

Thirty years of experience

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Background

- Supreme Court Attorney and Partner in Lund & Co
- Legal Secretary of Association of Norway's hydroelectricity producing municipalities (LVK) since 1982
 - Member of the Government Committee to propose the new legislation on Energy Taxation, NOU 1992:34
 - Member of the Government Committee to propose new legislation on Reversion of concession of acquisition of waterfalls for energy production , NOU 2004:26
 - Member of the Government Committee for biodiversity legislation, NOU 2004:28

My topic

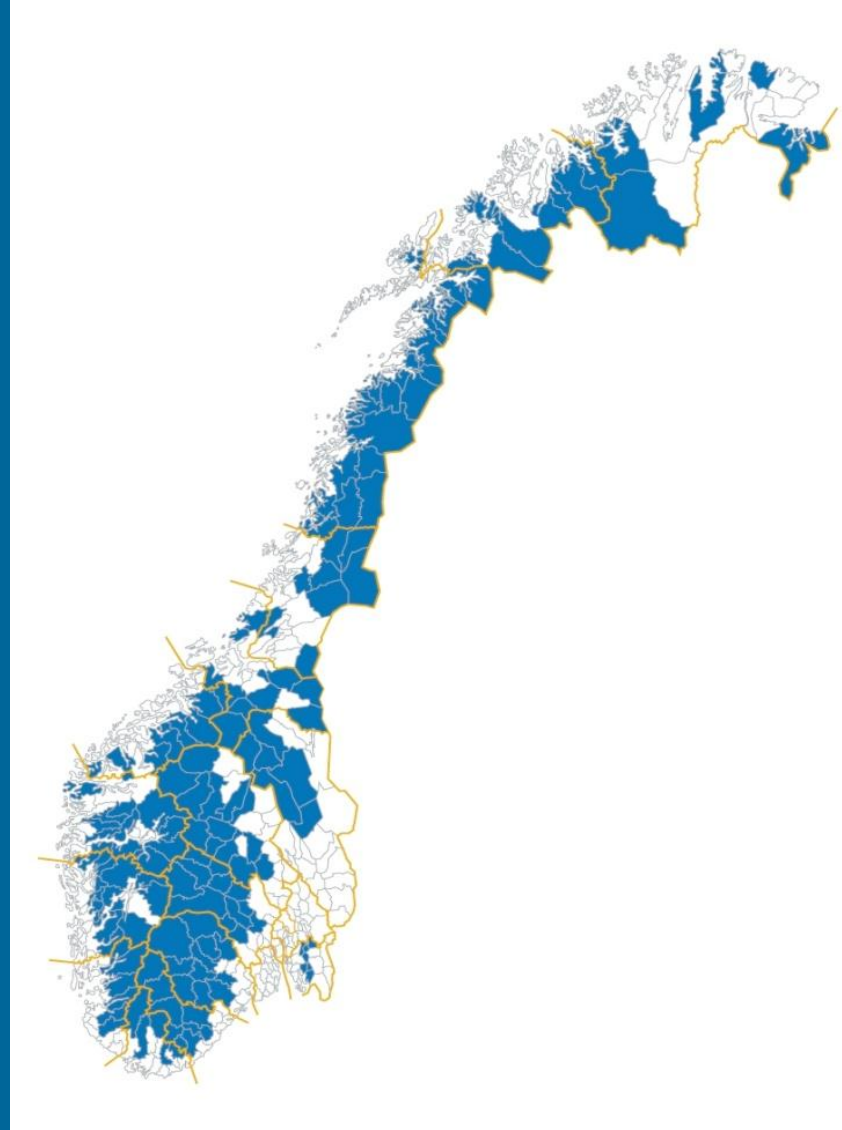
- Share our experience from thirty years working for LVK
- Give insight in what strategy and tools – political, legal, technical - LVK have used to achieve the goals of the association
- Contribute in today's debate seeking to transfer the relevant experience to you

The relevance of experience

- I know a lot about LVK, Norwegian energy politics, regional and environmental politics and the relations between the government and local authorities.
- I don't know enough about these issues in Iceland
- I'm uncertain to which extent the Norwegian system is applicable to the system in Iceland.
- There are different rules, roles and rituals that must be learned and respected
- Today we therefore need a good dialogue and a good debate

