

**Summary:**

# **Governing, delegation and influence?**

## **How the Norwegian Parliament handled the National Transport Plan 2006-2015**

The National Transport Plan is the central document for governing the transport sector in Norway. The white paper concerning the National Transport Plan 2006-2015 was passed to the Parliament on the 12th of March 2004 and subject to discussion during the spring session. By request from the Ministry of Transport and Communications and the Norwegian Public Roads Administration, this report analyses how the Parliament dealt with the plan. We study the system of governing in which the transport plan is an element, the form and content of the plan, and the decision making process prior to and during the process in Parliament. The analysis rests mainly on research interviews with members of the Parliament's Standing Committee on Transport and Communications.

The Norwegian Government now for the second time has made a national transport plan, which replaces the previous, sectoral infrastructure plans for each mode. The purpose is to achieve management by objectives and results, delegation, coherence and long-term planning in transport policy.

Four questions have structured the research:

1. How do the members of the Standing Committee see the system of management by objectives and results? Do the plan and the way it is handled pave the way for parliamentary governance by objectives and results?
2. How do the members of the Standing Committee consider the delegation of transport policy decisions to the transport agencies, to the regional and municipal levels, as well as to public limited companies?
3. How do the members of the Standing Committee understand the aim of a coherent transport policy, and do they find that the white paper pave the way for such a transport policy?
4. How do the plan and the planning process function as an arena for political influence, and how wide a space for political action and influence is left when the Committee receives the plan for consideration?

In the following, we address the above questions.

## Management by objectives

Management by objectives and results has two different interpretations. On the one hand it is a governing *philosophy* which implies that attention is shifted from rules and procedures towards a focus on objectives, results and long-term, fundamental questions. On the other hand, management by objectives and results can be interpreted as a governing *technique*. The technique consists of three main components:

- The formulation of clear, stable, consistent and definite objectives which must function as binding standards for performance.
- The measurement of results, based on specific performance indicators, and reported to the superior level of the organisation.
- The following up of results, by rewarding good results and penalising the opposite.

Our interviews with members of the Standing Committee on Transport and Communications show that, in general, they support management by objectives and results as a philosophy. They do, however, with one exception, not relate to the system as a governing technique.

The majority of the members in the Committee emphasise that it is neither possible nor desirable to formulate more specific objectives in transport policy. Anyway, it is not formulation of objectives but the choice of means which constitutes the important political decision. The superior objectives contradict one another, and it is not desirable to choose for example traffic safety in preference to road quality and speed, environment in preference to efficiency etc. In addition, the discussion of the economic resources prevents an overriding and long-term discussion of objectives.

Although some members of the Committee miss a discussion of measures which can improve achievement, they do not ask for information about how an alternative use of resources could contribute to the fulfilment of the objectives.

Members of the Committee furthermore doubt whether it is possible to fulfil the stated political objectives in transport policy. This is so partly because they do not know whether the expected economic resources for implementing the plan will be appropriated when the Parliament decides on the Budget, and partly because external, societal trends render it difficult to achieve the objectives. Several members regard the political objectives in transport as “desirable directions of development”, “visions” or “something to reach for”, and not as binding performance standards.

To interpret and use the overriding objectives in transport policy in this way is not in accordance with management by objectives as a technique. The objectives are not consistent or clear, nor are they interpreted as binding standards which are to be used for evaluating results. With one exception, the members of the Committee do not want the objectives to work in this way either.

## **Management by results**

Ideally, management by results implies that the superior authority, which in this case is the Parliament, decides which results should be achieved. The task of the transport agencies, then, is to find the means to fulfil the objectives in the most efficient way. Subsequently, the performance of the agencies will be compared to the Parliamentary decisions. Impact assessment is important in such a system. In principle, one should either change means or claim other results if impact assessment analysis shows too low (or high) results.

In the National Transport Plan, a more pragmatic way of management by results has been chosen. The agencies, and subsequently the ministries, suggest a portfolio of investments. Impact assessment is then carried out for the suggested railway and road projects. The results of the impact assessment, along with investment proposals, are presented to the Parliament. Using impact assessment in this way should, in principle, make it possible for the Parliament to consider whether or not the expected results are satisfactory, and to control whether or not the results are actually achieved.

The study shows that the role of impact assessment as a basis for making priorities is limited. The assessed impacts of the entire plan's investments in railway and road do not seem to have any consequences for the political priorities between rail and road, while impact assessments on specific infrastructure projects are used by a few politicians. The same results were found in 2001, when the Institute of Transport Economics evaluated how the Parliament handled the National Transport Plan 2002-2001.

