation of existing plans and contracts related to the county road network.

Agreement on a Structural Reform

Basically, existing operating and maintenance contracts will be in force until expiry, and a scale will be agreed upon based on the key figures used when the contracts were entered into.

In connection with actual construction projects, a specific assessment will be made of the existing plans and contracts. Basically, the existing contracts will remain in force as is the case for operations.

13. Nature and Environment

The conciliation parties wish to ensure a simplified distribution of work that creates more local commitment and responsibility regarding task solution within nature and environment and safeguards general national and international interests. Distribution of work is based on a number of fundamental principles:

Central government will undertake those tasks that involve significant national and international natural and environmental interests, require special knowledge, and only occur relatively infrequently.

The region plays a major role in the physical development of the region and should ensure sustainability of the development. The regional development plans should include special objectives regarding nature and environmental interests in the region.

Specific authoritative and citizen-related tasks will be concentrated in the municipalities to the extent possible. This also applies to the environmental sector where the local government will be the authority that citizens and companies can contact in most cases.

Furthermore, the general rule is that when legal protection and uniformity are the most important factors, the tasks will be placed in central government, and when it is more important to ensure local availability, the tasks will be placed in local government.

These general principles lead to the following distribution of tasks:

State

Central government takes on the overall responsibility for sector planning and special tasks involving authority. The role of central government will be strengthened in a number of areas, including Denmark's international obligations, large national interests and technically complex issues.

Consequently, it has been agreed that the responsibilities of central government include:

- Coastal zone administration, beach protection and the preservation of dunes. As these are national issues, they will in future be the responsibility of central government.
- Supervision of all the local waste water outlets and waste disposal plants with the largest risk of pollution. Central government will also be responsible for issues regarding the obligation to supply pursuant to the Water Supply Act.

Municipalities

Most of the existing county tasks involving nature and environment will be placed in the municipalities either in relation to existing local activities or as new coherent tasks. Consequently, there is general agreement that the tasks of the municipalities will include:

- The majority of specific authority and enforcement of the Environmental Protection Act and the Water Supply Act.
- Maintenance of streams and authoritative tasks in relation to streams. The tasks will be concentrated in the municipalities who already have the authority related to private and local streams pursuant to the Streams Act.
- The provisions in the Nature Conservation Act regarding protected types of nature, building and protection lines except coastal protection and rules about public access, including supervision and enforcement.

Regions

- The regions will have the right to a hearing and the possibility to make comments related to state proposals for planning pursuant to the Act on Environmental Goals and the Water Supply Act. Within these areas, the regions will also have the role of coordinator in relation to the municipalities' proposals to the central government and the role of mediator in relation to specific planning of

activities. In addition, the regions can undertake other professionally correlated tasks.

Approval and supervision of a number of very complex companies will be made by central government. Other approvals and supervision pursuant to the Environment Protection Act will be made by the local governments. A committee will be appointed with representatives from the Ministry of Environment, the Danish Agricultural Council, Danish Industry, CO Industry, the Danish Society for Nature Conservation, Local Government Denmark, the Association of County Councils in Denmark, the Ministry of Financial Affairs, and the Ministry of Economics and Business Affairs to clarify whether the central government or the local governments are responsible.

14. Planning

The conciliation parties wish to simplify physical planning and to involve citizens, companies and stakeholder organisations in the planning process.

The new and larger municipalities should be responsible for a larger share of physical planning. The local plan will be the document where citizens and companies can obtain information about rules, etc. for use of land in the area. The regions must make sure that the municipalities coordinate their planning activities. The regions should also be assigned the required authority to make a more general and strategic development plan for the region. The new development plans will become the centre of focus for the regions' new role as instigators of development. The role of the state will be to ensure that overall interests are considered in the planning process. The prerequisites for regional and local development plans should be defined by statute (planning and sector laws).

An ongoing dialogue will be required between the municipalities and the regions about the regional development plans. This dialogue can be anchored in the liaison committees to be established between the municipalities and the regions.

Municipalities – a stronger local planning process

The municipalities will have a very central role in the new planning reform where the local plan will become the principal type of plan.

- In future, the local plan will be the physical document containing the limitations on use of land that is the result of the local government's own decisions and the restrictions due to regional and central government decisions.
- The current regional plans will be replaced by regional development plans, and the municipalities will have the authority to plan detailed aspects of the existing regional plans.
- The local plan should contain goals and guidelines for development in the urban and rural areas.

