

# DENMARK 2020

Knowledge › Growth › Prosperity › Welfare

THE DANISH GOVERNMENT  
February 2010



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## **Denmark 2020**

### **Knowledge > growth > prosperity > welfare**

Every single human being is needed in a well-functioning society. That is our point of departure, both when the economy is booming and in times of crisis.

We are deeply dependent on each other. Our freedom depends on the acceptance of others. Our prosperity depends on the cooperation of others. Our safety and security depends on the goodwill of others.

We all have our own personal qualifications and ideas, strengths and weaknesses. We are all different but together we make up Denmark.

Our country was not designed from the top but has developed from the bottom and up. The most important ground rules in our society are not the laws politicians pass but the norms that have developed among us in the course of generations. They allow us freedom and they hold us together.

Danes have considerable resources, both economic and cultural ones. However, our prosperity is under pressure from the international crisis. Competition from newly industrialised countries puts pressure to bear on our jobs. The aging society puts pressure on our welfare. The lack of norms in some subcultures puts our mutual trust in each other under pressure. Wishes for production and lifestyle put pressure on our nature and environment, and rising expectations put pressure on our public services.

In each and every one of the above-mentioned areas, the Government will take proactive steps to transform the challenges into new opportunities.

We will seize the opportunity to compete on global markets to create new, high-productive jobs. We will seize the opportunity to give an increasing number of Danes healthier and more productive lives, inter alia, with a view to prolonging our labour force attachment. We will use the opportunity to stand guard over – and renew – the strong culture of mutual trust among Danes to reduce gang-related conflict, juvenile crime and ethnic differences. We will use the opportunity to induce further green growth to protect the environment, ensure energy supply and create new business opportunities. And we will use the opportunity to introduce new management tools, new technology and more options in order to innovate public services for the benefit of our citizens.

Denmark is a society of opportunities. And the Government will foster opportunities to create a society that remains free, fair and prosperous.

The Government's goal is to allow society to grow. Our aim is to foster growth – and room for growth – in a cultural, financial and general human sense of the word. The Government's goal is for every one of us to have room to thrive and develop while showing respect for our surroundings in order to take advantage of the society of opportunities which Denmark is and must continue to be.

We must be able to:

- work and make a living for the benefit of ourselves, our loved ones and our society. This depends on a political course towards an increasingly better educated workforce and a high supply of labour.
- move upwards socially on the basis of education and work. This depends on a political course that provides all children and young people with robust academic qualifications and skills. Where we utilise the potential of all children and help those with the weakest background.
- seek peaceful communities. This depends on a political course that gives sympathetic consideration to voluntary associations, but intervenes consistently in cases of force and intimidation in subcultures.
- live our lives without threats and violence. This depends on a political course where the legal system is organised for the protection of the victims' lives, health and values while preventive action is taken against crime and perpetrators are steadfastly punished.
- breathe fresh air, drink clean water and have access to uncontaminated surroundings. This depends on a political course which attaches great importance to reaching a number of ambitious environmental and climate goals.
- benefit from our physical and academic skills as long as possible. This depends on a political course charted towards a world-class health service and on each of us taking a personal responsibility for living a healthy life.
- be treated like independent citizens with full legal capacity irrespective of whether we are rich or poor, healthy or ill. This depends on a political course where the public sector exists for the sake of the citizens and not the other way round.
- obtain help when we are ill or in need of support. This depends on a political course that duly prioritises vulnerable citizens– and where the vulnerable or ill-fortuned are truly helped to a good and equal life rather than referred to passive income replacement payments in social ghettos.

### **We have achieved much since 2001**

The Government continues to build on the unprecedented change that began with the election in 2001, especially in relation to immigration policy, cultural policy, education policy, growth policy, security policy, tax policy, justice policy, health policy and welfare policy.

#### **The Government has implemented a firm and fair immigration policy in order to promote integration.**

The number of foreigners who arrive in Denmark as asylum seekers or as a result of family reunification has now been reduced to less than a third of the 2001 level. However, by contrast, it is now easier for foreigners to enter Denmark in order to work and study. The number of work and study permits has increased almost fourfold since 2001. That has generated a surplus to improve integration. The last four years, a total of 26,000 more new Danes have found jobs. Among women immigrants and descendants from non-Western countries, employment has increased by a total of 80 per cent since 2001.

**We have moved away from the idea that all values are equally good.** Danes want respect for Danish culture and the principles on which Danish society is based in contrast to passive and accommodating indifference. There are demands for basic respect for freedom of expression, equality between women and men and a distinction between religion and politics.

**We have attached importance to academic standards in primary and lower secondary school.** This is the most important contribution to combat a negative social heritage. Danish children read better today than they did before. In the third form they now read as well as they used to do in the fourth form. Children have become better at science subjects. Today, they are as good at science subjects in the fourth form as they used to be in the fifth form.

**We have pursued an active foreign and security policy,** where Denmark attaches great importance to contributing to the fight for our own security. Therefore, Danish troops, police officers and others have been posted abroad to fight terrorists in Afghanistan, provide protection against pirates off Somalia and ensure the peace in the Balkans and other global hotspots. We have pursued an active EU policy where we, among other things, contribute to a proactive growth agenda for all of Europe. And we have taken a lead position in the fight against global warming.

**We have reduced the tax on income to make it more worthwhile to make an extra effort.** Within the framework of the tax freeze we have reduced the tax on earned income three times – in 2004, in 2007 and most recently in connection with a comprehensive reform of direct and indirect taxes set out in the “Spring Package 2.0”. We have abolished the middle-bracket tax for all tax payers. The number of people paying top-bracket tax will decrease by approx. 325,000. We have introduced a special earned-income tax credit for those in employment. The tax paid on the last earned Danish *kroner* has been lowered. This is the most comprehensive reduction of the tax on income ever, which will be financed by, inter alia, raising indirect taxes within the energy, environmental and health area. It has been achieved in such a manner that the population has been able to follow the process and feel confident.

**We have moved away from the lax justice policy that pays more attention to the criminal than the victim.** Today, the general sense of justice of law-abiding citizens is now the centre of attention. We have increased sentences for physical assault and rape several times. And we have given the police better possibilities to investigate crimes. At the same time, we are strengthening crime-prevention efforts and efforts to allow criminals who have served their sentence to gradually re-enter society and a new life without crime.

**We have moved away from waiting lists in the health service** by injecting an extra DKK 28 billion into the health sector and by introducing a free-choice treatment guarantee, initially within two months, now within one month after the need for treatment has been identified. In order to reach the ambitious target, we have refused to listen to the ideologically-based opposition to private hospitals. Approx. 300,000 Danes have benefited directly from this.

We closed down the counties and replaced them with regions that have principal responsibility for health service provision. We will soon see new hospitals throughout the country. We have introduced stricter quality requirements in the treatment of patients. Survival chances for Danish cancer patients have improved for seven out of eight types of cancer and mortality as a result of cancer has dropped significantly.

We have implemented a local government reform which has led to the creation of 98 new, strong municipalities with a more professional and better financial basis for supplying good services to citizens.

**We have moved away from clientification in the public sector.** We look upon the citizen as a person of full legal capacity whose individual needs must be taken into account. We have established a more flexible public sector where we ourselves can choose – be it school, hospital or home help. And the vast majority of users are pleased. Nine out of 10 parents are pleased with local government child-care facilities. Four out of five parents are pleased with their children's school. Three out of four senior citizens are pleased with their home help. Nine out of 10 patients are pleased with their experience of hospital admission and treatment.

A testimony to a break with former governments' line of policy.

At the same time we have – through broad cooperation in the Folketing (Danish Parliament) – continued the efforts to improve Denmark's opportunities in international competition through the following initiatives:

The Globalisation Strategy, where we will invest more than DKK 40 billion in research, education, innovation and entrepreneurship up to 2012. It is the largest investment in future growth ever seen in Denmark.

The 2006 Welfare Reform, where we raised the retirement age from the labour market for both pension and early retirement benefit in order to prepare Denmark for a future with more senior citizens.

The Infrastructure Fund, which has a capital base of DKK 97 billion and where we in the years ahead will invest massively in a state-of-the-art green transport system.

All the goals have been reconciled. It has proved possible to combine increased welfare with lower taxes that can increase the work effort. Welfare and an incentive to work are not incompatible. On the contrary, an incentive to work is a precondition for us to be able to finance welfare.

At the same time as we have raised the level of ambition in the public sector, we have increased allocations substantially. We will spend a total of DKK 67 billion more on public services in 2010 than in 2001; on health and hospitals; on children and senior citizens; on education and training. Public expenditure has increased more than private expenditure since 2001.

Nevertheless, during the good times we have put money aside. In 2009, government debt was reduced by DKK 180 billion compared with 2001, and the net debt consequently changed into an account receivable. Annual interest expenses dropped by DKK 19 billion. This allows us scope and freedom of action now that times have become leaner.

### **The crisis has affected the itinerary, but not the destination**

Over the last few decades, we have experienced economic tailwind in the form of an increasing number of young people in the labour market and globalisation and free trade that provided us with inexpensive goods and export opportunities. Furthermore, we have had tailwind in the form of a substantial influx of qualified foreign labour and vulnerable groups that have entered the labour market in increasing numbers.

And even if the tailwind is diminished in recent years because we had made use of the labour reserves that were available, Denmark was well prepared when we were swept up in the crisis. Unemployment was historically low. During the good years, the Government chose to repay debt, consolidate Denmark, and not squander the gains of the economic upswing. This proved to be a wise decision.

During the last year, we have witnessed the severest setback since the 1930s both in Denmark and in most other countries. The Government's first priority has been to reduce the effects of the crisis on the Danish economy. We have succeeded to a large extent even though the price has been high in terms of rising public deficits.

Currently, public debt is increasing again as a result of the international crisis. Increased debt must, however, not become a permanent phenomenon. That would jeopardise our possibility of providing good public welfare services. Increasing debt may be acceptable for a short period of time. However, if it continues, it will mean passing on the bill to future generations.

The crisis has not changed the Government's level of ambition. The solution to the crisis is not to work less, to save less, to invest less and become less entrepreneurial. The solution to the crisis is not to become inward-looking and attempt to stall globalisation. Nor is the solution to the crisis to go on a public spending spree or give up key Danish values. On the contrary. The goals set up by the Government before the crisis will be at least as relevant the day we have overcome the crisis.