In the Committee, the discourse about cost-benefit analyses in particular is characterised by considerable distrust. To a lesser extent that is also the case for other impact assessments in the plan. Hence, the overwhelming majority in the Committee mistrust several of the impact assessments which should govern the work of the agencies, and which subsequently should be the point of departure when the agencies report on their performance. This outspoken mistrust is new.

Why do we experience this change in the discourse? The reason is a changed discount rate. Being an important element in cost-benefit analyses, the discount rate is higher today than previously. Also, it differs more among transport modes, since the modes are subject to unequal degrees of economic risk. In general, politicians criticise the level and the differentiation of the rate, and several politicians find that the determination of the rate has not been a purely professional process; rather it has been politically influenced by the government. The discourse about the discount rate might have infected the politicians' confidence of other impact assessments in the plan.

Despite distrust and despite the fact that impact assessments hardly influence the political decision making, the majority of the members of the Committee still want the plan to include such analyses.

## **Delegation**

A central element in management by objectives and results is that politicians should hand over more specific matters and details to the administration. Hence,

delegation should bring about time which can be used for overriding, strategic and long-term matters. Politicians should possess more control of important issues and less control of minor issues. Hence, today compared with previously, in national transport planning the Parliament considers fewer individual infrastructure projects, having delegated the responsibility to transport agencies.

Simultaneously, the regions and municipalities have increased their influence on transport planning, especially on road infrastructure. Hence, we also experience delegation from the state level to regional administrative levels.

Furthermore, institutional reforms in the sector imply that bodies like administrative agencies and public sector enterprises are converted into public limited companies. The implications are that some tasks in the sector are now carried out by bodies with considerably more autonomy from politicians.

Concerning the agencies, the majority of the members of the Committee are rather pragmatic as regards delegation. In general, the current division of responsibility between on the one hand the Parliament, and on the other hand the Ministry of Transport and Communications and the agencies, is seen as appropriate. The politicians do to a considerable extent trust that the transport agencies for road and rail will manage the delegated responsibilities in an appropriate way.

The politicians' view on delegation to the regional level coincides closely with the parties' general views on the suitability of a regional level between the state and municipalities. Parties considering this level inappropriate disfavour delegation to it. Those parties which are in favour of this intermediate level, are generally positive to delegation within the road sector. For the latter parties, however, a precondition in some cases is that the existing regional units be substituted by larger regions with elected bodies.

When it comes to public limited companies, several members of the Committee express some degree of distrust. That is especially the case of Avinor, which owns and operates 46 Norwegian airports. Probably, this is due in part to certain, highly publicised internal conflicts that took place during the interviews, and in part to the fact that many Committee members oppose the formation of public limited companies in this sector. They find that such companies reduce the possibilities of political influence.

## **Coherence**

The need for a coherent transport policy was an important reason behind the change from sectoral infrastructure plans to a coherent National Transport Plan. Close to all the interviewees from the Committee emphasise the need for coherence in transport policy. The members, however, express somewhat different reasons for the need for coherence.

For all members, coherence means that all transport modes are considered jointly and simultaneously through the National Transport Plan. From this perspective, the plan is generally regarded as more coherent than the previous version. This time, however, more members criticise the ability of the Committee to use the plan as an instrument for coherent decision making. Furthermore, some members wonder what can be achieved through added emphasis on coherence.

Many members of the Committee see a coherent transport policy as equivalent to coordination within specific geographical areas. Some interviewees stress the need to connect different parts of the country, others stress the need to develop intersections, and still others stress a fair geographical allocation of investments across the country. For many members of the Committee the aim of transport policy is to solve specific and practical problems of coordination “out there”. In this respect, the plan’s emphasis on transport corridors is considered important, being appreciated by all interviewees.

For several members coherence has to do with efficient use of means and instruments to achieve various objectives. Important objectives are connectivity across the entire country, an adequate allocation of investments among regions, and shifting the growth in traffic from road to sea and public transport. In association with these objectives, the need of introducing more means, e.g. taxes, is expressed. Hence, the claim of coherence can also be understood as a desire to expand the repertoire of means and instruments and thereby increase the possibilities of reaching important objectives in transport policy.

## **Influence**

The National Transport Plan is expected to establish an arena for the Parliament to influence Norwegian transport policy. In that respect, how does the plan work?

Many stakeholders are included in the process prior to and after the government’s presentation of the plan. Members of Parliament also have a part in the process. The politicians’ relations with their constituency and with regions and municipalities are important for two reasons: the politicians learn from them, and these contacts legitimate the process. If the aim is to involve many participants, the scope of the process is impressive.