LVK today

- Established in 1978
- 173 municipalities are members (of a total of 429)
- Around 800 000 inhabitants (of a total of 5 mill)
- Goal: defend the interests of the municipalities in any relation concerning hydro power, energy, waterfall environment and local self government



«*For Egen Kraft*» 2003

- In a book published in 2003 to LVKs 25th anniversary, the author, professor of modern economic history, Lars Thue wrote:

- "FOR EGEN KRAFT is the story of *LVK, one the country's most successful special interest and lobbyist organisations*. LVK's success is in part due to close and effective interplay between two cultures. The organisation's centre-of-gravity and political force is the representatives for the 150 outlying and industrial municipalities and their political network. The organisation's professional and administrative expertise consists of talented urban lawyers found in a law firm in downtown Oslo."

The organization

- A **national convention** is held every second year
 - All municipalities (173) are represented
 - Representatives from the Government
 - Political debates
- Election of the **chairman**
- Elections of the **national board/committee**
 - mainly consisting of **mayors** from member municipalities (and some CEOs)

The organization

- The **national committee** selects an **executive committee** consisting of
 - one representative from the municipalities from the **northern part** of Norway, (Bård)
 - one from the **southern part** and
 - one from **eastern part** of Norway, (Trygve)
 - as well as the **chairman**
- **Secretarial functions** are maintained by the Lawfirm of Lund & Co in Oslo (Caroline & Stein Erik)

LVK

National convention
(all municipalities)

Board
Chairman +
16 mayors/chief officers

Legal and
Administrative
Secretariat

Executive committee

The founding period – the 1970s

- *"Many municipalities with power plants **got less than they expected** after construction and development of the plant, and social science investigations confirm that the **advantages** for municipalities with power plants were **often limited**. On the other hand, there are examples of such municipalities that **negotiated very good terms**. The establishment of LVK in 1978 reflects this duality of **the things lacking and opportunities that existed** from the established hydropower complex. The distance between what was normally achieved and what clearly could have been achieved gave incentive to action and organisation."*
- Lars Thue, "FOR EGEN KRAFT" 2003

The beginning - 1977

- Most organizations are a result of conflict, and LVK is no exception.
- It was not a specific person, event or a certain group of people during the 1970s being the reason alone for founding LVK
- Different groups and people acknowledged the requirement of an organization

Different motives

- The host municipalities and social science observed a huge difference in compensations to the hydropower municipalities as result of power plants being built.
- It depended on the municipality's ability to negotiate.

- For others the engagement was due to idealism:
 - The radical wave in Europe in the 1970s
 - Imperialism was strongly criticized.
 - Some countries and capitalists exploited other countries, and their natural resources.
- This was transferred to the situation between the “hydropower municipalities” and the power companies owned by the state or the big cities
 - In Norway we distinguish between “host” municipalities (hydropower municipalities) and the “owner” municipalities (the big cities)

- The power companies, owned by either the state, counties or large cities, exploited valuable natural resources in rural areas for their own benefit. The rural host municipalities, where the natural resources actually were situated, were left with nothing but the disturbance to their nature.

Novice vs. Expertise

- *“The “hydropower municipalities” are the weaker party, they don’t negotiate the terms for building a power plant very often (they are “one timers”). The power companies are doing this all the time”*
 - Engangeren mot gjengangeren
 - Former Minister of Education, Gudmund Hernes’ speech at LVKs 10th anniversary in 1988.





- The Minister ended his speech in the following manor:
- *“If someone asks me today how unorganized groups can achieve influence, I can say: Look to LVK. “*

How influence is achieved

- *“LVK's success is in part due to close and **effective interplay** between two cultures. The organisation's centre-of-gravity and political force is the **representatives** for the 150 **outlying and industrial municipalities** and their political network. The organisation's **professional and administrative expertise** consists of talented urban lawyers found in a law firm in downtown Oslo.”*

