



Nationaler  
Normenkontrollrat

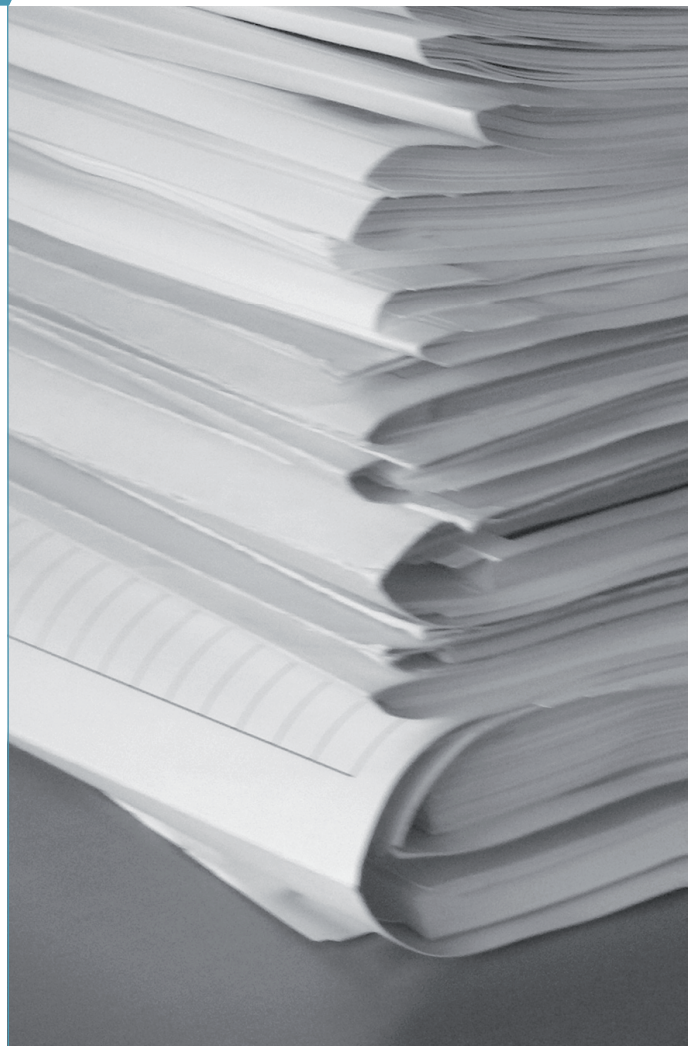
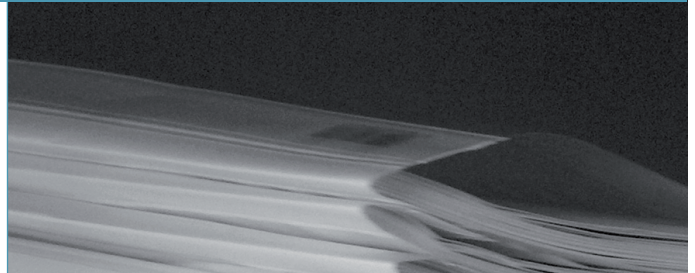
## Interim Report

**A Good Start**

**Expectations  
still to be met!**

2009  
Annual Report  
of the  
National Regulatory  
Control Council

July 2009





Annual Report 2009  
of the  
National Regulatory Control Council  
pursuant to Section 6 (2)  
of the Act on the Establishment of a  
National Regulatory  
Control Council

July 2009



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# Preface

In October 1957 the Soviet Union started its first “Sputnik” which was the beginning of the space age. The Soviet Union won the competition against the United States, which succeeded only a few months later in sending a satellite into space. “How could it happen that the United States were overtaken by the Russians?” the head of the US rocket research center was asked. His answer was: “Conquest of space requires two problems to be solved – gravity force and red tape. It would have been possible to deal with gravity but not with the red tape.”

Half a century later the topic of red tape is still an issue. This is one of the reasons why more and more nations take up this challenge and do away with surplus laws and forms getting out of hand. In view of economically hard times no national economy can afford to waste resources due to unnecessary red tape any longer.

In this connection, the Federal Republic of Germany now is in a good position. After two and a half years, the National Regulatory Control Council can attest the Federal Government that noticeable progress has been achieved in terms of the reduction of the costs of bureaucracy even though initial difficulties with avoidable delays had to be overcome. Concrete relief measures have been introduced. One has to admit that those measures still have to develop their full effects but the results achieved give grounds for a cautious optimism. From today’s point of view, especially the reduction target for this legislative period is likely to be reached.

The methodical approach chosen – the Standard Cost Model – has proven to be successful. For the first time costs of bureaucracy have been quantified and identified. There is an increasing transparency about the amount of time and/or money enterprises and citizens have to expend because of bureaucracy – across all fields of law. The awareness of the scope of the bureaucratic burden resulting from legislation has increased.

The progress which has been made in the prevention of new costs of bureaucracy is of particular importance. Today, every new bill is accompanied by an exact statement of the costs involved for information obligations. As a result, during the last two and a half years more than € 3 billion of costs of bureaucracy could be saved – measured against the burden in effect at that time. Even in an international comparison this amount is really impressive.

A lot of work still has to be done to achieve the remaining second half of the target to reduce the bureaucratic burden by 25% until 2011. Additional reduction measures amounting to the remaining € 5 billion have to be introduced rapidly.

At the same time, it is important to learn from the experience gained: Even more actors, e.g. municipalities, Federal States, chambers, social insurance institutes etc. must be convinced to do practical work in terms of bureaucracy reduction and to develop the concept of bureaucra-

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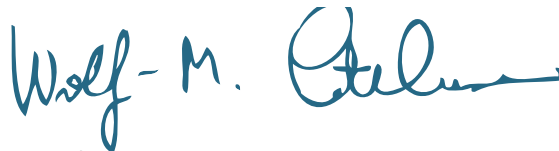
cy reduction further so that the relief will become clearly noticeable. The resolution decision of the Economic Committee of the Bundestag of May of this year is a step in this direction.

All in all: The Federal Government has started slowly but, on the whole, successfully. The first target marks can be achieved. Now it is important to envisage the next targets and to implement them resolutely. If this can be achieved, it could be a quite important contribution to helping Germany regain economic growth and employment in this difficult situation.

Berlin, 2 July 2009



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# I Looking back at the Past Two and a Half Years

## 1. Statutory Mandate and Working Methods of the National Regulatory Control Council

### 1.1 Establishment of the National Regulatory Control Council

The National Regulatory Control Council is an independent advisory and control body supporting the Federal Government in reducing and avoiding unnecessary bureaucracy. The establishment of the National Regulatory Control Council bases on a provision in the coalition agreement between CDU, CSU and SPD (Grand Coalition). Upon adoption of the Act on the Establishment of a National Regulatory Control Council of 14 August 2006, this agreement was implemented.

Proposed by the Federal Chancellor and agreed upon by the other members of the Federal Government, the Federal President appointed eight members to the Council on 19 September 2006. The members of the Council have years of experience in the fields of economy, politics, science, justice and administration. They work in an honorary capacity. Their term of office is five years.

### 1.2 Statutory Mandate

The basis for action of the National Regulatory Control Council is Section 1, Paragraph 2, of the Act on the Establishment of a National Regulatory Control Council. According to this act, the Council has the task of supporting the Federal Government in reducing the costs of bureaucracy caused by legislation through the application, monitoring and further development of a standardised measurement of the costs of bureaucracy on the basis of the Standard Cost Model.

In the past two and a half years, the Council has provided support to the Federal Government regarding two major issues: avoiding new and reducing unnecessary existing bureaucracy costs. A noticeable and sustainable reduction in the costs of bureaucracy can be achieved only

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if cost reductions in existing legislation are not cancelled out or even exceeded by additional burdens from new laws and ordinances.

Moreover, the National Regulatory Control Council has intensely worked on the methodological development of the Standard Cost Model and advised the Federal Government on this topic.

### **1.3 Costs of Bureaucracy**

Bureaucracy costs are those costs arising from statutory information obligations. According to the Act on the Establishment of a National Regulatory Control Council, information obligations are

- obligations existing on the basis of laws, ordinances, by-laws or administrative regulations
- to procure, keep available for or transfer to authorities or third parties data and other information.

In essence, it is about the burden incumbent on enterprises, citizens and the administrative sector when filling in applications and forms or submitting reports and statements.

Thus, the law focuses on a certain part of the costs of bureaucracy. Costs arising from the compliance with content-related obligations (e.g. wearing protective clothing, breaks, requirements for display work stations) are not identified. Even though enterprises may perceive such obligations to be particularly burdensome and costly, they are not included in the mandate of the Act on the Establishment of a National Regulatory Control Council.

### **1.4 Standard Cost Model**

Using the Standard Cost Model, the costs of bureaucracy can be easily determined. This method is based on the standardised indication of bureaucracy costs arising from the compliance with information obligations. Initially, the model costs of fulfilling an information obligation arising in a typical enterprise are determined. Those costs are subsequently multiplied by the annual frequency of application and the number of parties affected. The result quantifies the annual burden on the overall economy of fulfilling each information obligation.

The past two and a half years have shown that the model is easy to apply. The Standard Cost Model has proven to be successful in Germany. In the past, nobody was able to state which costs are caused by information obligations. Now, the costs of bureaucracy are comprehensibly presented in the regulatory impact assessment. This transparency changes the decision-making processes.

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Initial methodological problems could be solved for the most part due to the cooperation with the Federal Government on a partnership basis. Nevertheless, the National Regulatory Control Council and the ministries still have different views on individual issues such as dealing with contractual information obligations (cf. Chapter 3.1, p. 23) or the definition of the concept of enterprise in tax law<sup>1</sup>. The Council expects these issues to be clarified soon.

## 1.5 Politics and Statutory Mandate

The political objectives of a law are not subject of the work of the National Regulatory Control Council. The Council examines whether an information obligation is necessary for achieving the political objective and whether the responsible ministry has chosen the most cost-effective alternative. The work done to date shows that initial apprehensions that the Council might exert influence on political aspects within the scope of its work turned out to be unfounded. On the contrary, it has proven that an effective reduction in the bureaucratic burden can be successfully achieved if the activities exclusively focus on limiting the effort linked with information obligations to a minimum in view of the given political objective.

## 1.6 Organisation and Working Methods of the Council

The Council is a constructive-critical advisor of the Federal Government in the implementation of the "Reduction in Bureaucracy and Better Legislation" Government Programme.

There is an exchange with all actors involved. In particular, these include the coordinator of the Federal Government, Minister of State Hermann Gröhe, the Committee of State Secretaries on Reduction in Bureaucracy and the respective responsible departments.

At the beginning of its work, the National Regulatory Control Council introduced a reporting system governing the responsibility of the individual members for the Federal ministries.

The integration of the addressees of the information obligations is essential for a successful reduction in bureaucracy. Therefore, the exchange with associations and chambers is of high importance to the National Regulatory Control Council.

A secretariat in the Federal Chancellery comprising seven staff members is available to the Council for operational support.

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1 Tax-related information obligations concerning business activities are presently not treated uniformly and are either allocated to the business sector or to citizens. For the baseline measurement, for example, the taxable income of freelancers and partnerships was allocated to the bureaucratic costs of citizens while the same taxpayers were allocated to enterprises in terms of the turnover tax law.

## 2. **Avoiding New Bureaucracy – the Ex-Ante Procedure**

A sustainable reduction in bureaucracy requires the avoidance of unnecessary new bureaucracy. For two and a half years, the Federal ministries have now been determining the costs of bureaucracy for each new regulation project, and they indicate them in the regulatory impact assessment. The ex-ante procedure has become an integral part of the ministerial coordination process. Germany has taken a leading position in Europe in this respect.

The quality of the regulatory impact assessment has considerably improved in this area. This cost transparency allows the decision makers to assess whether the burdens are proportionate to the planned political objectives and whether the most cost-effective alternative has been chosen.

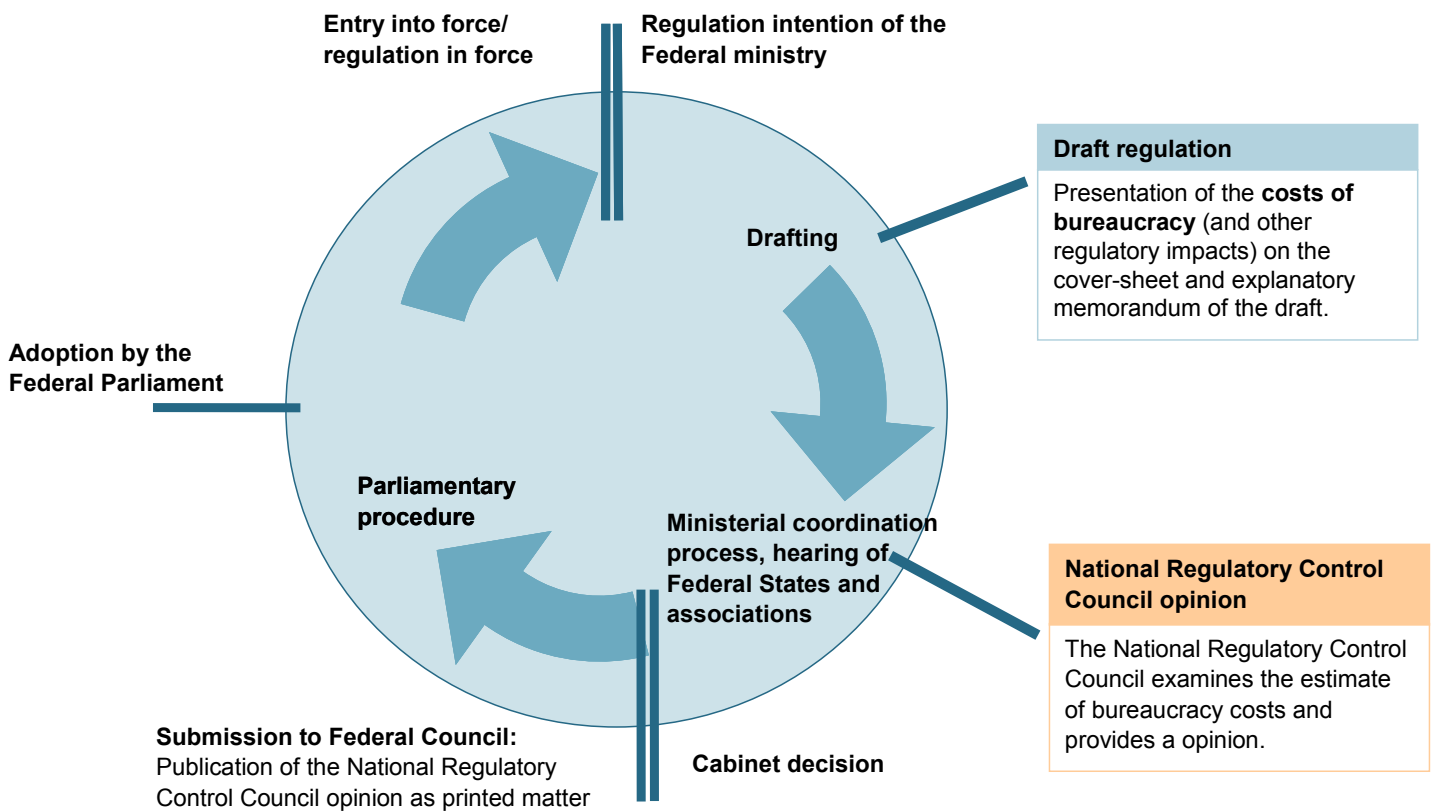


Figure 1: National Regulatory Control Council and ex-ante procedure in the legislative process

## 2.1 Participation of the National Regulatory Control Council in the Ex-Ante Procedure for the Business Sector<sup>2</sup>

Since 1 December 2006, the National Regulatory Control Council has completed the examination of 922 regulation projects<sup>3</sup>. The following figure provides an overview of the semi-annual distribution of adopted regulation projects. On the average, the National Regulatory Control Council examined approximately 30 regulation projects per month.

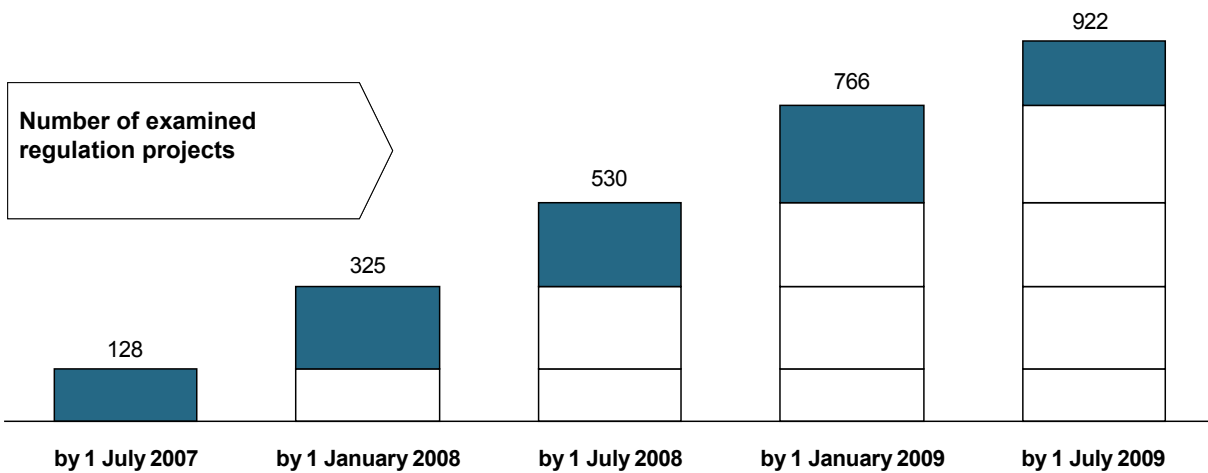


Figure 2: Number of examined regulation projects since 1 December 2006

20 per cent of the examined drafts entail major implications on the costs arising from information obligations incumbent on the business sector.

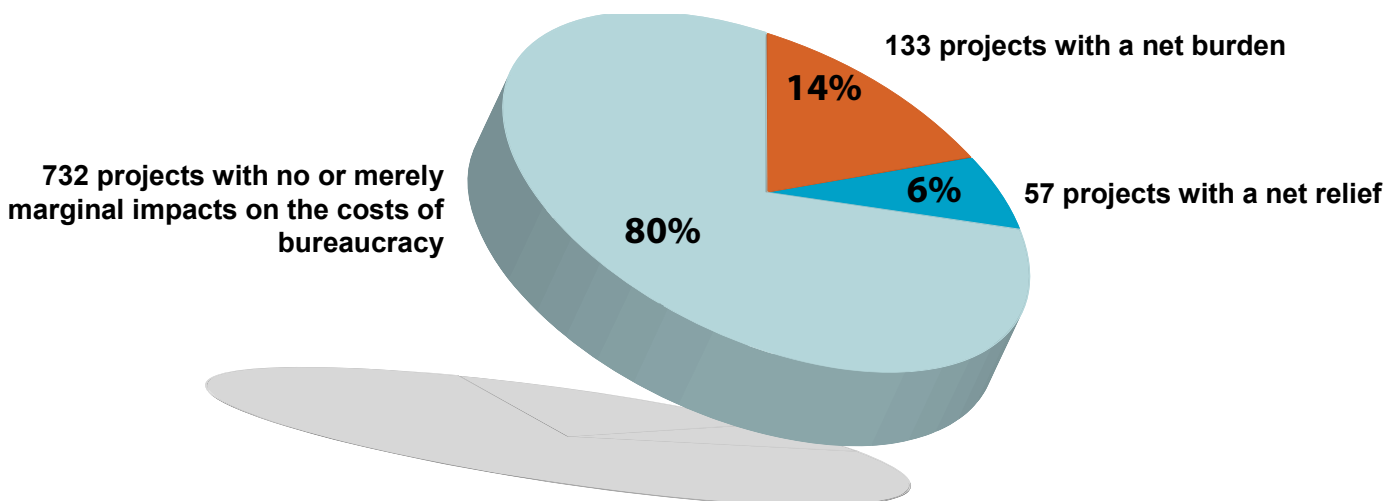


Figure 3: Share of relevant regulation projects

<sup>2</sup> Since 1 January 2009, the ex-ante procedure has also been applied to information obligations for citizens (see Chapter I.5, p. 33).

