



Session 1: Measuring administrative Burden: Tools and Techniques

The Danish Experience

Signe Jensen – 29 September 2010



Content of presentation

Admin burden reduction in Denmark

- History, key objectives and drivers of admin burden program
- Practicalities
- Organization of the program in Denmark
- Simplification of existing regulation

Lessons learned – Reviewing existing rules

Lessons learned – Streamlining existing rules

Lessons learned – Role of central unit



History, main objectives and drivers

History:

- Systematic effort on reducing administrative burdens for businesses since late 1990s
- SCM baseline measurement in 2004 – with yearly updates

Objectives:

- Reduction of administrative costs for business by up to 25 pct. by 2010
- Most effective business regulation in EU
- Significant reduction of “irritation costs” (business perception of burdens)

Drivers:

- Improving competitiveness of Danish companies
 - We cannot compete on salaries so we must limit expenses
 - → Cost effective regulation one of the tools
 - Will increase employment and create growth. A study in DK shows that 1 m. DKK reduced burdens will give 1,4 m. growth.
- To a smaller degree a political project of cutting size of public sector
- Programme has been supported by parties across the political spectrum



What has been done in practise?

- Screening of the legislative programme for each Ministry every year
- Give advice to Ministries on how to reduce administrative burdens in the consultation process
- Carry out SCM ex-ante measurements on proposals with significant administrative burdens for businesses and give recommendations on how to reduce the admin burdens. These recommendations are discussed by the Governments Committee on Economic Affairs



Has ex-ante SCM measurements been successful?

- Generally - Yes! But in some cases it has not been possible to reduce the admin burdens in the proposals either because of EU requirements or strong interests (in business organisations etc.)
- We started to do ex-ante measurements in August 2005 and has carried out 15-20 ex-ante measurements. Around 30 percent of the ex-ante measurements has led to a reduction in the admin burdens
- Furthermore the involvement of the Governments Committee on Economic Affairs has a preventive effect



Governmental organisation

Responsibilities in Denmark:

- Ministry of Finance: overall responsible for BR including BR towards citizens, Regulation Inside Government (RIG), the Regulatory Impact assessment system (RIA), and the Digital Strategy
- Ministry of Economic and Business Affairs: Better regulation for business (in cooperation with Ministry of Finance) - Daily work is mainly carried out by Danish Commerce and Companies Agency (Division for Better Business Regulation And Division for the Business Portal, Virk.dk)
- Ministry of Justice: “Traditional” law quality



Organization

Reduction of administrative burdens by 25 pct. by 2010

Simplification
of existing
Regulation

Better new
regulation

Better
regulation in
the EU

Better
communication
to stake
holders and
target groups

Digitalisation,
Virk.dk



Simplification of existing regulation

- Action plans for simplification
 - individual ministries responsible for preparing action plans
 - Focus on ministries with most business regulation
 - → government action plan for 25 pct. burden reduction by 2010
 - SCM measurements used to focus action plans
 - Yearly SCM updates of progress
- Initiatives in action plans include wide range of simplification tools
 - Simplification of rules
 - Reduced frequencies
 - Administrative simplification – reuse of data
 - E-government / digital solutions
 - Better communication and service
 - More effective and targeted enforcement – risk based control



Coordination of government action plan

- Ministry of Finance and Ministry of Economic and Business Affairs coordinates in cooperation: Simplification and administrative reductions (FAL)
- Coordinated the preparation of the government action plan
- All ministries contribute
 - Ministries with high administrative cost: Systematic action plans of ten most burdensome regulations.
 - Other ministries: action plan of most burdensome regulation
- FAL oversees progress and report to the Governmental Coordination Committee twice a year
 - Recently decided to strengthen these reports (perceived burdens, EU, digitalisation)
 - Reports are merged to show overall progress.



New regulation – The Economic Committee – An effective oversight

- All legislation with administrative burdens exceeding 10,000 hours a year must be approved by the economic committee
- This is a very powerful signal to lawmakers that administrative burdens are to be taken seriously
- The threat of critique from the economic committee gives incentive to adjust the legislation and thereby reduce the negative impact on business at an early stage in the lawmaking process
- ministries will go to great length to avoid having their legislation discussed in the economic committee.
- Administrative burdens have to be examined and alternatives identified
- Has led to a cultural change in the different ministries - administrative burdens are taken seriously



Lessons learned – the set up

- A specific target is essential – “what gets measured gets done”
- Specific mandates even more essential – otherwise ministries would not have done anything
- Systematic approach to follow up yearly – has been important too
- Ownership from the Ministry of Finance of importance as well



Lessons learned - Reviewing existing rules



Lessons learned - Streamlining existing rules



Lessons learned - role of central unit



New initiatives and way forward

- From end of this year a new programme will start
- Still focus on admin burdens, but probably only ex ante measure
- More focus on:
 - The user's perspective – we have to make new regulation for the user's – that create higher compliance
 - What is the is barriers for the companies?
 - More focus on targeted communication and service



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