

Chapter 8

The interface between national and subnational levels of government

Multilevel regulatory governance - that is to say, taking into account the rule-making and rule-enforcement activities of all the different levels of government, not just the national level – is another core element of effective regulatory management. The OECD's 2005 Guiding Principles for Regulatory Quality and Performance “encourage Better Regulation at all levels of government, improved co-ordination, and the avoidance of overlapping responsibilities among regulatory authorities and levels of government”. It is relevant to all countries that are seeking to improve their regulatory management, whether they are federations, unitary states or somewhere in between.

In many countries local governments are entrusted with a large number of complex tasks, covering important parts of the welfare system and public services such as social services, health care and education, as well as housing, planning and building issues, and environmental protection. Licensing can be a key activity at this level. These issues have a direct impact on the welfare of businesses and citizens. Local governments within the boundaries of a state need increasing flexibility to meet economic, social and environmental goals in their particular geographical and cultural setting. At the same time, they may be taking on a growing responsibility for the implementation of EC regulations. All of this requires a pro active consideration of:

- The allocation/sharing of regulatory responsibilities at the different levels of government (which can be primary rule-making responsibilities; secondary rule-making responsibilities based on primary legislation, or the transposition of EC regulations; responsibilities for supervision/enforcement of national or subnational regulations; or responsibilities for service delivery).
- The capacities of these different levels to produce quality regulation.
- The co-ordination mechanisms between the different levels, and across the same levels.

Assessment

Strong traditions with deep historical, legal and cultural roots define the interface between central and local government. There is a considerable degree of constitutionally protected decentralisation and municipal autonomy to reflect local conditions, compared with many other European countries. This sits alongside the principle of homogeneity in living conditions across the Swedish territory. The two principles are a challenge to reconcile. In the same way, significant independent powers of taxation are mitigated by a tax equalisation scheme to even out inequalities. Regulatory effects on local governments can be contradictory as a result, as the result may be a mix of detailed regulation from the centre for some areas, and no central direction in other areas. This is further reinforced by the traditional autonomy of central government ministries and of their agencies, meaning that a very large number of players are taking regulatory actions in relative isolation from each other. The 2007 Parliamentary Committee on Public Sector Responsibilities report put it this way: “Little consideration is given to the aggregate effect of individual measures on each other, and approaches can be contradictory... central government should develop a complete and coherent strategy for governance of the local government sector... there is a great need to reunite the state”.

This framework, together with other structural factors, presents challenges for the effective and timely roll out of Better Regulation at the local level. There is also a complex subnational geography, highlighted by the 2007 Parliamentary Committee report. The structure of government and agency offices in the regions is a complicating factor (each government agency, for example, is organised to fit the needs of its own functionality). The inefficiency of the current geography is recognised by the government. Another deep seated structural factor is the traditionally significant role of the state in the economy and society, which is also reflected at the local level. Municipalities are major providers of public services, and may compete with private entrepreneurs, undermining efforts to promote SMEs.

Yet municipalities play a critical role in the interface with citizens as well as businesses, which necessitates the application of Better Regulation principles. Municipalities have a broad range of tasks, mostly concerned with the execution and enforcement of national regulations, which includes the delivery of public services, the management of planning, and the allocation of a range of permits and licences. Fundamental decisions about how to use “soil and water” are made by the municipalities. A number of stakeholders, including the business community and *Tillväxtverket*, underlined the growing need for this level of government to engage in the Better Regulation agenda, despite the difficulties. Municipalities are not yet firmly linked up with Better Regulation, compared with the situation in a number of other European countries.

The central level of government needs to consider how to develop a stronger integrated framework and vision for the management of policies and regulations affecting municipalities. The conclusions of the Parliamentary Committee in this regard are highly relevant, and were already picked up in the 2007 OECD report. The Ministry of Finance, as overall co-ordinator for local government issues, has a potentially important role to play in this regard.