<sup>3</sup> As of 1 July 2009.

In total, the number of information obligations for the business sector has increased by 667. However, this increase did not lead to a rise in the costs of bureaucracy. On the contrary: Due to the reduction in the burdens associated with a series of information obligations, the burden placed on enterprises could be reduced by about € 3.33 billion since 1 December 2006 in total.

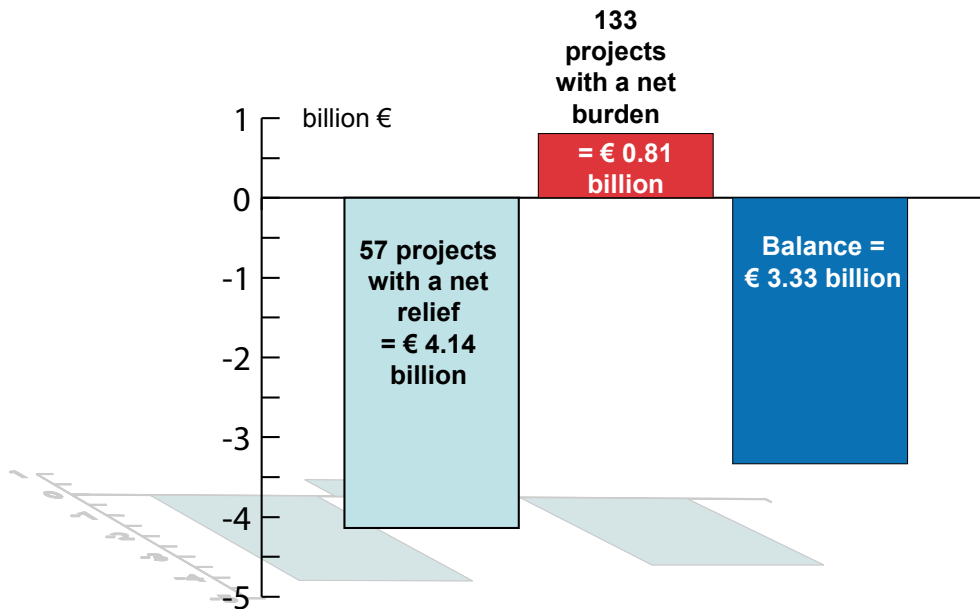
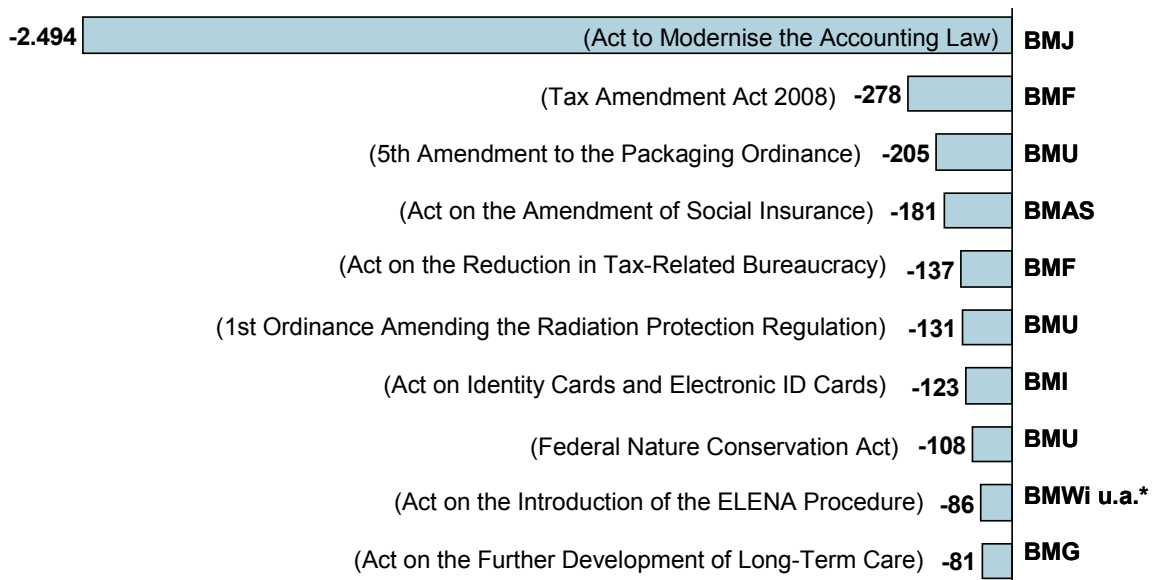


Figure 4: Development of bureaucracy costs for the business sector in the ex-ante procedure

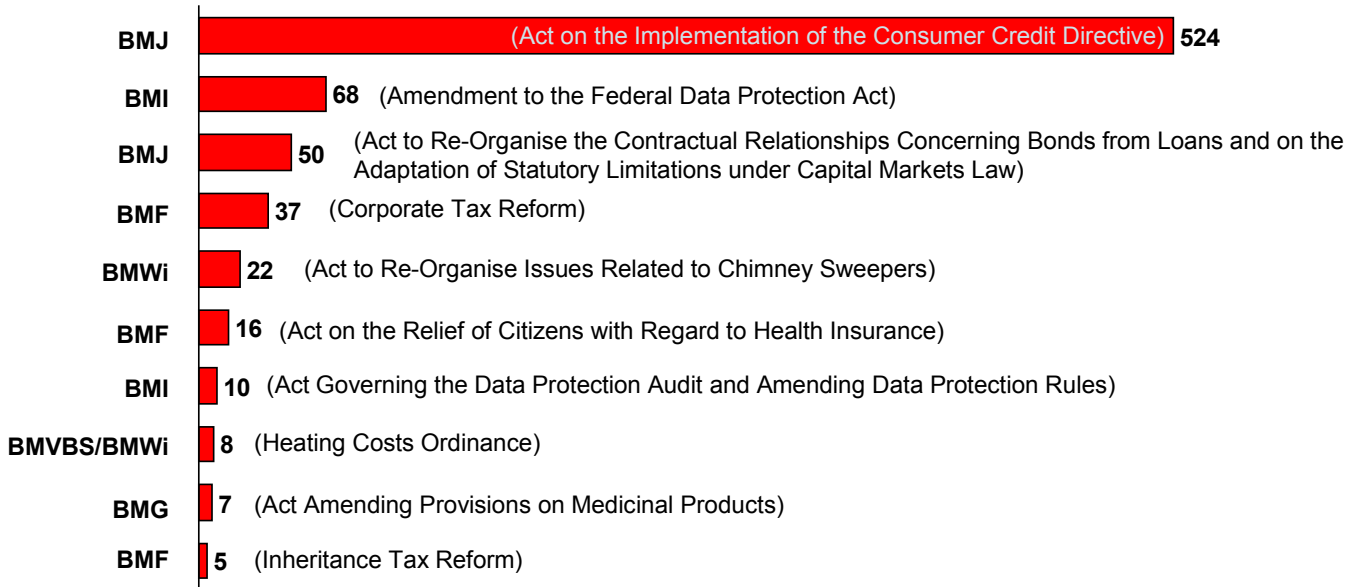
The relief of the business sector can largely be attributed to 57 projects. The following graphic shows the 10 major net relief measures:



\* The law was developed under the proponenty of the Federal Ministry of Economics and Technology. In addition, it comprises regulations within the responsibilities of the Federal Ministry of Labour and Social Affairs, the Federal Ministry of Transport, Building and Urban Affairs, and the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth.

Figure 5: Top 10 list of regulation projects entailing the greatest net relief for the business sector

On the other hand, there are 133 burdensome regulation projects. Top 10 list of the most burdensome regulation projects:



\* Detailed description of the problem in Chapter 3.1.

\*\* Upon request of the Bundestag Committee of Economics and Technology, the bureaucratic costs caused by the Inheritance Tax Reform are currently remeasured by the National Regulatory Control Council in cooperation with the Federal Statistical Office.

Figure 6: Top 10 list of regulation projects entailing the greatest net burden for the business sector

All other regulation projects do not have any or merely marginal effects on the bureaucracy costs of the business sector.

## 2.2 Counselling of the Federal Parliament/Federal Council

In accordance with its statutory mandate, the National Regulatory Control Council checks regulation projects of the Federal Government before they are discussed in the Federal Cabinet. However, amendments during the further legislative procedure may significantly affect the costs of bureaucracy. Therefore, it is essential for the work of the Council to keep up the dialogue with all parties involved in the legislative procedure. In the past two and a half years, the Council has had numerous talks with individual members of parliament, parliamentary groups and working groups and participated in committee meetings. Furthermore, talks were held with the Permanent Advisory Council of the Federal Council. The aim was to inform them about the work of the National Regulatory Control Council and to raise the awareness that avoiding new costs of bureaucracy is both necessary and possible without questioning the political objectives of the legislative authority.

Article 6, Paragraph 3, of the Act on the Establishment of the National Regulatory Control Council explicitly stipulates that the Council is available to the committees of the Federal Parliament for counselling. For example, the Council may be heard by the parliamentary committees on statutes with which it already dealt in the ex-ante procedure. The financial committee took advantage of this opportunity for the Corporate Tax Reform:

Example	The Ex-Ante Procedure by the Example of the Corporate Tax Reform
20 February 2007	Ministry draft including estimated costs of bureaucracy Reduction of the full depreciation of low-value assets from € 410 to € 60 Total annual net burden of € 47 million (including € 190 million of bureaucratic costs due to the low-value asset regulation)
1 March 2007	First comment by the National Regulatory Control Council Disparity between the non-recurrent effect of interest (advanced taxation revenues of about € 900 million for approx. 5 years) and permanent costs for the business sector (€ 190 million per year) in the low-value assets regulation
9 March 2007	Revision of the ministry draft Increase of limit to € 100, pooled depreciation for low-value assets between € 100 and € 1,000, additional bureaucratic costs of this regulation: € 180 million per year
12 March 2007	Second comment by the National Regulatory Control Council Upholding of reservations
14 March 2007	Cabinet decision The net burden of the Corporate Tax Reform totals € 72 million, low-value assets regulation: bureaucratic costs of € 180 million
27 March 2007	Draft by the coalition parliamentary groups, identical with cabinet decision
April/May 2007	Parliamentary procedure National Regulatory Control Council in the financial committee on 10 May 2007 Increase of low-value assets limit to € 150 Considerable simplification by introduction of a so-called pooled depreciation (€ 150 to € 1,000) both in the tax balance sheet and the commercial balance sheet
27 May 2007	Federal Parliament passes Corporate Tax Reform According to estimates by the Federal Ministry of Finance, the total net relief will be € 168 million (including the relief of € 65 million based on the low-value assets regulation)



Other committees of the German Federal Parliament have established a dialogue with the Council as well, most recently the Committee on Economics and Technology on 22 April 2009. Furthermore, the committee asked the Council to look at the bureaucratic costs of the Inheritance Tax Reform. The Council will comply with this request together with the Federal Statistical Office and the Federal Ministry of Finance. Results are expected for this summer.

## **2.3 Conclusions/Lessons Learned from the Ex-Ante Procedure**

After two and a half years, the National Regulatory Control Council is able to draw a positive balance regarding the application of the ex-ante procedure. Germany has taken a leading position in Europe in this respect.

Until December 2006, the costs of bureaucracy were hardly considered in the regulatory impact assessment. Today, the National Regulatory Control Council can note that the information obligations incumbent on the business sector and the resulting bureaucracy costs are quantified in new regulation projects and presented in a transparent manner. Prominent examples such as the Corporate Tax Reform, the Law on the Establishment of the Electronic Income Record (Elektronischer Einkommensnachweis – ELENA) or the Financial Reporting Modernisation Act underline that costs of bureaucracy are increasingly taken into account in the political decision-making process.

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**Example****ELENA**

Due to the introduction of an electronic income record (ELENA) based on the Law on the Establishment of the Electronic Income Record, individual paper-based income records will not be needed any more: the changeover of certificates in the field of unemployment benefits alone will lead to a relief in costs of bureaucracy amounting to around € 75 million per year for enterprises and to a further savings potential for the public administration. Additional savings will result from income records for Federal parental allowances and housing allowances. In addition, relief effects for citizens will also be achieved due to the accelerated processing of the applications for benefits.

Within the scope of the ex-ante procedure, the Council had commented on the draft statute for the introduction of the ELENA procedure early. Especially the effects on the costs of bureaucracy for the business sector, the citizens and the administration were disputed. In addition, the Federal Ministry of Finance presented an alternative concept. In agreement with the other departments, the Federal Ministry of Economics and Technology then asked to examine the impacts of both concepts on the costs of bureaucracy.

In December 2007, the Council submitted its report\* produced on the basis of the Standard Cost Model. The preparation of its comment included a step-by-step analysis of the current administrative processes in the companies and the individual cost parameters and then a comparison with the ELENA procedure. For the calculation of the costs of the old and new procedures, the Council closely cooperated with the actors involved (Federal Ministry of Finance, Federal Ministry of Economics and Technology, Federal Ministry of Employment and Social Affairs and Federal Statistics Office). On this basis, a consensus on the results of the examination could be reached, which significantly contributed to the acceptance of the report.

The Council pronounced itself in favour of the introduction of the ELENA procedure on the basis of the concept presented by the Federal Ministry of Economics and Technology. However, it recommended the Federal Government to include further certificates into the electronic procedure – especially due to the considerable set-up costs – and thus to take advantage of cost-saving options even more efficiently.

\* The report is available for download at [www.normenkontrollrat.bund.de](http://www.normenkontrollrat.bund.de).

In many cases, more cost-effective alternatives could be found before the completion of the inter-ministerial coordination process, and thus unnecessary costs of bureaucracy could be prevented. This is mainly due to the trustful cooperation and the now well-established procedure between the ministries and the National Regulatory Control Council.

Two and a half years of the successful application of the ex-ante procedure prove that the legislative culture has noticeably improved within the ministries and that the reduction in unnecessary costs of bureaucracy can work.

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**Example****Draft Environmental Code by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety**

Since the 1980s, there have been calls for uniting all environmental legislation, which is spread out in countless laws, in one single body of rules in order to render it more user-friendly and fit for Europe. After the failure of the previous efforts, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety started a new attempt to initiate an environmental code.

The National Regulatory Control Council had examined the draft thoroughly and submitted its opinion on 24 September 2008. Since the inter-ministerial votes resulted in further changes to the information obligations, the Council adjusted its opinion on 13 November 2008.

The Environmental Code would have led to a net relief of the business sector of at least € 27.2 million.

Savings were mainly due to Vol. I of the Environmental Code. The ministry had planned to improve the authorisation of industrial plants by means of the simplification of legislation, systematisation, structuring and the standardisation of procedures and thus to reduce the bureaucratic costs for the enterprises concerned. The centre piece of the Environmental Code was the introduction of an integrated project approval. According to the legislation in force, an enterprise has to file two applications for plants subject to authorisation if the operation of the plant involves the use of water bodies. This was supposed to be changed by the Environmental Code. It was planned to replace the immission control procedure and the authorisation or approval procedure according to the law on water by one single application procedure.

The further voting procedure on the Environmental Code submitted by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety did not yield an assent so that the savings associated with it could not be realised.

**Example****Electronic Processing of Requests for the Reimbursement of Expenses for the Continued Payment of Wages or Maternity Benefits (Federal Ministry for Health)**

Enterprises will save € 37 million because the request for reimbursement can be submitted to the health insurances electronically. This allows an automated processing of the application. As a consequence, the amount of certificates and time needed for processing decreases. The original burden for the business sector amounted to a little more than € 55 million per year.

**Example****Amendment to Legal Provisions Relating to Radiation Protection by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety**

With the First Ordinance on the Amendment to Legal Provisions Pertaining to Radiation Protection, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety amended 26 information obligations.

According to an estimate by the ministry, the regulation project will lead to a net relief of € 130.7 million for the business sector.

Most of the savings base on the streamlining of the authorisation procedure for the application of radioactive substances or ionising radiation in medical research as well as the authorisation of electronic communication in the field of radiation protection. Thus the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety responded to requests by the business sector and expects cost savings especially for small and medium-scale enterprises.

It estimates that, for example, the electronic data transmission in the field of x-rays will contribute to savings of around € 117.2 million. This corresponds to 30 per cent of the previous costs. Due to the various forms of information obligations, this will lead to a far-reaching relief, for example, for physicians and dentists, but also for schools, courts and airports.

**Example****Draft Statute on the Relief of Citizens (Federal Ministry of Finance)**

In line with the legislation in force, contributions to health and long-term care insurances can be deducted from the assessment basis for taxation only to a very small extent. According to a decision by the Federal Constitutional Court, this regulation is inconsistent with the German Constitution: the principle of the exemption of the subsistence income from taxation also protects private health and long-term care insurance contributions provided these are vital to subsistence.

The Federal Ministry of Finance then developed a draft statute to implement this decision. According to this, all expenses shall be tax-free if they are used to secure a level of benefits that largely corresponds to the statutory health and long-term care insurance. Those parts of the contributions financing an insurance coverage exceeding this level, such as for treatment by head physicians or a single room in a hospital, will remain unaffected by this draft.

In pursuance of the first considerations, the private health insurance companies would have had to determine the exact sums for each contract. This alone would have caused additional non-recurrent costs of bureaucracy of about € 106.5 million for the insurance companies. In cooperation with the National Regulatory Control Council, the Federal Ministry of Finance therefore searched for more cost-effective alternatives that would limit the additional effort in the enterprises to the absolute minimum. The draft statute adopted by the cabinet now provides that the enterprises can deduct standardised lump sums throughout the industry. For this, the Federal Ministry of Finance estimates one-off costs of bureaucracy of around € 9.2 million.

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**Example****Bureaucracy reduction in connection with the registration of motor vehicles (Federal Ministry of Transport, Building and Urban Affairs)**

With a pool of approximately 57 million registered motor vehicles and trailers, there are about 22 million new registrations, changes of owners and insurers, technical changes to the vehicles, deregistrations and 79 million requests for information by the police, authorities and courts every year. The data are collected by 411 vehicle registration agencies, submitted to the Federal Office for Motor Traffic and stored in the central register of vehicles, as well as in the – historically developed – local registers.

With the Vehicle Licencing Regulation, which entered in to force on 1 March 2007, the Federal Ministry of Transport, Building and Urban Affairs issued additional regulations intended to streamline the mass processes of vehicle registration and make them more efficient as well as to reduce bureaucracy:

- » The online communication between the vehicle registration agencies and the central register of vehicles was determined and will be activated this autumn. This will increase the topicality of the central vehicle register, and the local licencing registers will not be needed any more.
- » Moreover, the Federal States have been entitled to decide whether a new number plate is needed if a vehicle changes the registration area within the State, for example, due to move or sale.
- » The number of persons entitled to get an official number plate was drastically reduced.
- » Since March 2008, the so-called “Doppelkarte” (insurance ID card) has been completely replaced by electronic means in order to provide the required proof of insurance for a vehicle. All automobile insurances now offer electronic insurance certificates for download. The dialogue between insurance companies and registration agencies will be completely electronic from autumn 2009 on. For the insurance industry, this procedure offers major advantages and simplifications, too. A fully automated follow-up processing and acceleration of the issuing of policies and invoices is possible, which also considerably reduces the logistic effort.

In the spring of 2009, the Federal Ministry of Transport, Building and Urban Affairs initiated a draft to amend the legislation relating to motor traffic in order to expand the application possibilities of eGovernment for the registration of vehicles.

