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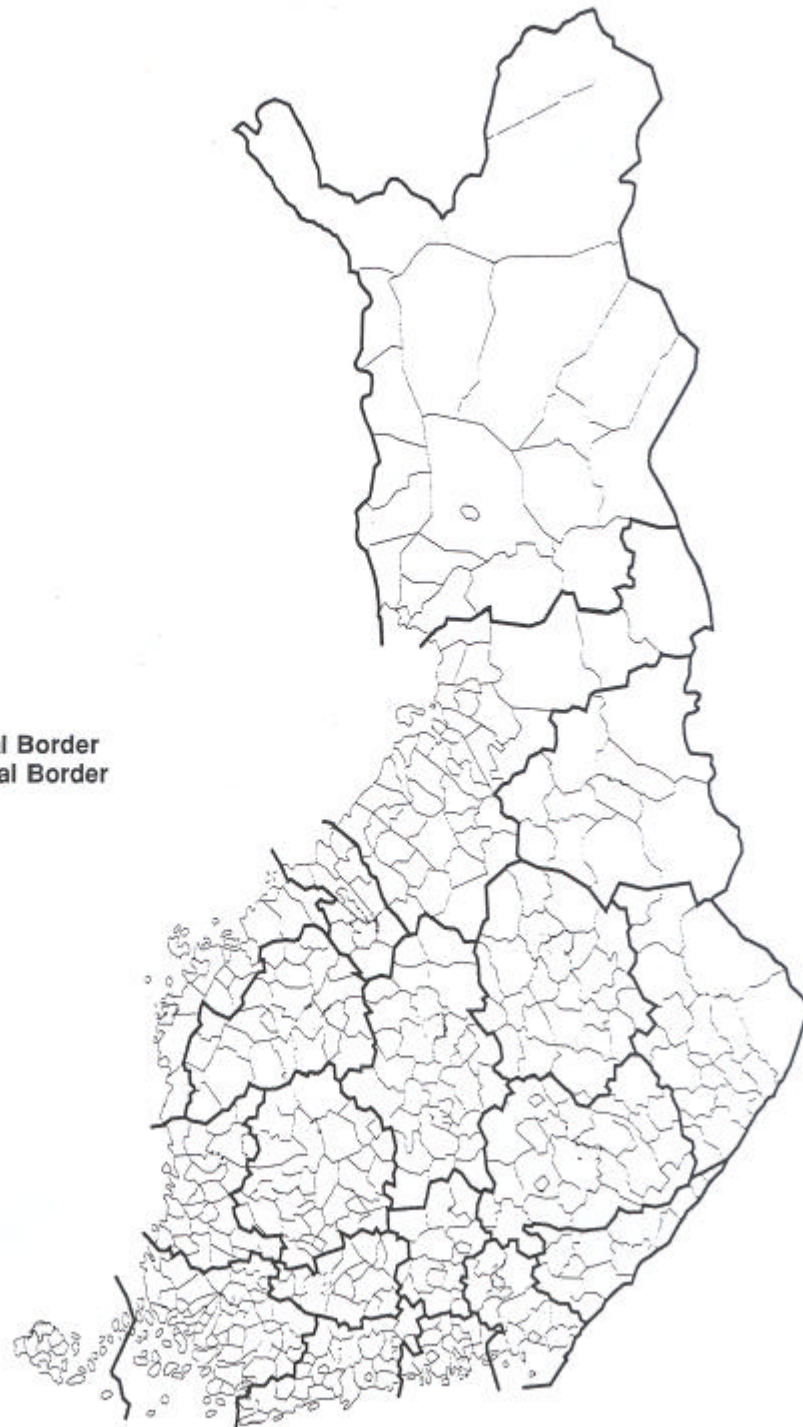


Structure and operation of local and regional democracy

Finland

FINLAND
Territorial set-up

— Regional Border
— Municipal Border



Structure and operation of local and regional democracy

Finland

Situation in 1997

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1. LEGAL BASIS

The structure and operation of local democracy is based on locally elected municipal councils. There are not any regionally elected councils in Finland. That is why this report mainly concentrates on describing Finnish municipal administration.

1.1. Constitutional provisions relating to local authorities

According to the Constitution, local government administration must be founded "on self-government by citizens as provided in separate acts". Local self-government is thus constitutionally enshrined. Finland has also accepted the European Charter of Local Self-Government.

The new Local Government Act has been passed by the Finnish Parliament and came in force on 1 July 1995. The provisions governing local authority finances, accountancy and audit procedures came into force on 1 January 1997.

The management of the municipalities is based on self-government by the citizens, in accordance with section 51, paragraph 2 of the Constitution Act of Finland, as provided in specific acts. The municipalities have a general competence. Within its sphere of competence, a municipality may take responsibilities concerning the area of the municipality or its inhabitants that do not fall under the jurisdiction of some other authority.

1.2. Main legislative texts

The main legislative texts in the field of local government are the Local Government Act (365/1995), the Self-Administration in Åland Act (1144/91) and the Helsinki Metropolitan Area Council Act (253/85), the Municipal Boundaries Act (73/1977) and the Municipal Election Act (361/1972).