### **How to overcome the crisis**

Especially in times of crisis we need a society based on strong values. A society where we all cooperate and trust and respect each other. We need a global perspective and national foundation. We need financial responsibility in the public sector as well as in companies. We need a greater spirit of enterprise. To work, educate, save, invest and become entrepreneurial. Hard work, thrift and inventiveness are characteristics that are necessary in order to overcome the crisis and achieve new growth.

The Government will therefore introduce a policy line with a view to fostering new growth once the economy improves.

In Denmark, we have responded to the crisis with a more expansionary fiscal policy than in most other countries. Public investments have increased more than in all other OECD countries. And this year, Danish families' real income will increase considerably due to tax cuts as well as lower interest rates and a high regulation of the public transfers to pensioners and unemployed persons.

The Government has taken determined action across the board by advancing public investments in for example infrastructure, by reducing taxes on earned income, by extending companies' credit, by stimulating the renovation of buildings and by increasing the budget of local governments for investments in construction projects. The bank and credit packages have contributed to restoring financial stability and confidence in the financial system.

At the same time, the Government has taken the initiative to prevent long-term unemployment, especially among the young.

It now looks as if the international economic trend is changing. In large parts of the world, the global economy is improving.

It means that there is a new basis for growth in Denmark. However, we still feel the crisis in the form of increasing unemployment and decreasing employment. In Denmark, the unemployment rate is lower than in other countries. Nevertheless, some time will pass before the current unemployment rate begins to decline.

We cannot prevent a loss of jobs. However, by pursuing a balanced and responsible economic policy, we will ensure that the loss of jobs is limited as much as possible.

At the same time, it is obvious that the crisis and the many measures that have been taken to alleviate the effects of the crisis have weakened public finances. That is why we need to be economically aware to once again achieve sustainable public finances. Otherwise we run the risk of considerably higher interest rates and tax increases that will curb growth. That is not the path the Government wants to take.

Interest payments on the increased debt will tie down a considerable amount, running into billions. Money which therefore cannot be spent on other purposes. At the same time, expenditure on public service constitutes a greater share of the Danish economy than ever before. And the economic challenge is aggravated by an aging population and decreasing revenue from North Sea oil and gas.

In the years ahead, the key task will be to re-establish the balance in public finances without ruining the beginning recovery. The Government will pursue a sustainable economic policy. It will require a high degree of responsibility. The prospects of new public expenditure will be very limited in the wake of the strong increase in the last few years.

On the labour market it is necessary to show responsibility. Denmark depends on a competitive business community. The wage development in the labour market should take account of our competitiveness. There is a risk that further reduction in the competitiveness will raise unemployment to an unnecessarily high level for a period of time.

The Government is aware of the huge challenge awaiting us in the post-crisis period. Denmark has lost jobs, some of which we cannot win back. They will need to be replaced by new high-productive jobs. It is the Government's intention to bring Denmark back on the growth track. And against this background the Government has set up a Growth Forum, which is to contribute new solutions to the challenges facing Denmark – new roads to growth.

From an economic point of view, we can boost Danish prosperity in two ways: by working harder and by working smarter – i.e. by making better use of our resources through higher productivity. We will have to go down both roads. However, the more we increase productivity, the easier we will be able to solve the problem of a workforce that is going to decline in the years ahead. At the end of the day, it is more challenging to work smart and a bit harder than to work less smart and much harder.

## **The Government's 10 goals for 2020**

The Government has established 10 ambitious goals for Denmark. The Government's goals are to bring the nation together and mobilise all our forces. All the Government's goals combined place focus on the long-term challenges facing Denmark.

The goal that Denmark is to be among the world's 10 wealthiest countries in 2020 is the overall goal. Prosperity and growth are a precondition for freely shaping our society: with safe and secure welfare, decent care for the elderly, a world-class health service and a clean environment.

Therefore, the first goal is the key goal which all the other nine goals are targeted at. We are to become wealthier through cleverness and hard work, by aiming at green growth, by ensuring that all have equal opportunities to contribute to the community, by ensuring that society is well-functioning and safe and secure, and by ensuring that the public sector operates successfully and efficiently.

The work towards reaching the goals must be set in motion immediately. However, the goals are so ambitious that it will take time to realise them. Consider for example primary and lower secondary school. The children that are to be among the world's best in 2020 are the children who will start school this summer.

The Government's Work Plan for the years ahead focuses on ways to generate the prerequisites to realise the vision of a Denmark with knowledge, growth, prosperity and welfare.

### **The Government's goals for Denmark 2020**

1. Denmark is to be among the world's wealthiest countries
2. The Danish supply of labour is to be among the 10 highest in the world
3. Danish schoolchildren are to be among the cleverest in the world
4. At least one Danish university is to be in Europe's top 10
5. Denmark is to be among the 10 countries in the world where people live the longest
6. Denmark is to be a green, sustainable society and among the world's three most energy efficient countries
7. Denmark is to be among the best at creating equal opportunities
8. Denmark is to be among the freest countries and among the best in Europe at achieving integration
9. Danes are to be among the world's most trusting and safe people
10. The public sector is to be among the most efficient and least bureaucratic in the world

## **1. Denmark is to be among the world's 10 wealthiest countries**

*In 2020, Denmark is to be among the world's wealthiest countries measured by GDP per capita. And the economic policy is to be sustainable over time. In 2020, Denmark is to be among the countries in the world where companies are most innovative. And in 2020, Denmark is to be among the countries that are best at creating new growth companies.*

The precondition for us to be able to finance our welfare in the future is considerable prosperity. Therefore, the Government has set the goal that Denmark is to be among the world's wealthiest countries measured by GDP per capita.

A well-regulated economy is a precondition for lasting prosperity. Since 2001, the Government has pursued a responsible and sustainable economic policy. We consolidated the economy and repaid our debt in the good years. Therefore, when the crisis struck, Denmark was better prepared than most other countries.

It is the Government's aim and objective that the economic policy is to be sustainable over time. We must re-establish the balance in public finances and halt debt accumulation. It would be irresponsible of the Government to leave the bill to future generations. In the light of the economic crisis, this implies that we must take action here and now as well as further action in 2011-2013 and the following years.

In the short term, our point of departure is that even though we begin to detect indications of progress in the Danish economy, progress is not self-sustainable yet. The handling of the economic crisis remains crucial. It is important that the crisis policy is phased out in a controlled manner, including the successful support granted to the financial sector and the temporary crisis schemes for the business community.

At the same time, it is clear that the crisis has weakened public finances. We face a situation where a huge public finance surplus has changed to a huge deficit running into DKK 100 billion in 2010. We expect that in the course of 2010 Denmark will receive a recommendation from the EU to reduce the current deficit to less than 3 per cent of GDP. The EU recommendation is expected to imply initiatives to strengthen public finances by approx. DKK 24 billion in the period 2011-2013, i.e. approx. ½ per cent of GDP per year on average.

In other words, we face new times. In the years prior to the crisis, the Danish economy experienced significant progress. Due to the large public finance surplus we were able to reduce our public debt and increase public expenditure, which is now at the highest level ever. That time is past and gone. After the international crisis, we are faced with a huge bill and the only responsible course of action is to pay the bill. The crisis has placed us in a situation where we in the public household are forced to be very economical and tighten the strings of the public purse.

In the years ahead, we must eliminate the public finance deficit and generate a self-sustaining recovery in the Danish economy. If we postpone the consolidation of public finances, there is a risk of upward pressure on interest rates with a negative effect on the housing market, private consumption and investments.

At the same time, we must take steps to foster new post-crisis growth. The only way we can reach the goal of a Denmark among the world's 10 wealthiest countries is by boosting economic growth. It is as simple as that.

The Government has already improved conditions for innovation and entrepreneurship, streamlined business regulation, and with the Globalisation Strategy introduced a great number of initiatives to strengthen Denmark's competitiveness.

Higher growth depends on our ability to increase Danish productivity at a considerably higher rate in the coming decades than has been the case in the last 10 years. Companies must become more innovative. We must maintain a strong focus on research and become better at translating research findings into earnings. We need more and better education. We must streamline production both in the business community and in the public sector. Denmark's competitiveness must be second to none. At the same time, we need more people to enter the labour market and more people to stay longer in their jobs.

Therefore, the Government will work in a targeted manner to strengthen growth conditions in Denmark up to 2020. In 2020, Denmark is to be among the countries in the world where companies are most innovative. And in 2020, Denmark is to be among the countries that are best at creating new growth companies.

This requires continued focus on Denmark's competitiveness. We must aim at knowledge, innovation and a spirit of enterprise. We need not only to work harder. We need also to work smarter. That is the basis for the creation of new well-paid jobs. The Government will find dedicated solutions by involving the Growth Forum. And we will monitor progress in the annual Danish Competitiveness Report and continuously ensure that Denmark is on the right track.

**In order to achieve this goal, the Government will do the following:**

- **Continued crisis handling in 2010.** The Government will continue to support growth and employment through an extraordinarily expansionary economic policy in 2010. This is to contribute to ensuring that the beginning recovery becomes established and self-sustaining. The Government will take further initiatives to reduce the human costs of the crisis, including special initiatives targeted at young people and long-term unemployed persons. In continuation of the Danish Enterprise Package for Small and Medium-sized Enterprises, we will take stock of the effort in spring 2010, and we will subsequently decide whether there is a need for adjusting or prolonging the effort, including access to risk capital and the agricultural sector, respectively. The Government will work at national and international level to strengthen the regulation and supervision of the financial sector and to ensure better control and greater responsibility.
- **Consolidation of public finances from 2011.** In 2011, the Government will initiate a multi-year effort to re-establish the balance in public finances and halt debt accumulation. The Government will comply with a recommendation from the EU to consolidate the public finances by 2013 and will establish structural balance in public finances in 2015. It is the Government's goal that public consumption must not exceed 26½ per cent of (cyclically adjusted) GDP in 2015. A key element of the consolidation of public finances is to phase out crisis initiatives, such as the historically large public investments, and phase in the financing elements in the tax reform as planned. The tax freeze, which has generated economic safety and security for the individual family and company, will be continued.
- **Tight control of public expenditure.** As part of the consolidation of public finances, the Government will aim at freezing the total public consumption to avoid increasing the present high level of consumption in the public sector. Within these limits, the Government will carry out a number of reprioritisations. The Government will continue to allocate extra resources to the health sector. The extra funds are to be made available through budget improvements in central, local and regional government

overall. In addition to freezing total public consumption, there is a need for further initiatives to restore public finances. Against this background, the Government will launch efforts that are to result in budget improvements. Specific proposals will be submitted in the Fiscal Bills for the coming years. The total planned tightening in 2011 will be adjusted to developments in the economic activity.