This provides the statutory basis for empowering the State governments by legal ordinances to test new procedures deviating from the current provisions within the framework of pilot tests. If and to which extent the regulation project actually reduces the costs of bureaucracy, will strongly depend on the outcome of the pilot projects. The Federal Ministry of Transport, Building and Urban Affairs will examine the specific impacts on the bureaucracy costs within the scope of evaluating the pilot projects that are scheduled to last three years.

**Example****Fight against Illicit Work and Illegal Employment (Federal Ministry of Labour and Social Affairs)**

Until the end of last year, employers did not need to register their employees for social security at the beginning of an employment but only when the first pay slip was issued, six weeks after the beginning of the employment at the latest. In case of on-site controls of illicit work, it happened quite often that employers told the controlling authority that the employee had started to work there only recently and would, of course, be registered for social security without delay.

Therefore, for industrial sectors liable to illicit work the obligation to register new employees immediately has now been embodied in the Social Code. It is compulsory that the registration has been submitted electronically to the German Federal Pension Insurance when the employment starts.

The first idea was to introduce the immediate registration for all employees, irrespective of the industrial sector. The draft prepared by the Federal Ministry of Labour and Social Affairs for the interministerial coordination process still contained 16 industrial sectors. That would have caused bureaucracy costs of € 27.7 million. The National Regulatory Control Council, among others, raised objections.

The final draft of the ministry then comprised nine industrial sectors out of which eight had been classified as liable to illicit work in Social Code IV before. According to the ministry, the introduction of a compulsory immediate registration for those industrial sectors causes costs of bureaucracy amounting to an estimated € 19.9 million per year.

The Council recommended the Federal Ministry of Labour and Social Affairs to evaluate the introduced procedure at an appropriate time. The costs of bureaucracy are justified only if this procedure proves to be efficient and helps fighting illicit work and illegal employment successfully.

**Example****Statutory regulation of the due date for proof of contribution payments to social security (Federal Ministry of Labour and Social Affairs)**

Enterprises submit proofs of contribution payments to the health insurances of their employees so that the insurance companies can calculate the amount payable to social security. Until now, the health insurance companies used to govern the due date for this proof in their respective statutes. Since the regulations of the health insurances varied greatly, it was rather inconvenient for the enterprises to submit those data. The regulations impeded the introduction of a fully automated procedure, which in practice led to frequent reminders and late payment penalties.

The Federal Ministry of Labour and Social Affairs has filed a draft statute on the regulation of the due date. Thus an important hurdle has been taken in terms of proper sending and accounting, which relieves both enterprises and health insurance companies. The Federal Ministry of Labour and Social Affairs estimates the savings potential to amount to about € 96 million per year. The statute has been in force since 2008.

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### 3. Effective Reduction in Existing Regulations

#### 3.1 Baseline Measurement

In 2007 and 2008, the Federal Government conducted a baseline measurement. At first, all information obligations that result from Federal statutes and are relevant to the business sector were identified as of 30 September 2006 and submitted to the Federal Statistical Office. The Federal Statistical Office measured 9,279 information obligations<sup>4</sup>. The fulfilment of those information obligations causes annual costs of € 47.6 billion for the German business sector.

In its comment<sup>5</sup> of 10 December 2008 on the Annual Report prepared by the Federal Government, the Council noticed that the measurement of the information obligations could be completed – with considerable avoidable delay. However, the Council had pointed out that certain regulations and information obligations are not yet included in the outcome of the baseline measurement. This particularly concerns information obligations existing prior to and within the framework of contractual obligations. The Council regrets that this gap in the baseline measurement has not been closed as yet and therefore calls on the Federal Government to conduct a complete measurement of these information obligations as soon as possible.<sup>6</sup>

##### **Information obligations existing prior to and within the framework of contractual obligations**

There is disagreement between the Federal Ministry of Justice and the Council as to the classification of statutory information obligations concerning the initiation and the scope of contracts and obligations (contractual information obligations). The Federal Ministry of Justice neither identified these contractual information obligations in the baseline measurement nor reported them to the Federal Statistical Office for measurement. At the same time, the Federal Ministry of Justice did not describe and quantify contractual information obligations as such in new regulation projects. The National Regulatory Control Council pointed out to this dissent in a series of comments on draft regulations relating to contractual information obligations (most recently concerning the Act on the Implementation of the Consumer Credit Directive).

During the coordination of the comments by the Federal Government on the decisions made by the National Regulatory Control Council with respect to the Consumer Credit Directive and the Shareholder Directive on 4 November 2008, the Federal Ministry of Justice and the Federal Chancellery have reached an agreement on dealing with contractual information obligations. This agreement was adopted by the Federal Cabinet as part of the Federal Government's comment on the decisions of the National Regulatory Control Council. The following regulation has been agreed:

*(Continued on next page)*

4 Originally, around 10,900 information obligations had been reported. The difference can be explained by the removal of double reports and by 1,173 information obligations based on EU provisions that are not subject of the government programme.

5 The comment is available for download under [www.normenkontrollrat.bund.de](http://www.normenkontrollrat.bund.de).

6 In addition to that, information obligations resulting from public funding legislation have to be measured. An interministerial working group is discussing how to handle these obligations. On behalf of the Federal Government, the Federal Statistical Office started the methodological implementation of the project.

### Information obligations existing prior to and within the framework of contractual obligations

*The Federal Government considers that information obligations as defined in the Act on the Establishment of the National Regulatory Control Council can exist within the framework of contractual obligations as well. In contrast, content-related explanations, data and formality requirements do not represent information obligations in line with the Standard Cost Model.*

*The explanations and data considered necessary for the conclusion of a contract, its implementation or termination are thus not based on information obligations; this concerns in particular the corresponding declarations of intent or the exercise of rights to formative action such as the mutual exchange of information on substantial contents of the contract, declarations on the preparation or the asserting of warranty claims (e.g. notice of defects in tenancy law, declaration of reduction) or the termination of the contractual relationship (notice of cancellation, revocation, withdrawal).*

*On the other hand, an information obligation as defined by the Standard Cost Model must always be assumed if it is not only required to conclude, implement or terminate a contract properly, but its fulfilment serves interests beyond this. This may include regulations on consumer protection (e.g. warnings, obligations to inform about the legal status, reasons for contract repudiation or the enclosure of general terms and conditions, certain obligations of insurers to provide information to the policy holder in accordance with the Insurance Contract Act and the Ordinance on Information Obligations in Insurance Contracts) or regulations on orderly taxation.*

*When dealing with such information obligations, a distinction should be made between their identification on the one hand and their quantification on the other. As concerns the latter, it should be taken into account that data requirements, as demanded in civil law in particular, often serve also or above all the interest of the contracting parties. In individual cases, these costs can be deducted as "business-as-usual" costs and thus may reduce the burden considerably.*

There are different views on the application of this regulation, especially with respect to dealing with pre-contractual information obligations. The Federal Ministry of Justice is of the opinion that only those pre-contractual information obligations that contain references to statutory regulations have to be considered information obligations as defined by the Act on the Establishment of the National Regulatory Control Council. Details on important contract elements are considered content-related obligations. Pre-contractual information on the major contract elements is not "required for the conclusion of a contract" but "designated necessary for the conclusion of a contract" by law because a violation of this obligation might entail claims for damages. Judging by the wording of the above agreement, this obligation was a content-related obligation and not an information obligation in line with the Standard Cost Model. The fact that a regulation serves the purpose of consumer protection would not contradict this classification either. The aim of consumer protection was deliberately not mentioned as a definite criterion for an information obligation in accordance with the Standard Cost Model.

The Council, in contrast, takes the view that pre-contractual information obligations are always such as defined in the Act on the Establishment of the National Regulatory Control Council and the above agreement, since pre-contractual information does not contain any explanations and data necessary for the conclusion of a contract. The conclusion of a contract is effected at a later stage, and even if a contracting party violated the pre-contractual information obligation.

Therefore, a pre-contractual information obligation is not necessary to conclude the contract, but its fulfilment regularly serves a purpose beyond this (e.g. consumer protection)



## 3.2 Reduction Programme of the Federal Government

The Federal Government intends to reduce the burden of bureaucracy incumbent on the business sector by 25 per cent by 2011. In its 2007 Annual Report, the Council had already recommended to determine intermediate objectives. The Federal Government seized this suggestion and decided that about half of the desired objective should be achieved by the end of 2009.

The starting point for the reduction target is the costs of bureaucracy determined in the baseline measurement. At present, the costs amount to € 47.6 billion. The Federal Government classifies the overall burden measured to date by the responsible party (national/international). According to this, national legislation causes € 22.5 billion of costs of bureaucracy for the business sector, and € 25.1 billion of costs of bureaucracy arise on the basis of international legislation.

To date, the Federal Government has not yet explicitly determined which consequences this breakdown will have for the reduction target. The National Regulatory Control Council continually assumes that the Federal Government will include all costs of bureaucracy basing on Federal law – irrespective of the responsible party – into the reduction target as required by the Act on the Establishment of the National Regulatory Control Council.

The amount of € 47.6 billion is not final: There are still methodological issues pending clarification, especially with regard to the classification of information obligations within the framework of contractual obligations that have not been completely reported for measurement yet and to the definition of the concept of the enterprise in tax law (see 3.1 above). Due to the high number of cases, this may result in an increase in the initial burden worth mentioning.

Based on costs of bureaucracy of around € 47.6 billion, the preliminary reduction target amounts to € 12 billion. Half of the intended reduction, i.e. € 6 billion, is to be achieved by the end of 2009.

In its interim report of June 2009, the Federal Government lists a total of 288 implemented simplification measures with a relief volume of € 6.84 billion<sup>7</sup>. If there are no major changes to the initial burden, the Federal Government will have reduced the costs of bureaucracy by around 14 per cent. The interim objective of 12.5 per cent or € 6 billion would then be exceeded.

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<sup>7</sup> The National Regulatory Control Council was not involved in all of the measures. Therefore, the Council cannot assess whether the reduction volume was estimated correctly. Some measures – such as the relief volume of € 400 million due to the abolition of letters by the Federal Ministry of Finance – are still up for discussion.

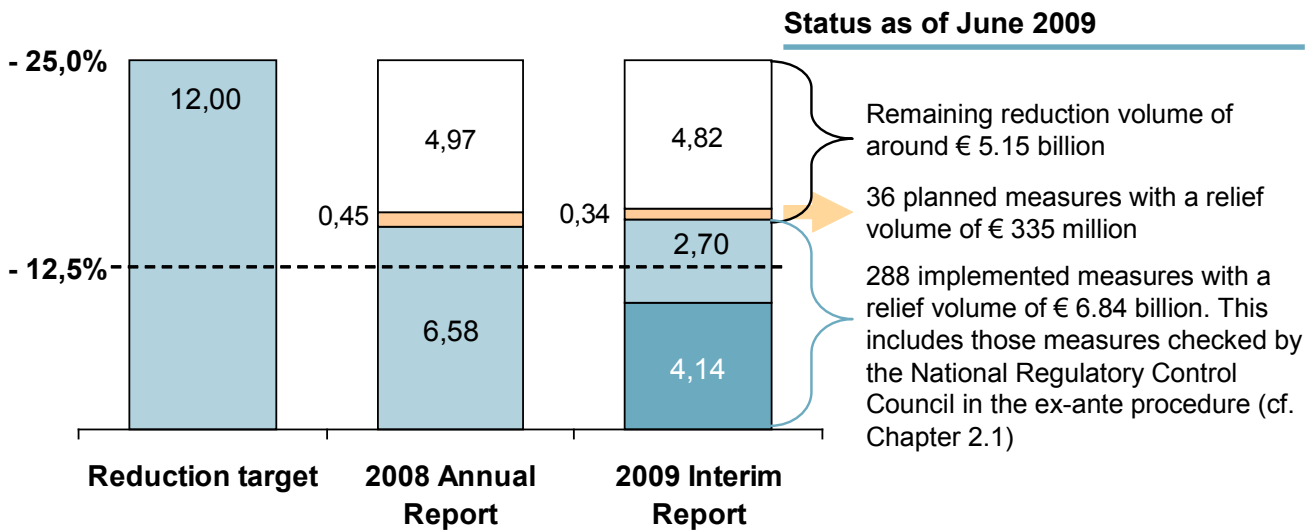


Figure 7: Current status regarding the achievement of the Federal Government's reduction target, in billion €.

For a final assessment, however, the burdensome regulations that have been newly created since the beginning of the government programme have to be set off (so-called "net objective"). Since 1 December 2006, for example, a total of 133 regulation projects entailing a net burden have been submitted to the National Regulatory Control Council (cf. Section I.2.1, p. 14). A major part of this can be attributed to the draft statute on the implementation of the Consumer Credit Directive. This leads to a burden of € 524.5 million.

Beyond that, it remains largely open how the second half of the reduction target is to be achieved by 2011. The outstanding sum amounts to € 5.16 billion. As shown by the above chart, the implemented relief volume only increased by around € 0.260 billion to € 6.84 billion compared to the reduction programme presented in the 2008 Annual Report. Furthermore, the planned 36 measures merely have a total a relief potential of € 0.335 billion. Even if they were implemented, additional reduction measures amounting to € 4.82 billion would be necessary.

In its comment on the Annual Report by the Federal Government of December 2008, the Council pointed out already that no overall concept for fulfilling the second half of the 25-per cent target has been submitted as yet. The Council expects the necessary works to be started immediately after the parliamentary elections. Otherwise, there might be considerable delays in the implementation of the government programme.

The Federal Government should particularly increase its efforts for the reduction in burdens resulting from EU or international law. While the nationally caused costs of bureaucracy of € 22.5 billion incumbent on the business sector could be reduced by around 29.4 per cent, the Federal Government is far behind as concerns costs of bureaucracy basing on European and international provisions. Here, only 2.0 per cent of € 25.1 billion could be saved.

### 3.3 Noticeable Reduction in Bureaucracy

There is no doubt: having implemented 288 simplification measures until now, the Federal Government has made a considerable contribution to relieving the business sector of the bureaucratic burden. Nevertheless, lessons learned over the past two and a half years show that the enterprises concerned do not perceive the relief in the same way yet. However, the success of the government programme substantially depends on the fact that the relief becomes noticeable for the enterprises.

One of the reasons for this is that the relief measures either have not entered into force or have not been put into practice yet. Examples include the obligatory automated registration for social security, the increase in the turnover threshold for the obligation to keep accounts, the introduction of an electronic income record, or the introduction of an electronic retrieval procedure for income tax deduction features. Due to this, the individual enterprises will notice the relief effect only at a later stage.

The fact that obtaining the macroeconomic reduction target of 25 per cent does not necessarily result in a noticeable relief of the German economy is mentioned in the report "Bureaucratic burdens on individual enterprises", submitted by the National Regulatory Control Council in May 2008<sup>8</sup>. The 50 most costly information obligations (less than 1 per cent of all information obligations) make up 80 per cent of the overall burden. Hence the Federal Government initially focused on the top 50 for the identification of relief potentials.<sup>9</sup>

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8 Download under [www.normenkontrollrat.bund.de](http://www.normenkontrollrat.bund.de).

9 Cf. 2007 Annual Report of the Federal Government, p. 25.

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**Example****Effects of the Act to Modernise Accounting Law on the achievement of the reduction target**

The effects of relief measures among the top 50 information obligations on the achievement of the reduction target can be illustrated using the Law on the Modernisation of Accounting. With this regulation project the Federal Government obtained a net relief of € 2.55 billion. The relief relates to the following four information obligations of the baseline measurement:

- » General obligation to keep accounts (Top 2 of the baseline measurement, € 3.72 billion);
- » Obligation to draw up annual and consolidated accounts, verification and disclosure for all corporations (Top 4 of the baseline measurement, € 3.54 billion);
- » Balancing obligations for partnerships and sole traders (Top 7 of the baseline measurement, € 1.64 billion);
- » Obligation to draw up annual and consolidated accounts and situation reports for credit or financial service institutes, including verification and disclosure (Top 13 of the baseline measurement, € 0.7 billion).

All in all, the baseline measurement for those four information obligations totals costs of bureaucracy of € 9.59 billion. Due to the Law on the Modernisation of Accounting, these costs could be cut back by about 27 per cent. The share of the Law on the Modernisation of Accounting in the reduction volume of € 6.68 billion achieved so far is 38 per cent.

However, focusing on the top 50 must not lead to a disregard of the remaining 99 per cent of information obligations. Though those information obligations play only a minor role in the overall economy due to the small number of enterprises affected, they may nevertheless represent a relevant burden for those concerned.

90 per cent of all information obligations relate to specific industrial sectors with a limited group of addressees of only 650 enterprises on the average. Besides looking at the overall economy, it would therefore be worthwhile to analyse sector-specific burdens as well.

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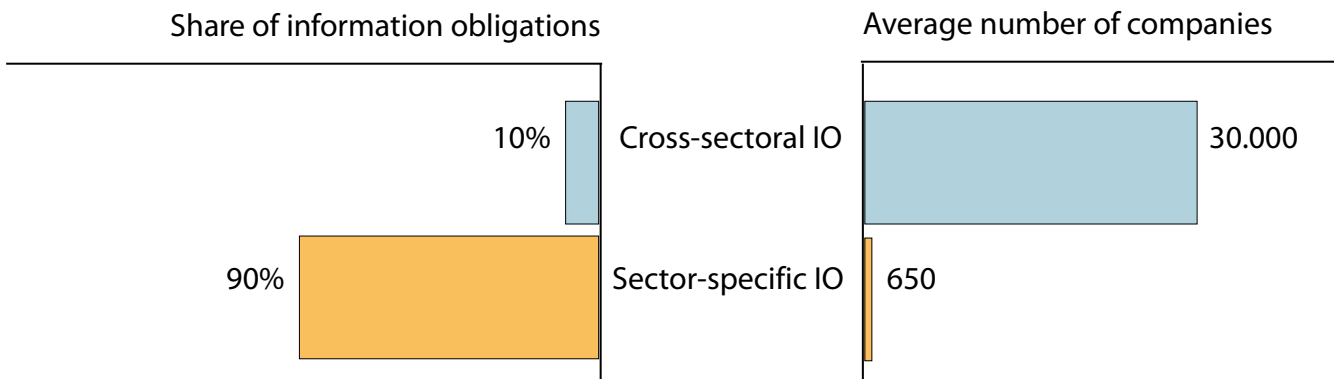
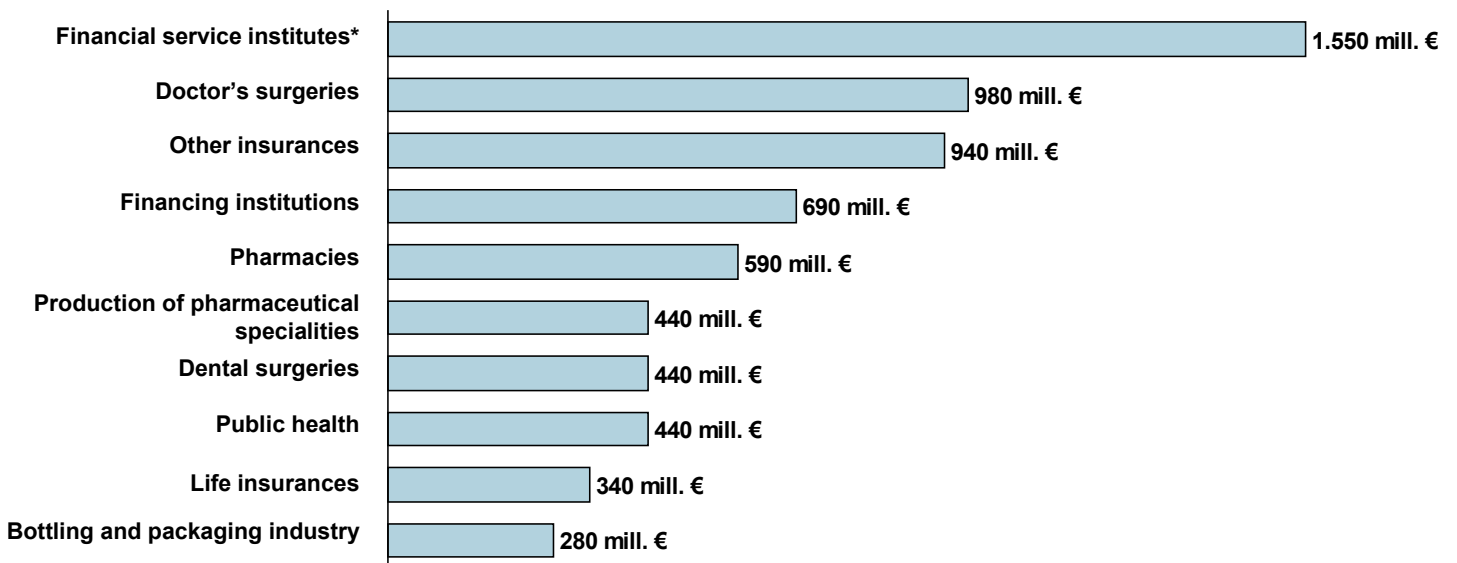


Figure 8: Share and average number of enterprises for cross-sectoral and sector-specific information obligations (cf. National Regulatory Control Council project report "Bureaucratic burdens on individual enterprises", p. 5)

The Federal Statistical Office analysed the measured information obligations by the industrial sectors concerned. This kind of analysis is unique throughout Europe to date. It allows us to make statements on the specific costs of bureaucracy of around 450 industrial sectors.