2. STRUCTURE OF LOCAL AND REGIONAL AUTHORITIES

The structure of local democracy is based on self-government of municipalities. The structure of intermunicipal co-operation and division of local and regional state administration is based on municipal boundaries and the municipality is the basic administrative unit.

2.1. Main subdivisions

As indicated above, the municipal is the only level of self-government. The total number of municipalities is 455.

In addition, there are 279 joint municipal boards. Compulsory joint municipal boards to all municipalities are joint municipal boards for special hospitals (twenty districts), for the handicapped care (fifteen districts) and for regional planning (nineteen districts). These three organs are regional by nature. The principles of their administration are provided in the Local Government Act. Members in the councils of the joint municipal boards are not elected directly but nominated by the local municipal councils. The municipalities provide the current and investment expenditures of the joint municipal boards.

2.2. Statistical data

Total number of units today is 455. On 1 January 1950 it was 547.

Local authorities' surface and population references

	Surface	Population
Smallest	5.90 sq. km	129 (Sottunga municipality, in Åland)
Largest	15 172.80 sq. km	515 765 (Helsinki)
Average	662.16 sq. km	11 206

The Helsinki metropolitan area consists of Helsinki, Vantaa, Espoo, Kauniainen (population 17% of the total population in Finland).

Municipalities' population

Number of inhabitants	Number of municipalities	Percentage of total
Under 999	22	4.8
1 000 - 4 999	202	44.4
5 000 - 9 999	120	26.3
10 000 - 49 999	98	21.5
50 000 - 99 999	7	1.5
Over 100 000	6	1.3

2.3. Regulations governing the changes in structure

Since 1993 municipalities have had primary responsibility for drawing up local government boundaries. Changes to municipal boundaries are decided upon in conformity with the Municipal Boundaries Act. According to this, changes in municipal boundaries can be made if they are required to facilitate the arranging of municipal services or to promote population and economic resources or for other important public reasons.

Changes to municipal boundaries are decided upon by the Council of State. In case the municipality concerned opposes the merging of municipalities the change can only be executed by law.

Municipal councils can arrange (and usually do) local consultative referenda before deciding whether to merge the municipalities or not.

2.4. General units of state administration

State administration is present at provincial and/or regional level depending on the ministry concerned. The provincial offices which are subordinate to the Ministry of the Interior function as the regional general administrative authorities of the state.

From the beginning of September 1997 the number of provincial offices has been reduced from twelve to six (five provinces on the mainland and Åland which is also a self-governed region). As of September 1997 the Ministries of Labour, Trade and Industry, Agriculture and Forestry have fifteen common, multi-service regional offices. The Ministry of Environmental Affairs has thirteen regional offices. All above-mentioned state offices function within a territory which includes one or more regions which again follow the boundaries of municipalities.

The following maps include the provincial and regional structure of the state administration.

The local state administration includes the state local police districts, the local judicial districts, the local districts of the Ministry of Labour, the taxation offices and the National Pensions Institute which also has its own local offices.

The basic area division of the state local administration is the new division in local districts, into which the whole state local administration will be gradually integrated. There are ninety-five state local districts in Finland. In the course of 1997 district offices have been established in all of them.