- **Long-term fiscal sustainability.** The Government will draw up an updated 2020 Plan based on the same principles as those of the 2015 Plan. The plan is to ensure sustainable public finances and ensure that we meet the terms of the EU recommendation. The plan is also meant to enable us to carry forward the very important emphasis on initiatives to promote future growth and prosperity. For the period from 2015 and onwards, the overall benchmarks put down in the 2015 Plan will be maintained in the new 2020 Plan: a sustainable fiscal policy, structural balance in public finances in 2015, responsible growth in public consumption, among other things in the light of demographic developments, and a continuation of the tax freeze. Up to 2020, the Government will take the necessary initiatives to ensure sustainable public finances and, consequently, the financing of our welfare society in the longer term.
- **Enhanced competition.** In the beginning of 2010, the Government presented a competition package which, among other things, establishes more effective merger control and tightens sanctions for violations of public procurement rules. The Government will take further initiatives to raise competition to the level of the best-practice countries. This is to be achieved, among other things, by further strengthening the competition authorities. Moreover, a systematic identification is to take place as well as a screening of rules resulting in inadequate competition – both in the private and in the public sector. The Government will make a separate effort vis-à-vis industries in which special competition problems have been identified, including suspicions of cartelisation, illegal pricing agreements, etc.
- **Simplification and fewer administrative burdens.** Since 2001, the Government has implemented comprehensive reductions in the administrative burdens on companies. An ambitious plan (LET Administration) (“EASY administration”) has been presented, which shows ways to reach the target of reducing the administrative burdens by up to 25 per cent in 2010. We will continue this effort up to 2020 and the Government’s goal will remain: to minimise companies’ administrative burdens so that we can maintain a position among the three best-practice countries in Europe. The Government will continue to take specific burden-hunting initiatives in relation to the administrative requirements that companies see as particularly annoying and burdensome.
- **Company-targeted innovation strategy.** Inadequate development of products and processes may be part of the explanation of the weak Danish productivity growth. The Government will draw up a strategy for enhanced innovation in companies. The strategy will place special focus on strengthened interaction between public research and the business community, increased protection of rights, more knowledge about new innovation forms and better use of Danish companies’ potential in the field of design.
- **Growth in small and medium-sized enterprises.** The Government will present a growth strategy for small and medium-sized enterprises. The goal is for small enterprises to have better opportunities to grow bigger. The Government will focus on the barriers that make the newly-established entrepreneur or the small established craftsman choose to stay small instead of growing bigger. This applies, among other things, to an insufficient overview of obligations related to having employees, access to venture capital, and small and medium-sized enterprises’ capability of introducing products and services on global markets.

- **Strategy for public-private cooperation.** The Government will launch a strategy to promote public-private cooperation. As part of the strategy, the Government will simplify rules and the framework for public procurement and for public-private cooperation in general.
- **Better access to venture capital.** The Government will make an additional DKK 500 million available to the market for venture capital. This amount will be provided in addition to the DKK 500 million from the Danish Enterprise Package for Small and Medium-sized Enterprises. At the same time, an evaluation of the Growth Fund has been initiated. In continuation of the evaluation, the Government will take further steps to strengthen the market for risk capital, among other things by establishing a more flexible framework for institutional investors' investments in unlisted shares etc. by making it possible to obtain exemption from the present 10 per cent limit. And we will improve the opportunities to invest in unlisted shares for endowment pension and annuity pension funds.
- **Attracting investments to generate growth.** In order to generate revenue and jobs, Denmark must be among the most attractive countries in which to invest, operate a business and create jobs. The Government has already taken a number of initiatives, including a reduction in the corporate tax rate from 30 to 25 per cent. Furthermore, new corporate legislation has been introduced which will make it more attractive for foreign companies to set up business in Denmark. And it has been decided that the active effort to market Denmark is to be continued. Involving the Growth Forum, among others, the Government will consider ways to further strengthen the basis for companies to set up in business and expand in Denmark.

## **2. The Danish supply of labour is to be among the 10 highest in the world**

*In 2020, the total Danish supply of labour is to be among the 10 highest in the world.*

Naturally, our prosperity depends on how smart and clever we are. Additionally, it depends on how many we are in the labour market and the working hours. The more we work, the wealthier we become. The more people in work, the fewer who depend on social security. The more people in work, the fewer who feel that they are dispensable.

Since 2001, the Government has implemented a vast number of initiatives which have contributed, step by step, to increasing the supply of labour by ensuring that it is more worthwhile to get a job - a policy line which is aligned with the labour market reforms of the 1990s.

We have implemented the Welfare Agreement, which improves the supply of labour by raising the exit age from the labour market when life expectancy rises. We have implemented the fully financed reform of direct and indirect taxes set out in Spring Package 2.0, which provides an added incentive to put in an extra effort. We have imposed a ceiling on social assistance, the introductory benefit, the 450-hour rule and tightened availability rules and rules for supplementary unemployment benefits. And we have generally pursued an active labour market policy with emphasis on early and efficient efforts to bring unemployed persons into work. The gradual adjustment of the employment policy has also contributed to the situation that unemployment in Denmark has been and remains lower than in most other European countries.

Nevertheless, approx. 700,000 working-age Danes are not economically active and not in education or training, but are dependent on social welfare. This is unacceptable: to the people who are excluded from the community and to the many that go to work every day and pay taxes that finance our social welfare.

In the short term, the Government has taken initiatives on an ongoing basis to prevent unemployment from becoming a permanent feature of society. We have implemented a number of initiatives targeted at young people, including more traineeships, simplified contact programmes and early-stage welfare-to-work options. Most recently, we have made it easier for persons having been given notice of dismissal to receive education and training, and we have prolonged the flexible scheme regarding work-sharing. And the Government will take further steps to prevent unemployment from becoming a permanent feature of society – the worst scenario being long-term unemployment. We have placed special focus on immigrants and on avoiding long-term unemployment among young people.

In the medium term, the Government will continue an active reform policy and take the necessary initiatives to boost total Danish labour supply up to 2020. We need more people in ordinary employment and fewer people on social welfare. Inter alia, we will propose a change to the early retirement pension scheme, etc. to the effect that fewer will be referred to permanent exclusion from the labour market. And we will encourage students to complete their education programmes sooner.

Expectations are that in the years ahead there will be an increasing need for recruiting and retaining key employees from abroad in private companies and in key welfare functions in, for example, the health service. The Government has already improved the opportunities through the Job Card scheme, the Corporate Scheme, the Green Card scheme, etc. Foreign researchers and other key employees also have easy access to the Danish labour market. But there is a need for a continued effort and the Government will take further initiatives.

**In order to achieve this goal, the Government will do the following:**

- **Special effort to combat youth unemployment.** The increasing unemployment rate implies a special risk to young people. If they do not gain a foothold in the labour market due to the crisis, it may have consequences for their entire lives. Therefore, the Government has introduced initiatives to prevent youth unemployment. We have, among other things, created a framework for the set-up of 5,000 extra traineeships in 2010. The Government will continue this effort in 2011. In connection with the agreed evaluation of the Government's *Ungepakke* (youth package) in spring 2010, the Government will take steps to set up 5,000 extra traineeships in 2011 within the framework of the Employers' Trainee Reimbursement (AER) Scheme. The Government will monitor developments closely throughout 2010.
- **Special effort to combat long-term unemployment.** The Government has consulted the social partners, companies and practitioners in order to establish a basis for a proactive proposal to prevent long-term unemployment. The proposal will, among other things, contain improved guidelines for the unemployed on how to use training services by targeting the entire education effort at the first part of the unemployment period so that it is directed towards employment within areas in need of labour. In the future, the job centres are to intensify screenings of general competencies. Intensive and targeted services are to be established for persons in need of improving elementary reading, writing and arithmetic skills. And the Government will intensify the effort to combat long-term unemployment by keeping close contact with persons with a particularly high risk of long-term unemployment. Specifically, unemployed persons are to be invited to an interview every month after the first welfare-to-work offer. Today, these interviews take place every three months.
- **Reform of early retirement pension and the inclusive labour market.** The Government will open negotiations with the parties of the Folketing on an altogether novel regime regarding early retirement pension and flex jobs. The goal is that a great many more are to obtain and be retained in ordinary employment and that much smaller numbers are to be granted early retirement pension and flex jobs. The Government will make a targeted effort to ensure that especially young people do not end as early retirees as a consequence of mental disorders that today can be treated to an increasing extent.
- **Swifter completion of education programmes.** The Government will consider the possibility of adjusting the State Education Grants and Loan Scheme in order to encourage students to complete their education programmes sooner. At the same time, the Government will evaluate the preliminary experience gained from the new scheme according to which grades awarded to students sitting an entrance examination are raised when they commence higher education within two years after having passed the said entrance examination.
- **Attraction of foreign key employees.** The Government will make it easier for highly qualified foreigners to work and study in Denmark, including by ensuring more non-bureaucratic, trans-public sector cooperation. This may, among other things, include measures that make it easier to set up in business in Denmark and create a better framework for accompanying children and spouses, and secure the necessary supply of places at international schools and upper secondary schools. We will continue to place focus on this area, and the Government will raise the issue with the Growth Forum.

### **3. Danish schoolchildren are to be among the cleverest in the world**

*In 2020, Danish schoolchildren are to be in the top five internationally – with respect to reading, mathematics and science subjects measured by the regular, comparable PISA surveys and with respect to English measured in relation to non-English speaking countries.*

It is crucial for Denmark's growth opportunities that we have an educational system that is comparable with the best in the world. Our source of living is to be human capability. And the foundation for higher education is laid in primary and lower secondary school.

Therefore, it is the Government's goal that Danish schoolchildren in 2020 are to be in the world's top five with regard to reading, mathematics, science subjects and English.

Since 2001, the Government has implemented a number of initiatives to strengthen primary and lower secondary school. We have introduced binding national targets for the tuition and more lessons in the subjects Danish, mathematics, physics/chemistry, English, history, and physical education and sport. We have raised professional standards and reformed teacher training.

In Denmark, we have the preconditions for a very good primary and lower secondary school. We are one of the societies that spend most money per pupil. We have competent and committed teachers, social educators and headmasters. We have pupils who like – and are good at – working together with others and who are happy about school.