The analysis by the Federal Statistical Office shows that some industrial sectors are particularly affected by bureaucratic burdens.



\* not including special financial service institutes.

Figure 9: Analysis of baseline measurement. The top 10 industrial sectors featuring the highest sector-specific costs of bureaucracy (top 10). Own illustration, source of data: Federal Statistical Office.

In its 2008 Annual Report, the National Regulatory Control Council had already called upon the Federal Government to examine sector-specific burdens. Therefore, the Council welcomes the fact that the Federal Ministry of Economics and Technology seized this suggestion and so-

licited bids for three research projects. It is planned to systematically examine sector-specific costs of bureaucracy in the fields of telecommunications and postal service, the automotive industry, and the energy industry. The projects are scheduled to be completed by the end of the year.

### Example

#### Sector-specific information obligations in the field of energy industry

For the energy industry, for example, the baseline measurement identifies more than 800 sector-specific information obligations. This high number gives grounds to systematically examine these information obligations with respect to their relief potential. According to the Council, the following questions should be answered:

- » To which different places are the data delivered (addressee's point of view)?
- » Which data requirements have to be provided and submitted?
- » Do the data requirements have anything in common?
- » Is there a possibility of combining information obligations or of achieving synergy effects?
- » Is a more efficient provision and submission of data possible, for example, by taking advantage of information and communication technologies?

In addition, the Federal Ministry of Economics and Technology actively pushed on the dialogue with the business sector. At a forum of the Federal Ministry of Economics and Technology on 17 March 2009, a panel discussion on the perspectives of the "Bureaucracy Reduction and Better Legislation" government programme was held with the chief executive officers of the leading organisations of business (Federation of German Industries [BDI], Confederation of German Employers' Associations [BDA], Association of German Chambers of Industry and Commerce [DIHK] and German Confederation of Skilled Crafts and Small Business [ZDH].

Furthermore, the Federal Ministry of Finance conducted a sector-specific analysis of the baseline measurements in the fields of the capital market and the insurance sector. The ministry sent the outcome of the analysis to the relevant associations, requesting the submission of detailed simplification proposals with respect to the individual information obligations. In May this year, those proposals were discussed among all involved parties (associations, competent ministries, Federal Financial Supervisory Authority, Better Regulation Unit in the Federal Chancellery, National Regulatory Control Council). A subsequent meeting is scheduled for November in order to discuss the progress made in the implementation of the proposals.

This systematic approach makes a discussion on simplification measures possible that focuses on the concerns of individual sectors. Therefore, the Council welcomes this and also recommends other ministries to take advantage of sector-specific talks on the identification of simplification measures. Furthermore, it calls upon the business sector to get actively involved in the process.

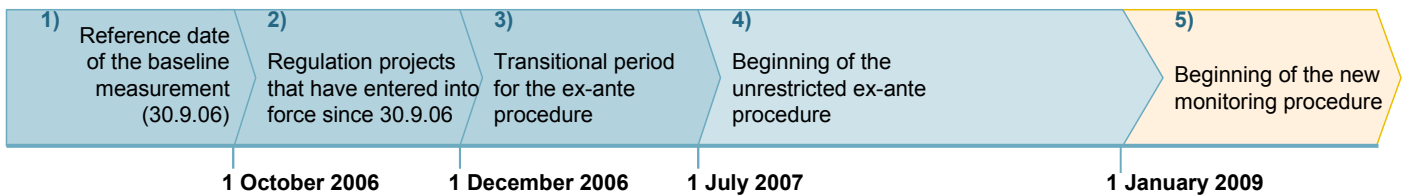
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## 4. Monitoring

A sustainable reduction in bureaucracy requires effective monitoring. Since the baseline measurement is a reflection of the costs of bureaucracy incumbent on the business sector at a specific date, it has to be updated so that it represents the current situation of bureaucratic burdens in the future as well. According to an estimate by the National Regulatory Control Council, major progress has been made. However, the Council still considers an improvement of the information and communication channels necessary. Only in this way can the effort of all actors involved in the monitoring be efficient. Hence, the Council recommends to apply the IT system for the expanded use of the Standard Cost Model Database developed by the Federal Statistical Office as soon as possible.

To evaluate the success of the government programme, it is essential that the bureaucracy reduction measures can be balanced on a regular basis. This requires an effective monitoring system designed to systematically identify and measure the development of bureaucratic costs. Only then can corrective measures be taken in time if the bureaucracy reduction process does not take the desired course.

The baseline measurement is a reflection of the costs of bureaucracy incumbent on the business sector as of 30 September 2006. The regulation projects that have entered into force in the meantime have to be added so that the measurement represents a current picture of the bureaucratic burden. The following timeline provides an overview of the five phases that are distinguished:



**Phase 1:** Comprises 9,279 information obligations resulting from national statutes and ordinances that were in force as of 30 September 2006. For those information obligations, costs of bureaucracy amounting to around € 47.6 billion per year were determined.

**Phase 2:** Comprises all regulation projects and the information obligations included in them that entered into force after the reference date and prior to the beginning of the ex-ante procedure.

**Phase 3:** Comprises all regulation projects submitted to the Federal Cabinet after 1 December 2006, the ministerial coordination process for which, however, had begun before 1 December 2006 already. For those regulation projects, a transitional period until 1 July 2007 was agreed within which the involvement of the National Regulatory Control Council was not mandatory.

**Phase 4:** The unrestricted ex-ante procedure has been effective since 1 July 2007. This means that all regulation projects discussed in the cabinet have to be submitted to the National Regulatory Control Council, irrespective of whether the ministerial coordination process had already begun before 1 December 2006.

**Phase 5:** Since 1 January 2009, the ministries have been reporting all regulation projects that recently entered into force to the Federal Statistical Office.

Figure 10: Monitoring phases

The information obligations of Phase 1 are included completely in the Standard Cost Model database of the Federal Statistical Office. They have formed the basis for the monitoring of costs of bureaucracy since 30 September 2006.

For Phases 2 - 4, i.e. after the reference date for the baseline measurement, the monitoring still showed some shortcomings since the ministries have submitted the necessary data to the Federal Statistics Office for subsequent recording only in few cases. The National Regulatory Control Council had already pointed this out in its 2008 Annual Report. On 2 April 2009, the Secretaries of State Bureaucracy Reduction Committee decided to conduct a subsequent recording of all regulation projects of Phases 2 - 4. This subsequent recording is almost completed.

Since 1 January 2009 (Phase 5), the ministries have been submitting all new regulation projects to the Federal Statistical Office for entering into the Standard Cost Model database.<sup>10</sup>

To ensure that the reports are complete, the Better Regulation Unit maintains a list of all regulation projects in force, which is regularly compared with the data of the Federal Statistical Office.

Thus the systematic shortcomings of monitoring that existed last year have been eliminated.

However, it is not possible yet to directly transfer the data of the ex-ante procedure into the Standard Cost Model database of the baseline measurement. Here a discontinuity of media emerges, because the ministries, the National Regulatory Control Council and the Federal Statistical Office have to enter the data manually. The Council therefore considers an improvement of the information and communication channels necessary. It had already pointed out to these opportunities of optimisation in the previous annual report and presented a concept for the expanded use of the Standard Cost Model Database.<sup>11</sup> In cooperation with the Better Regulation Unit and the National Regulatory Control Council, the Federal Statistical Office developed an IT solution allowing a transfer of data without media discontinuity. The Council recommends a possibly swift introduction of this system.

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<sup>10</sup> 2008 Annual Report of the Federal Government, p. 30.

<sup>11</sup> Cf. 2008 Annual Report of the National Regulatory Control Council, p. 42 et seq.

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## 5. Citizens

The relief of citizens is a special concern of the Council. The Federal Government is asked to submit an inter-ministerial overall strategy on this as soon as possible. This strategy should contain the simplification of particularly burdensome information obligations affecting as many citizens as possible. Another focus will be on the relief of particularly burdened groups of the population.

Besides the business sector, the citizens - main addressees of governmental regulations - are exposed to a multitude of bureaucratic burdens by information obligations. With its governmental programme, the Federal Government therefore intends to reduce the burden of bureaucracy on the citizens.

The Council repeatedly pointed out the necessity that

- the ministries estimate the bureaucratic burden of new regulation for citizens (ex-ante procedure),
- the Federal Government develops a concept for the measurement of the information obligations as well as an inter-ministerial overall strategy for the reduction in burdens, and
- the bureaucratic efforts for particularly burdened groups of the population are reduced as soon as possible.

Against this backdrop, the Council welcomes the fact that the Federal Government clarified methodological questions on the basis of the decision of the Secretaries of State Reduction in Bureaucracy Committee of 19 March 2008 and started the ex-ante procedure on 1 January 2009. To support the ministries, the guideline for the ex-ante procedure was amended accordingly in previous close coordination with the National Regulatory Control Council. Since the initiation of the procedure, the Council has checked 12 regulation projects<sup>12</sup> containing information obligations for citizens.

The Council welcomes the beginning of the measurement of existing bureaucratic burdens incumbent on citizens. Several Federal ministries have identified information obligations in their areas of responsibility and reported them to the Federal Statistical Office. To date, the Federal Statistical Office has measured about 1,500 out of the approximately 2,500 obligations submitted. However, the commitment of the ministries to reducing the bureaucratic burden for citizens varies greatly.

The Council misses an inter-ministerial overall strategy of the Federal Government for a reduction in bureaucracy incumbent on citizens. This strategy should be developed soon in order to

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<sup>12</sup> As of June 2009.

make the most of the momentum in the measurement phase for subsequent simplifications.

The results of the information obligations already measured can be used for a reduction strategy since they provide a first overview of the most time-consuming and most frequent information obligations. Especially such obligations should be examined for possible simplifications that meet both requirements, i.e. being particularly time-consuming and simultaneously affecting a large number of citizens. These criteria apply, among others, to applications for benefits to the cost of living, applications for pension insurance and the tax declaration.

In addition, the Council recommends the Federal Government to take advantage of lessons learned abroad by the Netherlands, Austria and Denmark as well as of corresponding studies and to examine the applicability of those approaches for Germany. They show that different groups of the population are affected by bureaucratic burdens to a different extent. Individuals in need of nursing care and those chronically ill as well as families, for instance, have to fulfil a particularly great number of information obligations.

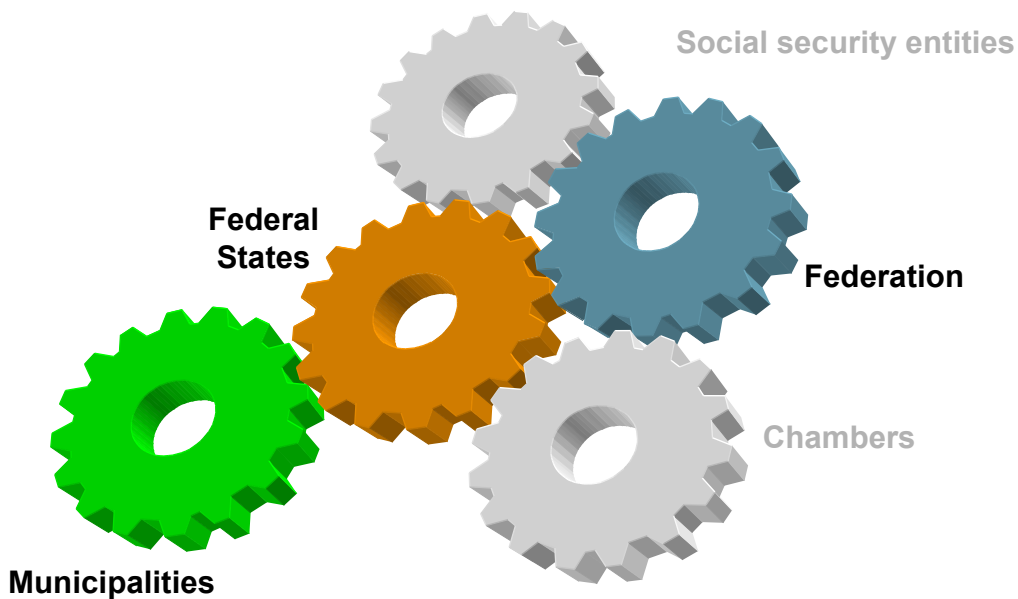
Therefore, the Federal Government should focus on relieving groups of the population on which a particular burden is placed.

For the corresponding simplification measures to be perceived by the citizens, the burdens have to be identified and analysed from the perspective of the persons concerned. To achieve this, information obligations contained in Federal law have to be examined both on an interministerial basis and across various levels. After all, the persons concerned do not make a distinction between different responsibilities. It is irrelevant to them whether the burden directly results from a specific legal norm or is caused by its implementation. They perceive bureaucratic burdens in a holistic way. Concerning the examination across various levels, the Federal Government should build on lessons learned from the parental allowance, housing allowance, and Federal Training Assistance Act (BAföG) pilot projects.

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## 6. Federal States and Municipalities as Partners in Bureaucracy Reduction

An effective reduction in bureaucracy will be possible only if all decision-makers make a contribution in their areas of responsibility. Therefore, the Council welcomes the fact that the Federation, the Federal States and the municipalities implement pilot projects in cooperation with the National Regulatory Control Council and examine three selected legal areas for simplification measures and good practical examples. This approach might serve as a role model for further projects across various levels that are especially relevant for the business sector too.



Citizens and enterprises do not make a distinction as to whether their costs of bureaucracy are caused by Federal law, State law or by the implementation of the regulations. They perceive their bureaucratic burdens in a holistic way. In order to effectively relieve the persons concerned, it is therefore necessary to identify the causes of the bureaucratic burdens and to find out who can make which contribution in the respective areas of responsibility in order to relieve the burden. This requires a consideration of the overall process across various levels – from Federal or State regulations up to the implementation by the competent authority. Regulations under Federal law are mostly implemented by the Federal States and municipalities. They are often closer to the citizens concerned and therefore have comprehensive knowledge and experience in the identification and implementation of simplification measures.

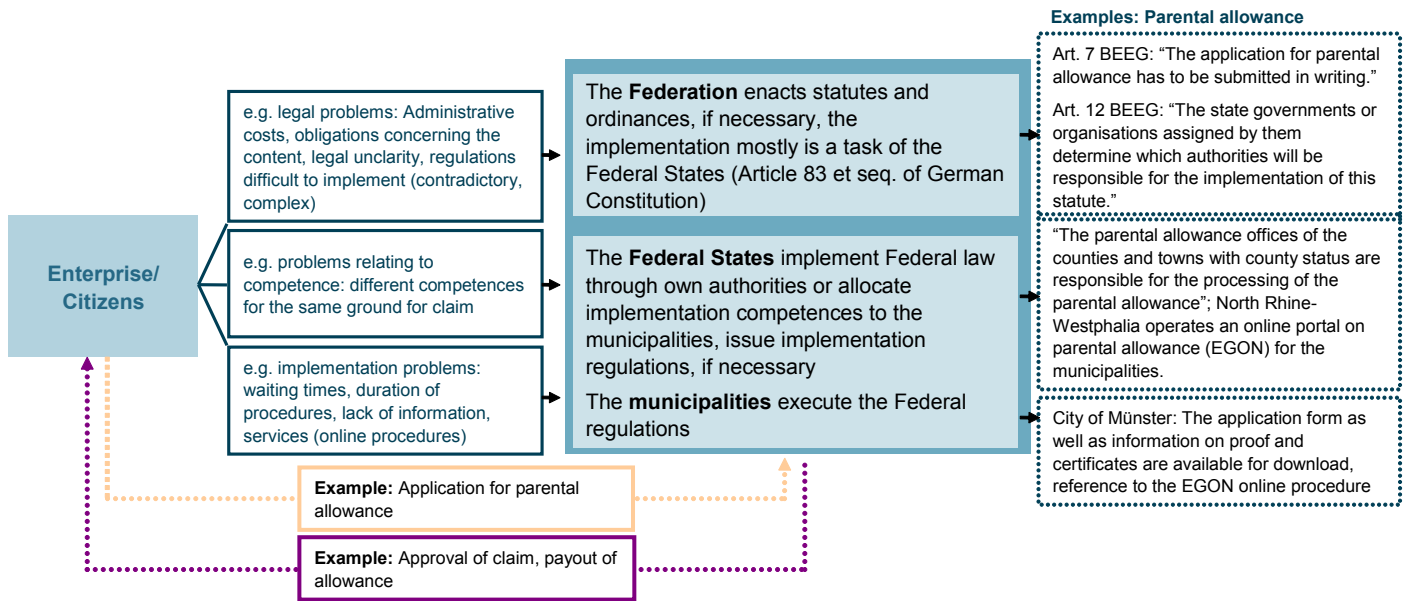


Figure 11: Implementation of Federal law by the Federal States and municipalities from the addresser's point of view.

In the past two and a half years, the National Regulatory Control Council learned that the Federal legislative authorities are not always able to estimate the consequences of the regulations under Federal law for the implementation process. It is not always predictable which responsibilities the Federal States will determine or what application forms will look like. When issuing regulations, it is therefore hard to know how to simplify the implementation and thus mitigate the bureaucratic burden on the persons concerned without changing the purpose of the regulation.

Last year in dialogue with the Federal States of Bavaria, Brandenburg, Lower Saxony, North Rhine-Westphalia and Schleswig-Holstein as well as local governments organisations, the National Regulatory Control Council identified subject areas on the basis of which an examination of implementation processes across all levels is to be tested. As a result of this dialogue, three joint pilot projects were initiated at the beginning of this year: "Facilitating the Application for Parental Allowance", "Facilitating the Application for Housing Allowance" as well as "Facilitating the Application for Receiving a Grant under the Federal Training Assistance Act".

Federal States and municipalities are involved in each project in different ways.