Box 8.1. Findings from the 2007 OECD report

The 2007 OECD report noted an apparent contradiction – local governments are both over and under regulated at the same time. Overregulation and inflexible regulation appears to sit alongside a failure to provide stronger and sharper strategic guidance with local levels and to agree shared objectives so that important public policy goals are not compromised by action at the lower level.

- Local government appears to be exploiting a grey zone where supervision of its activities is weak, and national rules are unclear or sometimes disregarded (such as public procurement). The implementation and enforcement by local governments of national policies can be ambiguous and differ from area to area.
- At the same time, local government appears to be at the receiving end of a heavy flow of low level regulations coming from central government, facing a cascade of rules from ministries and agencies.

The autonomy of municipalities means that central Better Regulation policies do not automatically apply directly at this level, yet some are highly relevant. For example, municipalities are not directly involved in the central government's Action Plan for regulatory simplification, despite being a major source of burdens on business through their application of higher level rules, according to the measurements carried out by Tillväxtverket.

Recommendation 8.1. Consider, in discussion with the Swedish Association of Local Authorities and Regions (SALAR) and interested individual municipalities, how to bring the local level into the Action Plan for Better Regulation, and other relevant initiatives by central government (such as impact assessment of draft regulations that will have significant consequences for municipalities in terms of enforcement). Consider how issues of capacity and resources can be addressed.

Locally generated Better Regulation is also important, and efforts are being made, but there is some way to go. Efforts, mainly orchestrated by SALAR, are being made by the local level itself to adopt Better Regulation best practices. SALAR is increasingly active, for example seeking to encourage its members to standardise on approaches to the interpretation and enforcement of regulations. This review was not able to go into detail about the actions of specific municipalities but the overall sense is of very uneven progress, and some reluctance to adopt best practices. Yet sharing best practice is proving a powerful lever in some other European countries such as the Netherlands, the United Kingdom and Denmark. Benchmarking is used in some countries to encourage change, such as in Germany.

Recommendation 8.2. Encourage SALAR and interested municipalities to pursue their own efforts at developing and sharing best practice, drawing on the experience of other European countries.

There is no specific framework or forum that would provide a mechanism for discussion between the national and local levels on Better Regulation. There does not appear to be any change since the 2007 OECD report, which recorded the unusual absence of such a mechanism “to manage issues and build a common purpose”. There is no forum, as exists in many other European countries, to bring together the national and local levels of government for regular debate on issues of shared interest. This might aid progress in a number of directions such as the integration of the local level into the Action Plan for business burdens, and the best way to ensure that the local level is effectively consulted on draft regulations of special importance to that level, given capacity constraints.

Recommendation 8.3. Establish a forum for the regular exchange of views between central government (including key government agencies) and the municipalities on Better Regulation.

Background

Structure, responsibilities and funding of local governments

Structure

There are currently 20 elected County Councils (the *Landsting*) and 290 elected municipalities. The central government is also represented at regional level, via 21 County Administrative Boards. These Boards ensure that “national decisions have the best possible effects in each county”. They have certain supervision powers in relation to local government, some environmental responsibilities (issuing permits for some environmentally harmful activities), and they are a forum for appeal against certain municipal decisions. Regional government is also represented by the *Landsting*, which are directly elected at the county level. The *Landsting* is responsible for the health care.

Changes under discussion

A considerable degree of decentralisation is the tradition, and reforms in the 1990s encouraged this trend, for example as regards education. But the idea is growing that there should be critical mass in some areas such as e-Government and enforcement, and need for co-ordinated steering on important issues. Structures and responsibilities of the different levels of government were the subject of a wide ranging report by a Parliamentary Committee (the Committee on Public Sector Responsibilities), which deliberated for 4 years and consulted widely before releasing its report in February 2007 (Box 8.2). The Committee was asked to look at the current structures of public administration (including government agencies and local governments), against the background of future challenges for the delivery of public services.

No decision on the recommendations has yet been taken. Municipalities’ autonomy as well the wider political implications of a reconfiguration makes change a slow process. The constitution protects the autonomy of local governments, and their responsibilities and powers are defined by law. Aspects of the Committee’s recommendations are being developed, but piecemeal. For example the co-ordination of enforcement activities is being promoted, and some activities have been removed from municipalities.