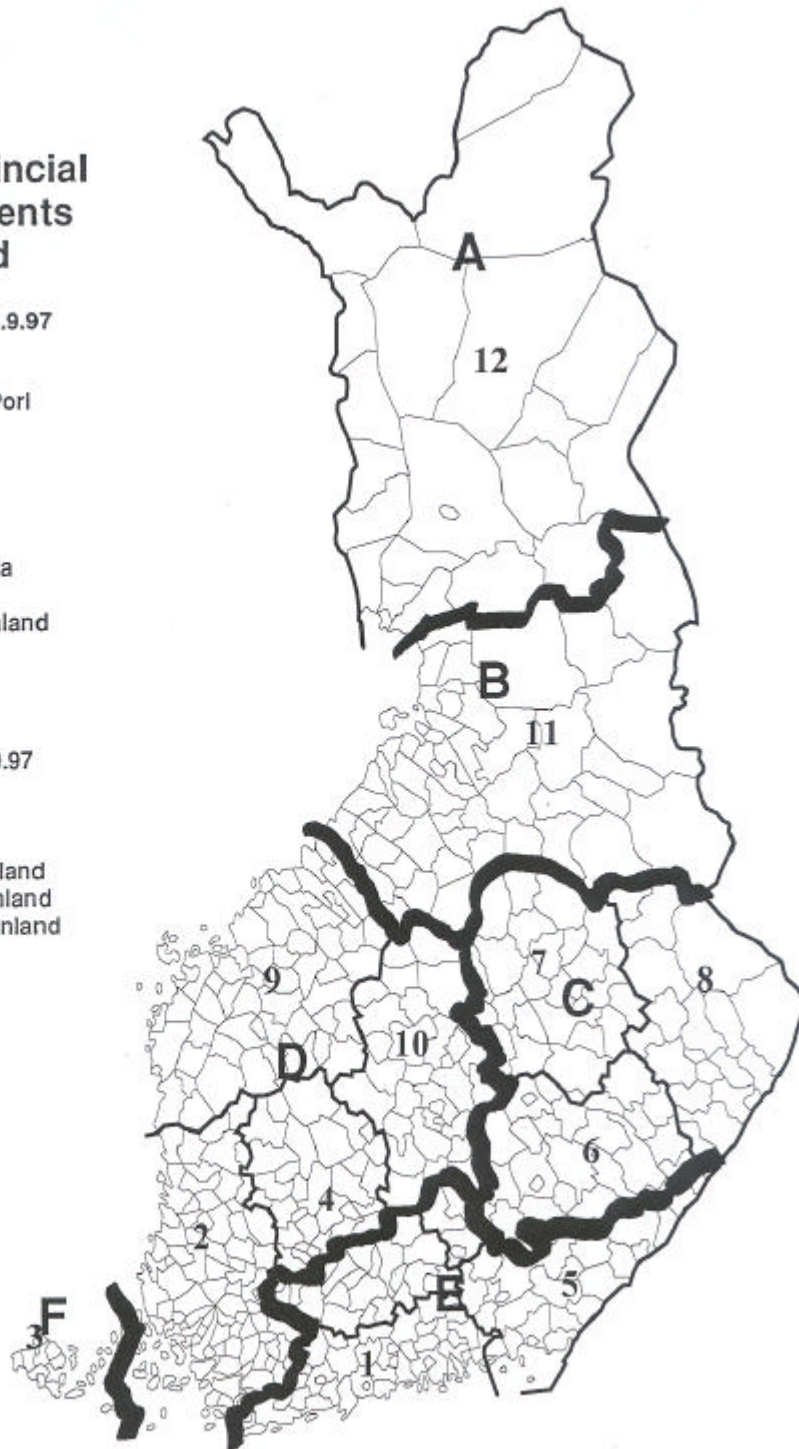
The provincial Governments in Finland

— before 1.9.97

- 1 - Uusimaa
- 2 - Turku and Pori
- 3 - Åland
- 4 - Häme
- 5 - Kymi
- 6 - Mikkeli
- 7 - Kuopio
- 8 - North Karelia
- 9 - Vaasa
- 10 - Central Finland
- 11 - Oulu
- 12 - Lapland