<p><b>Pilot Project “An easy way to housing allowance”</b></p> <p><b>Federal States:</b>                  Brandenburg, Lower Saxony,                  North Rhine-Westphalia, Schleswig-Holstein</p> <p><b>Municipalities:</b>                  City of Braunschweig                  State Capital of Düsseldorf                  Social Centre of Husum and surrounding areas                  City of Falkensee                  City of Fürstenwalde                  State Capital of Kiel                  City of Kleve                  City of Luckenwalde                  Hanseatic City of Lübeck                  City of Melle                  Social Centre of Niebüll                  State Capital of Potsdam</p>	<p><b>Pilot Project “An easy way to parental allowance”</b></p> <p><b>Federal States:</b>                  Bavaria, Brandenburg,                  North Rhine-Westphalia</p> <p><b>Municipalities:</b>                  City of Cottbus                  County of Dahme-Spreewald                  County of Düren                  County of Heinsberg                  City of Münster                  County of Oberhavel                  State Capital of Potsdam                  County of Rhein-Sieg</p>
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Figure 12: Parties participating in the pilot projects “Facilitating the Application for Housing Allowance” and “An easy way to parental allowance”

The projects are to be used to identify good practical examples and hints for simplifying regulations under Federal law. To achieve this, the respective information obligations of the Federal law are examined and the effort needed from the application to the approval is identified. For all projects, the information obligation under Federal law including the corresponding administrative effort is measured by the Federal Statistical Office using the Standard Cost Model. The housing allowance and parental allowance projects are conducted in parallel. Results are expected by the middle of August 2009. The project on the Federal Training Assistance Act will presumably start in July and be completed by the end of the year.

**Pilot Project “Facilitating the Application for Receiving a Student Grant under the Federal Training Assistance Act”**

**Federal States:**

Baden-Württemberg, Bavaria, Brandenburg, Hamburg, Hesse, Rhineland-Palatinate, Thuringia

**Federal Educational Assistance Act Offices:**

Darmstadt	Mainz
Erfurt	Marburg
Frankfurt	Potsdam
Gießen	Regensburg
Hamburg	Trier
Kassel	Würzburg

*Figure 13: Participants in the pilot project “Facilitating the Application for Receiving a Student Grant under the Federal Training Assistance Act”*

The aim of this cooperation is to

- create transparency regarding the interaction of the Federation, the Federal States and the municipalities across various levels in the implementation of information obligations under Federal law,
- analyse the burden placed on the citizens and on the responsible municipalities concerned by the implementation of the respective Federal law (addressee’s perspective),
- allow a feedback of lessons learned by the implementing executing authorities concerning the provisions under Federal law,
- identify simplification possibilities as examples of best practice at all levels of responsibility,
- jointly present the results of the project.

The cooperation aims at generating the relief for the addressees by a voluntary and coordinated interaction of the Federation, the Federal States and the municipalities within the framework of their respective responsibilities. This does not put the allocation of tasks under the German Constitution into question.

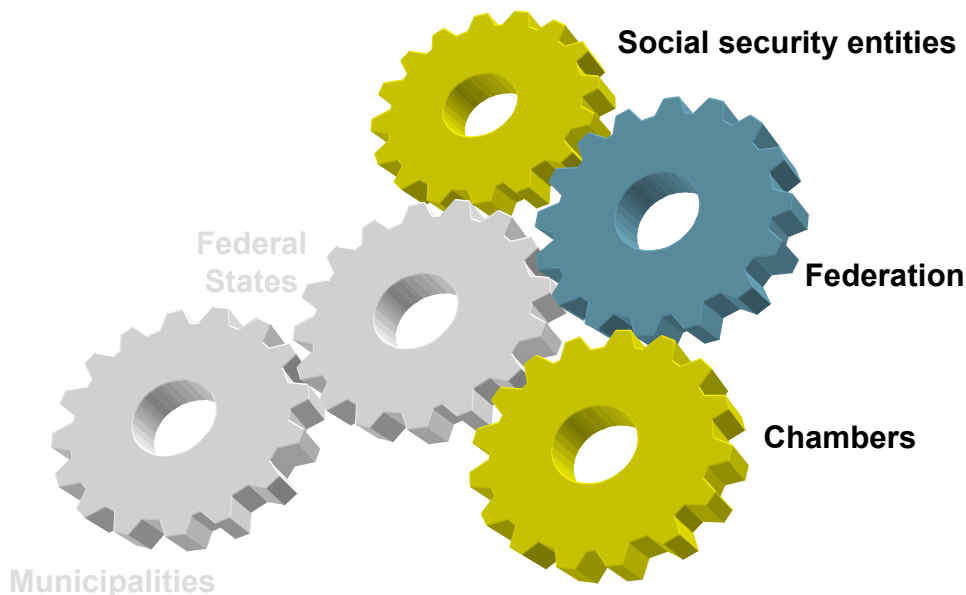
The lessons learned over the past two and a half years show more and more clearly that the Federal Government depends on the support of the Federal States and municipalities if it wants to achieve its goal of noticeably relieving the business sector, the citizens and the administrative sector from costs of bureaucracy. It is therefore important that the Federal States and the

municipalities get actively involved in the process and together with the Federal Government and the National Regulatory Control Council lobby for an environment favourable for enterprises and citizens. The National Regulatory Control Council repeatedly emphasized that the respective experience gained and the measures taken by the Federation, the Federal States and the municipalities should be merged in order to have a more powerful effect on those concerned. Only if all parties involved actively participate in the bureaucracy reduction efforts and consider this their own task, will it be possible to sustainably relieve citizens and enterprises.

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## 7. Cooperation with Social Security Entities and Chambers

Bureaucracy reduction can become much more effective if the self-administrating bodies are systematically involved in the reduction process. This concerns both social security entities (such as the Federal Employment Agency, the German Federal Pension Insurance, the German Statutory Accident Insurance, statutory health insurances) and the chamber organisations. On the one hand, they are subject to regulations under Federal law, on the other hand, however, their task is to issue regulations at the sub-ordinate law level themselves. In both areas, they are valuable partners of the Federal Government and the Council. Several working level meetings with the social security entities have been organised starting in spring 2008. Since then, concrete bureaucracy reduction measures have been initiated. To integrate the chamber organisations, a first meeting with their top-level representatives was held in May this year during which the establishment of working groups was agreed.

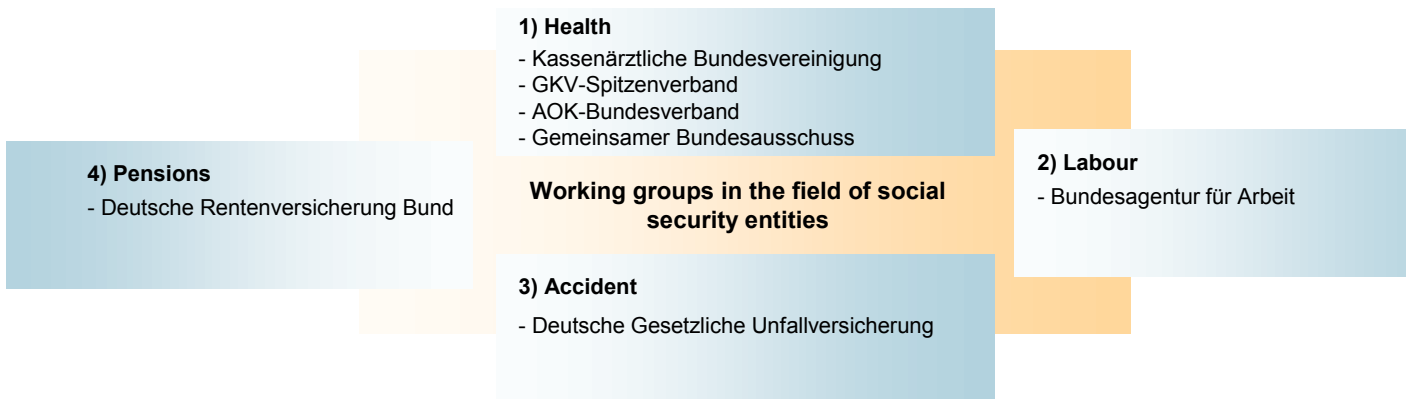


### 7.1 Cooperation with Social Security Entities

Social security entities become increasingly aware of their responsibility for reducing and avoiding unnecessary costs of bureaucracy caused by them. Several social security entities participate in the working groups set up by the Council and the Federal Government and have already initiated concrete measures for bureaucracy reduction.

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Kassenärztliche Bundesvereinigung (National Association of Statutory Health Insurance Physicians); GKV-Spitzenverband (National Association of Statutory Health Insurance Funds); AOK-Bundesverband (Federal Association of Local Health Insurance Funds); Gemeinsamer Bundesausschuss (Federal Joint Committee); Bundesagentur für Arbeit (Federal Employment Agency); Deutsche Gesetzliche Unfallversicherung (German Statutory Accident Insurance); Deutsche Rentenversicherung Bund (German Federal Pension Insurance)

Figure 14: Working groups in the field of the social security entities

### 7.1.1 Health Working Group

The initiatives by the Health Working Group have to be particularly emphasized. Here, the focus is on a project by the National Association of Statutory Health Insurance Physicians. By means of the Standard Cost Model, the major costs of bureaucracy resulting from information obligations for National Association of Statutory Health Insurance Physicians were determined, and simplification proposals were developed. In the area of the Association of Statutory Health Insurance Physicians of Westfalen-Lippe, costs of bureaucracy of € 159 million per year were identified for physicians and psychotherapists. On the basis of those findings, the Association of the Panel Doctors of Westfalen-Lippe developed simplification proposals. The National Association of Statutory Health Insurance Physicians now plans to implement five of those proposals, partly in cooperation with the National Association of Statutory Health Insurance Funds and the Federal Joint Committee. This includes, for example, the abolition of double documentations.

Furthermore, the Federal Association of Local Health Insurance Funds conducted a Standard Cost Model pilot measurement in cooperation with the Federal Statistical Office. The measurement comprised three information obligations for the preparation and submission of income records (sickness benefit, sickness benefit in the event of a sick child and maternity allowance). The analysis showed that the electronic exchange between the health insurances and the enterprises has to be substantially expanded. Moreover, the Federal Association of Local Health Insurance Funds intends to improve the sick benefit calculation procedures as well. Besides the business sector, the administrative sector may be relieved as well.

### **7.1.2 Pensions Working Group**

The focus of the Pensions Working Group is on a project by the German Statutory Accident Insurance on the introduction of electronic audits. From the beginning of 2010 on, data provided by the employer are to be analysed in advance by an audit software in order to use the results as a reference for the on-site audit. Doing this, the time spent for the audit at the enterprise is to be reduced, or an on-site audit to be entirely dispensed with. This would lead to a considerable relief for the enterprises concerned.

Apart from that, the German Statutory Accident Insurance will check the application procedures, such as the claim for pension and the application for clearing up the insurance record, for their simplification potential.

### **7.1.3 Accident Working Group**

The German Statutory Accident Insurance intends to facilitate the start of new enterprises within the scope of the "Einfach Gründen" (Simple Start-Up) initiative by the Federal Ministry of Economics and Technology. To achieve this, the notification obligations for trade or business registrations are to be combined and processed electronically. The aim of this so-called "one-stop shop" is to save enterprises the laborious necessity of having to determine the responsible accident insurer (21 commercial associated labour organisations). In the future, a central notification will suffice.

The new procedure will save costs in the administrative sector as well. To date, the business registration offices mostly have to report the foundation of a business to the statutory accident insurance in the form of a paper copy. This will be automated in the future. The statutory accident insurers will receive data on every newly founded enterprise only once.

### **7.1.4 Labour Working Group**

The Federal Employment Agency has tabled three simplification proposals to the working group. These aim at an amendment of the law in order to reduce the administrative effort and the notifications among the social insurance entities.

The Federal Employment Agency found out that those receiving long-term unemployment benefits and simultaneously drawing employment income often have multiple health insurances. This causes a considerable amount of bureaucracy with no entitlement to more service for the persons insured. This concerns about 1.3 million citizens. An amendment to the Social Code could abolish multiple insurances and thus reduce notifications to the health insurers and the accounting efforts.

The proposals are now being checked and discussed with the competent ministries.

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## 7.1.5 Ex-Ante Estimation Procedure for Social Security Entities

The Council welcomes the intention of the National Association of Statutory Health Insurance Physicians and the German Federal Pension Insurance to introduce the estimation of bureaucracy costs of their regulation projects. By doing this, they are taking on the Federal Government's proven ex-ante procedure to different extents:

The National Association of Statutory Health Insurance Physicians will use the methodology manual of the Federal Government for the introduction of the Standard Cost Model and the ex-ante guideline with corresponding adjustments for the health sector as a basis for the cost estimation.

The German Federal Pension Insurance will start the estimation of the burdens and relief associated with the "binding decisions", i.e. regulations at sub-ordinate law level for a uniform legal interpretation in autumn 2009.

At present, it is not yet possible to make a final assessment as to whether the planned measures will suffice to avoid new bureaucracy. However, experience gained at the Federal level shows that an ex-ante estimation of the bureaucracy costs caused by new regulation projects provides a better evaluation basis. Considering the effects of a regulation on the addressees will lead to an improvement of quality.

Therefore, the Council encourages all other social security entities to introduce an ex-ante estimation of the burdens and relief for their regulations at the sub-ordinate law level as well. A prerequisite for the procedure to be successful is a clear decision at executive level so that the responsible organisational elements will be able to implement and enforce the corresponding regulations in practice.

## 7.1.6 Bureaucracy Reduction Forum of the Federal Ministry of Labour and Social Affairs

The Federal Ministry of Labour and Social Affairs is responsible for the legal framework of pension and accident insurances and the Federal Employment Agency. Therefore, the ministry held a forum on bureaucracy reduction with the participation of the social security entities on 24 March 2009. This is highly welcomed since such a platform enhances the communication between the social security entities and the ministry, and especially among the different social security entities. It is foreseeable that many simplification measures (e.g. electronic data exchange) can be planned and implemented only jointly. The Council welcomes the intention to continue the dialogue of the social security entities and the competent ministries – also across the areas of responsibility of the Federal Ministry of Labour and Social Affairs and the Federal Ministry for Health.

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## 7.2 Cooperation with the Chambers

The chambers, corporate bodies under public law<sup>13</sup>, fulfil a multitude of government tasks.

In order to systematically integrate the chambers into the process of bureaucracy reduction, a first meeting was held with top-level representatives of 18 chamber organisations by invitation of the Federal Government and the National Regulatory Control Council in the Federal Chancellery on 28 May 2009.

All parties involved declared their readiness to actively participate in the process. It was agreed to set up four working groups in which measures for the reduction in bureaucratic burdens are to be developed in cooperation with the Federal Government and the National Regulatory Control Council. The first working-level meeting is planned for this summer.



Industrie- und Handelskammern (Chambers of industry and commerce); Handwerkskammern (Chambers of crafts); Landwirtschaftskammern (Chambers of agriculture); Ärztekammern (Medical associations); Zahnärztekammern (Dental chambers); Apothekerkammern (Pharmacists' associations); Rechtsanwaltskammern (Bar associations); Steuerberaterkammern (Chambers of tax consultants); Notarkammern (Chambers of notaries); Z. B. Architektenkammern (e. g. Chambers of architects); Ingenieurkammern (Chambers of engineers)

Figure 15: Working groups in the field of the chambers

In addition, the Chambers of Industry and Commerce of Stade, Cologne and Stuttgart declared their interest in examining the administrative processes of their organisations using the Standard Cost Model. The Federal Statistical Office supports these projects.

Furthermore, all chambers named vocational training to be a field in which bureaucratic burdens should be examined. The Federal Ministry of Economics and Technology agreed to examine the bureaucratic burdens in cooperation with the chamber organisations, management and labour, and enterprises concerned, using some example training ordinances.

<sup>13</sup> Corporations under public law include, for example, the chambers of industry and commerce at the Federal State level as well as the the Chamber of Auditors, the Chamber of Patent Agents, the German Federal Bar, the German Federal Chamber of Notaries, and the Federal Chamber of Architects at the Federal law level. Apart from that, there are also Federal chambers under private law, e.g. the German Medical Association or the German Dental Association.

## 8. The Standard Cost Model and the Administrative Sector

After considerable progress has been achieved in the past two-and-a-half years in cutting red tape for the business sector and the citizens, the methodological issues of bureaucracy reduction in the administrative sector should be tackled to in due course. Here, the special features of Federalism have to be taken into account. In this context, the execution of pilot projects with individual Federal Ministries, Federal States, municipalities, and the Federal Statistical Office to ascertain whether and to what extent the Standard Cost Model can be integrated into existing instruments for modernising the administrative sector and relief potentials to be opened up presents itself as an obvious solution.

### 8.1 Starting Point

In its cabinet decision of 25 April 2006, the Federal Government undertook to “substantially lower the costs of bureaucracy – notably those that are caused by information obligations incumbent on enterprises, citizens and public administrations by law – and to avoid the imposition of new information obligations”.

Consequently, the Federal Government programme to reduce bureaucracy also extends to relieving the public administration. In their new regulation projects, the ministries are already identifying the changes to the information obligations of the administrative sector. However, a mandatory methodology for also stating the costs of the effects on an inter-ministerial basis does not exist as yet. A concept for cutting existing bureaucracy costs is not yet available.

Even though the cutting of red tape was to start with the business sector and the citizens, the Council had already dealt with bureaucracy reduction in the public administration from the outset and conducted intense discussions on the subject, especially at its conventions. In July 2008, the Council invited the Federal Commissioner for Economic Efficiency in the Administration, the President of the Federal Audit Office, Professor Dr. Dieter Engels, to an initial exchange of experience in order to discuss the subject. The Federal Commissioner for Economic Efficiency in the Administration works towards an economic fulfilment of Federal tasks and a corresponding organisation of the Federal Administration, i.e. he has a considerable interest in unbureaucratic administrative processes, something that also applies to the National Regulatory Control Council. The dialogue is to be continued for that reason.

Regardless of the statutory postulate, the Council deems a timely resolution of the outstanding methodological issues pertaining to bureaucracy reduction in the public administration important for quality assurance in the ex-ante procedure. In many cases, statutory information obligations incumbent on the business sector and the citizens are directly related to task fulfil-

ment by the administrative sector. As a result, a sustainable improvement of legislation will be achieved only if the relief effects in the business sector are not accompanied by a disproportionate rise in the costs of the administrative sector.

Following a noticeable improvement in the prevailing conditions for the remaining sectors in the past two-and-a-half years – last year the baseline measurement in the business sector was still somewhat delayed, and bureaucracy reduction for the citizens was still in its infancy – it is imperative now to determine how information obligations of the administrative sector are to be dealt with in future within the framework of the bureaucracy reduction programme. In particular, one should examine whether and to what extent the Standard Cost Model can be integrated into the existing instruments for modernising the administrative sector such as instruments of New Public Management (NPM), cost and performance accounting etc. and/or how, vice versa, data for the Standard Cost Model may be obtained from these instruments.

## **8.2 Applicability of the Standard Cost Model to the Information Obligations of the Administrative Sector**

Since international experience in applying the Standard Cost Model to bureaucracy reduction in the administrative sector is almost non-existent, the Council is breaking new ground here. In particular, drawing a line between the information obligations and the substantive obligations of an authority is causing problems when applying the Standard Cost model to the administrative sector.

