A Contribution to Increase the Efficiency of Administration and to a Sustainable Development of Rural Areas by Local Government Reorganisation

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Key words: Sustainable land management and urban land-use planning, local government reorganisation, Governance

SUMMARY
The development of the state is affected by three intertwined factors: demographic change, the current understanding of state and the public sector finances. In Germany, as in most of the industrial countries, the population is (with some emphasis in rural areas) shrinking due to demographic change. Most of the municipal budgets are subject of a consolidation. Therefore, the state’s withdrawal and Good Local Governance as an organisation principle in a public administration play a decisive role. Thus, the administrative organisations have to be scaled-down further. Sustainable development could be supported by regionalisation by means of local government reorganisation and utilization of correlations between the factors mentioned above.

Exemplifying the expected advantages of local government reorganization and the implementation of new instruments, one rural district in Germany’s federal state Hessen was analysed. Three public tasks – waste disposal (1), urban land-use planning (2) and facility management (3) – were pointed out to show the possibilities for saving costs with regards to tasks of general interest and, at the same time, for affecting the settlement activity by offering services in various ways.

1. In order to minimize the expenses for waste disposal, municipalities have to find ways to reduce transportation costs. Some of the remote places could not be associated to the waste disposal systems anymore. Instead, the waste would have to be brought to a central point. Thus, the inconvenience as a soft location factor could be used as an instrument to manage the settlement.

2. Inadequacies of urban land-use planning are shown by high land use per capita and day even under shrinkage of population and increasing vacancy rate. Comparing planning instruments with instruments that have been established for a sustainable development of nature and landscape a concept for the implementation of a new instrument for a sustainable development was generated. Hence, new housing estates would have to offset against existing land-use areas with a high vacancy rate. Owners of the new buildings would have to pay for adjustment of the building stock (even demolishing).

3. Currently, 16 authorities with parliaments and administrations exist. Potential staff saving are to be expected particularly within politics and departments like the facility management: Due to the reform only one single parliament and administration would be established. Furthermore, maintenance, repair and operations would be managed by one centralised department of facility management with more specialised personnel.
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1. INTRODUCTION AND BACKGROUND

Germany, like most European countries, faces financial difficulties, negative growth and superannuation of its population and, at the same time continuing land consumption for settlement and traffic. These effects could be alleviated by reforms of the public sector in the form of optimizing several tasks, developing new instruments and abolishing one of the administrative levels. Before showing reform options the current situation is pointed out.

1.1 Government Coffers

In Germany on all three governmental levels (Federation, Federal States and communities) public debt have been increasing for years. Most of the expenditures are caused by social and personal costs, the investment-related measures and the resulting interest. Yet the government was not able to gain control of the budget deficit, especially as the budget is heavily burdened by debt service (Statistisches Bundesamt 2009). In addition, the global economy crisis has an impact on the public budgets. German’s gross domestic product in the first quarter of 2009 has fell by 6.7 % as against 2008 (Statistisches Bundesamt 2009a) and at the same time the tax revenue based on local business tax decreased (Bundesfinanzministerium 2009).
To balance their budget, most cities were forced to dispose of property and to take further loans. In addition, any governmental level pared down personnel. Though, the services of general interest have to be provided further on.

1.2 Demographic Development

Changing demographics – associated with increased life expectancy, an aging population, retirement of the baby boomers, more immigrants, changes in the ethnic make-up, and generational diversity - are all expected to create new demands on society.
After Germany’s reunification in 1990 the population grew by about 3 %, since 2003 it is decreasing and starting in about 2015 this trend is likely to accelerate dramatically (Statistisches Bundesamt 2006).
Germany's population is characterized by both, a declining growth as well as by an aging population and smaller cohort of youths. To meet the demands of older adults in terms of (public) supplies, the public tasks, their financing and organization are changing: fewer citizens face higher costs for social benefits and maintenance of infrastructure. The working population will be affected in particular (19-64 year olds). The aging of the baby boom cohort potentially promotes labor shortages, creating upward pressure on wages and downward pressure on the real incomes of retirees. In terms of figures in 2030 only two instead of today’s three workers have to finance one retiree (Freigang; Kempkes; Seitz 2005).
Consequently, broad savings are necessary to finance the retirement pay of the aging population (Baum; Seitz 2002). The development varies from one region to another. Regarding the available jobs, migration between rural and urban regions must be taken into account. Urban regions like Frankfurt/Rhein-Main, Stuttgart and Munich are still grow while rural areas – in particular of the eastern New Federal States – far away from any metropolitan area have to deal with a population decline up to 20 % (Statistisches Landesamt des Freistaates Sachsen 2003). The situation is made worse by the decrease in services offered by schools, stores and cultural opportunities that accompany the decline in population and the increasing age of the remaining population further stresses the social service system of rural areas (BBR 2005). The new approach described here (Good Local Governance) provides people with a sense of responsibility for their neighbourhood and the possibility of playing an active role in its reorganisation.