But there are also things we have to do better. Today, the academic skills of Danish pupils when they leave primary and lower secondary school are average compared with other countries. The cleverest Danish pupils are not on a par with the best in other countries. And almost every sixth pupil leaves primary and lower secondary school without being able to read properly.

Substandard academic competencies contribute to the fact that we are too far from reaching the Government's 2015 goal: that at least 95 per cent of all young people are to take at least an upper secondary education programme and that at least 50 per cent are to take a higher education programme.

The Government will give high priority to reading in the first school years. Similarly, other basic skills must be in place at an early stage, such as oral and written skills and basic competencies in mathematics, science subjects and foreign languages. This will imply a strong focus on bringing onboard all pupils in a class, including the pupils who have difficulty in learning to read.

At the same time, we must maintain all the fine qualities that characterise Danish schoolchildren: curiosity, independence, the ability to work together with others and the wish to learn.

Academic excellence is not just a matter of rote learning. It is a matter of practising. In exactly the same way as nobody expects athletes to excel at their particular sport without training very hard, there is no reason to expect that pupils will excel without practising.

Lastly, we will change the way we manage primary and lower secondary school. Schools are to have more freedom. In return, we will commit them to delivering good results.

**In order to achieve this goal, the Government will do the following:**

- **A “reading pledge”.** The Government will see to it that all children are able to read well before they leave the second form. The effort is to be continued in the subsequent years with the goal that no pupils are to leave primary and lower secondary school without being able to read properly. The reading tests carried out in the second, fourth, sixth and eighth forms are meant as a help for the individual teacher to ensure that the pupils’ reading skills develop satisfactorily. A special effort must be made regarding pupils who are not sufficiently good at reading in order to prevent this problem from hampering their further learning in other areas. Similarly, the Government considers it very important that all pupils develop basic competencies corresponding to their age with regard to oral and written skills as well as mathematics, science subjects and foreign languages.
- **A 360 degrees’ examination of primary and lower secondary school.** The Government has initiated a 360 degrees’ examination of primary and lower secondary school. The examination will comprise a number of areas, including the prospects of strengthening the teachers’ competencies as teachers, expanding the scope of managerial authority of school managements, deriving increased benefit from new, well-documented learning methods, increased freedom to organise the tuition in exchange for more decentralised responsibility in order to document the results of the effort, better use of resources, etc. The 360 degrees’ examination will be carried out with the participation of all primary and lower secondary school stakeholders, including teachers, local government representatives, customers and organisations. Against the background of this examination, the Government will present its specific proposals for a national partnership to improve primary and lower secondary school so that changes can be agreed and come into force from the beginning of the 2011/2012 school year.
- **Focus on talent development.** As part of the follow-up on the 360 degrees’ examination, the Government will establish optimal conditions for every single child and young person to use his or her special strengths to the extent of their talent, and for nurturing the child’s inquiring mind and curiosity, on which the development of talent depends, throughout their school career.
- **Returns on bank package to be channelled into “reading pledge”.** Government revenue from the bank package and the credit package is expected to exceed expenditure, which is to be seen as compensation for the risk the Government has assumed. This surplus implies lower public debt and consequently lower interest expenditure. The Government will spend part of these funds on setting up a Reading Fund for Primary and Lower Secondary School, which can invest up to DKK 150 million annually to follow up on the 360 degrees’ examination of primary and lower secondary school, including in particular initiatives to deliver on the “reading pledge”.
- **Openness and transparency about results.** The Government will allow schools a higher degree of freedom to organise the tuition. In return, schools are to document their results, also for the purpose of providing teachers and school management with better tools for professional development. The Government will, therefore, take the initiative to make pupils’ National Test results publicly accessible. In order to ensure comparability between schools with different compositions of pupils, the test results will be adjusted for relevant socio-economic factors. In addition to this, work will be initiated to develop supplementary indicators to highlight the pupils’ day-to-day well-being and general development, etc.

#### **4. At least one Danish university is to be in Europe's top 10**

*In 2020, Denmark is to have at least one university in Europe's top 10, and all Danish universities are to maintain or improve their international ranking measured by the most relevant, recognised comparisons.*

Universities are crucial both to the education of highly qualified labour and to cutting-edge research – and consequently also to Denmark's growth and prosperity. Strong academic and research environments have a positive spillover effect on other education programmes, on companies and on the rest of society.

Therefore, the Government has set up the goal that at least one Danish university is to be in Europe's top 10. At the same time, we must maintain the high international standards we have achieved at some of our more specialised research and educational institutions.

Since 2001, the Government has carried through a number of initiatives to strengthen our universities. We have implemented a university reform, professional boards have been established for the universities, and considerably more research funds have been allocated, including not least basic funds. We have created fewer, larger and stronger universities to raise standards regarding tuition and research. We have increased the number of PhD students. We have allocated funds for elite education programmes targeted at talented students. It has become possible for Danish students to get a scholarship for a study period abroad. Internationalisation has been intensified through bilateral agreements and university networks, and the establishment of the Danish University Centre in Beijing will commence in 2010.

Within the framework of the globalisation funds, the Government will continue the effort to strengthen Danish universities' research and education, including internationalisation.

#### **In order to achieve this goal, the Government will do the following:**

- **High-quality education programmes that match the needs of society.** It is important that Danish educational environments can adjust to society's changing needs for highly educated persons in a number of areas and at the same time maintain high standards. The Government will consider how we can improve the possibilities for higher educational programmes to adapt the activities of the individual programme to the current number of students and at the same time maintain a sustainable environment of highly qualified lecturers and researchers. We must avoid the vicious circle which may occur when a period with few applications for a given programme results in the deterioration of the programme and consequently in even fewer applications in the future. Similarly, we must ensure that timely capacity adjustments are made in areas where there will be a reduced need for graduates in the future.
- **Continued high level of ambition for research and innovation.** The Government has reached the target of increasing public allocations to research and innovation by 1 per cent of GDP from 2010 up to and including 2012. We must maintain the high level of ambition also in the years after 2012. At the same time, we must ensure that we as a society obtain maximum benefit from the research. Therefore, it is necessary to aim at both basic research and applied strategic research and innovation as well as on the commercialisation of research findings. All universities should have clear and ambitious targets regarding commercialisation in their development contracts. As part of the forthcoming 2020 Plan, the Government will present proposals for ways in which to finance the strengthened effort after 2012.
- **Strengthened basic research.** The Danish National Research Foundation has been extremely efficient in promoting world-leading Danish research environments. The Government wishes to strengthen the

Danish National Research Foundation significantly over a number of years with a view to increasing support for the foundation's primary measures – known as Centres of Excellence, which are research centres of the highest international standards. In the first instance, the Government wishes to allocate an annual DKK 100 million as of 2011 from within the globalisation funds in order to improve the possibilities of the Danish National Research Foundation to distribute grants.

- **New matching fund.** The Government will secure even closer cooperation between private and public institutions on research activities. In order to promote developments, we will gradually set up a matching fund to make it possible to reward universities and research institutions that succeed in attracting new research funds from companies, from foundations and from private individuals by granting them a similar public extra allocation. In the first instance, the Government wishes to allocate an annual DKK 100 million as of 2011 from within the globalisation funds to the new matching fund.
- **Internationalisation of universities.** The Government will continue the work towards internationalising Danish research activities and international cooperation between universities. In the ongoing allocation of the globalisation funds, the Government will endeavour to prioritise funds for Danish universities' participation in international university partnerships and networks. We will give priority to the networks and partnerships where Danish universities gain access to cooperation with foreign universities that are among the world's leading universities.

## **5. Denmark is to be among the 10 countries in the world where people live the longest**

*In 2020, the average life expectancy of Danes is to be among the 10 highest in the world.*

Many good years of life are a precondition both for a good life for the individual and for the prosperity of society. In this regard, we could perform better in Denmark. There is no reason that we Danes should not be able to live as long as, for example, Swedes and Norwegians. Consequently, the Government has set the goal for Denmark to be among the 10 countries in the world where people live the longest.

The Government has striven to alleviate and overcome the problems that existed in the health service at the time when the present Government took office in 2001. The free choice of hospital for patients has been widened and patients can now choose to avoid a long period of waiting regardless of the size of their wallet. Approx. 300,000 Danes have taken advantage of this option. The treatment of life-threatening diseases has dramatically improved, partly as a result of major investments in new equipment and the introduction of integrated pathways within cancer and coronary heart diseases, which ensure patients fast and comprehensive treatment programmes. And doctors and hospitals perform at least a 100,000 more operations each year compared to 2001.

A decision to investment in a brand new hospital structure for Denmark has been taken and executed allocating several billion kroner between now and 2018 to meet the needs and requirements of the future. Preparation has begun on the construction of a number of new super hospitals as well as the renovation, reconstruction and expansion of existing hospitals. Furthermore, initiative has been taken to supplement the new hospitals with a secure and effective emergency medical service throughout the country.

In this way, a solid foundation has been laid for the next steps towards a modern health system. Focusing on the patient, the Government will ensure both a high specialisation of the large hospitals and a safety net of secure and reliable health services in the local community.

Together with an enhanced prevention effort that offers us all the best opportunities to take personal responsibility for our health, this will mean a longer quality life for Danes.

With respect to the possibility of free and tax-free exercise, the Government found, in connection with the tax reform, that it was not possible within a fully financed reform to allow employees free exercise in, for example, fitness centres, without them being taxed. In light of the need for consolidating public finances, there is no prospect of financing this initiative.

### **In order to achieve this goal, the Government will do the following:**

- **A safety net of fast help and nearby services.** At a number of hospitals, new emergency departments will be established. The Government will establish a dense network of nearby health care services that supplement and underpin the new hospital structure. The pre-hospital effort must offer fast and effective transport and early life-saving response in the form of ambulances, car ambulances and fly-cars, etc. manned by nurses or paramedics and the possibility of helicopter rescue. The response time for emergency calls must be reduced, so that help under normal circumstances arrives within 15 minutes after dialling 112. In areas with great distances, local emergency clinics and GP clinics are to meet local and less complicated health care needs. The emergency medical service system and accident & emergency centres are to be integrated to a greater extent, to allow optimum use of resources for referral and treatment.