### **8.2.1 Methodological Challenges in the Application of the Standard Cost Model to the Administrative Sector**

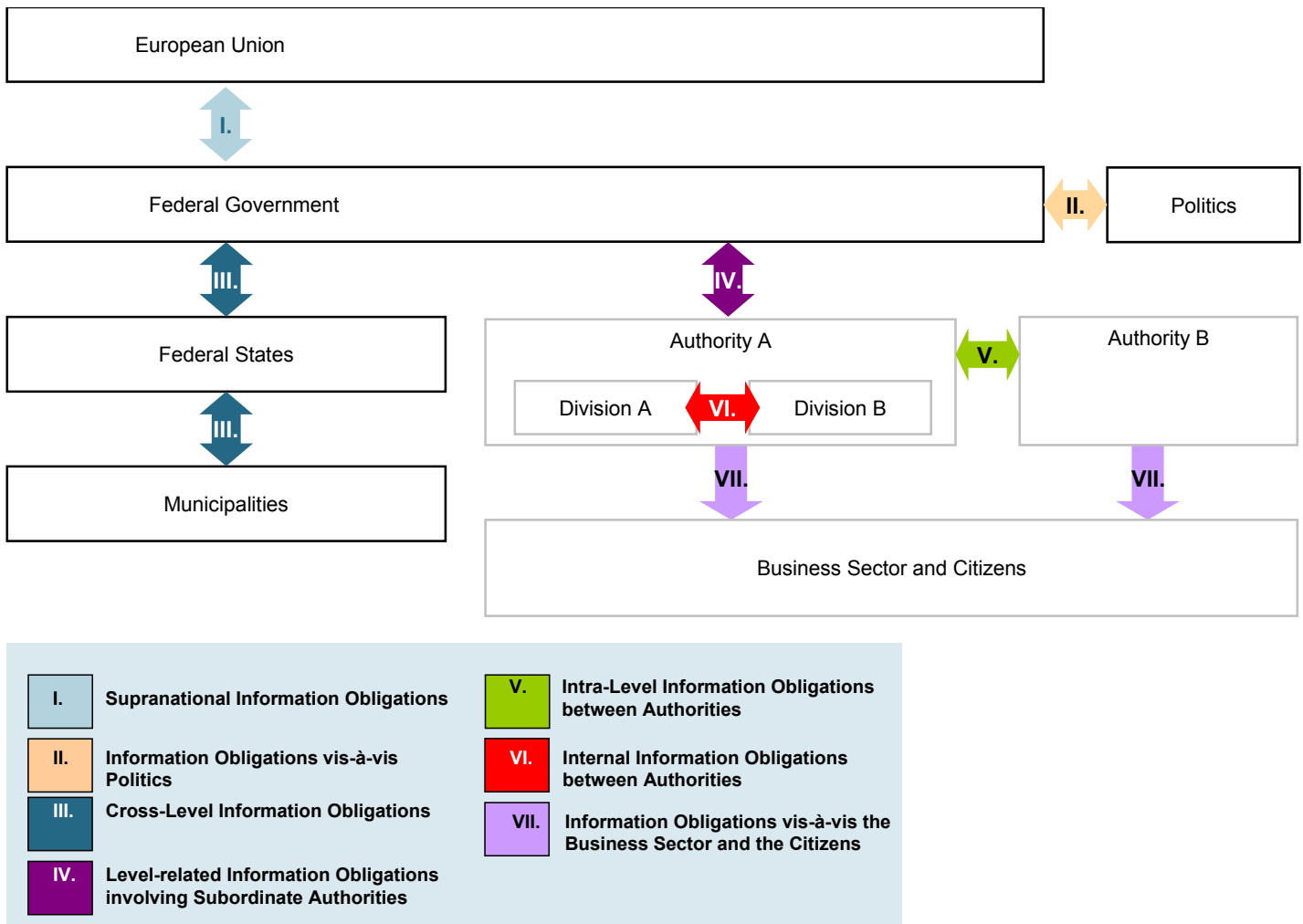
According to Article 2, Paragraph 1, of the Act on the Establishment of a National Regulatory Control Council, “information obligations are obligations existing on the basis of laws, ordinances, by-laws or administrative regulations to procure or keep available for, or transfer to authorities or third parties data and other information”. So, for instance, all notifications of an authority could qualify as information obligations pursuant to the legal definition of the term. In contrast to the business sector, the processing of information (obtaining, keeping available, and transmitting data, sending out notifications, documenting administrative procedures) is often the core activity of the public administration sector and not just a “spin-off” of a different task. This difference to the business sector makes the application of the Standard Cost Model to the administrative sector a cumbersome business. After all, the requirement that the core activity of the norm addressee should remain untouched and the Standard Cost Model merely

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cut unnecessary costs is of central importance when applying the Standard Cost Model to the business sector.

Therefore, in the administrative sector, a full implementation of the legal definition would result in an uncontrollable application of the Standard Cost Model. It would virtually call for a comprehensive process analysis of the (core) activity of the respective authority to be made. Also, standardising the processes would be possible only to a limited extent.

The transfer of information between authorities or within an authority can be divided into at least seven different categories<sup>14</sup> as is illustrated by the diagram below:



For this reason, owing to the strong link between the core activity and information obligations, the methodological approach towards reducing the bureaucratic burdens incumbent on the

<sup>14</sup> In addition, the impact information obligations incumbent on the business sector and the citizens have on the administrative process is discussed under the aspect of bureaucracy reduction in the administrative sector and defined as a “retroactive information obligation”. However, the costs resulting from the processing of information obligations do not represent bureaucracy costs in the sense of the Act on the Establishment of a National Regulatory Control Council but enforcement costs (see Chapter 8.2.3).

administrative sector is to be modified. In order to find a solution for bureaucracy reduction in the administrative sector that all ministries deem manageable, it is necessary to clearly circumscribe the costs of bureaucracy by definition.

Furthermore, it must be borne in mind that regulatory impact assessment – unlike as for the business sector - already has a number of different instruments at its disposal for calculating and analysing costs of bureaucracy. Consequently, applying a cost calculation to the administrative sector by using the Standard Cost Model will make sense only if it has a clear added value or if the Standard Cost Model can be interlinked in a useful manner with other measures of administrative modernisation and controlling instruments.

However, some questions remain to be answered before a full-coverage process of bureaucracy reduction based on the Standard Cost Model can be initiated in the administrative sector. The issues to be addressed include the following:

- What should be subsumed under the term of “administrative sector”?
- How can a useful distinction be made between the information obligations of the administrative sector and its core activity so as to relieve it in a fast and efficient manner?
- Are the standard activities of the business sector applicable to the administrative sector?
- What tariff (in terms of time/costs) is to be used as a basis? (It would be relatively simple to ascertain standard cost rates on the basis of pay grades and the personnel and material costs of the Federal Ministry of Finance).
- In view of the existing cost estimation instruments, does the Standard Cost Model provide an added value/a more simple alternative for ascertaining the bureaucratic effort of the administrative sector?

The Council wishes to improve the quality of draft statutes as soon as possible, also with respect to the administrative sector, and to initiate a full-coverage identification of the costs of bureaucracy in the ex-ante procedure.

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## 8.2.2 Pilot Projects Involving Individual Ministries, Federal States and Municipalities

### (1) Preparation of pilot projects with the Federal Ministry of the Interior and other interested ministries

In order to clarify the methodological issues, the applicability of the Standard Cost Model to the administrative sector is to be initially investigated in inter-level pilot projects involving interested ministries, Federal States and municipalities.

The Secretariat of the National Regulatory Control Council, the Better Regulation Unit, the Federal Ministry of the Interior, and the Federal Statistical Office have conducted several workshops at the working level to pave the way for concrete projects and to open up possible fields of action. The Federal Ministry of the Interior had provided a full-coverage identification of “information obligations” from its sphere of responsibility – totalling about 3,100 – that may be carried out by the administrative sector. The purpose of the workshop was to assign these “information obligations” to different categories in order to subsequently use the data obtained for preparing the distinction between information obligations and substantive obligations.

On that basis, a provisional (working) definition of information obligations in the administrative sector is to be developed, which will subsequently be examined in pilot projects with a view to its practicability.

The pilot projects are still at the projection stage at present. In a first step, the Federal Ministry of the Interior – in cooperation with the Federal Statistical Office – subjected all information obligations identified to a quick scan. Such quick scans assist in the identification of particularly costly legal areas (e.g. passport law, reporting system, right of residence) that might be suitable for a pilot project.

### (2) Inclusion of Federal States and Municipalities

Experience over the last two-and-a-half years has shown that bureaucracy reduction can succeed only if it is conducted across various levels. This also applies to bureaucracy reduction in the administrative sector. For this reason, the Federal States and municipalities are to be involved in project planning and implementation.

The Secretariat of the National Regulatory Control Council and the Better Regulation Unit are in contact with the Consortium for Economic Administration (Arbeitsgemeinschaft für Wirtschaftlichkeit in der Verwaltung e.V., AWV)<sup>15</sup>. Last year, AWV introduced a regular workshop

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<sup>15</sup> The Consortium for Economic Administration (AWV) cooperates with experts from the business community, public administration and the academic world and provides a platform for the exchange of experience. AWV aims to design and optimise service activities in the business sector and the public administration. This includes efficiency enhancements through administrative simplification and bureaucracy reduction. The Federal Ministry of Economics and Technology provides public funding in support of the work done by AWV.

on “Bureaucracy reduction in the public administration”.<sup>16</sup> The discussions held there clearly show that the experience obtained from working across various levels is an important and indispensable completion of the projects conducted at the Federal level.

So, for instance, in cooperation with the FHM Bielefeld University of Applied Sciences, the town of Bünde/North Rhine-Westphalia as a municipality associated with an administrative district, the two urban districts of Baden-Baden and Freiburg in Baden-Württemberg, and the district of Lippe in North Rhine-Westphalia have already conducted a project on the measurement of the costs of bureaucracy at the municipal level. In pursuance of this task, they examined and quantified the various reporting obligations from a municipal point of view. A projection of the results to Germany as a whole indicated that the costs of bureaucracy amount to some 400 million euros for the municipalities.<sup>17</sup>

It is to be anticipated that a detailed analysis of the municipal projects with a view to the methodology applied, tariffs, etc. will provide useful hints for bureaucracy reduction at the Federal level.

### **8.2.3 Pilot Project of the Federal Ministry of Finance**

On 19 May 2008, the Federal Ministry of Finance introduced a pilot project at the ministerial level, which, among other things, looks into the “retroactive effect” information obligations and the effects changes made to them have on costs of bureaucracy.

The Federal Ministry of Finance pursues the approach of also extending the application of the Standard Cost Model to the costs of bureaucracy resulting from an information obligation incumbent on enterprises and/or citizens. In doing so, it focuses on processes, provided they do not concern substantive examinations and assessments of the details supplied in a tax return. So, for instance, electronic tax returns can save the tax office a lot of money if corresponding changes are made to administrative processes. The Federal Ministry of Finance has termed these costs of bureaucracy that are due to an information obligation as “retroactive information obligations” although they do not refer to information obligations of the administrative sector.

The project is not completed as yet. Reliable empirical findings are not available to date.

From the point of view of the National Regulatory Control Council, the approach taken by the Federal Ministry of Finance is to be welcomed on principle since, on the whole, it contributes

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<sup>16</sup> Participants include FHM Bielefeld University of Applied Sciences, the Bertelsmann Foundation, and Nord-WestConsult GmbH.

<sup>17</sup> The results of this municipal measurement were presented on 15 October 2008 at a conference of the Konrad Adenauer Foundation; pertinent documents can be downloaded from the Internet at <http://www.kas.de/wf/de/33.14862/>; for additional information on the project refer to Ley, Frauke: Bürokratiekostenmessung in Kommunen, in: AVW-Informationen, edited by Arbeitsgemeinschaft für wirtschaftliche Verwaltung e.V., No. 1/2009, p. 10 f. The full report is available at [www.fhm-mittelstand.de/skmkommunal.html](http://www.fhm-mittelstand.de/skmkommunal.html)

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to quality assurance in the regulatory impact assessment. The consideration of the retroactive effect, that is to say the impact with respect to enforcement, also reduces the risk that the relief provided for the business sector will impose a greater burden on the administrative sector, thereby resulting in a displacement of the costs of bureaucracy. However, in the past the National Regulatory Control Council explicitly emphasised the fact that we are not dealing with information obligations in the sense of the Act on the Establishment of a National Regulatory Control Council here. The administration costs resulting from the processing of information obligations are enforcement costs and not original costs arising from information obligations. During the further course of the pilot project, it should be examined whether the introduction of data from the cost and performance accounting of the respective administrations permits costs to be estimated more precisely.

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## 9. International Activities/EU

International activities and bureaucracy reduction at the European Union (EU) level continue to enjoy a high priority. The Council is taking a keen interest in the further development of the existing programmes in the Netherlands, the UK and Austria. At the same time, it is assisting with the set-up of an independent advisory body in Sweden. At the European level, the Council is monitoring the progress of the European Commission's programme for reducing the costs of bureaucracy and is deeply committed to the further development of the programme.

### 9.1 Exchange with Nations Applying the Standard Cost Model

Last year, too, the National Regulatory Control Council held talks with experts from abroad. These talks did not only provide the Council with interesting insights into the different approaches for sustainably reducing bureaucracy but also resulted in a situation where the Council is increasingly being perceived as a best practice organisation and requested to report on the experience it has gained.

#### **Main Points of the New Focus of the Netherlands Bureaucracy Reduction Programme**

- » Information costs are to be reduced by another 25 per cent by 2011; to this effect a second baseline measurement was conducted in 2008 excluding business-as-usual costs and adapting the methodology for information obligations vis-à-vis third parties; result of the baseline measurement: 9.3 billion euros (2003: 16.3 billion euros). The result was also analysed for sectors and life events.
  - » Reduction of substantive compliance costs, i.e. costs arising from compliance with substantive obligations.
  - » A baseline measurement is currently taking place in 30 selected areas (e.g. the area of legally prescribed control and inspection); in pursuance of this task, the Standard Cost Model was adjusted and guidance developed. A reduction target is to be laid down in the summer of 2009. For new regulation projects, substantive compliance costs are to be shown within the framework of the impact assessment; in this case, too, guidance was developed on the basis of the Standard Cost Model.
  - » Simplifications with regard to applications for funding; reduction of enforcement costs by 25 per cent in 19 areas.
  - » Other simplifications such as a better service quality and common commencement dates for laws (laws are to become effective only as per 1 January and 1 July of the year).
  - » A more systematic consideration of regulatory irritants and recommendations made by enterprises.
  - » Annual business sentiment surveys to check the measures for their appreciability.
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Once again, Mr. Jeroen Nijland who is in charge of the Netherlands bureaucracy reduction programme attended the Council meeting as a guest. He reported in particular on the development and new focus of the Netherlands programme. Inspiration for further work in Germany can be drawn from this report.

In Rome, the Chairman of the Council discussed the progress achieved by the Italian bureaucracy reduction programme with the Prime Minister's Deputy Secretary-General. Some Council members, Professor Dr. Gisela Färber, Professor Dr. Johann Wittmann, and Mr. Henning Kreibohm, availed themselves of a workshop in Vienna to obtain first-hand information on Austria's progress in cutting red tape. The management of bureaucratic demands on the citizens, an issue the Council discussed in detail, is of particular interest in this context.

From 16 to 18 November 2008, the Bertelsmann Foundation hosted the Berlin-based International Regulatory Reform Conference for the second time. Besides availing itself of information from many different sources on international developments related to bureaucracy reduction and better lawmaking, the Council used the conference again to intensify contacts with other EU countries. This year, the conference will take place in Stockholm.

## 9.2 Cooperation With Other Independent Councils

In March 2009, Swedish Deputy Prime Minister and Minister for Enterprise and Energy Maud Olofsson officially introduced an independent body for bureaucracy reduction (Regelrådet). Wolf-Michael Catenhusen, the Deputy Chairman of the National Regulatory Control Council, took part in the event and engaged in discussion with the Regelrådet and representatives of the Ministry of Enterprise, Energy and Communications but also with representatives from the Netherlands and the UK. In a workshop he gave a presentation on the work of the German National Regulatory Control Council to representatives of Swedish ministries.

### **The Swedish Better Regulation Council "Regelrådet"**

Since October 2008, Sweden has had an independent body (Regelrådet) that is to advise the government on bureaucracy reduction. The "Regelrådet" is made up of four members and has a Secretariat in the Ministry of Enterprise, Energy and Communications, which currently comprises four officials. It will operate along the lines of a fact-finding committee until the end of 2010. The "Regelrådet" delivers statements on draft regulations pertaining to the business sector and examines the quality of regulatory impact assessments from a business point of view.

Last year, the Netherlands bureaucracy reduction body, the Adviescollege toetsing administratieve lasten (Actal) experienced important changes: Actal's mandate, which was originally

slated to expire in 2008, was extended until 2011. Also, the mandate was expanded to include the submission of thematic reports and a case-by-case review of regulatory impact assessments.

On 11 May 2009, the National Regulatory Control Council, Actal and the Regelrådet conducted a joint meeting in Berlin to discuss the progress of the bureaucracy reduction activities in their countries and the EU. On 25 June 2009, the three councils adopted the draft of a common position paper on the future of the European Commission's bureaucracy reduction programme. This draft is to be discussed with interested parties now and submitted to the new Commission in the near future. The principal requirements this paper wishes to address at the European Commission include:

- complete baseline measurement of EU legislation,
- agreement on a net target for the entire EU legislation,
- adoption of further noticeable simplification proposals,
- ex-ante measurement of the costs of bureaucracy for each new regulation project, and
- an independent advisory body on bureaucracy reduction.

### **9.3 EU Action Programme**

With its adoption on 24 January 2007 of the Action Programme for Reducing Administrative Burdens in the EU,<sup>18</sup> the Commission took an important step towards cutting red tape. The decisions taken by the European Council on 8 and 9 March 2007 under Germany's Council Presidency reinforced the importance of the subject of bureaucracy reduction in the EU. On 28 January 2009, the Commission submitted its third progress report on better lawmaking.<sup>19</sup>

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18 The Action Programme is available for download at [http://ec.europa.eu/enterprise/admin-burdens-reduction/action\\_program\\_en.htm](http://ec.europa.eu/enterprise/admin-burdens-reduction/action_program_en.htm).

19 The third progress report is available for download at [http://ec.europa.eu/enterprise/admin-burdens-reduction/docs/com2009\\_15\\_3\\_en.pdf](http://ec.europa.eu/enterprise/admin-burdens-reduction/docs/com2009_15_3_en.pdf).

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**Third Progress Report of the European Commission\***

Under the Action Programme, 42 European legislative acts, i.e. directives and regulations from 13 priority areas, were selected and assessed from the point of view of information obligations. Also, the Standard Cost Model was used to ascertain the bureaucratic burdens associated with the fulfilment of these obligations. The measurements, which were carried out by a consortium of advisers\*\* in selected member states, showed that the burdens imposed on European businesses amount to an annual € 115 to 130 billion. Furthermore, the Commission laid down another 30 legislative acts in the progress report; in those cases, too, the costs of bureaucracy resulting from information obligations are to be investigated and measured.

In the progress report, the Commission announces the adoption of simplification measures representing savings of approximately € 30 billion prior to the expiry of its mandate, i.e. prior to the end of this year. At the end of January 2009, the Commission decided to revise the VAT Directive, which provides for savings of up to € 18 billion a year, among other things by giving equal treatment to e-invoices and paper invoices. In late February, it presented a proposal that is to permit member states to exclude so-called micro-enterprises\*\*\* from the European accounting directives and which, according to estimates of the Commission, has a savings potential of up to € 8 billion a year.

The Commission has extended the requirement to carry out impact assessments: Whilst, previously, impact assessments were required only for projects listed in the Commission's annual work programme, they are now to be carried out for all projects likely to have a significant impact. In the Commission's view, the quality of impact assessments has significantly improved as a result of the Impact Assessment Board being set up.

\* The progress report does not only deal with the Commission's Action Programme but also with other issues of better lawmaking. This document merely focuses on the contents of the Action Programme and the impact assessments.

\*\* Deloitte, Capgemini and Ramboell are part of the consortium.

\*\*\* Micro-enterprises have a staff of fewer than 10, a turnover of less than € 1 million and profits of less than € 500,000.

In the past two-and-a-half years, the Commission has definitely made progress in reducing bureaucracy. Commission officials seem to become increasingly aware of the issue of bureaucracy costs. Nevertheless, some major weaknesses exist with respect to the design and implementation of the Commission's Action Programme:

Areas of criticism include the fact that – irrespective of the results of the baseline measurement – the legislative acts to be assessed were apparently selected at random. As a result, it is not possible to draw conclusions as to the overall burden on the EU acquis. Besides, comprehensive simplification measures already exist, for instance in the case of the two environmental acts reported for assessment on 28 January 2009<sup>20</sup>. However, the principal objective of baseline measurements is to identify simplification potentials by analysing the regulations. If such potentials have already been ascertained, an inclusion of the relevant regulations in the baseline measurement does not seem a good idea, at least under the above aspect. For this

<sup>20</sup> Regulation (EC) No. 2037/2000 of the European Parliament and of the Council of 29 June 2000 on substances that deplete the ozone layer; Directive 98/8/EC of the European Parliament and of the Council of 16 February 1998 on the placing on the market of biocidal products.

reason, the Council calls upon the Commission to extend the baseline measurement to the entire EU acquis.