- The local plans should be implemented within the framework of the regional development plan, meet national and international requirements and form the basis for planning in close interaction with the civil society.
- The legal restrictions in planning of the local governments cover coast protection lines, stream protection lines, forest building lines, etc. and the provisions included in the coming water plans and Natura 2000, Section 3 areas, conserved areas, EU habitat and bird protection areas as well as stream regulations.
- The municipalities will have the opportunity to present a proposal for physical planning to central government.
- The municipalities will be able to raise objections to planning proposals of adjacent municipalities if the proposal is of major importance to the development of the municipality. Disputes can be brought before the region that makes a final decision.

State – overview and general interests

The state will have a more active role in safeguarding general interests in a more decentralised planning process. Central government will be obliged to check that both regions and municipalities observe current legislation regarding the protection of nature and the requirements in other sector legislation, implement Denmark's international obligations within the area of planning and nature, and make sure that the municipalities respect goals and conditions in the regional development plans. For this purpose, the planning authority of the central government will be strengthened.

- Overall national planning and planning within the area of nature and environment will be placed in central government. A number of general interests, e.g. coast protection and utilisation of raw material resources will be governed by the Planning Act and the Sector Acts. Central government will also be responsible for assessments of the environmental effects of hazardous production plants and other companies where central government has the power of approval.
- A few specific planning tasks regarding public infrastructure and

construction of national and regional importance will be the responsibility of central government based on planning proposals from the municipalities and the regions. Central government will continue to make sure that international obligations within the nature and environment sector are observed.

- Conditions for the municipalities' planning will be specified by the Danish parliament in the Planning Act and the Sector Acts with a view to maintaining the existing goals for development. In certain areas, legislation will be expanded with provisions to safeguard the interests that are currently included in the guidelines of the regional plan. As to retail trade, current practice will be maintained.
- Central government will have the right and the obligation to raise objections against local plans and regional development plans that are not in accordance with general interests.
- The Copenhagen area is a coherent urban area across municipal borders, where central government in proposals for local planning must specify general principles for urban development and recreational facilities, etc.
- Local government decisions on domestic animals pursuant to the rules of assessment of environmental effects should be approved by the Ministry of the Environment for a transitional period of two years from commencement.

Regions – development and coordination

In their new role as instigators of development, the regions should develop a new type of plan, the regional development plan, to be the centre of focus.

- The regions will be responsible for preparing regional development plans which should be a new and strategic tool that covers general and overall aspects of relevant issues relating to the development of the region. The development plans should be a source of inspiration and an umbrella for development initiatives in the region.
- The development plans should include an overall vision of the regional development within the sectors of nature and environ-

ment, trade and industry, including tourism, employment, education and culture, as well as development in the outlying areas of the region and in the rural districts.

- The development plans of the regions could for example include the future physical development of the region (taking into account sustainability of the development), cultural and leisure activities and development of natural amenities for recreational purposes. In addition, the development plans will be based on the regional business development strategies prepared by the growth fora.
- The development plans will partly be supported by the regions' ability to take financial and strategic action, partly by the specific authority that will ensure safeguarding of general regional interests.
- As part of the development plan, the regional councils must prepare maps indicating for example urban development, including both housing and business areas, special recreational facilities and infrastructure, etc. with a general and not a precise indication of the location.
- The municipalities should follow these general indications in their planning process, but the regional councils can raise objections against the specific plan if it is deemed to be contrary to the regional development plan.
- The regions will have the right to a hearing regarding central government planning initiatives and the opportunity to propose new planning initiatives to the state and the municipalities in the region.
- The regions will have the role of coordinator in relation to the municipalities' proposal for national planning. The regions will have to mediate between the municipalities that disagree on the planning and to make a final decision in situations where an agreement cannot be reached.
- Regional development plans should be prepared observing the rules and the framework stipulated by central government, e.g. in national planning directives and other planning decisions.

Transitional scheme

A transitional scheme will be established. The plans of the current counties and the "Regional Plan 2005" of the Greater Copenhagen Authority will be maintained as they will become legally effective as a national planning directive. "Regional Plan 2005" will then constitute the overall guidelines for the planning activities of the municipalities for a transitional period until they have updated their local plans according to the new rules. The new local plans will be made during the first election period up to 2009.

15. Improved Citizen Service

The conciliation parties wish for the citizens to have a public sector that is accessible when they need advice, guidance and service. In most cases, citizens should be able to go to one place regardless of which public authority or administration has the final responsibility.

Local governments should be able to solve tasks in adjoining task areas on their own behalf and on behalf of other authorities.

Legislative barriers for development of such a citizen service should be removed to the extent possible.

The conciliation parties presume that the local governments organise one or more service centres to handle the most important citizen services.