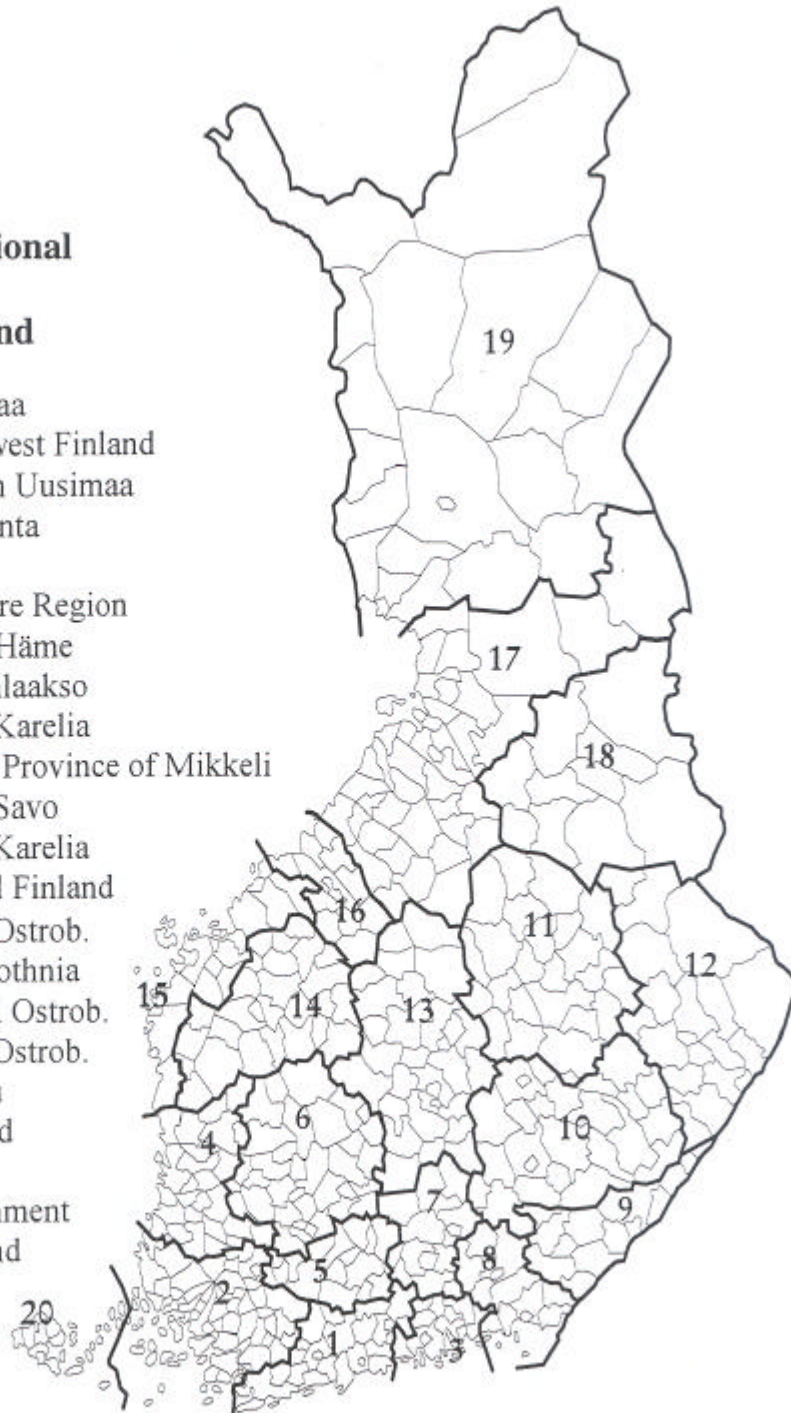
■ as of 1.9.97

- A - Lapland
- B - Oulu
- C - Eastern Finland
- D - Western Finland
- E - Southern Finland
- F - Åland

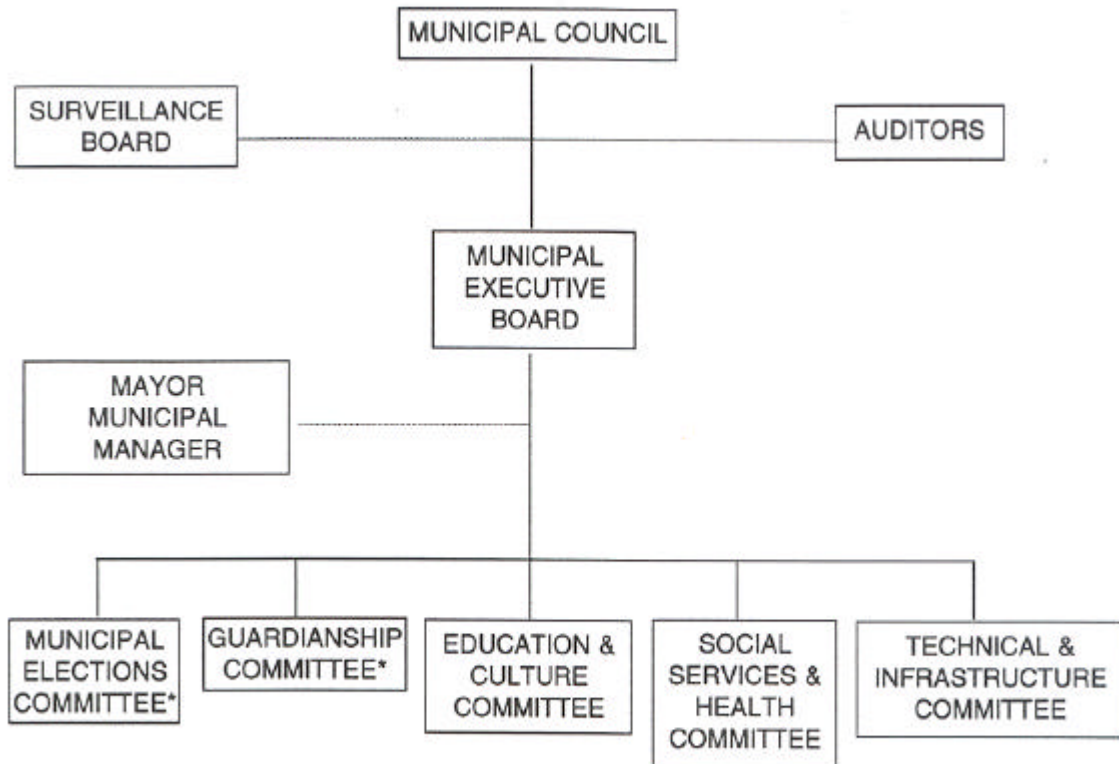


**The regional
councils
in Finland**

1. Uusimaa
2. Southwest Finland
3. Eastern Uusimaa
4. Satakunta
5. Häme
6. Tampere Region
7. Päijät-Häme
8. Kymenlaakso
9. South Karelia
10. for the Province of Mikkeli
11. North Savo
12. North Karelia
13. Central Finland
14. South Ostrob.
15. Ostrobothnia
16. Central Ostrob.
17. North Ostrob.
18. Kainuu
19. Lapland
20. Government
of Åland



3. ORGANS OF LOCAL AND REGIONAL AUTHORITIES



* This committee must mandatorily exist.

3.1. Municipal council

The municipal council is the most significant organ of local self-government and exercises the municipal decision-making power. It is composed of seventeen to eighty-five members according to the municipality's population. Nevertheless, in municipalities with less than 2 000 inhabitants, the municipal council may decide on a smaller number of councillors (always an odd number), the minimum being thirteen.

