



Building a competitive and business-friendly environment

The Federal Programme for Reduction of Bureaucracy and Better Regulation in Germany

**- Regulatory Policy at the Crossroads -
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Results of the Federal Programme 2006 - 2010

- Companies in Germany face **12.576 information obligations** (IO); citizens at least 2.407 IO (registration not yet completed); administration 7.401 IO (federal law only, incl. transposition of EU directives, but no EU regulations)
- Companies in Germany carry **47,6 bn Euro p.a. administrative burdens**, more than half of it results from the transposition of international law
- Over **400 simplification measures** will **cut off about 10,5 bn Euro p.a.** by the end of 2011 (30 percent off „national law“; 14 percent off „international law“) ⇒ up to now: **22 percent of administrative burdens are cut**
- Cooperation projects with regional and municipal governments and other self-administrating bodies (e.g. all types of social insurances) are established
- **Ex ante-evaluation** of all federal ministries' impact assessments by independent **National Regulatory Control Council** is well established and perceived

Are companies in Germany happy, now?



Governance of Better Regulation in Germany: Lessons Learned 2006 – 2010

- Administrative burdens, compliance costs and all other types of regulatory impacts **never result from one source**:
It is always a combination of regulation, administration and real life conditions
- Working together in federalism means to **respect competences** and to **provide facts and figures** rather than reasons for decisions or political talk
- There is **no lack of information** for decision makers,
but they need a clear picture of what a specific piece of legislation will change in real life



Example: e-balance sheet

- ... sounds like a good idea 😊
- Legal proposal indicates low costs of implementation (one time 0,5 mio. Euro and 3,2 mio. Euro p.a. total admin burdens for about 1,3 mio. companies), but **implementation has to be organized by the joint financial administration** of federal and regional governments
- Parliament passed proposal by the end of 2008; requiring first e-balance bookings by 2011
- Feed back during the **consultation of the administration's proposal** for implementation in October 2010: companies expect compliance costs of **more than 5 bn Euro p.a.** and need more time to change booking systems
- Situation right now: implementation will most likely be shifted for one year to **streamline the e-balance sheet-procedures**



Core Elements of the Federal Programme beyond 2010

1. Expansion of the ex ante process to **include compliance costs**
2. **Broader mandate** of the National Regulatory Control Council (NRCC) in the legislative process
3. ex post-examination of compliance costs in eight priority areas as **multi-level- and multi-field-of-law-projects**: reduction measures until 2011, by 25 per cent on average
4. Attainment of the 25 per cent reduction target until 2011 based on a binding implementation plan (reference: baseline measurement of 2006)
5. Coordinator briefs the Cabinet **regularly** on the programme's progress
6. **Advancing smart regulation** at the EU level (ex post and ex ante)

Will companies be happy, then?



A broader mandate for the NRCC

- **Good experiences with an independent body** monitoring at least the government's legislative proposals:
 - Thorough consideration of compliance costs (incl. administrative burdens) helps to find more efficient solutions in legislation
 - Quality of the drafted laws increased
 - Initiatives of the parliament to be included
- Assessment of the **plausibility of compliance costs** of new legislation on companies, citizens and public administration
- Review of time limits and evaluation of legal acts
- According to the Joint Rules of ministries NRCC stays **treated like a line ministry** in the interministerial coordination
- NRCC statement stays attached to the cabinet draft and is **passed to parliament** and the Federal Council (second chamber of parliament); there the **NRCC-statement becomes public**



Conclusion

Necessary conditions to keep the better regulation process running

- **Power**: independent advice, representative within the „dominant coalition“, transparency, legal basis, binding methodology
- **Goals**: measurable indicators
- **Partners**: stakeholder-involvement, trustful cooperation, facts and figures

And then?

Either we stay with Signor Rossi (Bruno Bozetto's cartoon character):
He keeps looking for happiness – but he always misses a piece of it

... or we follow Jean-Paul Sartre, who invites us to consider, that
Sisyphos might be a happy man.



- Merci beaucoup -

Further information:

www.bundesregierung.de/buerokratieabbau

www.destatis.de/webskm

www.nkr.bund.de

www.oecd.org/regreform

www.administrative-burdens.com