

## **The situation of local authorities in Estonia is clear to Europe!**

Extraordinary Forum of Local Authorities  
9<sup>th</sup> December 2010 in Õpetajate Maja, Tallinn  
13:15-13:45 Mr. Edgar Savisaar, Mayor of Tallinn

Dear colleagues

The Forum of Local Authorities was initiated one and a half years ago on 12<sup>th</sup> March 2009 after an appeal to Europe.

I would like to remind you that this happened following the Government of Estonia's decision to brutally cut the budgets of local authorities. This took place at a time when the budgets of local authorities had already suffered immensely due to declining income tax revenues. While governments throughout Europe still tried to support their local authorities, the Government of Estonia hit us hard with a double cut.

We formed a national delegation of the Forum of Local Authorities to the Congress of Local and Regional Authorities of the Council of Europe (CLRAE), the Committee of the Regions (CoR), and the Council of European Municipalities and Regions (CEMR) in order to more effectively co-ordinate the representation of local authorities that had joined the national associations of local authorities of Estonia and of other non-member local authorities.

Amendments to the resolution on the financial crisis and its impacts on local authorities, which were initiated by the Forum of Local Authorities and jointly discussed by representatives of the Baltic states in Rakvere, were defended in the Committee of the Regions back in April 2009.

In the communiqué of the General Assembly of CEMR held in May of the same year, governments were warned against interfering with the finances of local authorities. We also contributed to preparing this statement.

Both European assemblies of local authorities understood us and declared in unison that placing this with the added strain of the crisis on the shoulders of local authorities would seriously affect those people who use the services rendered by the same authorities. Europe noticed us and investigated the issue. And they said it to the Government of Estonia. Repeatedly and clearly.

We promptly turned to the acknowledged representative organ of the Member States of the Council of Europe – the Congress of Local and Regional Authorities (CLRAE). Though some of the mills of Europe grind slowly, they grind small. Contrary to the present Government of Estonia that only grinds.

After having scrutinised and discussed the situation, CLRAE adopted recommendation no. 294 (2010) on local democracy in Estonia on 28<sup>th</sup> October in Strasbourg.

This recommendation is based on a detailed report on the situation of local authorities in Estonia and on the implementation of a similar recommendation made ten years ago, or to be true, the failure to implement it. The governmental parties prefer only to hear those statements from Europe and America that praise our country's diligence and the government's eagerness in connection with the budgetary and taxation policy and not those statements that refer to being uncaring and harsh towards people, as a substantial burden of the economic recession has been placed on the shoulders of people who earn small and average incomes.

This criticism from Europe is especially uncomfortable for the coalition on Toompea and in Stenbock House because it comes directly from their own people. A critical report on local democracy in Estonia was prepared by Jos Wielen (the Netherlands), a representative of the right-wing European People's Party, whom I personally met.

Only some short news pieces were published about the CLRAE report and its recommendations, and even these were in bad Soviet-style propaganda. The news about the content of the recommendations adopted by the European body of local authorities was scant and was met by a prompt counter-attack from the Minister for Regional Affairs. An attempt was made to diminish the criticism raised by CLARE and to direct attention elsewhere. Therefore, please let me read aloud all the adopted recommendations for the Estonian authorities:

- 1) grant special status to the city of Tallinn on the basis of Congress Recommendation 219 (2007), establishing different legal arrangements to take account of the particular situation of the capital compared with other municipalities;
- 2) clarify their legislation concerning the mandatory tasks and functions of local government;

This viewpoint is based on a demand of the city of Tallinn, supported by the Supreme Court, which points out that the resources and responsibilities of local authorities should be clear and explicitly defined in legislation. Although the state promised to implement the resolution of the Supreme Court, it has failed to do so to date. Only four ministries acknowledged that they have imposed obligations on local authorities. This is true, as, for example, the Ministry of Defence has assigned tasks that have not been currently implemented, as they shall only be applied in an emergency situation. In addition, the Ministry of Culture has imposed obligations on local authorities relating to libraries, and the Ministry of Social Affairs has assigned tasks as regards social aid. But let us be clear – the Ministry of Internal Affairs has also assigned tasks to local authorities in connection with the funeral expenses of unidentified persons and the transport of the deceased. Consequently, the state has not imposed any other obligations on local authorities! In reality, the government does not want to understand the situation of the people living in towns and rural municipalities. If kindergartens and schools are not the responsibility of local authorities, then why are they now being blamed for them? Imagine this, i.e. local authorities ensure that libraries are open, social aid is paid (provided that the state has allocated necessary funds), and transport of the deceased is organised, but everything else is left for the state to do or is not done at all. Just imagine the ensuing chaos.