Box 8.2. Committee on Public Sector Responsibilities: 2007 report

Background

The Committee on Public Sector Responsibilities was set up by the last government after the mid 1990 crisis. It also followed a decades long debate about the need for structural change. The last reform of this type was in 1841, and there has been virtually no change since then. The Committee was commissioned to analyse the current system of public administration and advise on whether any changes are needed in structures and responsibilities of the different levels of government to meet future public service challenges and secure an efficient public administration. The core assumption is that taxes cannot increase, but welfare state demands will rise, with the consequent need to increase productivity. How then to reorganise the public sector to sustain the welfare state?

In 2003, the Committee presented a first analysis of these challenges “Innovation Capacity for Sustainable Welfare” (SOU 2003:123). This report identified four pre-requisites for meeting the challenges: innovation capacity; greater creative participation; a comprehensive approach and reduced sectorisation; and a clearer division of responsibilities. It also identified six principles for the division of responsibilities among different levels of the administrative system: democracy and legitimacy; financing; legal security; equivalence; economic use of resources and efficiency; and the lowest effective level.

The 2007 report: main diagnosis and conclusions

The Committee identified “sectorisation” (fragmentation) as the main issue. Sectorisation is the result of a necessary and ongoing specialisation of public sector services, but raises problems for the citizen interface, local governance, and development policy. The government is too fragmented, and not rationally organised (*e.g.* the regional geography of agencies varies). Central government has little capacity to co-ordinate. Central government co-ordination is complex because there are board, elected regional body and territorial board co-ordinators *i.e.* lots of regional co-ordinators. Healthcare is a major issue, with increasing demand from central government on the regions. There is no vision on future healthcare organisation.

The regional level was pinpointed as the focal point to improve matters. The Committee proposes a new regional system of public administration with a clearer division of responsibilities, and a new regional geography that is the same for the state as for the local government sector. This would be based around a rationalised set of new style regional authorities (6-9), on to which agency and hospital/research institute boundaries should be mapped, and based on a standard population size and the expected shape of the labour market. The new county administrative boards would be given the task of co-ordinating central government activities, supervising these, and spreading knowledge. This could be implemented gradually.

Specific Committee findings

The state and local government

The Committee notes that a large degree of local self government is important for securing public welfare long term, so that local priorities and considerations can be taken into account. At the same time the “equivalence” of service provision is important, which implies a role for the centre. But the centre is currently weak in its approach- fragmented (sectoralised), and poorly co-ordinated – and the issue is given a low priority. Little consideration is given to the aggregate effect of individual measures on each other, and approaches can be contradictory. It is proposed that central government focus on setting standards, limiting the use of other instruments. Central government should also enhance its “knowledge management” role. It should develop a complete and coherent strategy for governance of the local government sector. This should include new set procedures for consultation between central

and local government, based on examples in Denmark and Norway (a move away from the current informal procedures), and covering key issues such as the relationship between the levels, local government funding and legislation.

The Committee also made a number of recommendations on the rationalisation of enforcement (supervision) activities (see Chapter 6).

Health and medical care

The Committee notes that a balance needs to be struck between decentralisation (which fosters innovation) and the need for economies of scale to meet the challenges of development. It proposes that the new regional authorities should take over county councils' responsibilities for health and medical care. Again, standard setting should be central government's main task, as well as knowledge management.

Regional development

The Committee notes that tasks are currently highly fragmented among players, the division of responsibilities varies between counties, and that the county division is not best suited for regional development. The regional public administration is both weak and complex. It proposes the establishment of an overarching regional development mandate for the new regional authorities. Among other responsibilities they would draw up a regional development programme for each county, proposals for regional programmes under the EU's cohesion policy and in due course take over the management of EU structural fund grant applications. The county administrative boards would for their part take on a more targeted government agency style mandate covering the interface with local government including co-ordination, supervision, permits etc.