- **New Additional Activities Pool (*meraktivitetspulje*) is to ensure a continued high level of activity and short waiting times.** The Government will change the principles for allocating funds from the Additional Activities Pool and at the same time render visible the good performance of public hospitals. The number of treated patients is to be given greater weight when calculating the rate settlement payments to hospitals. The goal is short and effective treatment programmes for patients and fewer unnecessary hospital admissions and thus less contact with the health service. Together with the free choice of hospital, the new Additional Activities Pool will provide each hospital with a strong incentive to continuously compete on providing more forms of treatment, good service and high-quality treatment, all of which benefit patients.
- **Better governance and transparency.** In the future, the governance of the regions and the regions' governance of hospitals must incorporate to a greater extent the knowledge available about differences between the performance of hospitals. This is an important instrument for improving efforts and utilising resources more efficiently. The Government will set performance targets for more efficient patient treatments in the form of increased use of out-patient treatment, shorter periods of hospital admission, fewer readmissions and so-called accelerated patient care – a new gentle treatment concept that has shown to produce good results. The targets are laid down with the objective of ensuring that all regions and hospitals must move towards adopting best practice in the particular areas. In cooperation with Danish Regions, the Government will develop better tools that can ensure a close and ongoing follow-up on economic developments at the particular hospital and in the particular region. The aim here is to enable the Regional Councils to make the budgetary changes and reprioritisations that are necessary in the light of observed expenditure and revenue developments in the particular region.
- **National Cancer Plan III.** The Government will launch a new National Cancer Plan III. The new cancer plan will reflect the Government's goal of ensuring that the opportunities for cure continue to be increased. Cancer is to be detected as early as possible. And the rehabilitation process is to be strengthened, so that the increasing number of people who live a long time with their cancer or who are cured can return to a normal life after treatment has ended. Continued effort is also to be made to ensure that top-quality treatment is provided to the individual patient in a good and reassuring process.
- **Enhanced quality and specialisation in psychiatry.** Over the next four years, the Government will earmark a total of DKK 820 million to improve psychiatry. We will specialise the treatment, so that patients are treated by staff with expertise in precisely their illness. We will ensure better accessibility to the psychiatric treatment system. We will deliver a more effective diagnosis. And we will ensure a comprehensive, high-quality effort coordinated across regional and local government efforts.
- **New Patient Rights Charter is to offer patients a straightforward and fast complaints procedure.** As of 1 January 2011, the Government will establish a simpler and more streamlined patient complaints system – a Patient Rights Charter. This will improve the patients' opportunities to make complaints and systematically collect the experiences of patients, using them to improve the health service. Patients are to have widened access to complain about disregard of their patient rights, etc. The Government will also bring together a number of functions in the new Patient Rights Charter, such as tasks relating to adverse events.
- **The municipalities are to have focus on good care provision that prevents unnecessary hospital admissions.** The Government will increase the local government activity-based financing of the health service from currently 11 per cent to approx. 20 per cent. At the same time, the local basic contribution

will be abolished. There is considerable difference between municipalities in terms of the number of re-admissions. This shows that many municipalities have a potential to learn from the best and in so doing improve their efforts. Both for the individual and for society, it is best if we are able to prevent disease and unnecessary admission to hospital. This will give the individual municipalities a greater incentive to deliver effective preventive treatment and care, which will benefit elderly medical patients in particular.

- **More expensive tobacco and fewer smokers.** The Government wishes to make it more expensive to smoke and thereby reduce the number of smokers. In particular, the Government wishes to dissuade young people from taking up smoking in the first place. As of 1 January 2010, the tax on cigarettes has been increased by DKK 3 per pack of 20 cigarettes. This has happened pursuant to Spring Package 2.0 with the aim of promoting public health. In light of the lessons learned from the most recent tax increases on smoking behaviour and border trade as well as smuggling, the Government will assess the opportunities for a further tax increase on cigarettes without triggering so-called ‘ketchup effects’ on border trade. We will also work on an ongoing basis towards increasing the minimum tax on tobacco products in the EU and for more stringent EU rules on additives in tobacco. And we will introduce requirements to pictorial warning labels on tobacco packs.
- **More expensive alcohol and less alcohol consumption.** The Government wishes to make it more expensive to drink alcohol in order to reduce alcohol consumption. In particular, the Government wishes to reduce alcohol consumption among young people. We will assess to what extent it is possible to increase taxes on alcohol. And in the EU we will continue to work for higher minimum taxes on alcohol and alcoholic drinks. In order to encourage young Danes in particular to develop better habits in terms of moderate alcohol consumption, the Government will also take the initiative to raise the minimum age for purchasing high-alcohol drinks from 16 years to 18 years. The Government will also call on all institutions of higher education to formulate and publish alcohol policies.
- **Exercise.** Good exercise habits that improve public health are shaped during childhood. The Government will therefore work to promote more physical activity in school and after-school care centres. Exercise also has a bearing on a number of other elements, such as well-being and integration.
- **Medicine.** The Government will take the initiative to introduce a minimum age of 18 years for purchasing non-prescription pain-killers. This is designed, among other things, to contribute to reducing the number of suicide attempts among young people caused by such non-prescriptive medicine.

## **6. Denmark is to be a green, sustainable society and among the world's three most energy efficient countries**

*In 2020, Denmark is to be among the three most energy efficient countries in the OECD. At the same time, Denmark is to be among the three countries in the world that have increased their renewable energy share most by 2020. In 2020, we must have at least 100,000 hectares of extra nature. And in 2020, the burdening of our aquatic environment with nutrients is to be further reduced in relation to the agreed reduction of 19,000 tonnes of nitrogen in 2015.*

Over the past few generations, Denmark has experienced a sustainable level of economic growth, virtually without increasing energy consumption. We are among the most energy efficient societies in the world and among the countries that have increased their share of renewable energy the most. Our areas of nature expand every year, and each year we reduce the adverse impact on the aquatic environment.

We have solid strongholds within green technology – in relation to energy, environmental technology and climate change adaptation. We have a rapidly increasing export of green technology, which over the past decade has grown considerably faster than ordinary exports of goods. And within a number of green industries, Danish enterprises are world market leaders.

The Government has taken a number of initiatives to support and expand this development. We are well underway to increasing the share of renewable energy to 20 per cent of our total energy consumption whilst reducing our energy consumption further. An Infrastructure Fund of DKK 97 billion has been established, primarily to be used for investments in public transport. With the Agreement on Green Growth, tracks have been laid for the continued improvement of our surroundings and the aquatic environment. We have established a fund for green restructuring and industrial innovation, designed partly to promote the development of new climate-friendly solutions. In addition, with the tax reform, we have lowered tax on earned income and raised tax on energy and pollution.

However, these are only the first steps. It is the Government's long-term goal that Denmark must be a society free from dependence on fossil fuels. The Government will support a complete, green restructuring of Danish society.

Danish enterprises must take advantage of the rising global demand for energy, climate and environmental technology. Danish exports of green technology must continue to grow, and we must see more green enterprises as leaders within their field. The Government will support this aim by providing effective framework conditions.

All this must take place in parallel with Denmark's continued efforts to actively tackle the global climate and environmental challenges. The Government will continue to engage in active efforts within the climate field, including in our capacity as COP15 President in the period leading up to Mexico in November 2010.

We must pass on a Denmark and a world to future generations where the environment is in better shape than today. The natural environment must be allowed to thrive and is to be better protected. Children, young people and adults throughout Denmark must be given the opportunity to truly experience the benefits of nature. Our water and air must become increasingly cleaner, and we must have more organic farming.

**In order to achieve this goal, the Government will do the following:**

- **A society free from dependence on fossil fuels.** In the current electoral term, the Government will present a target for Danish independence of fossil fuels, as well as a strategy for how this target can be achieved. This will take place partly on the basis of the report of the Danish Commission on Climate Change Policy, which is due to be published in autumn 2010. As part of the strategy, significant energy savings are to be made and the renewable energy supply must be significantly expanded. As part of the effort, the Government will present a proposal for a new energy agreement for the period following 2011, which is when the present energy agreement expires. The Government will also publish a report on Denmark's long-term energy supply security, focusing on how we can integrate increasing quantities of renewable energy in our energy supply whilst simultaneously retain our freedom of action.
- **Green transport.** The Government will continue the work on preparing a completely new system of lower registration taxes for energy efficient cars and green road charging. The Government's goal is to establish a system for vehicle taxation that is neutral in relation to the choice between different technologies that can contribute to achieving the desired environmental goals. In its ongoing allocation of funds from the Infrastructure Fund, the Government will continue to prioritise a substantial improvement of the public transport system, so that most of the future growth in traffic is covered by public transport.
- **Tax exemption for electric motor vehicles up to and including 2015.** As part of its green taxation strategy and the efforts to ensure effective use of, for example, wind-generated electricity, the Government will extend the tax exemption on electric motor vehicles until the end of 2015. Afterwards, the tax will gradually be normalised until it reaches the technology-neutral level in relation to the particular electric motor vehicle's low environmental impact. The loss in tax revenue is to be financed by means of a simultaneous increase in the taxes on conventional motor vehicles.
- **Denmark as a green growth laboratory.** The Government will create the best framework conditions to enable Denmark to utilise our special expertise to become a green growth laboratory for research into, as well as development, testing and marketing of, green technologies. From within the globalisation funds, the Government will continuously allocate resources through the entire value chain, for example in the form of research, development and demonstration projects, test facilities and market maturation. Through clear goals and cost-effective regulation, the Government will also create framework conditions that provide new green development opportunities for the Danish corporate sector and that also contribute to promoting a cleaner environment, richer nature, better climate, and adaptation to climate change.
- **Better economy within the agricultural sector.** The agricultural sector is in a difficult economic situation. Therefore, the Government will bring forward the compensation for the new burdens that have been imposed on the agricultural sector in connection with the introduction of a new pesticide tax as well as a new regulation of the sector's nitrogen discharge pursuant to the Agreement on Green Growth. In this connection, DKK 500 million will be set aside annually in 2011 and 2012.
- **Agriculture as a supplier of green energy.** The Government will continue along the course set out in the Agreement on Green Growth, which enhances the role of the agricultural sector as a supplier of green energy. In the period 2010-2012, the Government will set aside DKK 100 million annually to support the development and expansion of biogas plants. The goal is that up to 50 per cent of all livestock manure in

2020 is to be used for green energy purposes. The Government has also presented a parliamentary bill to modernise agricultural legislation, in order to make it easier for Danish farmers to develop their production with due respect for nature, environment and climate, and according to conditions that to a greater extent reflect the terms under which other business enterprises operate.