The council is responsible for the local authority's finances and operations, and makes decisions in all important issues. It can also delegate its power for example to the executive board or to committees.

The municipal councils are elected by proportional election on the principle of one person one vote every four years. Citizens of Finland or of other European Union member states, of Iceland and Norway, who are 18 years of age before the election and whose municipality of residence is the municipality in question, have the right to vote in the municipal elections. Other foreign citizens fulfilling the said conditions have the right to vote and to stand for election if they have been resident in a Finnish municipality for the two years immediately preceding an election year.

3.2. Executive board

A municipality has an executive board whose members, deputy members, chairman and deputy chairmen are appointed by the municipal council for a four-year term, unless otherwise decided by the council. The same person can be elected the chairman of both the local council and the executive board.

The executive board is responsible for the preparation and carrying out of the decisions taken by the municipal council.

In addition to the executive board, all municipalities have a municipal manager (mayor), an auditing committee and professional auditors. Otherwise the council can establish under its own decision committees for executing permanent functions and boards of management for running commercial or other utilities.

3.3. Political head

The political head of the local authority is usually the chairman of the council assisted by the executive board (and its chairman). Formally the political head is the municipal council, however the executive board and the mayor have significant roles as they prepare and execute municipal decisions.

3.4. Head of the administration

The municipal manager or mayor, is a municipal employee who manages local administration, finances and other functions under the executive board's supervision. The municipal manager is nominated by the municipal council for an indefinite or fixed term of office. The municipal manager elected for the same term of office as the local council can be elected as chairman of the municipal executive board. In this case the municipal manager would emphasise the political aspect of the office. The municipal council can dismiss the mayor by a two-thirds majority vote.

3.5. Division of power and responsibilities

The division of labour and responsibility between different organs is based on legislation or on decisions made by the municipal council. The municipal council is the highest organ in the municipality and exercises decision-making power on municipal issues as laid down by law (e.g. targets, finance, organisation, elections of employees to municipal organs, budget, bases of municipal taxes, fees and charges, financial statement, discharge from liability ...).

The executive power is concentrated in the municipal executive board. The mayor is responsible for preparing decisions for the executive board, which for its part is responsible for preparing decisions for the municipal council. The municipal council can also set up voluntary permanent committees under the authority of the executive board.

Municipalities can also function jointly with one or more other municipalities. This co-operation is carried out by means of: contracts between municipalities, joint enterprises/utilities on the base of private law (private judicial person) and joint municipal board which is a public judicial body.

The joint municipal board's competence is based on the municipalities' agreement. It has only limited functions, never general jurisdiction. The internal division of power in a joint municipal board is in principle the same as in municipalities. The consortium's general assembly has overall power. Its members are nominated by municipalities. The general assembly can delegate its power to the consortia delegates. The municipal consortia has usually the same kind of executive board as the municipalities, the head of the administration is the director (not a mayor).

3.6. Legal provisions concerning the internal structure

Basic provisions concerning the structure of local self-government are included in the Local Government Act in order to ensure a similar structure of administration and municipal activities in every municipality. The main trend is towards minimising regulations regarding municipalities' internal structure. As mentioned above, a municipality has to have only a few obligatory bodies.

4. DIRECT CITIZEN PARTICIPATION IN DECISION-MAKING

4.1. Referendums

The Local Government Act makes provision for local consultative referendums. A consultative referendum can be organised in matters falling within the municipality's scope of competencies and tasks. The decision is made by the council. An initiative on referendum needs to be sponsored by at least 5% of the enfranchised in municipality. The council may also organise a referendum on its own initiative.

4.2. Other forms of direct participation

The municipal residents have the right to take initiatives regarding activities of the municipality. The local council has to be informed at least once a year of initiatives made in matters falling within its competence and of measures taken in reply to these initiatives. Any initiative subscribed by at least 5% of the local residents must be dealt with in the council within six months. The Local Government Act enumerates examples of how citizens can participate in the municipal operation (customer feedback, information, public hearing, assistance and financing of citizen's initiatives and opinion polls).

5. STATUS OF LOCAL ELECTED REPRESENTATIVES

5.1. Elections and terms of office

In order to stand in local elections, the candidates must be registered residents of the municipality and they must have the right to vote. The Local Government Act includes some definitions of persons who are not eligible for election in the municipal council, in the municipal executive board and in other municipal bodies. Stricter eligibility requirements for candidacy to these bodies applies to certain high municipal employees and civil servants.

Concerning functions disqualifying from standing in municipal election, the new Local Government Act includes stricter eligibility requirements than the former one. This change is intended to improve the credibility of the local political process by preventing the accumulation of public offices in the same hands. For example people in a leading position in a municipality, are not eligible, nor high state officials, having supervisory tasks over municipal administration.

The members of local municipality councils are elected for a term of four years, as are normally the members of municipal committees. The members of the municipal executive boards are usually elected for two years.