The state

The Committee considers that there is a great need to "reunite the state", given that specialisation is the current organising principle. The citizen's perspective and "equivalence" need to be taken into account. A balance needs to be struck between the whole picture and intersectoral decision-making, and the territorial perspective. A new model for central government co-ordination is needed, based on the regional level and on better developed interaction between ministries, the county administrative boards and sectoral agencies. Public sector supervision (control of legally binding regulations) must be the responsibility of central government, in order to reduce variations between different parts of Sweden.

The local government sector

The Committee recommends that in the long term, municipalities' mandate focuses on the heavyweight welfare services and core planning functions. Over time, complicated welfare services may prove hard for the smaller municipalities to deliver effectively. This should be monitored, mergers should be facilitated, and inter municipal co-operation encouraged, as a necessity.

For the county councils, far reaching changes are proposed. The Committee recommends that they be replaced by the new regional authorities, which would take over their tasks.

Source: Interview and SOU 2007:10.

Powers and responsibilities

The constitution does not specify the division of responsibilities between national and local government. The system works as follows:

- The parliament determines the allocation of responsibilities between levels of government.

- A framework statute, the Swedish Local Government Act, sets out the legal basis for the organisation and functioning of the municipalities and county councils, including their assembly and committees.
- Most of the specific tasks of local governments are regulated in special legislation adopted by central government. The government or government agencies may supplement framework laws through ordinances or regulations. For instance, the National Board of Health and Welfare issues regulations for health and medical services that contain more detailed provisions than the Health and Medical Services Act.
- The powers of local governments are generally associated with a defined territory. For example municipal business operations are limited in principle to the provision of public services to their own members.
- Central government control over local government is based on the principle that citizens throughout the country must be provided with equally effective social services. The principle is enshrined in the Instrument of Government and its application is regulated by special legislation.
- The tasks of municipalities and county councils are either mandatory or voluntary. They have gradually been given greater freedom to carry out their tasks so that these can be adapted to local conditions.
- Municipalities have a broad range of tasks, which are mostly concerned with the execution and enforcement of national regulations.
- As in most other European countries based on the unitary principle, municipalities have some limited delegated regulatory powers to issue their own regulations (for example to promote public order, for public cleaning and refuse collection, for health protection and local traffic regulations).

Municipalities and county councils between them are responsible for a significant part of the management and delivery of public services, and they are therefore crucial to the interface with citizens. The tasks include health and medical services, social services and education. County councils carry out mandatory tasks in relation to healthcare and (shared with the municipalities) public transport. Municipalities may also decide to carry out voluntary tasks such as leisure, culture or tourism.

Municipalities also have an important role as regards planning which is a key interface with business.

The fundamental decisions about how to “use land and water” are made by the municipalities. The main legislation governing planning and building processes consist of the Planning and Building Act (SFS 1987:10), the Act on Technical Requirements for Construction Works (SFS 1994:847) and the Environmental Code (SFS 1998:808), and other related regulations. The Planning and Building Act provides a regulatory framework for the planning of land and water areas as well as construction and building. The law also sets out certain requirements for the siting of buildings and appropriate design with regard to urban areas or landscape and natural and cultural values. It also sets out technical requirements for construction, facilities and construction products. The Environmental Code applies to land, water and the natural

environment in general so that the ecological, social, cultural and socio-economic point of view of long-term good housekeeping is secured. Planning and building legislation is currently under review, and a bill is scheduled for 2010.

A number of permits and licences are required from the municipalities, another key interface with business. The most important examples are: building permits; permits for outdoor signage; excavation permits; licences for some environmentally harmful activities; licenses for restaurants to sell spirits, wine and beer; permits to use some inflammable goods; permits to have an own sewage system; permits to arrange a local lottery; and permits for companies that run a pre-school.

As a rule, the central government supervises the work of local governments in the mandatory sphere, through national authorities such as the National Board of Health and Welfare, the County Administrative Boards and the Parliamentary Ombudsmen. National authorities cannot invalidate local government decisions. However, they may be able to require amendments to these decisions.