- **Cleaner environment.** The Government will continue its efforts to implement the Agreement on Green Growth. The Government will implement a targeted, green restructuring of the environmental regulations governing the agricultural sector. With a point of departure in a model based on tradable quotas, the nitrogen regulation is to be changed so that it contributes partly to a cost-effective reduction of the nitrogen burden on nature and the environment, and partly to a reduction of the agricultural sector's greenhouse gas emissions. The goal is a nitrogen regulation where the farmer, on the one hand, is allowed greater freedom of action and, on the other hand, is given clear incentives to reduce the nitrogen burden as much as possible and to act in an environmentally sound way. The restructuring of the environmental regulation is to take place in accordance with the tax freeze, so that the additional revenue is returned via land taxes.
- **Fewer pesticides, more buffer zones and better protection of open areas.** As part of the Agreement on Green Growth, the Government will present a parliamentary bill on the restructuring of the pesticide tax, which ensures a substantial reduction of the harmful effects of pesticides on humans, animals and nature. The pesticides that are most harmful to the environment and health will be subject to the highest tax, so that farmers have a clear incentive to use the least harmful pesticides. However, consideration will be given to special crops. The additional revenue will be returned to the agricultural sector via land taxes. In addition, the Government will, in accordance with what has been agreed, enhance the protection of water courses, rivers, streams and lakes by imposing a requirement of spraying-free, fertiliser-free and cultivation-free buffer zones totalling 50,000 hectares. The Government will conduct an evaluation of the current efforts to protect the many small nature areas in open country (Section 3 areas). The evaluation is to focus on the municipalities' administration and enforcement within the area and include the initiatives presented in the Agreement on Green Growth.
- **Denmark in balance.** The Government desires a Denmark in balance. The opportunities to live and to generate growth and business development must be equal and good throughout the country. The new large municipalities and the regionally anchored growth efforts provide a larger capacity to ensure development in peripheral areas. The Government will support these efforts by presenting a regional policy strategy. The strategy is designed to contribute to facilitating the utilisation of opportunities in a new green growth economy at local and regional level – in the form of eco-tourism and development as well as utilisation of advanced green technology. General rules and regulations must not block local initiative and enterprise, but neither must there be any compromise locally with respect to showing societal consideration for, for example, the environment. The Government will support this development by means of more differentiated planning and development legislation, for example via a green "*udfordringsret*" (right of challenge provision) that allows municipalities, on a trial basis, to apply for temporary dispensation from central and local government regulations.

## **7. Denmark is to be among the best at creating equal opportunities**

*In 2020, Denmark is to retain its position as one of the wealthy countries in the world, where the differences in income are least, and where we fight poverty, not wealth.*

The Government wants to see a Denmark where we all have equal opportunities to live our lives and pursue our personal ambitions. It must always be worthwhile to work, and as many people as possible must be able to provide for themselves and their family at a fair level.

Therefore, the Government has set the goal that Denmark is to be among the best at creating equal opportunities. Society's cohesion is not to be strengthened by hampering those who achieve success, but by ensuring that as many people as possible get a share in the prosperity. Therefore, the Government will not fight wealth, but we will fight poverty.

Since 2001, the Government has engaged in a concerted effort to break the cycle of negative social heritage and improve the conditions for vulnerable groups. Each year, via the Rate Adjustment Pool (*satspulje*), considerable funds are earmarked for the most vulnerable groups in society. With the Rate Adjustment Pool agreements for 2009 and 2010, a total of DKK 5.3 billion, for example, has been set aside in the period 2009-2013 for initiatives targeted at alcoholics, drug addicts, prostitutes, homeless people and mentally ill persons as well as vulnerable children and young people.

The number of Danes for whom it is not – or only scarcely – worthwhile to work has been reduced from 146,000 in 2001 to 64,000 in 2009. And even though the worldwide economic crisis has also led to a rise in unemployment in Denmark, the unemployment rate remains far lower in Denmark than in most other European countries.

Denmark is also among the wealthy countries in the world where the financial difference between rich and poor is least and where the level of social security is highest, thanks to a finely meshed social security net. However, there are still people and families that each day are faced with very difficult circumstances – financially and in other ways – both in times of upturn and boom and in more difficult economic times, such as today.

The Government regards it as a responsibility for society to provide support to people and families, so that as few people as possible experience social problems or lose touch with society for longer periods. The Government will therefore continue its ongoing efforts to prepare targeted initiatives that can improve the conditions for deprived and socially disadvantaged individuals and families, including vulnerable children. We will also instigate targeted and strong initiatives in relation to housing ghettos, so that parallel societies do not take root, and so that all towns and housing areas guarantee secure and stimulating growing-up environments for children and young people.

**In order to achieve this goal, the Government will do the following:**

- **Strengthening the involvement of civil society and voluntary organisations in social welfare work.**  
The volunteer community in Denmark has huge resources. We must use them in a more targeted and proactive way. The Government will therefore formulate a strategy for the systematic inclusion of civil society and qualified voluntary organisations in the work to help socially disadvantaged people and families. The strategy is to, among other things, identify areas where the use of volunteer and private individuals can enhance social welfare efforts. This may involve, for example, outreach efforts in relation to people and families that are in danger of losing, or have lost, touch with society, as well as

establishing and providing support services targeted at vulnerable groups. The Government will earmark DKK 100 million in 2011 in the Rate Adjustment Pool towards strengthening the involvement of voluntary organisations. If positive lessons are learned from the scheme, the Government will increase the allocation continually in the following years.

- **Tackling homelessness.** For the Government, it is vital that nobody is forced to sleep on the street. And nobody should have to stay permanently in a care home without any prospect of finding own accommodation. This applies in particular to young people. The latest figures show today that there are approx. 5,000 homeless people in Denmark. In extension of the present homeless strategy, the Government will therefore work towards establishing at national level an adequate number of spacious and flexible dwellings for homeless people, including “freak” housing. The aim is to ensure that the problem with homeless people who do not have any form of accommodation can be solved by 2014 at the latest. In addition, the targeted socio-pedagogic efforts must be intensified. The Government will closely monitor the efforts to eliminate homelessness by conducting recurrent nationwide censuses of the number of homeless people. Furthermore, the Government will investigate how the repatriation of foreign homeless people can be made more effective.
- **Development of precise poverty indicators for Denmark.** Difficult circumstances are primarily the result of inadequate resources of individual persons or families to cope with daily life. The Government will initiate the development of operational poverty indicators for Denmark that incorporate the relevant parameters, making it possible to identify poor families and individuals and also to launch specific political initiatives to help the particular groups, partly in connection with the annual allocations from the Rate Adjustment Pool. It must be emphasised that low income is not necessarily the same as having few personal resources. A person can easily be resourceful and have a low income, such as a student on a student grant/loan, a self-employed person who experiences periods of fluctuating income, or a person who has chosen to live a life based on little material consumption and corresponding little work effort. Other relevant parameters for assessing a family’s overall social circumstances could involve, for example, their housing situation, education level, employment opportunities and health situation.
- **Comprehensive ghetto strategy to combat social exclusion.** The Government will formulate a comprehensive ghetto strategy that acts in a targeted way to address the physical structures and resident composition in ghetto areas. It is to be easier to put together the most outdated flats and to tear down “black spots”. Marginalised residents and families must be offered targeted help both in respect to moving away from ghetto estates and to making a new start in a new place. At the same time, new resourceful residents must be attracted. More attractive leisure facilities and cultural opportunities must be established in deprived areas. Furthermore, attempts must be made to enter into partnerships with the local business community regarding, for example, free-time jobs and employment opportunities for adult residents with none or sporadic contact with the labour market.
- **Action plan against drug abuse.** Denmark continues to have a high number of drug-related deaths compared with other European countries. At the same time, drug abuse is in many cases physically incapacitating and leads to social problems, crime, etc. There is a need to adopt a new approach to tackling drug abuse. In connection with the Rate Adjustment Pool negotiations for 2011, the Government will formulate a new action plan to combat drug abuse (“The Fight Against Drugs II”), which is to reassess the present efforts and propose new initiatives. In extension of the action plan, more pilot schemes can, if necessary, be launched and targeted, for example, at pregnant drug addicts, so that the proposed initiatives can be tested and their effect documented.

## **8. Denmark is to be among the freest countries and among the best in Europe at achieving integration**

*In 2020, Denmark is to retain its position as one of the countries in the world where people have the most freedom, both with respect to political rights and general civil liberties. We are to be world champions at democratic integration. In 2020, Denmark is also to be among the best countries in the EU at integrating non-Western immigrants and descendants into the labour market, measured by employment rate.*

We must be better at utilising the potential that each person has to offer. Therefore, the Government has set a goal for Denmark to be among the best countries in Europe at integrating the people who arrive in the country, both in terms of adopting our democratic values and joining the labour market.

Since 2001, the Government has pursued a firm and fair immigration policy. This has paved the way for unprejudiced, effective and targeted integration efforts that work. But the results must not lull us into complacency. The Government will therefore give both the immigration legislation and the integration legislation a renewed service check. The Government will also enhance democratic integration, i.e. awareness among Danes with an immigrant background about Denmark as a strong community with freedom of diversity but also with duty and responsibility towards the community.

The Government has taken a number of significant initiatives to ensure understanding of our common cultural history and cultural foundation. We have published a culture canon and a democracy canon, and we have continuously sought to preserve and communicate our cultural heritage, for example by providing free access to selected museums. The quality concept is today a central criterion for arts support, the aim being to ensure that the best artists receive support, and that the general public gets the best art that tax money can buy. The Government will continue its efforts to strengthen and develop a free and active cultural life. There must be good opportunities to experience culture through a diverse range of cultural offerings. And we will hold firmly onto and ensure the preservation of our cultural heritage.

A solid democracy based on freedom requires extensive freedom of expression that ensures critical debate of benefit to society's development. Therefore, we must maintain and strengthen an uncensored, democratic debate. This requires the presence of a free press. The Government will ensure that the media support continues to contribute to accessible diversity and plurality of media sources and content.

### **In order to achieve this goal, the Government will do the following:**

- **A renewed service check of the immigration legislation and integration legislation.** The Government will retain and strengthen the basic elements of the present policy on immigration and integration. The Government will carry out a renewed service check of the immigration legislation and integration legislation which builds on the positive lessons and achieved results and also makes the necessary adjustments, partly as a result of a significantly changed pattern of immigration. The aims of the integration legislation and the conditions that are laid down for being granted a permanent residence permit in accordance with the immigration legislation must to a great extent focus on the significance of personal responsibility for successful integration. A permanent residence permit is to be linked to a points system, in which the ability to integrate, for example by means of employment or education, is rewarded, whereas a reluctance to integrate means that points are deducted. It must also be easier to expel persons who abuse their stay in Denmark to commit social security fraud or disturb the public order, for example by preventing the police or other authorities from carrying out their duties.