1.3 Land Usage

In spite of the negative growth in Germany the land usage for settlement and traffic has to be registered which does not correlate with a sustainable development. The policy of sustainability issued by the German Federal Government in 2002 comprises the target of reducing the land consumption for new residential and commercial developments or for transport infrastructure from today’s 130 ha to 30 ha per day till 2020 (Bundesregierung 2004). Nevertheless in 2008 about 95 ha of undeveloped area have been changed (Statistische Bundesamt 2009). That implies that several buildings of the current stock are not used any longer in the course of the new settlements. The loss of population in rural areas leads to a downturn of small towns, turning their once thriving downtowns into empty or underutilized storefronts.

1.4 Administrative Reforms

In order to deal with the financial problems and the demographic change administrative reforms have been initiated (Werner 2002). They are based on a current understanding and concept of the democratic state. During the last centuries the concept has been modified against the backdrop of the social and financial changes. Whilst America and especially Great Britain started a rolling-back-the-state-campaign, in Germany a welfare state with broad competence was established. Nowadays, these differences obliterate\(^1\). The welfare state has been reduced step-by-step, focusing on intra-administration reforms of structure and organization. Because of the common understanding of democracy and the inhabitants’ role the development of the state intends the fair sharing of rights and duties between Public and Private. The concept of this “Ensuring State” juxtaposes state and citizen. Each side should benefit from this fair sharing (Public Value). Today’s administrative reforms intend a closer proximity to the citizens as well as a concentration on public core tasks (e.g. Berlin, Schmitz 2005). Associated with the delegation of competence the state enables its citizen to wield influence on its development. This new

\(^{1}\)Meanwhile privatisation particulary in England are called off due to the resulting compulsion for regulation (Bandemer; Hilbert 2005)
approach, discussed as “Good Local Governance”, provides people with a sense of responsibility for their neighbourhood and the possibility of playing an active role in its reorganisation. To enlarge the citizen’s participation, to optimize administrative action and to discharge the financial burden the public sector has to be reformed fundamentally. Three types of administrative reforms can be distinguished:

1. Structural reforms with changes to the organization and processes such as building a sharable back office, formal or less formal association of local authorities for a special purpose. The co-operation is on a voluntary basis and accordingly non-binding. Decisions taken by such loose co-operations have to be discussed again in the elected democratic committees of the involved local authorities. As a consequence, the debate conducted twice results in delays. Besides, formal association of local authorities for a special purpose have to be run by an additional management board and meeting of members. The municipal representatives taking part have to be indemnified.

2. In addition, functional reforms have been implemented to re-allocate responsibilities to the administrative levels. This includes municipalisation of State Offices. Critics point out that overburdened municipalities cannot take on further tasks and financial burden.

3. The third type of reform to be mentioned is the local government reorganization which aims to concentrate several territorial authorities in one. In previous local government reorganization local authorities of one management level were merged (local authority and local authority, district and district). Mergers of a town independent of any district and a district were implemented (e.g. Hannover); nevertheless the municipalities being subject of this district remained.

Reforms aim to strengthen the regions’ competiveness (regionalisation). Currently, one focus lies on questions regarding the economy and on tasks communities cannot manage any longer on their own. In addition, regionalisation intends to encourage locals to contribute to their community and identify with the region (Diller 2005: 8f.).

1.4.1 Structure of the German State, Municipal Tasks and Rural Areas

For a thorough understanding of the reform suggested below it is beneficial to briefly review the structure of the German state, its tasks and special problems of the rural areas. Germany is a Federal Republic with three governmental levels (figure 1): the confederations government, the governments of the 16 federal states and the local level (local authorities). In turn, the local level is comprised of the municipalities and the administrative district (Kreise) in which they are incorporated. In addition, cities of more than 100,000 inhabitants are separate and independent of any district.

The local authorities are self-governing and have the rights and the duties to settle any tasks of their community (BVerfG 1988). Included are the competences of planning, finances and personnel matters. The home rule may not be constrained by the state (BVerfG 1995).