A member of a municipal elected body can be simultaneously nominated to many different municipal bodies, thus there exist no limits to simultaneous offices. According to the Local Administration Act, the same person can be elected chairman of both the local council and the local executive board. This alternative means stronger political leadership. The member of the council can also be a member of one or more joint municipal board (consortia), and consortium executive boards as well as of consortium committees.

Local elected representatives are allowed to take leave from their work to attend official meetings.

There are no regulations governing the financing of candidates. Political parties can provide public economic support only via the central government budget to their central national organisations. Public local authorities do not provide any direct economic support for parties at local elections.

5.2. Duties and responsibilities of local representatives

Local elected representatives are responsible for using the power to decide matters of local administration. They are obliged to declare their financial or personal interests to the parties or to the electoral organisation before nomination as a candidate.

Local elected representatives are obliged to refrain from participating in council decisions on matters personally affecting either themselves or a close relative. In cases where a person loses his eligibility to stand in local elections, he is automatically disbanded from sitting in the council or any other municipal bodies except in his capacity as local auditor.

According to the Administrative Procedure Act a councillor shall be disqualified in the case of a conflict of interests only if the matter personally concerns himself or a member of his immediate family. This disqualification should be a personal initiative but may also be decided at the initiative of some other person or body.

Concerning resignation of elected representatives, the Local Government Act includes provisions by which an elected official (member of council, executive board or committee) loses eligibility (change of domicile, found incompetent to manage his own affairs). In addition to that an elected official can resign during his term of office if the body which has nominated her/him approves the request for resignation. An elected official can, in case of suspected action conflicting with his duties or official misconduct, be suspended (temporarily by decision of the council's chairman) by a decision of the council from her/his duty for the time required for an investigation.

If an elected official has been sentenced by the court to at least one year's imprisonment, the council may discharge her/him. The court may also sentence her/his discharge as well as compensation of damages caused by gross negligence or a criminal act.

5.3. Working conditions

In most municipalities the chairmen and deputy chairmen of the council, the board and committees receive permanent remuneration besides which all local elected representatives receive fees for attending meetings. They are also paid compensation for loss of earnings and travel costs. A member of a municipal elected body has no pension rights for this activity. The number of working hours is generally highest as a member of the executive board (weekly sessions). Other bodies usually have meetings twice a month or less frequently. The municipal facilities are usually used as facilities for meetings of political groups in the municipal councils.

The basis of remuneration and fees is decided freely by the council. Travel costs and compensation for loss of earnings are regulated by the recommendations of the Association of Finnish Local Authorities. The remuneration received by elected representatives for the performance of their duties is subject to the deduction of contributions for health insurance and retirement pension schemes. Fees and compensation for loss of earnings are subject to tax and at the same rate as other additional income.

Persons who have reached the age of 60 or have held the same elective office or been a member of the same body, for the four preceding years or have held a municipal elective office for a total of eight years have the right to refuse office. An elective office can also be refused for other valid reasons.

Concerning training and information of elected representatives, political parties and associations, who are responsible for selecting candidates in municipal elections, usually arrange the information programmes. Municipalities also pay for consulting, training and informing of elected representatives. The Association of Finnish Local Authorities (its local government training service) also produces information and training programmes for this purpose.

5.4. Representation of sexes

In 1993 representation of women was 35% in municipal committees, 20% in municipal executive boards and 30% in municipal councils.

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

6.1. Principles governing the distribution of power

The municipalities have general powers at local level. These powers are defined in legislation and protected by the Constitution. Thus, powers can be attributed or removed from them to municipalities only by law. Provision of municipality services such as basic and vocational education, health and social services are included in special legislation. Municipalities can also buy services and make agreements in order to manage their activities.

Thus, decision-making in specific tasks takes place at the local level in municipalities. The central administration is in general in charge of setting standards, providing guidelines and state grant finance to ensure the resources needed.

Since 1996 the basic unit of state administration has been the state local districts (ninety-five) with the functions of police, public prosecutor, district and registry authorities. Other local state administration concerns taxation, employment services, road maintenance and social insurance. The powers and tasks of state local administration are defined in special legislation, whereas the municipal councils can perform the functions that they have undertaken by virtue of their autonomy and tasks laid down for them in law. The duties of the joint municipal boards are limited to defined tasks, such as health services or vocational training.

At the regional level, the Provincial Government has general powers in the field of state administration. There are a number of state authorities having specific powers at regional level, for example regional offices of the Ministry of Labour, Environment, Agriculture, Trade and Industry.

Measured by total expenditure, the most important authorities at the regional level are the municipal boards (consortiums) administering the hospital districts, and districts for care of handicapped and for vocational training.

6.2. Participation of local authorities in national economic and spatial planning

Concerning the participation of local authorities in national economic planning, this task is mainly under the responsibility of the ministry of Finance. There is no formal participation of local/regional authorities in this process. However, state officials at different levels of administration take part in economic planning in their own sector.

Regional planning takes place in authorities, for example in municipalities and regional councils, responsible for carrying out planned projects.

There have been proposals to reform the allocation of responsibility between municipalities and state administration, e.g. transfer of fire and rescue interventions to the local or regional state authorities, payments for municipal income support to the National Pension Institute, etc.