Funding

Swedish local government is funded relatively autonomously through independent powers of taxation, compared with many other European countries. The right to levy taxes for the management of local government tasks is stipulated in the Instrument of Government. Approximately 70% of local government funding is via local taxes. Central government, however, exerts a significant financial influence over local government through the design and size of central government grants; through provisions whereby central and local governments share a common budget; through national action plans which specify centrally determined projects and timelines; through rules requiring local governments to balance their budgets; and through rules determining the operation of taxes and fees.

Better Regulation at the local level

Application of the central Better Regulation agenda

The constitutionally protected autonomy of local levels of government means that they have traditionally been out of reach of the central Better Regulation agenda. But this is beginning to change. The most recent Government Communication to the parliament on the Action Plan for Better regulation refers to a change management project involving initiatives that will stimulate Better regulation at the regional and local levels. Although the subnational levels of government are not yet directly involved in the Action Plan to reduce administrative burdens on business, some measures have an effect on them. Central government reforms for regulatory simplification may be included in broader programmes aimed at improving regional and local economic growth. *Tillväxtverket* has undertaken to map the problems experienced by enterprises in their contacts with regional authorities and municipalities and possible solutions, in close co-operation with *SALAR*.¹ *Tillväxtverket* notes that there is no systematic effort, as yet, to include local government in Better Regulation policy and to promote Better Regulation at this level. It is increasingly urgent for local government to be “put in the frame”. The *Tillväxtverket* burden measurements suggest that some key issues are at this level. The parliament said that closer co-operation with local government was now needed, on a more formal basis than hitherto. The business community is also anxious that Better Regulation principles should start to be promoted in the regulatory work of local governments.

Local government own initiatives

The Swedish Association of Local Government (*SALAR* – see below) is increasingly active in the promotion of Better Regulation by local governments themselves. A key task for municipalities is the execution of national regulations and linked enforcement (supervisory) responsibilities. Work is underway within *SALAR* to identify dysfunctional or unnecessary regulations created at the national level which impact on the local level. *SALAR* recognises that the implementation of laws should ideally be tackled in tandem with the national authorities when a regulation is under development. It notes, however, that the capacities and expertise to be fully engaged in consultation exercises on central regulatory developments are limited. Municipalities are likely to be involved in the development of the individual regulations that affect them most directly (such as building permits), but broader involvement in Committees of Inquiry that shape whole policy or regulatory areas tends to be beyond their reach.

SALAR has also tried to encourage the standardisation of often diverging municipal approaches to the interpretation and enforcement of regulations. The OECD peer review team were told that considerable regulatory burdens are generated at municipal level through their application of higher level rules. Municipalities interpret regulations differently, which is hard on companies.² But this is proving a challenge. *SALAR* cannot tell its members what to do, and such a policy runs up against the deeply ingrained principle of self government and the adaptation of rules to fit local conditions. *SALAR* defends the principle of self government, though it is aware that the implications for rule making and implementation are important. Other perceived issues at the local level relate to inadequate service and communication, long handling times, and difficulties in obtaining information about what regulations apply and what compliance requires.³

This review also heard, however, that the issue raised in the 2007 OECD report about regulation from above remains, with municipalities feeling that they are as much the “regulated” as the “regulators”. The need to execute detailed and sometimes ill adapted EU regulations is also an issue in this context (see Chapter 8).

Box 8.3. Findings from the 2007 OECD report

Local governments feel under pressure from a cascade of regulations, often of a “command and control” nature, which prevents the development of performance based regulation and managerial autonomy. They consider that this reflects inadequate co-ordination between ministries and government agencies over the development of regulations that will affect municipalities. Difficulties of effective co-ordination between ministries and agencies, and especially between agencies – the stovepipe syndrome under which each entity follows its own regulatory track without looking around at what others are doing – plays an important role. Less command and control regulation and more of set goals and steer regulation needed.