The level above is the administrative district. The district has its own administrative and political representation. As the joining of the depending municipalities, it administers duties and responsibilities the local authorities are not able to cope with on their own. Additionally, they even differences between the municipalities (§ 2 HKO).
The home rule of the administrative district is conditioned by law since the state legislators have to allocate the tasks. However, that does not diminish the quality of autonomy compared to the communities’ (LVerfG M-V 2007). The local authorities finance themselves with taxes and the district with contribution.

The municipal tasks can be categorised by different criteria, such as the importance of the task for the general interest, if it infringes on a third party’s rights (police law) or the political discretion. Summarizing all these criteria three main groups can be pointed out: compulsory tasks like general public service assigned by the state with less scope of discretion, compulsory tasks of the municipality with wide discretion and derived tasks indispensible for the performance of other duties.

Representing these three main groups waste disposal, urban land-use planning and facility management will be considered. Whether these exemplary tasks are in need of reform will be examined by showing current and expected problems and how relevant the public duty will be in future.

To manage the waste disposal the federal states enacted implementation law according to the national law (KrW/-/ AbfG). In Hessen, a federal state in the middle of Germany, communities and administrative districts are the public waste disposal authorities (§ 4 Abs. 1 HAKA), i.e. they carry the responsibility for the disposal of the municipal waste. Disposals’ problems arise first and foremost from the financing of logistics (transfer) on one side and the purpose to minimize the financial burden for the citizens on the other side. The discrepancy between cost and contributors will increase in rural areas with negative growth, so a possibility to reduce the cost must be found. Most German communities have taken measures to enhance efficiency by joining an administration union to utilise a jointly collection vehicle and treatment facility.

Urban land-use planning is one of the most important tasks of the self-government and comprises the building of the Preparatory Land-Use Plan and the Legally Binding Land-Use Plan. Inadequacies are shown by high land use per head and day in face of declining population and increasing vacancy rate. The development policy entails indirectly high maintenance costs and as a result of that high royalties.

Facility management comprises the building, management and maintenance of community properties. Thus, it is the basis for the performance of tasks of public interest such as education (schools, kindergarten). On one hand, municipal properties are special in terms of...
equipping and size. On the other hand, they are occupied at certain times one day or week. The costs have to be refinanced, whereby fewer inhabitants have to pay higher commissions and dues in the future.

Rural areas in Germany have developed very variously so it is no longer one transurban space (BBR 2005: 203). They serve for living, resource availability and recreation etc. (Council of Europe 1996). Despite the differences between the rural areas, the negative development of economy and demography has particularly pronounced effects on most of them and reinforce each other. Hence, concepts of savings have to be created including, but not limited to rural areas.

Both politics and administration have to work towards these developments in co-operation with the citizens. Including sustainable urban development in spite of the problems caused by the demographic change, a perfect organisation of processes to increase efficiency and the performance of public duties of general interest. In concrete terms, this means the improvement of facility management for savings on operating costs, forward-looking urban land-use planning irrespective of particular interests and at least a new conception of public duties like waste disposal.

3.1 Merger of Local Government and Administrative District in One Single Territorial Authority

Facing the problems a new administrative reform is suggested. In rural areas the abolition of the district and the union of the municipalities belonging to the district could be a solution. Savings, the regions’ strengthening and more effectiveness in the performance of the duties would be enhanced. A particular point to consider if this territorial reform would be initiated is the constitutional guarantee of the municipalities (Werner 2002). Local governments could only be dissolved if this is justified by public interest (§ 16 HGO). Thus, benefits will be covered below.

Personnel savings are one main financial benefit, whereas the customer contact and the collaboration must not be reduced. Example for affected departments would be the IT- or finance department. Additionally, fewer politicians would have to be employed.

Public interest as a compelling reason for a reorganisation does not only include the expected saving, but internal and task performance improvements. Included are

- a development and planning free of individual interests
- an authority able to compensate for the local differences in function, demographic change etc.
- avoidance of redundancies (plans, work etc.)
- efficiency by specialisation of the staff.
1.4.2 Split of Function between the New Neighbourhoods

The former municipalities could develop due to their characteristic function. They were no longer competitors but knots in a network supporting each other. Areas with edifices of historical value could be financially supported by “knots” with a production location. The increasing attractiveness for tourists caused by the monument preservation will promote a short-term return of invest. So the entire region would benefit. Tasks could be assigned in terms of division of labour.