With its proposal on VAT legislation and the proposal to permit member states to exclude micro-enterprises from the European accounting directives, the Commission has launched two major simplification measures. It is now up to the European Council and the European Parliament to implement these measures. The National Regulatory Control Council appeals to the Federal Government to push for a swift adoption and to take appropriate steps for a rapid transposition of the simplifications into national law.

The extension of the proposals for which the Commission is required to conduct an impact assessment is welcome too. This is a step in the right direction. However, the National Regulatory Control Council subscribes to the view that all new regulatory suggestions should be subjected to an impact assessment. This is the only way to make the development of the costs of bureaucracy entirely transparent and to ensure that the Parliament and the Council are informed of the bureaucracy costs associated with a proposal. In this context, the utilisation of the Standard Cost Model for a transparent and comprehensible identification of the costs of new legislative projects of the EU plays a crucial role.

The National Regulatory Control Council gives good marks to the work done by the Impact Assessment Board. The fact that impact assessments have to be submitted to a "second instance" for review is likely to contribute to improving their quality. Nevertheless, on the basis of recommendations made by the OECD and the World Bank, the experience gained in Germany and the Netherlands permits the conclusion to be drawn that bureaucracy cost control by an independent advisory body is an important success factor in sustainably preventing new bureaucracy. This independence provides such a body with the authority needed to call upon the Ministries and/or the Directorates General to ensure cost transparency and choose the least onerous regulatory alternative. Consequently, the task of reviewing the bureaucracy costs of new regulation projects should be entrusted to an independent body.

The European Court of Auditors is currently conducting a study on the European impact assessment system. Results are to be presented towards the end of the year. In this, the European Court of Auditors is being assisted by an advisory committee whose members include Professor Dr. Gisela Färber, a member of the National Regulatory Control Council.

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## 9.4 High Level Group of Independent Stakeholders on Administrative Burdens

On 31 August 2007, the Commission appointed the High Level Group of Independent Stakeholders on Administrative Burdens (HLG). The HLG, headed by former Bavarian Minister President Dr. Edmund Stoiber and comprising another 13 independent individuals besides the President of the Council, Dr. Johannes Ludewig, is to assist the EU Commission with issues related to the Action Programme. The mandate of the HLG is formally limited to accompanying the reduction programme of the EU Commission so that the advice provided by the group primarily concerns the results of the European baseline measurement in the 13 priority areas as well as planned reduction measures<sup>21</sup>. Thus, the HLG has no competence to review new regulation projects for unnecessary bureaucracy costs

By its 12th meeting on 28 May 2009, the HLG had dealt with 10 out of the 13 priority fields of law and delivered opinions on the matter. Besides, it adopted an opinion on so-called fast track actions (FTA) as well as three opinions on simplification proposals submitted by interested parties, professional associations or national governments.<sup>22</sup> The proposals the HLG welcomed represent savings of up to € 40 billion a year.

Last summer, the HLG launched a pan-European competition for the best idea on bureaucracy reduction. The Commission chose the best three suggestions out of more than 500. On 13 May 2009 in a ceremony in Prague, the Chairman of the HLG, Dr. Edmund Stoiber, together with the Vice President of the European Commission, Günter Verheugen, declared the German Confederation of Skilled Crafts (ZDH) the winner of the competition. The ZDH proposed to require tachographs for craft businesses only for distances of more than 150 km instead of today's obligation to record speed and driving times when driving beyond a radius of 50 km from their base. According to the ZDH, this simplification measure may provide Germany's craft businesses alone with a relief of € 60 to 90 million a year.

The HLG has meanwhile established itself as an important catalyst in Europe. Especially in the case of the proposal to exclude micro-enterprises from the European accounting directives, the opinions delivered by the HLG and the talks of its members and the chairman served to put the issue on the political agenda. The Commission adopted this proposal in late February 2009.

However, in conclusion it has emerged that the institutional separation between the Impact Assessment Board's review of new regulation projects for unnecessary bureaucracy on the one hand and the cutting of existing red tape by the HLG on the other significantly hampers a sus-

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21 The simplification proposals are primarily based on proposals submitted by the consortium as part of the measurement and on proposals of interested parties, professional associations and member states.

22 The opinions are available for download at [http://ec.europa.eu/enterprise/admin-burdens-reduction/action\\_program\\_en.htm](http://ec.europa.eu/enterprise/admin-burdens-reduction/action_program_en.htm).

tainable reduction of bureaucracy. The institutional distinction between ex-ante and ex-post analysis may result in a situation where the reduction of existing bureaucracy is ruined by the development of new bureaucracy. Moreover, two bodies are using the same methodology, the Standard Cost Model, without cooperating with each other or exchanging information. Here, too, the experience of Germany and the Netherlands, countries where just one advisory body on bureaucracy reduction exists, shows that combining the powers for ex-ante and ex-post analysis in a single body is a good idea for facilitating a unified bureaucracy reduction.

## **9.5 Ex-ante Procedure of the EU**

It is generally recognised today that a noticeable and sustainable bureaucracy reduction can take place only if European law, too, is checked for unnecessary bureaucracy costs. This view was most recently confirmed by the results of the national baseline measurement, which revealed that more than 50 per cent (€ 25.1 billion) of the bureaucracy costs identified for German businesses is attributable to EU and international law. With the decision taken by its secretaries of state for European affairs on 8 October 2007, the Federal Government opted for a procedure that ensures that special attention to avoiding unnecessary red tape will already be paid in the negotiations on new EU legislation.

This decision requires all ministries involved in legislative projects of the EU to systematically examine the costs of bureaucracy and include them in the negotiations in Brussels. It was agreed in particular that the ministry in charge of a legislative proposal is to check whether a plausible and comprehensible cost estimation has taken place. The ministry will then include the results of this examination in the comprehensive assessment for the Federal Parliament and notify the National Regulatory Control Council, which can deliver an opinion on the matter. In the event of an outstanding or insufficient estimation of bureaucracy costs, the Federal Government will see to it in the Council bodies that the bureaucracy cost estimation will subsequently be carried out by the Commission. If the Commission does not fulfil this requirement, the lead ministry will independently estimate the bureaucracy costs for Germany associated with the regulation and submit its findings to the National Regulatory Control Council.

In 2009, about 50 of such comprehensive assessments were submitted to the National Regulatory Control Council. In just about 60 per cent of the cases, the Commission carried out an impact assessment for the regulation project in question. A mere 66 per cent of the impact assessments contained statements on the costs of bureaucracy. This analysis already suffices to show that the Commission still has a long way to go before a full-coverage estimation of bureaucracy costs is effected for new regulation projects.

It has emerged in the meantime that the Council bodies are somewhat hesitant in implementing the demand for an estimation of bureaucracy costs agreed on in the decision of the sec-

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retaries of state for European affairs. For this reason, the heads of division responsible for European affairs in the Federal Government took a decision on 30 April 2009 that puts the decision of 8 October 2007 in more concrete terms. Henceforth, the demand that the Council Working Parties conduct an estimation of bureaucracy costs is to be stated explicitly in the Permanent Representative's wire report on the Working Party meeting. Also, the Situation Chapter of the Directive to the Committee of Permanent Representatives of the Member States is to record the date on which the Federal Government demanded a sufficient estimation to be carried out as well as the Commission's reaction. If necessary, the request to the Commission is to be repeated in the Permanent Representatives Committee.

The Council welcomes the decision taken by the heads of division responsible for European affairs. It would be particularly helpful if the German representatives in the Council Working Parties and the Permanent Representatives Committee could coordinate their activities with representatives from other countries such as the Netherlands, the UK, Austria, Denmark and Sweden in order to subsequently make a joint call on the Commission to carry out an estimation of bureaucracy costs.

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## II Meeting NKR Interim Assessment

More than 2 ½ years ago, the members of the National Regulatory Control Council (NKR) were appointed for a term in office of 5 years. The end of the first half of its mandate was the reason why the Council published an interim assessment for the first time ever. On 11 May 2009, a discussion was conducted in Berlin with more than 140 representatives from politics and business under the motto of “Bureaucracy Reduction – Better Legislation – New Chances for Growth and Employment”. The main topic of this discussion was whether the expectations in connection with the appointment of the Council have been fulfilled and what should have to be done in future so that the bureaucracy reduction shall contribute to an increase in growth and employment.

Federal Chancellor Dr. Angela Merkel and Mr. Franz Müntefering, chairman of the SPD, documented by their speeches that bureaucracy reduction has a high priority in all political parties. Also the two “founding fathers” of the Council, Dr. Norbert Röttgen, the 1. Parliamentary Secretary of the CDU/CSU Parliamentary Group and Mr. Olaf Scholz, Federal Minister of Labor and Social Affairs, (at that time 1st Parliamentary Secretary of the SPD) held a panel discussion on the question whether their expectations on the Council have been fulfilled. The closing remarks were made by Mr. Hermann Gröhe, Minister of State. In his function as coordinator for bureaucracy reduction of the Federal Government and Minister of State in the office of the Federal Chancellor Dr. Angela Merkel he is an important companion of the National Regulatory Control Council.

At the beginning of the meeting the Chairman of the National Regulatory Control Council<sup>23</sup> gave a short summary about the work of the Council and the progress made by the Federal Government. He pointed out that especially in this difficult economical situation it is even more important that enterprises and citizens should sustainably be relieved of unnecessary bureaucracy. As a matter of fact, bureaucracy reduction also is an economic recovery plan without any costs attached.

In her opening address,<sup>24</sup> Federal Chancellor Dr. Angela Merkel pointed out that it was urgently required to untangle the network of regulations. The idea to follow the reduction of standards on the basis of the Standard Cost Model “with respect to quantity and to bring a bit of reality into the whole thing” was plausible. She thanked the members of the National Regulatory Control Council for their commitment. The National Regulatory Control Council was well-known and is used for the “good and right purposes”. For example the Council “was asked

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23 The speech can be downloaded under <http://www.normenkontrollrat.bund.de>.

24 The speech can be downloaded under <http://www.normenkontrollrat.bund.de>.

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for help" by the parliament in connection with the corporate tax reform so that "changes still could be implemented".

The Federal chancellor agreed with the Council that "transparency" and close involvement in connection with this rather abstract matter of bureaucracy must not fall by the wayside. She also paid tribute to the initiative by the Council as far as cross-divisional projects for bureaucracy reduction and bureaucracy avoidance in terms of parental allowances and housing allowances are concerned. The process of reduction in bureaucracy and bureaucracy avoidance must be closer connected to practice. To achieve this, the Federal Government and the National Regulatory Control Council should cooperate to ensure the further development of the governmental program "Reduction in Bureaucracy and better Legislation". In this process active assistance is expressly desired. Authorities of the Federation, the Federal States and the communities, the bodies of the self-administration – e.g. in the field of social security – and of course people who are personally concerned could open the way for us with suggestions based on their practical experiences". The Federal Chancellor thanked all persons involved in the process. "The number measured of information obligations to be observed by the business sector was as high as 9,500 which is really remarkable. That was possible only because all ministries have participated in this process and many of their members cooperated with the members of the Federal Statistical Office."

The chairman of the SPD, Franz Müntefering, thanked the National Regulatory Control Council and emphasized that democracy could not work without bureaucracy: "Democracy requires bureaucracy". The aim to be achieved must be an efficient bureaucracy. The term bureaucracy in itself should not have a negative connotation. The aim in terms of bureaucracy reduction should be to create more efficient procedures and to relieve citizens and companies. That was especially important because there is a connection between the reduction of unnecessary and avoidable bureaucracy and the acceptance of democratic decision-making structures.

It was not correct to misuse the catchword bureaucracy reduction in order to reduce democratic and social rights and obligations. The party chairman seized an idea by Max Weber (one of the fathers of sociology) and added: "Bureaucracy is the rational form of legal government."

The work of the National Regulatory Control Council was also appreciated by the Minister of State to the Federal Chancellor, Hermann Gröhe. "Within a short period of time the National Regulatory Control Council has succeeded in creating a constructive and faithful atmosphere of cooperation. The National Regulatory Control Council is not looking for the public exchange of views but is cooperating with the Federal Ministries without questioning its independency."

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Against this background the panelists discussed the following two topics:

- Two and a half years of existence of the National Regulatory Control Council – expectations fulfilled?
- Bureaucracy reduction – The view ahead

**Panelists:**

**1. Two and a half years of existence of the National Regulatory Control Council – expectations fulfilled?**

- » Olaf Scholz, MdB (Member of the German Bundestag); Federal Minister of Labor and Social Affairs
- » Dr. Norbert Röttgen, MdB; 1. Parliamentary Director of the CDU/CSU Parliamentary Group
- » Hermann Gröhe, MdB; Minister of State to the Federal Chancellor
- » Birgit Homburger, MdB; Deputy Chairwoman of the FDP Parliamentary Group
- » Christine Scheel, MdB; Deputy Chairwoman of the Bündnis 90/Die Grünen Parliamentary Group
- » Dr. Arend Oetker; Vice-President of the Federation of German Industries

**2. Bureaucracy reduction – The view ahead**

- » Ute Berg, MdB; Spokeswoman for Economics of the SPD Parliamentary Group
- » Dr. Michael Fuchs, MdB; Chairman of the CDU Parliament Group on Medium-Sized Businesses
- » Roland Claus, MdB; DIE LINKE.
- » Dr. Hans Bernhard Beus; Secretary of State of the Federal Ministry of the Interior
- » Dr. Johannes Meier; Member the Board of Directors of the Bertelsmann Foundation
- » Wolf-Michael Catenhusen; Deputy Chairman of the National Regulatory Control Council

The wide range of contributions to the discussion showed that the bureaucracy reduction program is making good progress and that the National Regulatory Control Council as an independent advisory and control body has proved to be successful. However, some challenges still have to be overcome until 2011. The meeting gave important impetus for the achievement of that goal which the Council should incorporate into his work in future. The Council is positive that this will be achieved in a common dialogue with all parties involved.





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## III Outlook on the Next Legislative Period

### 1. Fields of Action Within the Scope of the Statutory Mandate – Further Courses of Action for the Achievement of the 25% Target

» **Basis of the Reduction Target**

The remaining gaps in baseline measurement – especially in the field of the contractual information obligations<sup>25</sup> – must be closed at short notice. This is necessary in order to gain a solid basis for a cost estimation of the reduction target, and in order to look at the urgently needed identification of further reduction potentials.

The National Regulatory Control Council continues to assume that the Federal Government will include all costs of bureaucracy basing on Federal law – irrespective of the responsible party (at the national/international levels) – into the reduction target as required by the Act on the Establishment of the National Regulatory Control Council. This also applies to those parts of Federal law transposing EC directives into national law.

» **Overall Strategy**

The Federal Government needs to determine how the second half of the reduction target is to be achieved. As things stand now, this would be an amount of € 5.16 billion, after all. The Council expects the necessary activities to be started rapidly. Otherwise, there might be considerable delays in the implementation of the government programme.

» **Cooperation with Parliament**

It would be desirable to increasingly involve the Council in parliamentary deliberations. This is especially advisable for burdensome projects which the Council had already commented on prior to the involvement of the Cabinet.

» **Noticeability of Relief Measures**

Experience has shown that reduction measures are particularly effective when

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<sup>25</sup> See Chapter I.3.1, p. 23.

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they are deliberately based on the burdens imposed on the addressees of a regulation. The analysis by the Federal Statistical Office shows that only certain industrial sectors are affected by most information obligations. In the scope of identifying additional reduction measures, a deliberate look should therefore also be taken at sector-specific burdens.

» **Net Target**

In order to be able to make a final assessment on whether the Federal Government will achieve its reduction target, the burdensome regulations that have been newly created since the beginning of the government programme need to be taken into consideration (so-called “net target”). The Council has repeatedly requested the Federal Government to expressly stand up for the net target. Since 01 December 2006, for example, a total of 133 regulation projects entailing a net burden have been submitted to the National Regulatory Control Council (cf. Section I.2.1, p. 14). A major part of this can be attributed to the draft statute on the implementation of the Consumer Credit Directive. This leads to a burden of € 524.5 million.

» **Monitoring**

In the opinion of the National Regulatory Control Council, the Federal Government has made major progress in the field of monitoring. In order to minimise the efforts of all actors involved, the IT system developed by the Federal Statistical Office should be introduced as soon as possible.

» **Focus on Citizens**

The Federal Government should as soon as possible submit an inter-ministerial overall strategy for the relief of citizens, which aims at simplifying those information obligations that affect numerous citizens and are particularly burdensome. Another focus must be on the relief of particularly burdened groups of the population. The Council recommends to take into consideration experiences made by the Netherlands, Austria and Denmark. The Federal Government should examine the applicability of those approaches to Germany this year. Those experiences show that different groups of the population are affected by bureaucratic burdens to a different extent. Individuals in need of nursing care and those who are chronically ill, for instance, have to fulfil a particularly high number of information obligations.

» **Cross-Level Cooperation**

The voluntary cooperation of the Federation, the Federal States and municipalities could also be used during the next legislative period to identify simplification measures which are clearly perceived by the citizens and by the business sector.

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It suggests itself to combine the experience made and the measures taken in this field by the Federal States and municipalities in a joint reduction in bureaucracy action in order to incorporate the implementation level, which allows to examine the entire process of the application of Federal law. Together with the Federal Government, the National Regulatory Control Council is testing a possible approach for identifying good practical examples by means of conducting the projects “Facilitating the Application for Parental Allowance”, “Facilitating the Application for Housing Allowance” and “Facilitating the Application for Receiving a Grant under the Federal Training Assistance Act (BAföG)”, thus hoping for indications on how the simplification of Federal regulations can result in a relief of the implementing executing authorities and the parties concerned.

Should this project-related approach turn out to be a successful method for identifying simplification measures, other fields – especially economy-relevant ones – could be jointly examined on the basis of this approach by Federal authorities, the Federal States and municipalities. The Council’s concern in this process is mainly to serve as a catalyser and motivator so as to jointly develop additional relief potentials and to involve all decision-makers in this process.

» **Social Security Entities and Chambers**

The social security entities and the chambers are valuable partners when it comes to reducing bureaucracy. The cooperation with them is constructive and shows first results. The objective is to carry on the dialogue and to initiate concrete bureaucracy reduction measures.

On this basis, the chamber organisations should likewise be systematically involved later this year.

» **International/EU Level**

The Council will continue to further strengthen its contacts to other nations applying the Standard Cost Model. It will continue to closely cooperate with the independent councils on bureaucracy reduction of the other member states. The Council will accompany the further development in a constructive manner and will contribute the following core demands to the discussions on the future of bureaucracy reduction in Europe:

- Complete baseline measurement of EU laws
- Agreement on a net target for all EU laws
- Adoption of additional noticeable simplification measures
- Measuring of the costs of bureaucracy for every new regulation project in accordance with the ex-ante procedure
- Independent advisory body on bureaucracy reduction

The Council welcomes the fact that the Federal Government will in the future inc-

reasingly see to the prevention of new bureaucracy already prior to the coordination of the national position on new European regulation projects. It expects that representatives of the Federal Government will – if possible, in cooperation with the other nations applying the Standard Cost Model – also demand adherence to this prevention during negotiations of the Council working groups, and will insist on a comprehensible estimation of the costs of bureaucracy to be expected. Otherwise it will be difficult to achieve the reduction target for costs of bureaucracy based on European provisions. There is a pressing need for action, since only approx. 2 % of the targets in this field have been achieved at present (see Chapter I.3.2, p. 25).