- 3) immediately change domestic legislation to allocate a greater proportion of financial resources for local authorities in order to make them commensurate with the responsibilities provided for by the Estonian Constitution and national law, and allow local authorities to raise revenues from local taxes. This change in legislation was already advised in Recommendation 81 (2000);

Here is a lot of room for improvement. In Europe, local taxes account for 70 per cent of collected tax revenue; in Estonia they contribute less than one per cent!

- 4) take measures to ensure that local authorities receive adequate revenue from shared taxes, and that these are allocated in a transparent way;
- 5) set up a support fund for local authorities that are particularly affected by the economic crisis, so that they are able to continue delivering certain social services;
- 6) start wide-ranging consultations with local authorities on the planned financial reform.

We, the leaders of local authorities, did not realise that the Government was planning would have for the people living in towns and rural municipalities. Obviously, government officials did not dare to hide this information from the CLRAE rapporteurs;

- 7) clarify the procedure of consultation with local authorities and the national associations of local authorities in order to make consultations and discussion possible prior to the final decision making, as stated in Article 4, paragraph 6 of the Charter. This procedure should take place in due time and be organised in a proper manner before the discussion, especially when a planned reform concerns local authorities or implies financial consequences for them;
- 8) encourage the Estonian authorities to ratify the Additional Protocol to the European Charter on Local Self-Government on the right to participate in the affairs of a local authority (CETS No. 207) as soon as possible;
- 9) request that the Estonian authorities keep the Congress informed on the follow-up that will be given to this recommendation.

The official and public Estonia has not only kept quiet about the CLRAE monitoring. It is much worse.

The Government of the Republic is already plotting new draft acts to continue suppressing local authorities, and it is demonstratively acting contrary to the recommendations from Europe.

On the same day, 23<sup>rd</sup> September, when the *Riigikogu* (Estonian parliament) discussed the partnership between the state and local authorities, the votes of the government coalition prohibited the collection of sales and boat taxes, which were the last taxes left for the local authorities to impose. Although CLRAE has stressed the need to ensure much more extensive taxation autonomy for local authorities, the Government of Estonia decided to leave the local authorities without an independent taxation base. The centralisation efforts of the state have crossed every imaginable line and the local authorities are made completely dependent so that their revenues can be cut at any time; they are driven into bankruptcy and then triumphantly reorganised.

Presently, a draft act is in the State Chancellery that attempts to abolish the obligation to consult and involve local authorities in the process of amending legislation, which is currently, if only formally, in force.

It is even tragicomic how they have attempted to hide the same draft from local authorities. The classifying draft act is itself classified! Yet again, this Government intent is in stark contrast to the recommendations of Europe to involve local authorities more in the law-making process. It seems that we need our own Wikileaks because it was utterly by chance that we became aware of existence of this draft act.

This all goes to show that the present Government of Estonia intends to continue following a course that is separate from the main values of Europe. This is the course that will impoverish the poor and the middle class and make the rich even richer. This is the course that undermines the foundation of the statehood of Estonia – people’s faith in the state’s intent and the state’s ability to provide everyone with decent living conditions in their homeland.

Luckily enough, by now, the situation in Estonia is quite clear for the European representative organisations of local authorities. As our government does not care for the views of Europe, local authorities have to strengthen their united front to protect their people’s interests.

After years of persistent brainwashing in the media, Ansip has started to identify himself with the state of Estonia and the euro with Europe.

However, Ansip is neither for Estonia nor Europe. The government headed by him has pushed the population and local authorities into poverty. The euro should not become a cloak under which he accelerates steering our society away from European society. We have to make the euro serve the people of Estonia. The present government has made obedient euro subjects of its people.

Our local authorities have to do everything in their power to ensure that Estonia will get an Estonian and European friendly government as quickly as possible. We know that Europe will support us on this journey. Proof of this is that a CLRAE monitoring committee meeting will be held in Tallinn tomorrow. The same committee had a key role in adopting the above report on Estonia.

Dear participants of the fifth Forum of Local Authorities!

What is our duty? You know that we have failed to influence the government’s policy by persuasion. Consequently, we only have to hope that the government will change in March. What is the duty of the heads of local authorities? I do not call on you to spread party propaganda; I only ask for your help to explain in your local community why such a situation has evolved and what the solutions are. And then let the people of Estonia decide whether they prefer to continue

with the politicians and parties that have made anti-local authority decisions during their four years in power.

What will happen if we do not act? What will happen if we do too little? Recently, Tõnis Palts, an influential right-wing politician, said that he believes two-thirds of local authorities should immediately be dissolved. This is an exact quote. It is in our hands whether we let ourselves be dissolved or not.