4. CASE STUDY: ODENWALDKREIS

Using the Hessian administrative district Odenwaldkreis as an example the merger of administrative districts and communities shall be illustrated. The rural district covering an area of 629 square kilometres is built by 15 cities and communities.
The population has been declining for a few years, between 2005 and 2008 the number decreased from about 100,200 to roughly 98,000 (Hessisches Statistisches Landesamt 2009). The respective debt repayment status of the district’s communities is different, the administrative district shows a deficiency of about 7 Mil. € (Odenwaldkreis 2009). Thus, savings are required.

4.1 Savings

Through the formation of one territorial entity today’s 16 administrative boards and municipal councils would be replaced by only one, which means about 400 local politicians less with each averagely 6 € allowance per hour. As direct representation the inhabitants of the formally independent communities would establish local advisory councils according to the Hessian local government regulations (§ 81 HGO). Currently, there are 15 mayors and one district...
president employed and no full-time active town councillor. Remuneration is based on the
population. If the new territorial entity would have one single mayor and one full-time
councillor only, the savings in basic salaries could be roughly 70,000 € per month alone².
Besides, staff savings could be achieved by centralisation. The current number of
administrative employees of the 15 municipalities and the district is about 1,110 people³. The
new authority would have similar tasks and organisation comparable to a town with the same
number of citizens. An example might be Darmstadt, a city northern to the Odenwaldkreis
with about 140,000 citizens and 695 employees (Stadt Darmstadt 2008). Including some
reforms of the structure and regarding the difference in size about 300 jobs could be
economized.

4.2 Tasks Performance

In addition to the consolidation the public should profit from a better task fulfilment.
Possibilities will be illustrated on the basis of the three public tasks mentioned above: waste
disposal, urban land-use planning and facility management.

1.4.3 Waste Disposal

The municipalities of the Odenwaldkreis founded the waste disposal association in 1975
(Müllabfuhr-Zweckverband Odenwald, www.mzvo.de). The administrative district is member
with consultative vote. The public waste disposal authorities article by local rule the plots’
association to the collection system. In addition, they govern the method, the location and the
date the waste has to be left by the waste producer.
These possibilities for regulation could be utilized to intervene for a sustainable settlement
activity. Besides, the public duty could be minimized and the dues held steady for years,
despite the decreasing population. Streets with few vacant buildings would be associated as
usual and waste would be collected directly where it originates. According to the
understanding of participation and the need of assuming rights and duties by the citizens,
some of the outlying areas could not be associated to the waste disposal systems anymore.
Places with a high vacancy rate not being worth to develop anymore for example would not
be approached any further. Remaining residents would be under obligation to bring their
waste to determined points. The inconvenience as a soft location factor could be one single
instrument to manage the settlement. In addition, cost for transport would decrease.
With regard to organisation a responsibility arises from the abolition of the waste disposal
association and its panels (management board and meeting of members) only.

1.4.4 Urban Land-Use Planning

The essential topic in urban land use planning is the new zoning of building areas. This
approach is critical since 2002 the German government has defined the target of reducing the
land consumption for settlements from 130 ha to 30 ha per day (till 2020). Despite the
decrease in population at the Odenwaldkreis 19 ha agricultural land were converted for
settlement and transport infrastructure in 2008 (Odenwaldkreis 2009a).

² Calculations based on the German law of public salaries (BBesG)
³ According to the employment plans of the municipalities and the district (30.06.2008)
Because of the external development (at the outskirts of town) and the reservation of brownfields inside the town the settlement is neither compact (sustainable) nor attractive (deprecation) and the expenditure for new infrastructure increases enormously. Under certain circumstances the new zoning of residential areas could have more advantages for the municipality than the preservation of old building stock because no re-use is demanded. Although, the demand-oriented offering of living environment and building designs could not attract new citizen, but at least the emigration could be avoided. The new zoning should not support the population’s growth, but the renewal of the city. An example of successful renewal could be a bypass: the financing and interminable planning could be dispensable since unused buildings along the main through-road could be deconstructed.

Researchers have pointed out that the main factors for claiming new areas are based on planning and financial guidelines, administrative fragmentation, sanctuaries and the price for building land (Siedentop 2009). Therefore, the use of a management tool to control these factors is required (let us focus on the offering side and not on the demand side for now).

An existing instrument to affect many of those factors is the legal counterbalance regulation of the Federal Nature Conservation (BNatSchG). This counterbalance tends to compensate the intervention in nature caused by the realization of a building, street or other infrastructure. The consumption of nature has to be compensated by restoring the initial function of nature and landscape (§ 19 BNatSchG).