In a sense, a natural redistribution of power has taken place with the decrease of state subsidies. Municipalities have had to adapt to this new situation. The central government has not laid down any specific guidelines for this process.

The table at the end of this chapter indicates the distribution of power between state and local authorities.

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

(*) where several intermediate levels exist the competent local government is indicated

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

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

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

(*) where several intermediate levels exist the competent local government is indicated

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

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

Function	Competent authority			Type of competence				Exercise of the competence				Remarks ***	
	State	Intermediate	Municipality	Exclusive	Shared	Compulsory	Discretionary	Direct	Indirect	In own right	For another authority		
Religious facilities													(church)
Other cultural facilities													
Traffic, transport**													
Roads	•	•*	•		•						•		
Transport	•		•		•						•		(+private)
Urban road transport			•				•				•		(+private)
Urban rail transport	•		•		•						•		(+private)
Ports			•				•				•		
Airports	•						•				•		
Other traffic & transport (metro)											•		Helsinki area
Economic services													
Gas			•				•				•		
District heating			•				•				•		
Water supply			•				•				•		
Agriculture, forests, fishing	•		•		•						•		
Electricity			•				•				•		(+private)
Economic promotion	•		•				•				•		(+private)
Trade & industry	•		•				•				•		(+private)
Tourism	•		•				•				•		
Other economic services	•		•				•				•		(EU policy)
Other functions													

(*) for state roads

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

(***) for any remarks see last page in this country's table

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

7.1. Institutionalised co-operation

The legal framework for municipal co-operation is provided by the Local Government Act.

The joint municipal boards are the most common form of co-operation. Currently there are 279 joint boards divided into sectors as follows: health service (122), education (seventy-six), social services (fifty-one), regional planning (nineteen) and economic services (eleven).

Most of the consortia are single purpose by nature.

A municipality can agree to allocate its tasks to another municipality. It is also possible to transfer official responsibility from a municipality to another. The operating methods of co-operating authorities are in general the same as in the municipalities.

The joint municipal board is set up by an intermunicipal agreement adopted by the municipal councils concerned. This agreement includes provisions for a joint municipal board, decision-making process, criteria for the voting rights of the members of the bodies, a share in joint municipal board resources, responsibility for debts, auditing and dissolution of the consortia.

Joint municipal boards are not entitled to levy taxes nor to receive state grants directly, except for investment expenditure. Municipalities pay the costs of the consortia in the form of service charges.

The non-institutionalised co-operation of municipalities is typical, for example, in the area of developing the economic structure.

7.2. Associations at national level

The Association of Finnish Local Authorities, created in 1993, is the main organisation of municipalities. It represents the interest of local authorities and provides expert services such as training, research, publishing.

7.3. International co-operation

Finnish municipalities are engaged in twinning activities with municipalities in more than thirty countries especially in the Nordic countries, Estonia, Russia, Germany and Hungary.

There are no general or specific provisions concerning the municipalities right to co-operate with their counterparts in other states.

8. FINANCE

The following table contains an overview of the different sources of municipal income.

Sources of municipal income in 1996

	%
Taxes	45
State grants	23
Fees and sales income	17
Borrowing	2
Other	13

8.1. Taxes

The following table gives an indication of municipal taxes.

Municipal income resulting from local taxes in 1996

Local taxes	Millions FIM	%
Income tax	51 845	85
Share of corporation income tax revenue	6 500	11
Real estate tax	2 680	4

In 1995 the average local tax rate was 17.52% of taxable income, the lowest local tax rate being 15% and the highest 20%.

Corporation income tax rate was 28% of taxable income and the overall municipality share in revenues resulting from this tax was 44.8%.

Real estate tax is based on calculated taxable value of real estate. This tax is divided in several categories. Rates for 1995 were: general estate tax 0.61% (building sites), permanent real estates 0.21%, holiday estates 0.69%, power stations 0.99% and nuclear power stations 1.80%.

The municipal council decides on the local tax rates of municipal tax income and real estate tax rate. The minimum and maximum limits of real estate tax rate are included in Real Estate Tax Act. Corporation income tax rate is decided by the parliament. There is no limit set to municipal income tax rate in legislation.

Local authorities are not entitled to introduce new taxes as this is the exclusive competence of the parliament. On the contrary, municipal councils are entitled to tax persons owning dogs.

8.2. Grants

State grants, including both investment and current expenditure grants, account for about 23% of the revenues of municipalities in 1996.

State grants for investment expenditure change annually. In 1996 they represented 1 000 millions (39% of this total served to finance social services and health and the rest for educational investments).

State grants for current expenditure depend on different criteria, for example the size of the population, its demographic structure, number of users of services, etc. The following table contains figures for the main grants for current expenditure.

Municipal state grants for current expenditure in 1996

Grants	Millions FIM	%
General grants	1 333	5
Specific grants for education	10 468	38
Specific grants for social and health care	15 938	57
Total	27 739	100

The grant system is regulated by law and it can only be modified by parliament. Criteria include also special factors like unemployment, bilingualism, large area and sparse population.