The conciliation parties agree on the following principles for implementation:

- Digital self service solutions are made in all citizen-related task areas.
- The most important citizen services for the regions and the state will be concentrated in the municipalities who will establish service centres to handle these tasks.
- Existing barriers for a coherent task solution will be removed.
- A proposal will be made for a "Service Centre Act" that lays down the rules for the service centres' authority regarding solution of tasks for other public authorities, including rules for exchange of personal data.
- When applying for a passport or a driving licence, citizens submit a photo and an application and pay the local government. The police maintains the production and authoritative tasks.

16. Taxation

The conciliation parties wish to create an open and general tax administration with citizens and companies in focus. Guidance, information and control should be of high quality, and information and services should be available 24 hours a day.

The conciliation parties therefore agree on the following principles for the future distribution of tasks and responsibility:

- Responsibility for taxation will be concentrated in central government.
- Citizen service will take place in local service centres and in state tax centres.
- Local citizen service will take place in service centres in the municipality where it will be included in the normal tasks performed in the centres, and the staff will be employed by local government.
- State tax centres form the basic axis in the new structure and perform general tasks within the area of taxes, duties and customs.
- To the extent possible, tax centres will be established at the existing local tax assessment centres/communities and the current regions of the tax and customs authorities with due consideration to geographic location, use of staff skills, building facilities, a high professional level, and a strong assessment ability.
- Some tasks are so extensive that it would be natural to place them in all the tax centres whereas other more specialised tasks can be solved in selected tax centres.
- Central planning and management functions for the total assessment will still be performed by the Central Customs and Tax Administration which will be the superior body.
- Digital solutions will be developed so that citizens and companies to an increasing extent can handle tax problems on the internet or via a call centre.
- A new appeals system will be established with a coherent appeals access for tax problems. This will be based on the existing appeals

structure with two administrative appeals bodies for taxes (the local tax appeals tribunal and the National Tax Tribunal), however, adapted to the new structure.

- Collaboration between the tax authorities, the police and other public authorities about abatement of crime and social fraud will remain a high priority issue.

Collection

The conciliation parties wish to strengthen legal protection and consistency in collection, taking weak citizens and social clients into consideration so that they will only be contacted by one authority.

Therefore, the conciliation parties wish to create a one-tier collection system that ensures a uniform and fair process according to the rules of the law.

The conciliation parties therefore agree on the following principles for a new distribution of tasks and responsibility:

- One collection authority will be established to handle all public debts.
- The task should be solved in the most appropriate way using as few resources as possible.
- In cases involving collection of public debt, citizens and companies should only be contacted by one authority.
- Collection still lies with the authority who has the claim. The individual authorities therefore perform the collection procedure in the same way as today.
- Focus in the collection task will be directed at the companies and citizens who consciously try to avoid payment of debt or where the use of resources is expected to correspond with the estimated proceeds.
- Social considerations in connection with collection will be placed in the municipalities. Therefore, collection of local debts will still be the responsibility of the municipalities until these options have been exhausted. This also applies to assessment of whether a debt

- should be turned over to the collection authorities.
- Improved IT tools will be made available to the collection authorities to facilitate assessment of the financial circumstances of the individual and thus his or her financial abilities.
 - If the circumstances of the debtor change after transfer to the collection authorities, it will be possible for the collection authorities to withdraw the claim or to suggest that the collection procedure be intensified.

The tax and collection task will be concentrated in central government. Transfer of tasks will take place during 2005. The exact time will be prescribed by statute.

17. Culture

The conciliation parties wish to promote a rich and varied cultural life based on local commitment and due consideration to cultural policies.

With a view to ensuring a coherent general strategy for cultural activities, central government should have more responsibility for cultural institutions of national and international importance.

In addition, the parties wish to improve the possibilities of meeting local wishes and needs within the cultural sphere. Therefore, the tasks regarding culture should to the extent possible be performed locally in the municipalities.

Based on the government proposal, the conciliation parties therefore agree on the following principles for task performance within the cultural sphere:

- In future, local governments should be responsible for financial support to the local areas and institutions that are present in almost all municipalities, e.g. music schools that will become mandatory in connection with implementation of this reform.
- As a general rule, the municipalities should have the main responsibility for subsidies to the areas and institutions that are anchored locally and have no special national purpose or function, e.g. museums with a normal subsidy scheme (Section 15 museums).
- In future, the state should, as a general rule, be responsible for financial support of the areas and institutions with a special national purpose or function, e.g. the regional theatres and the theatre schools associated with the theatres in Odense and Århus.