- **Democratic integration/anti-radicalisation.** The Government will closely monitor and evaluate the ongoing efforts to prevent extremist views and radicalisation among young people. The Government will have special focus on the need for additional initiatives that can secure ownership of the values upon which Danish society is based, for example in the form of strengthening democratic and civic education. The Government will also strengthen education in Danish culture and society for newly arrived adult immigrants in order to improve the individual immigrant's opportunities to participate actively in community life.
- **Bringing an end to parallel societies.** The Government will not accept attempts to establish parallel societies or to destroy the practice of mutual interaction that is found in Danish schools and institutions in general. Therefore, the Government has emphasised that the burka and the niqab have no place in Denmark, and we are firmly determined to combat the view of women and humanity represented by the burka and the niqab. We strongly urge that the existing rules and opportunities in place to reduce the use of the burka and the niqab are applied to the full extent.
- **An accessible diversity and plurality of media sources and content.** Within the framework of the arm's length principle, the Government will ensure that the media support continues to contribute to an accessible diversity and plurality of media sources and content. The Government will present its proposal for a future media policy agreement on electronic media with a view to negotiation with the political parties. The Government will also follow up on the published report on media support, with focus on ensuring coherence of the media support as well as maintaining good framework conditions for the printed press.

## 9. Danes are to be among the world's most trusting and safe people

*In 2020, Denmark is to remain in the world's top league when it comes to citizens' trust in each other and in public authorities. In 2020, Denmark is to retain its top ranking among countries without corruption. And in 2020, the likelihood of being the victim of a serious crime in Denmark is to be among the lowest in Europe.*

Denmark is a country characterised by trust between citizens. International surveys show that Danes are one of the world's most trusting peoples, and that corruption and abuse of power are virtually non-existent. We trust each other, and we normally understand each other's motives. This makes us one of the world's most peaceful societies. This makes us a successful and effective society, in the sense that we can make and keep agreements, and we interact with each other without major problems.

The Government wants Danes to continue to be among the world's most trusting and safe people.

Trust is primarily a question of norms and upbringing, respect and tolerance. Since 2001, the Government's efforts have, on the one hand, sought to build trust in the view that society reacts in a sufficiently tough and consistent way to criminal acts and other anti-social behaviour. On the other hand, the Government has sought to encourage citizens to take a greater share of responsibility – for example through new schemes involving mediation and conflict councils.

Unfortunately, there are far too many examples where we fail to show the necessary respect and tolerance, both in relation to each other and in relation to the public authorities in our society. It applies to primary and lower secondary school, where there is a lack of respect for the teacher and bullying among pupils. It applies to the environment, where people pollute and throw litter in the towns and countryside – in the expectation that others will clean up after them. There are also examples of Danes who do not show respect or empathy for people who arrive in this country speaking a foreign language and with another cultural heritage.

The Government wants to see a shift towards significantly greater respect between Danes despite our diversities.

Crime is perhaps the most visible evidence that society's fundamental norms are under pressure. Crime fosters a parallel society and breaks down society's fundamental values, whilst low crime rates achieved by firmness, consistency and prevention enhance trust between people and increase a sense of security and growth. On several occasions, the Government has tightened the penalties for bodily harm crime and has – most recently in connection with the adoption of the Anti-Gang Package – shown that we are willing to clamp down on serious crime. Cracking crime will require a strong and systematic continuation of the efforts against both serious and less serious crime. And it will require a strong continuation of the substantially enhanced prevention efforts with a more consistent and firmer line against young criminals, which is a part of the Government's package of initiatives to combat juvenile crime.

### **In order to achieve this goal, the Government will do the following:**

- **Enhance trust in public authorities.** The Government wants to see a Denmark where citizens have full trust in public authorities. It is crucial for a well-functioning society that citizens are in no doubt that public servants and politicians act in a loyal and proper fashion. We must retain the high level of trust we have in the Danish authorities. Among other things, the Government will revise the Access to Public Administration Files Act (*Offentlighedsloven*) in order to maximise openness and to ensure efficient public administration. It is particularly important that the general public has confidence in the police. If people are dissatisfied with the behaviour of the police, they should be able to complain to an

independent body. In the near future, therefore, the Government will establish a completely new police complaints system.

- **Civic responsibility.** It is important that all of us as citizens assume responsibility for society's development. Respect for and better understanding of our fellow human beings do not arise primarily from political initiatives. They must to a greater extent be learned through relations, role models and interaction with others. However, the Government will continuously seek to influence and support these efforts. Among other things, the Government will ensure that every single person is able to testify in safety and security in court without fear of reprisals. We will fight the anti-social trend of buying stolen goods and behaving inconsiderately in traffic. And we will intensify efforts to combat social security fraud.
- **Reduction of crime.** One of the Government's key priorities is to combat serious crime, among other things in gang environments. The Government will ensure that the police utilise resources efficiently and appropriately. At the same time, it is important that the prevention and solving of less serious crime is also prioritised. This type of crime must be fought because it contributes to insecurity and because less serious acts of crime for some people are the first steps on the path of a criminal career, in which the seriousness of crimes gradually escalates. Among other things, the Government will present a comprehensive strategy against burglary. The Government will also continue efforts to fight crime and will foster a sense of security using TV surveillance.
- **Early and effective preventive efforts.** The Government has presented an ambitious strategy to combat youth crime, with focus on firmness and consistency. The Government will maintain a strong focus on preventive efforts, in the belief that the best way to tackle crime is to make sure that children and young people do not embark on a path of crime in the first place. It is therefore crucial that young people who are in the risk category of becoming attracted to criminal environments can see an alternative. The Government will make "the good alternatives" visible to gangs, including by making increased use of mentors and role models.
- **Faith in people being able to better themselves.** It is important that nobody – regardless of how far they have strayed from the straight and narrow – feels that society has given up on them. Time in prison must be used actively to influence the inmates to choose a life free of criminal activity – including free of drugs and alcohol abuse if this is part of the problem. In connection with the transition from prison to freedom, the Prison and Probation Service and the social security authorities must ensure a close and consistent follow-up effort. As much as possible must be done to ensure a meaningful existence after release – for example by having a job, an education/training programme and a place to live previously organised. The Government will launch a comprehensive investigation into whether the follow-up effort can be reprioritised, so as to be able to enhance the rehabilitation efforts – both in relation to the Prison and Probation Service and the social security authorities. In this connection, tools must be developed for de-radicalisation, for example in the form of an exit programme for imprisoned convicted terrorists that takes its point of departure in the closely related countries' knowledge and experience.
- **Fight against terrorism.** The Government will maintain a strong focus on protecting Danes as much as possible against terrorism. It is important that the intelligence services have the best means at their disposal for deterring, preventing and investigating terrorist attacks. Therefore, the Government has implemented two extensive anti-terrorism packages. And therefore the Government – partly on the basis of the upcoming evaluation of anti-terrorism legislation – will not hesitate to take new measures if it

proves necessary and justified. As terrorist attacks are planned and carried out across national borders, the Government will continue and widen the good international cooperation. In parallel with these measures, the Government will evaluate, adjust and expand the efforts already launched to prevent extremist views and radicalisation among young people in Denmark.

## **10. The public sector is to be among the most efficient and least bureaucratic in the world**

*In 2020, productivity in the public sector is to be among the highest in the EU. At the same time, the Danish public sector is to be among the least bureaucratic in the OECD.*

A well-functioning public sector supports a Denmark with knowledge, growth, prosperity and welfare.

The Government has carried out an extensive reform of local government, which has streamlined the Danish public sector and ensured a clear division of responsibility between local, regional and central government.

The next step is the Quality Improvement Reform, which is in the process of being implemented in all municipalities and regions in Denmark. The reform is based on the premise that better public service must emerge from below, and not be dictated from above. Therefore, the focal point of the quality reform is to offer greater freedom of action to municipalities, regions, child-care facilities, nursing homes and hospitals. Local authorities and institutions must have the space and tools to identify the best solutions for citizens and for delivering more service value for money. Therefore, the Government will strengthen the management group in institutions. We will improve professional and competence development of employees. We will sweep out rules and paperwork that hinder job satisfaction and prevent people from doing their job. And we will invest several billion kroner in modernising schools, homes for the elderly, day-care centres, etc. and in introducing public welfare technology.

The Government places crucial importance on the continued development and modernisation of the public sector. The tight economic framework that is necessary in the coming years in order to restore public finances must go hand in hand with innovation that improves the service delivered to citizens and creates more attractive workplaces for employees.

The Government's point of departure is that people must always come before the system. It is the Government's goal that being a Dane should be less burdensome. Therefore, the Government has launched an ambitious plan to reduce the paperwork burden for businesses. Therefore, we have specifically launched a plan to free public employees from unnecessary burdens.

The citizens are the next stage in a three-stage rocket to reduce bureaucracy. The Government will formulate an "Away with red tape" plan (*Væk med bøvlet-plan*), where we will incorporate the citizens' own experience regarding which rules and procedures are unnecessarily cumbersome.

Besides making daily life easier for Danes, innovation in relation to routines and regulations will enable better use of resources. This is particularly needed during these years, when the economic framework is no longer growing, and it may be difficult to recruit employees to replace the many employees who are reaching retirement age.

**In order to achieve this goal, the Government will do the following:**

- **Continued reduction in bureaucracy.** The Government will continue its efforts to reduce bureaucracy in the public sector. Municipalities, regions and public sector managers and staff must have greater freedom to determine how the tasks are to be performed. This will provide greater room for local prioritisation and innovation. And it will free resources that today go towards administration, so that instead they can be used to provide service to citizens. In 2011, the Government will present a new bureaucracy reduction plan "More Time for Welfare II", which is to simplify central government regulations and documentation requirements. The plan will supplement the 105 simplification proposals

that the Government published in autumn 2009, and is to be seen in association with the municipalities' right to offer provision of local government services. The right to offer provision of local government services means that a municipality is permitted on a pilot scheme basis to bypass applicable central government regulations in order to test new ways of doing things. The Government also encourages municipalities and regions to formulate their own plans for how internal requirements and procedural rules can be reduced, whereby additional resources are transferred from paperwork to delivering citizen-focused service.