The main political resource

- 173 Mayors from all political parties
- 173 Municipal Councils

Mayors from the Labour Party – demonstration 2000

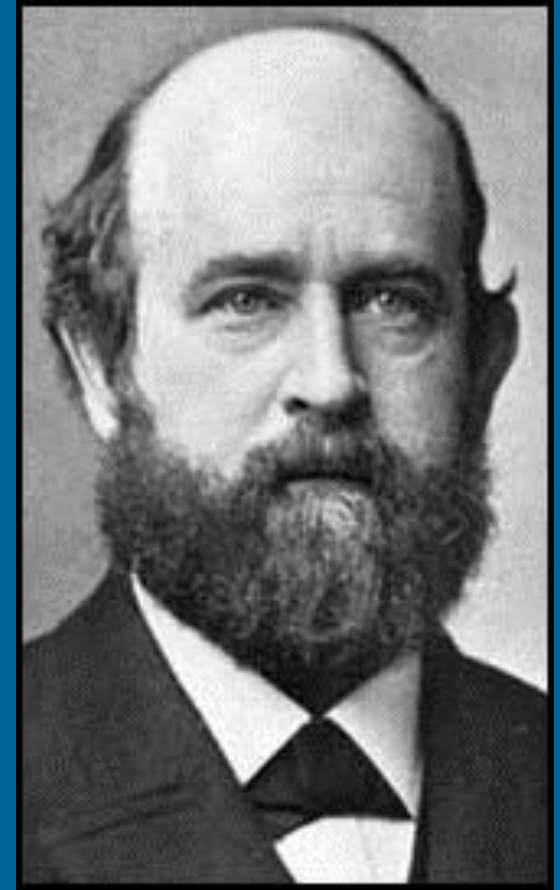
- Mayors wanted to meet Parliament-members from the Labour Party
- Preventing big losses in the property tax on Hydropower plants
- Succeeded in changing the legislation





Who owns the natural resources?

- **Henry George (1839-1897):**
American economist, journalist and gold digger.
- Inspired the hydropower movement in Europe from the 1890s. He gave the basis for the licensing legislation
- *"Every individual has the right to the fruits of his work, but not to the value of natural resources. They belong to the community."*



The Minister of Finance in 1999

“We point out the society’s historical obligations to the municipalities who have accepted huge interventions in their nature. In recognition that Norwegian hydroelectricity production is a national resource deeply rooted locally and regionally, the municipalities should be secured steady income from the local power production. It is a substantial part of our regional policy that municipalities can utilize their resources to local value creation, and as much as possible be independent of state transfers.”

10 Points of reflection

1. It is an important part of a taxation system that the local municipalities receive direct income
2. This is also an important part of organizing a democracy – the principle of subsidiarity- and the principle of local self government

3. It's of crucial importance to secure the rights in the legislation, but legislation alone is not sufficient to ensure that local communities get their fair share of profits.
4. It's fair and reasonable that the affected areas receive a compensation for the disturbance of their nature.

5. It is fair and reasonable that the affected areas receive part of the revenue made by using their natural resources.
6. Local income can challenge the structure of the municipalities, some municipalities can be too small.
7. A regional political level may then be an alternative or a supplement to the municipal level.

8. In Norwegian legislation these principles have been accepted for a hundred years- from the first legislation for producing hydroelectricity power.
9. To maintain this understanding it is necessary with hard and continuous work.
10. The more countries organizing the “power municipalities” the stronger each organization will be. Cooperation across borders, both national and international, is important.

Afternoon, June 1996:

- *«The battle concerning the energy taxation is actually not about taxation. It's about local self-government and local identity. It's about the direction of the money stream before the final share of the value added in public sector is concluded. It's about who's able to take care of themselves, who is supposed to give, who is supporting who, and who in the end will receive aid from the common public fortune. Every single mayor in the power municipalities have a reasonable demand to have direct control with most of his budget, without having to wait for charity from the Ministry.»*

IPCC 2011 – UN Climate panel

- *"Involvement of community-based organizations can mitigate local opposition to RE installations by facilitating local ownership and sharing of benefits . Positive impacts on the local economy further improve public attitudes towards RE developments (Jobert et al., 2007; Maruyama et al., 2007; Aitken, 2010; Warren and McFadyen, 2010)."*

Thank you for your attention!
..and good luck!