In connection with the regions' role as the driving force in the regional development, the regions will be given the opportunity to promote and develop cultural events to be continued by other parties on a more permanent

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basis. These activities will be financed within the financial framework that the counties currently use for the same purpose.

18. Location of other Tasks

The conciliation parties wish to concentrate the below-mentioned, naturally correlated tasks in order to create more simplicity, quality and cooperation in task solution.

Other minor tasks that are currently being undertaken by the counties, including subsidies to private institutions, etc., will basically be transferred to the municipalities. For a transitional period of four years, the tasks will be financed in such a way that the state takes over the counties' subsidies and passes them on to the institutions in question. At the end of the transitional period, these subsidies will be transferred in full to the block grant for the municipality. During the transitional period, attempts will be made to establish agreements regarding local support for continuation of institutions, etc.

The governmental regional administration

- Current provisions about state counties and directors will be repealed.
- Five new regional government offices will be established to undertake supervision and appeals. The tasks will be transferred from the state counties and the National Social Security Agency. In addition, the government offices will perform tasks involving family law and free legal aid, etc.
- All the state counties will be closed down by the end of 2006. As part of the establishment of the new, regional government offices, the Minister for the Interior and Health will be authorized before 2007 fully or partially to transfer tasks from various state counties and assign management to the directors of the future government offices.
- Each of the five new regional, government offices will be headed by a director who will be responsible for the day-to-day management of the office and for ensuring the required professionalism in task performance. Branch services will be established where the distance between the government office and the citizen is too far.
- The final name of the government offices will be decided upon in

- connection with implementation.
- The regional government offices will have the same geographic borders as the regions.
- The government offices will take over the adoption tasks of both the counties and the state counties.
- The government offices will be responsible for secretarial services for the agricultural commissions.
- All activities concerning divorce cases will be concentrated in the new government offices.
- All activities concerning marriage will be concentrated in the municipalities.

Ferry service

- All the ferry services that are currently the responsibility of the state will be transferred to the municipalities.
- If there is a ferry service between municipalities, responsibility should be agreed upon between these municipalities.
- Where the state is currently responsible for operation of the ferry service, an assessment of the possibilities of transfer to local responsibility should be made.
- It will be assessed whether the state and county subsidies that local ferry services and the island inhabitants currently receive could be given as general subsidies to the island municipalities. In this connection support to ferry services to smaller islands will be converted from the current central government reimbursement scheme to a general subsidy and the county subsidies will be included in the conversion. For a transitional period of four years, central government takes over the financial subsidies that have been set aside in the county budget for the purpose in addition to the regular subsidies.

Harbours

- Responsibility for the few harbours where operation is currently shared by the county and the municipality will be placed at local level only. This entails local responsibility for the commercial har-

bours in Hanstholm and on Rømø and a few marinas. For a transitional period of four years, the state takes over financial subsidies that may have been set aside in the county budgets for this purpose. This subsidy will be transferred from the state to the harbours during the transitional period.

Airports

- Airports with shared regional and local ownership will in future be the responsibility of the municipality. This implies joint local ownership of the airports in Billund, Århus, Karup, Odense and Sønderborg. For a transitional period of four years, the state takes over financial subsidies set aside in the county budgets for this purpose. This subsidy will be transferred from the state to the airports during the transitional period.

Coastal protection

- The current regional tasks regarding coastal protection will be transferred to the municipalities.
- Overall responsibility and authority regarding coastal protection will remain in central government. The state will take over financial subsidies set aside in the county budgets for the purpose for a period of four years. This subsidy will be transferred from the state to specific coastal protection projects during the transitional period.

Centre for educational aids

- The current county centres for educational aids will in future be placed in central government and anchored in pedagogical Centres for Further Education (CVU).

Public information

- Activities and obligations regarding public information will in future be the responsibility of the municipalities.

Agricultural commissions

- Secretarial services for the agricultural commissions will in future be placed in the government offices. The number of agricultural

commissions and their geographic coverage will be adjusted to the number of government offices. The members of the agricultural commissions will be appointed by the Minister of Food, Agriculture and Fisheries. The appointment will still take place upon recommendation from the agricultural organisations in the area and in accordance with the approved bill for a new Agricultural Act L 113 upon recommendation from the Danish Outdoor Council and the Danish Society for Nature Conversation.

Eco-agricultural measures (MVJ)

- Administration of subsidies for eco-agricultural measures in very sensitive agricultural areas will be placed in central government.
- In future, the municipalities will point out any sensitive agricultural areas and relations to the agriculturists with a view to obtaining information and performing investigative activities regarding agreements on eco-agricultural measures. Identification of sensitive agricultural areas will still be made according to guidelines specified by central government.