Concerning the equalisation of income level between municipalities, it is based on total taxable income in each municipality. All municipalities having municipal tax income per capita lower than 90% of the national average receive the difference as a state (equalisation) grant. The current state expenditure on municipalities that receive a municipal tax income in excess of 90% of the national municipal average, shall be reduced by 40% of the sum that exceeds the foresaid 90% level. Thus, equalisation is financed by transfers between the municipalities and not by the central government budget.

Municipalities having exceptional temporary financial difficulties can also receive a discretionary temporary state grant or a subsidy for interest payments. The subsidy for interest payments must be paid back. Municipalities deciding to merge also get a temporary state subsidy according to specific legislation.

8.3. Fees and charges

Fees and charges revenues represent 20% of municipal income, 70% of which results from energy.

8.4. Borrowing

Local authorities do not require authorisation from higher authorities to raise loans. They can borrow from domestic and even foreign sources without any special authorisation or conditions.

Sources of borrowing in 1994

Amount borrowed	Millions FIM	%
Domestic banks	10 000	34.4
Local Government Pensions Institution	4 600	15.8
Municipality Finance Ltd	6 600	22.6
Other domestic financiers	4 700	16.2
Foreign borrowing	3 200	11.0
Total	29 100	100.0

The state does not guarantee debts of the municipalities, whether foreign or domestic.

Municipalities are allowed to guarantee loans including those made by a person or an enterprise in order to stimulate business activities and provide working places.

The municipalities and joint municipal boards have loans in foreign currency, about 23% of total borrowed capital.

The Local Government Pensions Institution has established The Municipality Finance Ltd and the municipalities have established the Municipal Housing Finance Ltd.

Local and regional finances are taken into account in national financial and economic planning. The financial situation of municipalities has been one of the arguments used to decrease state subsidies to municipalities in order to limit the growth of the state budget deficit.

Active restriction imposed on municipal revenues or expenditure has not been employed. Instead of it, passive restriction, e.g. cuts in state subsidies, have been an effective factor in limiting the growth of municipal expenditure and borrowing.

9. CONTROLS OVER LOCAL AUTHORITIES

The Local Government Act provides for *a posteriori* supervision of local authorities' acts by the provincial state administration. Provincial administration, however may only act upon a complaint, to determine whether the municipality has complied with the legislation in force.

Thus, supervision by state officials is limited to ensuring the legality of activities in municipalities, as according to the principle of self-government it is the municipality's responsibility to choose the best and most effective ways of fulfilling its tasks legally.

The provincial administration can order compliance with regulations under penalty of a fine.

In addition, every municipality elects an auditing board, together with an auditor, to audit the municipal administration and finances and assess whether the operational and financial goals set by the local council are achieved. The auditors, for their part control the compliance of municipal administration with the law and local council decisions.

10. REMEDIES FOR INDIVIDUALS AGAINST DECISIONS OF LOCAL/REGIONAL AUTHORITIES

As a general rule any interested party has the right to appeal against the decision of a municipal body before the provincial administrative court. This process makes it possible to monitor the legality of the municipal decisions.

11. LOCAL AUTHORITIES' STAFF

In 1996, Finland's local authorities and joint municipal boards had some 400 000 employees on their payrolls. The number of personnel has begun to gradually increase again after declining at the beginning of the 1990s, mainly because of decreasing tax revenues (1991-1993) and state grants (from 1993 onwards).

The breakdown by category of personnel is shown in the following table.

Local authorities' staff

	%
General administration	4
Public order and safety	1
Health care	19.2
Social services	26.6
Education and culture	25.7
Planning and public works	5.8
Real estate	2.0
Municipal enterprises	5.2
Total	100.0

There are two categories of personnel: officials and other staff employed under civil law.

Municipalities are free to appoint officials and other staff. The former, as well as the mayor, are appointed by the municipal council, while the latter are usually engaged by the committees.

Terms of employment are negotiated between the Commission for Local Authority Employers and the Central Organisation of the Employed.

The latest collective bargaining agreement concerning the terms of employment was made in September 1995 between central organisations of the labour market for a period of two years. Local municipalities can agree locally on terms which diverge from the national agreements.

In 1994, the average monthly salary for full-time work (66% of total personnel) was 9 800 FIM. About 78% of all municipal employees are women. The average age of personnel was 42 years.

12. REFORMS ENVISAGED OR IN PROGRESS

The state grant system was revised in 1996 and some changes were made concerning the criteria for state subsidies for social and health services including education. This reform was the first part of the new government's programme for renewing the state municipal relationship and implementing the principles of sharing costs and tasks between state and municipal authorities.

This reform came into force in 1997 including new criteria in the allocation of state subsidies in social and health services, for example, demographic structure, urban structure, bilingualism, structural source of livelihood, needs of municipal services, etc.

In addition, the parliament has passed an act for establishing an intermunicipal institute to guarantee loans contracted by the municipalities.

Finally, the Regional Administration 2000 project was set up to reform regional state administration.