- **More freedom in public sector collective agreements.** In connection with the collective bargaining in 2011 for the public sector, the Government wishes a simplification of the present collective agreement rules, whereby barriers to a modern management and human resources policy can be removed and a better framework be created for the performance of tasks within local, regional and central government. In May 2010, the Wage Commission (*lønkommission*) will present its report to the collective agreement parties in the public sector with a view to having it incorporated as common background material during the bargaining in 2011. The Government wishes a simplification that reduces the scope of central agreements, so as to allow greater room for local agreements between employees and managers regarding labour regulations and local pay formation.
- **Public welfare technology.** The Government will continue to promote the use of new technology and new methods of working in the delivery of citizen-focused services, so that employees in the service sectors are given more time to deliver service and care. As part of the Government's Quality Improvement Reform, a total of DKK 3 billion has been allocated to a foundation for public welfare technology (PWT Foundation - Investments in Public Welfare Technology). The foundation is to co-finance investments in labour-saving technology and new working and organisational forms in the period 2009-2015. The funds will be distributed to specific projects in connection with agreements regarding the annual Finance and Appropriation Acts. Up to now, approx. DKK 650 million has been distributed to over 40 projects within, for example, care technology in the care service sector, robotics and automation technology, and communication technologies.
- **Public digitalisation.** In cooperation with municipalities and regions, the Government will generalise the use of IT, so that IT technology becomes used as a lever for new work procedures within the provision of citizen-focused service and frees public sector staff from having to perform unnecessary routine tasks. The focal point is the use of joint public sector portals for citizens "*borger.dk*" (The Citizen Portal) and "*virksom.dk*" (The Business Portal), the new digital signature as well as the exchange of written communication via the digital document boxes of citizens and businesses. In addition, the Government will increase citizens' use of digital self-service, whereby citizens themselves enter the information that the public authorities need to use in their case-handling, in the same way that this takes place today, for example, within the tax area. We will work towards raising awareness of the good examples of integrated, digital self-service, which has been introduced and is continuously being developed in several municipalities.
- **Efficient organisation of administrative tasks.** In cooperation with municipalities and regions, the Government will roll out a more efficient organisation of the administrative tasks, so that the public sector uses the fewest resources possible on paperwork and internal procedures. One of the ways to achieve this is to bring together administrative task areas into one or few units, where common systems can be used and strong professional environments can be created. The Government will investigate the opportunities for increasing the use of administrative service centres in municipalities and regions and

for expanding the portfolio of tasks undertaken by the existing central government service centres. The Government wishes to bring together in a small number of units the objective case handling tasks performed by the individual municipalities today concerning, for example, state pensions and housing benefit, and which do not require local prioritisation and assessments. In addition, the administrative procedures in relation to higher education programmes are to be streamlined.

- **Increased use of competitive tender procedures for public sector contracts.** The Government will promote the use of contract notices to ensure that tasks are performed by the public or private providers that are best and least expensive. For the Government, it is not important whether the particular public service to citizens is delivered by a public or private provider. The Government wishes to extend the present agreement with the municipalities regarding the increased use of competitive tender procedures for public sector contracts when it expires in 2010. It is the Government's goal that the municipalities each year expand the proportion of municipal tasks that are subjected to competitive tendering, so that it reaches at least 31½ per cent by 2015 for the municipalities as a whole. This corresponds to an increase of an additional 1 percentage point per year.
- **Form of governance in the major cities.** To supplement the local government reform, the Government will also normalise the form of governance in the major cities. Today, Copenhagen, Århus, Odense, Aalborg and Frederiksberg are able to choose between a magistracy system, an intermediate government system or a committee-less government system instead of the standard municipal committee government system. From several quarters, these alternative forms of governance have been subjected to justified criticism. The Government will therefore adjust the Local Government Act (*Styrelsesloven*), so that after the next municipal elections the major cities transfer to an ordinary, majority rule-based system of governance. This means that as in the country's other municipalities, it will be clear who can be held accountable for the political results, both positive and less positive. In the same connection, the Government will evaluate the conditions for the leading politicians in parties that are unable to secure representation in the municipal councils, including their remuneration.
- **“Away with red tape” plan (*Væk med bøvlet-plan*).** The Government will carry out an extensive user-oriented screening of all areas where the citizen encounters the system – e.g. in connection with applications for government benefits, the issue of licences and permits, and control checks. The goal is better citizen-focused public service. Outdated and unnecessarily burdensome rules and regulations are to be eliminated. Complicated rules and procedures are to be simplified and, if possible, digitalised, and in general *de minimis* thresholds are to be introduced for when the public sector raises a claim against a citizen. Based on the results of the screening, the Government will present a catalogue of specific proposals for reducing bureaucracy in a way that ensures better citizen-focused service. The efforts in this regard should be seen in the light of the steps already taken by the Government to launch ambitious efforts to reduce bureaucracy not only for businesses but also at local, regional and central government level. The Government will build on the positive lessons learned from incorporating the wishes of users and citizens regarding reduced levels of bureaucracy.

## International cooperation

Denmark must be placed at the heart of Europe. We have a long-standing, historic and cultural fellowship with the other European countries. The enlargement of the EU has brought freedom, democracy and economic development to the new EU Member States. It is in our interest that the common challenges faced by Europe are tackled by a democratic and strong EU, with the same rules for all. It is in our interest that the EU strengthens its global role and expands the cooperation with its neighbours, promoting democratic and economic reforms in these countries.

Denmark is both globally and in the EU one of the strongest advocates of free trade and equal conditions of competition as well as of a strong and binding international development assistance focusing on the fight against poverty.

Development policy must continue to be a key element of an active Danish foreign and security policy. We must promote the freedom we ourselves enjoy. Freedom from fear. Freedom from poverty. Freedom to shape our own lives and the community we are a part of.

The Government will also continue its highly active efforts to support and promote international stability and peace, including by maintaining a modern defence capable of being deployed in relevant international operations.

### **The Government will continue to pursue an active foreign policy:**

- **Referendum on the EU opt-outs.** The Danish EU opt-outs continue to make it difficult to pursue Danish interests. We saw this most recently in connection with the financial crisis, where to a certain extent our economy unnecessarily was the object of a rising interest rate differential, with the opt-outs simultaneously excluding us from a number of important financial decisions. This problem is now becoming more apparent as the Euro countries further strengthen their cooperation. Therefore, it continues to be the Government's plan to subject the opt-outs to a national referendum. At an appropriate time, the Government will engage in discussions with the parties of the Folketing in order to ensure broad political support for a referendum and thus the best chance of a positive outcome.
- **Free trade.** The present economic crisis makes it particularly important that Denmark maintains its high profile and high ambitions in the fight for free trade. The Government wishes a positive conclusion to the Doha Round in the WTO in the near future. Denmark has particularly close ties across the Atlantic. In the EU and in relation to, among others, the USA, Denmark will work actively for the establishment of a future transatlantic free trade zone.
- **Human rights and democracy.** Promoting Danish interests in a globalised world requires an active foreign policy. Through strengthened European and transatlantic cooperation and through international cooperation within the framework of the UN, we can promote Danish interests and values and safeguard our security. The Government will have a special focus on human rights and democracy.
- **International assistance.** The Government will formulate a development policy strategy with the continued objective of fighting poverty, in which the majority of Danish assistance will continue to go to Africa. However, the Government will deliver more focused assistance with the aim of enhancing its effect. There will be a sharp focus on growth and employment; environment, energy and climate; security and development; as well as democracy, human rights and good governance. We will cooperate

with NGOs that work towards promoting open societies, democracy and human rights. We must also ensure that we get the most development value for money. The results of each particular development project must be documented, communicated and utilised in relation to future activities. Within development assistance, the Government will take the initiative to establish a new internationally oriented research programme that is to research and document what works and what the programme can achieve in collaboration with international experts, universities and successful private development aid organisations. As part of its contribution to ensuring the necessary consolidation of public finances in the period 2011-2013, the Government will maintain Danish development assistance nominally at the same level as in 2010.

- **International climate cooperation.** Denmark played an active role in the preparations and execution of the UN Climate Change Conference in Copenhagen in December 2009. The outcome of the conference was an agreement – the Copenhagen Accord – supported by the majority of the countries in the world to reduce global emissions of greenhouse gases that will enable global warming to be limited to a maximum of two degrees. At the same time, agreement was reached that the world’s wealthiest countries are to set aside substantial resources to enable the poor countries in the world to continue their economic development, at the same time as the emission of greenhouse gases is reduced. The Government will continue its active efforts within the climate sphere, also within the remit of the COP15 presidency in the period leading up to the climate change conference in Mexico in November 2010.
- **Stability and peace.** The Government has taken the lead in the efforts to promote stability and peace in Afghanistan. It is a difficult task, where Danish troops, police officers, diplomats and civilian advisers each day make a huge effort under difficult conditions, and where tangible progress is fortunately being made. The increased international engagement creates the possibility for Afghanistan to gradually take over responsibility for its own security. Consequently and in parallel with gradually bringing home our troops from the fighting in Afghanistan, the Danish Armed Forces will increasingly be able to contribute to peace-support operations elsewhere in the world under UN, NATO and, the day that the defence opt-out in the EU is lifted, EU mandate. In light of the lessons learned from, for example, Afghanistan, we will enhance our ability to integrate the civilian and military operations in conflict areas.
- **A modern defence.** The Government recently concluded a defence agreement that strengthens the development of a modern defence force that can be deployed in international operations. The goal is to be able to deploy capabilities corresponding to up to 2,000 troops in international missions. The Danish Defence Agreement entails that we inject additional resources into the Danish armed forces and at the same time focus on further preparing the armed forces for the new tasks and assignments, including with respect to investments in new equipment. Military service is to be retained.

## **Strong cooperation within the Danish Realm**

The Government wants a strong cooperation within the Danish Realm based on mutual obligation and respect.

In the relations to Greenland and the Faroe Islands, the Government pursues a policy that is based on the assumption of responsibility by the Greenlandic and the Faroese authorities as far as the opportunities permit and in line with the wishes of Greenland and the Faroe Islands. Over the past year, the Faroe Islands have assumed responsibility for a number of new fields. Greenland achieved self-government in 2009, and the Self-Government authorities have already assumed the first new fields of responsibility.

As is the case today, Greenland and the Faroe Islands are to have the greatest possible freedom within the framework of the Danish Realm to make their own decisions in internal affairs.

**DENMARK 2020**

**Knowledge > Growth > Prosperity > Welfare**

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