Overall performance

Overall, the performance of municipalities as regards better regulation is variable, especially as regards the business interface and support for SMEs. Some deep seated structural and cultural issues appear to stand in the way of change:

- The preservation of local autonomy to reflect local conditions must also reconcile the principle of homogeneity in living conditions across the Swedish territory (see Box 8.4). The complex sub national geography highlighted by the

Parliamentary Committee on Public Sector Responsibilities is an impediment to efficiency.⁴

- Unfair private/public sector competition, picked up in the 2007 OECD report,⁵ where municipalities compete with private entrepreneurs for the provision of goods and services. The issues also arise because of the way that central regulation is applied at the local level. There has been some recent progress, and more is in the pipeline. The Ministry of Finance is preparing legislation in order to implement the EU procurement directives on remedies. The current proposal entails empowering the Swedish Competition Authority to sanction procuring entities if they award contracts without using a public procurement procedure. A new law has recently been decided by the *Riksdag*. This has enabled the Competition Authority to challenge municipalities and to a lesser extent state authorities in cases where their sales activities are conducted without a legal mandate in a manner which distorts competition.

Box 8.4. Regional development and policies for equalisation

The impact of equalisation policy on regional development is twofold. On the one hand, equalisation contributes to equity, through more balanced territorial distribution of public services, in particular health and education, which are crucial components of regional growth. On the other hand, they may create disincentives to economic development (OECD, 2008; Wurzel, 2003). Because municipalities are fiscally compensated for slow growth or for a decline in their fiscal capacity, poorer localities may have less incentive to increase the tax base through economic development initiatives. The same may happen in rich localities: as subnational governments are fiscally “punished” for having a high tax base, they may be disinclined to engage in activities that lead to an increase in the tax base. The new view on regional development in Sweden, like in all OECD countries which have adopted the same ‘paradigm shift’, requires equalisation policy be complemented by active regional policies aimed at productivity increases in sectors such as research and education, as equalisation policy will always remain a passive fiscal policy, with no explicit growth strategy behind it (OECD, 2008).

Stockholm’s region (Sweden’s most dynamic economic area) is the main contributor to equalisation. Due to the potential disincentive effect of equalisation, there is a risk that it will affect the agglomeration’s competitiveness in the longer term (OECD, 2006a). So far, the equalisation system does not seem to have had a demonstrably negative aggregate effect on the competitiveness of Stockholm region, which has remained a magnet for youth migration and the fastest growing region in Sweden, and among the fastest in the OECD. Additionally, the introduction in 2008 of wage levels as a cost factor of the equalisation system has mitigated the extent of interregional transfers from Stockholm to the rest of the country (Chernick, 2009). Overall, fiscal disincentives seem to have been overcome in the 2000s by the general advantages of economic growth and agglomeration economies. Although the disincentive effect seems to have been limited so far in the Stockholm region, the inherent disincentives relating to economic growth will be more strongly felt in an economic slowdown and as the cost of public services rises.

In the longer term, the continuing commitment to a high degree of equalisation combined with a trend towards centralised financing of equalisation implies a strong claim on national fiscal resources, which may become more difficult to sustain when facing challenges with a strong territorial dimension, such as ageing and integration of immigrants.

The national government has set up a Committee to review the equalisation system to find out if there are any growth deterring factors in the system. The Committee is to make concrete proposals to deal with these challenges by the end of 2011.

Source: Swedish Government.

However, attitudes toward business are improving, as municipalities need companies in their community, and an emerging priority for many of them is to increase their population via jobs. A recent review by the Confederation of Swedish Enterprise of the business climate in municipalities (which gave them a ranking) has helped to trigger change.

Co-ordination

National-local

According to the Swedish Constitution the Government shall, in preparing its proposals, consult the public authorities concerned. Normally a proposal for a new regulation is formed by a Commission of Inquiry, in which *SALAR* can take part (if the issue at stake concerns the local level). The Government refers the report of the Commission of Inquiry to various government agencies, organisations, municipalities and county councils, etc in order to obtain their opinion. The standpoints of the referral bodies are taken into consideration by the Government when formulating the proposal for the new law. Reference groups between different ministries and *SALAR* on special subjects can sometimes be established. The OECD peer review team were told that there are also significant informal contacts between the ministries and *SALAR*. It is important to note that there are considerable informal political contacts between the central government level and the municipalities.