According to the Federal Nature Conservation, this concept could be applied to the management of land usage for housing and traffic. New housing estates might offset against existing land-use areas with a high vacancy rate. Owners of the new buildings would have to pay for measures for developments of the building stock – even demolishing.

The counterbalance within the meaning of the Federal Nature Conservation necessitates identifying and evaluating of nature and landscape. The focus is on soil, water, biodiversity, air and climate, landscape and the correlations.

The counterbalance according to planning law proposed here has to include the evaluation of
- the quality of the existing street or area with a high vacancy rate (market value)
- the expected cost for maintenance, repair and operations of the buildings as well as for the infrastructure
- the value of the ensembles or single buildings for identification in terms of landmarks for example.

Additionally, likely effects to these values by the new building area have to be pointed out and assessed. Measures envisaged to prevent, reduce and offset any significant adverse effects have to be prepared. Inevitable plans and measures liable to have significant effects on the value provide a counterbalance. Spaces or measures intended to provide counterbalances may be designated by the legally binding land-use plan according to the designation of measures for the counterbalance for the impact expected on nature. For the counterbalance within the meaning of the Federal Nature Conservation Act there are different possibilities:
- measures on those plots on which intervention to nature and landscape is to be expected or
- at some other location either within the territory covered by the binding land-use plan in question or
- within the plan area of another binding land-use plan (§ 9 Abs. 1a BauGB).
Spaces or measures intended to provide counterbalances may be designated by the legally binding land-use plan. Though, the implications are the designation of individual measures missing any integrated and widespread planning. This problem could be dealt with by realisation of a counterbalance according to the “Eco account” of measures for the counterbalance within the meaning of the Federal Nature Conservation Act. Therefore the opportunity is given to implement measures if and where it has to be performed for the purpose of sustainable development. At a later time, it can be cleared as counterbalance for any impact. Since the regional counterbalance holds equally in the case of measures on land made available by the municipality, the implementation would be easier in one territorial authority than in 15 separate. If a measure of one city is realized on the ground of another municipality, contractual agreements are needed. These arrangements are unnecessary in case of the merger to one new local authority. If the planning competence would be regionalised the cities could be developed more reasonably since the focus could be on different local characteristics. The regional counterbalance would provide the financing of the protection of historical buildings and monuments at one municipality and the development of industrial areas at another. One major disadvantage can be pointed out: The planning process might be stalled by the balancing of measures and their effects. Thus, the balancing has to be standardised.

1.4.5 Facility Management

To optimize the facility management technical changes and the centralisation of the management are necessary. Nowadays, the public buildings characterized by certain kinds-of-use are owned, funded and ran by different authorities or institutions (municipalities, district, PPP). In order to combine flexibility of use, a high level of functionality and economy are targeted.

Financial gains of the merger of the local and regional level could be:
- Maintenance, repair and operations could be contracted on more reasonable terms due to the mass.
- Any user like schools, sports clubs or privates who presently pay different dues could be burdened equally if a uniformed financial system would be implemented.
- The centralisation would require a personnel reduction (more buildings do not mean more work).

The merger would lead to significant benefits within the facility management in terms of increased technical changes. At the same time efficiency of the organisation that is both more comprehensive and more sensitive to the current and future demand could be improved. In addition to the financial benefits content-related advantages could be achieved:
- Support of the building stock from a single source,
- the whole building stock of the municipalities and the administrative district could be monitored by one single system,
- the personnel could be more specialised with a better division of labour.

The Technische Universität Darmstadt investigates possibilities to reduce the number of public buildings and to combine different forms of use in the Research Project “Portfoliostategien für kommunale Immobilien” (PokIm).
5. CONCLUSION

A territorial reform is a radical one and prior to its implementation alternatives have to be considered. According to the principle of proportionality any possibilities to achieve the advantages and benefits have to be assessed. The voluntary cooperation of the local authorities could be one possible alternative. However, case studies in Germany have proven local authorities’ ambition to maintain their competence for planning (Hesse/Götz 2006). Experiences gained by former territorial reforms shows furthermore the need of collaboration between the citizens and the local politicians to solve conflicts (Sachs 1995). Despite the centralisation suggested, some services have to be offered at every borough of the new authority. This could be faced with a “mobile administration” that changes its location day by day.

At least the concept has to be ruled by the federal state to get a generality of the reform for any municipalities and districts in Hessen.

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Law and court ruling


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