Formally, the Parliament can decide whatsoever in regard to the National Transport Plan. Nevertheless, our conclusion is that the space for actual political action is limited when the plan arrives in Parliament. The reasons are these:

- The plan has already been negotiated in detail with many stakeholders.
- All members of the Committee find that, in general, there is too little money for transport. Hence, if the politicians should transfer money from one sector to another or from one region to another, it would require taking from some areas which deserves the money, in order to meet an even larger need in another area.
- Prior to the presentation of the plan in Parliament, the politicians from the parties in power have arrived at compromises regarding the plan. During negotiations in Parliament, the job is to defend the plan.

Politicians find that the space of action is limited when the plan is to be considered in the Committee. One Committee member even talks about impotence. No doubt, this can be seen as a democratic problem. There are, however, several good reasons to include many stakeholders in the process.

The limited space of action experienced by the politicians explains why the parliamentary majority decided to increase the economic resources in the plan:

Since the politicians cannot transfer resources within the government's plan, they have to add resources if they want to promote specific issues.

## Conclusions

When the Parliament handled the National Transport Plan, three problems occurred:

- *A problem of political governance*, which consists of two elements. First, the politicians in Parliament experienced limited possibilities of changing the proposed investments in the plan. Second, the Parliament neither governs through objectives nor through performance indicators. Nevertheless, they do back the delegation to ministries and agencies which formally are justified through management by objectives and results. The problem of political governance is worrying from the point of view of parliamentary democracy. The politicians do, however, not see this as a problem.
- *A problem of information*, which is due to the fact that hardly any of the members of the Committee make use of the impact assessments in the plan. And they neither will be used in the future, it seems. Nevertheless, the politicians ask for more and better information. In particular, this is a problem for the administration, because they spend time and money to provide a decision basis which hardly has any impact.
- *A planning problem*, which is due to the fact that the National Transport Plan often is not backed in annual Budgets. Hence, we might experience that the resources in the plan will not be approved in the Budgets. This problem worries the administration more than any, but it also worries the members of the Standing Committee. It challenges the entire idea of having National Transport Plans.

Regarding the first two items, members of the Standing Committee do not identify them as problems. Why do politicians not identify these phenomena as problems?

Regarding the first element in the problem of political governance, the opposition solves it by increasing the economic resources in the plan. When members of the Standing Committee nevertheless tend to support the government's priorities, it is due to the fact that, in general, they have the same perspective on the transport sector as the Ministry, the agencies and other stakeholders. Thus, the limited space for changing investments within the plan is not problematic. This also explains why the politicians do not find delegation problematic, even though they do not control performance of the agencies.

The politicians do not address the problem of information, either. Like most politicians, they do not find management by objectives and results a useful governing technique. The making of political opinions takes place at other arenas, where management by objectives and results is not important. However, symbolic approval of important elements in the governing technique is necessary to justify the plan and the political process.

Regarding the planning problem, the situation differs. The parties in power as well as the opposition parties acknowledge the problem. The members of the

Committee find that in the Budget process, the transport sector receives too little attention.

Can the Ministry of Transport and Communications and the transport agencies solve these problems in the next version of the National Transport Plan?

Before answering this question, we want to stress that the Committee in general find the plan satisfying. In general, they agree on the pragmatic adaptation of management by objectives and results. They agree with the delegation to ministries and agencies which is presupposed in the plan. And compared to the previous plan, they find it more coherent.

The *problem of political governance* creates a dilemma for the processing of the National Transport Plan. On the one hand, the process is an impressive one, involving many stakeholders. On the other hand, the process reduces the Committee's space for political action. The problem of political governance is also related to delegation without management by objectives and results. We doubt that the Parliament will ever wish to exert control by means of management by results. As long as the relationship between the Parliament and the agencies is dominated by trust and a common perspective, the problem of political governance will not be accentuated. If, however, this situation changes, political demands might emerge to change the process of delegation.

The fact that politicians gather *information* without using it is a common characteristic, found in several studies of political processes. Hence, this problem can hardly be solved within the scope of the National Transport Plan. Nevertheless, an important task for the bureaucracy is to determine a discount rate which appears professionally well founded and explicable. The Committee furthermore asks for improved treatment of the sea and air transport sectors, of public transport outside urban areas, and of taxation issues. Hence, the challenge is to improve coherence without increasing the size of the plan.

We can imagine two ways of solving the *planning problem*. One possibility is to let the Parliament determine the total available funding for the National Transport Plan in the beginning of the process. Another possibility is that the Parliament approves the plan in the beginning of the election period; in that case the same parliamentarians will be responsible for approving the plan and for the subsequent Budgets which are necessary to implement the plan. One can expect both suggestions to improve consistence between plan and Budget. Unfortunately, both suggestions might contribute to strengthen the influence of the ministry and agencies at the expense of Parliament. A research project analysing the relation between the National Transport Plan and the national budgets might provide suggestions on how to solve the planning problem.