There is, however, no specific formal co-ordination mechanism between the national and sub national levels of government on Better Regulation. However, the conclusions of the 2007 OECD review would appear still to be valid. There is no framework or forum that systematically brings together the central and local levels of government to manage issues and build a common purpose.

The Swedish government does however draw attention to the existence of a specific forum between the national and regional level on regional competitiveness, entrepreneurship and employment, originally created as a formal setting for the discussions that took place in the preparation of the National Strategic Reference Framework (NSRF) for the use of EU funds for 2007-13. The forum now serves as a platform for ongoing political dialogue among national and regional representatives, for which the NSRF and the Regional Development Programmes were the starting points. This form of co-operation is also expected to facilitate Swedish discussions with the European Commission. The forum has met nine times since 2007 and the debates have focused on themes related to the priorities of the NSRF, such as regional enlargement, regional innovation systems, cross-border integration as well as the future cohesion policy, local and regional ownership of the Lisbon strategy, and rural development issues. So far, the forum seems well appreciated by the national and regional representatives.

In the absence of a formal mechanism embedded within the government structures on Better Regulation, *SALAR* takes on a particularly prominent role in the interface between national and local levels. This is formally reflected in certain provisions for regulatory management. For example, Committees of inquiry usually include *SALAR* to represent the views of the municipalities and county councils.

Same level

The Swedish Association of Local Authorities and Regions (*SALAR*) represents both the county councils and the municipalities.⁶ It comprises 7 departments and 450 employees. *SALAR* also serves as an employers organisation (one third of employees are with local government). Its work is based on the annual development of a list of priority issues. As explained above, *SALAR* makes efforts to rally local governments around common approaches to regulatory management.

Box 8.5. The Swedish Association of Local Authorities and Regions (*SALAR*): priorities for 2008

- Form powerful regions.
- Invest in infrastructure.
- Increased safety and security.
- Increased efficiency in the sector.
- More E-services.
- Attractive jobs.
- Responsible collective agreements with the trade unions.
- Better results in the schools.
- Better care of old people that are ill.
- Better support for vulnerable children.
- Equitable health care.
- Limiting climate impact. Regional and local levels will need to make big efforts, with preventive measures, more environment friendly energy supply and more investment in public transport. Change.
- Academic performance in schools. Too many students continue to fail.
- Better business.

Notes

1. It underlines that this was its own initiative, and not part of its letter of instruction from the Ministry of Enterprise.
2. The 2007 OECD report had already recorded this issue, with reference to ‘stovepipe’ approaches to regulation at the local as well as higher levels.
3. A 2009 review by SALAR shows progress, with over 80% of municipalities working to improve their communication with businesses and three out of four municipalities working to improve their case handling related to business. Two SALAR priorities are directly connected to these issues: “More e-services” and “Better business climate”. SALAR cooperates in this work with *Tillväxtverket* to spread best practices from municipalities in the management of regulations, services and communication.
4. SALAR supports the recommendations of the Committee for significant changes to the structure and geography of the sub national network.
5. OECD report said: rationalising public sector activities in competitive markets needs attention. Public sector entities show a growing tendency to operate in areas where private companies already exist either at the national or the local level. This distorts the competitive playing field and impedes the creation of new small firms. Part of the explanation lies in state ownership of companies that were previously monopolies and now operate in liberalised markets. However policies to even out regional differences appear to be encouraging government agencies and municipalities into new ventures. A number of reports have challenged this practice, but firm action, such as addressing gaps in the Competition Act to tackle anti competitive behaviour by state entities, has not yet been taken.
6. It is over 100 years old although its current form reflects a merger between two previous separate organisations for municipalities and counties.