## **2. Perspectives of Bureaucracy Reduction**

The programme of the Federal Government concentrates on costs of bureaucracy resulting from information obligations. The Act on the Establishment of the National Regulatory Control Council makes it quite clear that the mandate of the National Regulatory Control Council does not include other costs arising from laws, ordinances, by-laws or administrative regulations. The Council considers this approach to concentrate on a manageable part of bureaucratic burdens in a first step to be one of the main reasons for the success achieved so far by the programme. This approach has enabled a manageable and practicable start in the field of bureaucracy reduction.

On the other hand, other costs incurred by enterprises and citizens as a result of their compliance with existing laws are not covered in the same manner by the programme of the Federal Government.

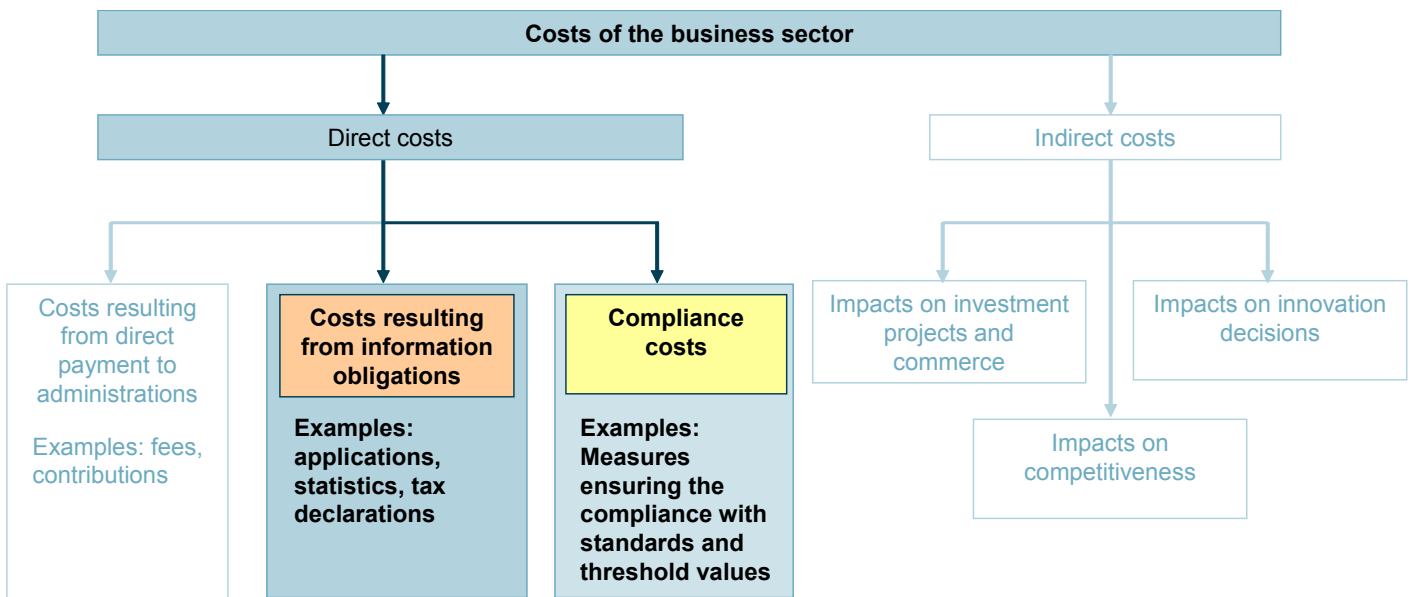
Studies show, however, that these costs can also be a relevant burden on enterprises. From the point of view of the National Regulatory Control Council, it is important especially in economically difficult times to make the costs incurred by enterprises and citizens as a result of laws and ordinances as transparent as possible and keep them possibly low. In case of doubt, it is not of relevance to citizens and enterprises whether the costs incurred are caused by information obligations or by other requirements of statutory regulations. Those concerned have a holistic perception of this burden and do not differentiate between the different types of cost.

The OECD and the World Bank also emphasise that costs of bureaucracy resulting from information obligations constitute only part of the costs of regulation. Since 2007, they also have increasingly pointed out that apart from costs of bureaucracy resulting from information obligations, other costs resulting from the compliance with existing laws are also of politico-economic importance.

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The Economic Committee of the German Federal Parliament<sup>26</sup> recently has discussed these questions at great length. As a result, it has called on the Federal Government to apply the introduced systematic and standardised procedure to the details on additional costs and bureaucratic burdens placed on the business sector. This would involve an examination of the additional costs by the National Regulatory Control Council without intruding upon the decision competence of the Federal Government, the Federal Parliament and the Federal Council.

The Common Rules of Procedure of the Federal Ministries already determine that not only costs of bureaucracy but also other costs incurred by the business sector are to be estimated in connection with all new laws and ordinances. Other costs include, among other things, the compliance costs of the business sector which result from the compliance with existing laws. In agreement with the Federal Ministry of Economics, the results of these estimations shall be presented as part of the regulatory impact assessment on the cover-sheet and in the explanatory memorandum of the regulation project.



In accordance with the leaflet of the Federal Ministry of Economics on the calculation of the effects which bills, drafts of ordinances and administrative provisions have on costs and prices under the Common Rules of Procedure of the Federal Ministries. Latest Update: August 2007

Figure 16: Types of Cost in the Business Sector

In practice, however, there are shortcomings in estimating other costs incurred by the business sector. Depending on the project, there might be considerable differences in quality and extent, since a standard procedure for the determination of these costs has not been established to date. This shows above all in the comments included on the cover-sheet and in the explanatory memorandum for draft statutes.

26 Committee Publication 16(9)1501.

An adoption of the procedure applied for costs resulting from information obligations might be helpful. The experience the National Regulatory Control Council has gained with the ex-ante procedure shows that the estimation of costs of bureaucracy resulting from information obligations for new regulation projects by now works well without exception. The costs of bureaucracy are estimated for every new regulation project. The results of this estimation are presented in a standardized manner on the cover-sheet and in the explanatory memorandum.

Three factors are decisive for an acceptance of the ex-ante procedure. Firstly, the Standard Cost Model as a standardized approach for the identification of costs of bureaucracy (methodical approach) has gained acceptance within the Federal Government. Until now, this has not been the case with respect to other costs incurred by the business sector. Secondly, the assessment of costs of bureaucracy by an independent organisation encourages a uniform and uninterrupted estimation of these costs (institutionalisation). Thirdly, a prerequisite for successfully establishing such procedures is that the political parties attach adequate significance to such a comprehensive approach (prioritising), as it had been the case with the coalition agreement on costs of bureaucracy.

In order to achieve an even more noticeable relief of enterprises during the next legislative period, the Council advises the Federal Government to take up the recommendation of the Economic Committee of the German Federal Parliament, and to increasingly consider costs holistically from the point of view of those concerned. This can be based on existing structures and experience.

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## IV Annexes

### 1. Act on the Establishment of a National Regulatory Control Council

**Act on the Establishment of a  
National Regulatory Control Council  
of 14 August 2006**

#### **Section 1 Establishment of a National Regulatory Control Council**

(1) A National Regulatory Control Council with its official seat in Berlin is established at the Federal Chancellery. It is bound only by the mandate conferred by this Act and is independent in its work.

(2) The National Regulatory Control Council has the task of supporting the Federal Government in reducing the costs of bureaucracy caused by legislation through the application, monitoring and further development of a standardised measurement of the costs of bureaucracy on the basis of a Standard Cost Model.

#### **Section 2 Measuring the Costs of Bureaucracy and the Standard Cost Model**

(1) The costs of bureaucracy within the meaning of this Act are those incurred by natural or legal persons due to information obligations. Information obligations are obligations which exist on the basis of statutes, legal ordinances, by-laws or administrative provisions to procure, maintain available or transmit data and other information for public authorities or third parties. Other costs caused by statutes, legal ordinances, by-laws or administrative provisions are not included.

(2) The Standard Cost Model must be applied in measuring the costs of bureaucracy. The internationally recognised rules for the application of the Standard Cost Model must be taken as a basis. Divergences from this method require a resolution of the majority of the members of the National Regulatory Control Council and the consent of the Federal Government. The necessity of a resolution must in particular be examined if a divergence from the internationally recognised rules for the application of the Standard Cost Model must otherwise be feared.

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(3) In the initial calculation of the key figures necessary for the conduct of the measurement in enterprises (costs per unit, time for each individual activity triggered by statute and its frequency per year and the number of enterprises affected), all costs of bureaucracy based on federal law must be taken into consideration.

### **Section 3      Composition and Organisation of the National Regulatory Control Council**

(1) The National Regulatory Control Council comprises eight members. The Federal Chancellor proposes them to the Federal President in consultation with the other members of the Federal Government. The Federal President then appoints the proposed persons for a term of office of five years. Reappointment is permitted. The members are entitled to resign from office by means of a declaration to the Federal President. If a member leaves, a new Member will be appointed for the remaining term of office of the member who has left. Sentence 2 applies accordingly.

(2) The members should have experience in legislative matters within state or social institutions as well as knowledge of economic matters.

(3) During their term of membership of the National Regulatory Control Council, the members may not belong to a legislative body nor to a federal public authority or state public authority, nor have a service or agency relationship with such bodies or authorities. Exceptions are permissible for university lecturers. Members also may not have held such a position within the last year preceding their appointment as member of the National Regulatory Control Council.

(4) The National Regulatory Control Council is chaired by the member appointed by the Federal Chancellor.

(5) Membership of the National Regulatory Control Council is honorary.

(6) The National Regulatory Control Council makes decisions with a majority of its members. In case of a tie in the voting, no objection is filed against the draft statute examined. A special vote is not permitted.

(7) The procedure followed by the National Regulatory Control Council is regulated by rules or procedure approved by the Federal Chancellor in consultation with the other members of the Federal Government.

(8) The Head of the Federal Chancellery is responsible for supervisory control.

(9) A Secretariat Office is established for the National Regulatory Control Council at the Federal Chancellery. The Head of the Secretariat Office takes part in the meetings of the National Regulatory Control Council in an advisory capacity. The Head of the Secretariat Office is subject only to the instructions of the National Regulatory Control Council. The Secretariat staff are subject only to the instructions of the National Regulatory Control Council and the head of the Secretariat. The Head and staff of the Secretariat may not at the same time be entrusted,

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either full-time or part-time, with other tasks in the direct or indirect state administration of the Federation or the individual federal states.

(10) The members of the National Regulatory Control Council receive a lump-sum payment and the reimbursement of their travel expenses. These will be fixed by the Head of the Federal Chancellery in consultation with the Federal Minister of the Interior.

(11) The members of the National Regulatory Control Council and the members of the Secretariat are bound by a duty of confidentiality concerning the deliberations and the deliberation documents classified as confidential by the National Regulatory Control Council.

(12) The Federation bears the costs of the National Regulatory Control Council. The National Regulatory Control Council must be equipped with the necessary staff and material equipment for the fulfilment of its tasks. The position of the Head of the Secretariat must be filled in agreement with the National Regulatory Control Council. The positions of the staff of the Secretariat must be filled in agreement with the Chairman of the National Regulatory Control Council. Secretariat staff can only be transferred, delegated or reassigned in consultation with the Chairman of the National Regulatory Control Council if they are not in agreement with the intended measure.

#### **Section 4      Tasks of the National Regulatory Control Council**

(1) The following can be examined to determine whether they comply with the principles of the standardised measurement of the costs of bureaucracy as defined in Section 2 (2):

1. Drafts for new federal statutes;
2. In case of draft amendment statutes, the original statutes as well;
3. Drafts of subsequent subordinate legal and administrative provisions;
4. Work in preparation for legal acts (framework decisions, resolutions, agreements and the relevant implementation measures) of the European Union and regarding resolutions, directives and decisions of the European Union;
5. In case of the implementation of EU law, the relevant statutes and subordinate legal and administrative provisions;
6. Existing federal statutes and legal ordinances and administrative provisions based on them.

(2) The National Regulatory Control Council examines the draft statutes of the Federal Ministries before their submission to the Federal Cabinet.

(3) The National Regulatory Control Council expresses its opinion on the Federal Government's annual report regarding the question of the extent to which the target of cutting the costs of bureaucracy set by the Federal Government has been achieved.

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(4) This does not affect the examination competence of the Federal Audit Office and the Federal Commissioner for Economic Efficiency in the Administration.

#### **Section 5 Powers of the National Regulatory Control Council**

(1) The National Regulatory Control Council is entitled

1. to use the data bank established by the Federal Government for the data obtained in measuring the costs of bureaucracy;
2. to conduct its own hearings;
3. to commission expert opinions;
4. to submit special reports to the Federal Government.

(2) Public authorities of the Federation and the individual federal states will provide administrative aid to the Regulatory Control Council.

#### **Section 6 Duties of the National Regulatory Control Council**

(1) The National Regulatory Control Council does not publicly submit its opinions on the draft statutes of the Federal Ministries to the leading Federal Minister concerned. These opinions and the opinion of the Federal Government on them will be attached to the draft statute upon its submission to the Federal Parliament.

(2) The National Regulatory Control Council reports annually to the Federal Chancellor. It can attach recommendations to its written report.

(3) The National Regulatory Control Council is available in an advisory capacity to the leading and co-advisory standing committees of the Federal Parliament.

#### **Section 7 Duties of the Federal Government**

The Federal Government reports to the Federal Parliament annually on

1. the experience gained with the applied method for the standardised measurement of the costs of bureaucracy;
2. the stage reached in reducing the costs of bureaucracy in the individual Ministries and the current forecast whether the targets for measuring the costs of bureaucracy set by the Federal Government in a resolution will be achieved within the specified period.

#### **Section 8 Entry into Force**

This Act enters into force on the day after its promulgation.

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## 2. Members of the National Regulatory Control Council

<b>Dr. Johannes Ludewig (Chairman)</b>	Director General of the Community of European Railway and Infrastructure Companies (CER); member of the High-Level Group of Independent Stakeholders on Administrative Burdens; former Chairman of the Management Board of Deutsche Bahn AG; retired State Secretary
<b>Wolf-Michael Catenhusen (Deputy Chairman)</b>	Former Parliamentary Secretary of State and former Secretary of State
<b>Hermann Bachmaier</b>	Lawyer; former Deputy Chairman of the Committee on Legal Affairs of the Federal German Parliament
<b>Dr. Hans D. Barbier</b>	Chairman of the Ludwig-Erhard Foundation; former Business Editor in Chief of the Frankfurter Allgemeine Zeitung
<b>Prof Dr. Gisela Färber</b>	University Professor for Economic State Sciences of the German University for Academic Sciences, Speyer
<b>Henning Kreibohm</b>	Lawyer; former Chief County Council Clerk; former shareholder-director of the firm NordWestConsult
<b>Dr. Franz Schoser</b>	Former Principal Managing Director of the German Association of Chambers of Commerce
<b>Prof Dr. Johann Wittmann</b>	Former President of the Bavarian Higher Administrative Court; Former Vice-President of the Bavarian Constitutional Court

### Secretariat

Head: Alwin Henter

Staff: Dr. Philipp Birkenmaier, Doris Dietze, Sebastian Gold, Ronny Kay, Petra Schön, Tobias Thiel, Dagmar Volckart (until 28 February 2009)

### 3. Overview of the Publications by the National Regulatory Control Council

#### Overview of the Publications by the National Regulatory Control Council

Joint Position Paper on the Action Programme of the European Commission for the Reduction in Administrative Burdens in the European Union (March 2007)

International Experience in the Reduction of Bureaucracy – Analysis of the Reduction in Bureaucracy Processes and Reduction Measures in the Netherlands, Great Britain and Denmark (June 2007)

2007 Annual Report of the National Regulatory Control Council (19 September 2007)

Press Release: Meeting of the three independent councils on bureaucracy reduction: National Regulatory Control Council, Better Regulation Commission (Great Britain) and Actal (Netherlands) with Vice-President Verheugen in Brussels (13 October 2007)

Comment of the National Regulatory Control Council on the Annual Report of the Federal Government in accordance with Article 4, Paragraph 3, of the Act on the Establishment of the National Regulatory Control Council (24 October 2007)

Press Release: The National Regulatory Control Council comments on the report of the Federal Government “Costs of bureaucracy: Identify - Measure - Reduce” (24 October 2007)

Expert opinion on the present paper-based procedure and the future costs of the ELENA procedure (10 December 2007)

Press Release: Comment of the National Regulatory Control Council on the status report of the State Secretaries’ Bureaucracy Reduction Committee to the Federal Cabinet (30 April 2008)

Project report “Bureaucratic burdens on individual enterprises” (12 June 2008)

2008 Annual Report of the National Regulatory Control Council (03 July 2008)

Guideline for the ex-ante estimation of costs of bureaucracy in accordance with the Standard Cost Model (01 November 2008)

Comment of the National Regulatory Control Council on the second report of the Federal Government in accordance with Article 4, Paragraph 3, of the Act on the Establishment of the National Regulatory Control Council (10 December 2008)

Press Release: Interim assessment – two and a half years of National Regulatory Control Council (11 May 2009)

Examples – reduction of bureaucracy in concrete terms (11 May 2009)

Information brochure – mandate and organisation of the National Regulatory Control Council (11 May 2009)

## 4. List of Events and Dates

<b>2008</b>	
<b>02 July 2008</b>	Dr. Ludewig and Mr. Catenhusen – discussion with representatives of the Permanent Advisory Board of the Federal Council, Berlin
<b>03 July 2008</b>	Handover of the 3rd Annual Report to Federal Chancellor Dr. Angela Merkel, Berlin
<b>03 July 2008</b>	61st Regulatory Control Council Meeting; Discussion with Mr. Palmen (Parliamentary State Secretary in the Ministry of the Interior of North Rhine-Westphalia)
<b>04 July 2008</b>	Dr. Ludewig – meeting with the rapporteurs of the High Level Group of Independent Stakeholders on Administrative Burdens on the subject of company law, Brussels
<b>08/09 July 2008</b>	62nd Regulatory Control Council Meeting (closed-door meeting in Bonn); Discussion with Prof. Dr. Engels (President of the Federal Audit Office)
<b>10 July 2008</b>	Dr. Ludewig – 5th meeting of the High Level Group of Independent Stakeholders on Administrative Burdens, Brussels
<b>17 July 2008</b>	63rd Regulatory Control Council Meeting
<b>17 July 2008</b>	Prof. Dr. Färber – discussion with representatives of the Association of German Banks, Berlin
<b>29 July 2008</b>	Mr. Kreibohm – discussion with Prof. Dr. Hennecke, German County Association
<b>30 July 2008</b>	Mr. Kreibohm – discussion with State Secretary Lersch-Mense, Berlin
<b>13. Aug 08</b>	Mr. Kreibohm – lecture given to Business Initiative of the Herford county
<b>14. Aug 08</b>	64th Regulatory Control Council Meeting; Discussion with Mr. Heidemans (head of department in the Brandenburg State Chancellery)
<b>15. Aug 08</b>	Mr. Kreibohm – discussion with Town Councillor Fogt (German Association of Cities and Towns) and County Councillor Ruge (German County Association), Berlin
<b>19. Aug 08</b>	Dr. Ludewig – discussion with the Minister President of North Rhine-Westphalia, Dr. Rüttgers, in Düsseldorf
<b>19. Aug 08</b>	Mr. Kreibohm – discussion with Dr. Klein, North Rhine-Westphalian County Association
<b>03. Sep 08</b>	65th Regulatory Control Council Meeting; Discussion with representatives of local umbrella associations
<b>04. Sep 08</b>	Discussion with Federal Chancellor Dr. Angela Merkel, Berlin
<b>08. Sep 08</b>	Dr. Ludewig – discussion with Mr. Mulder (Member of the European Parliament), Brussels
<b>10. Sep 08</b>	66th Regulatory Control Council Meeting
<b>10. Sep 08</b>	Dr. Ludewig – discussion with the Minister President of Lower Saxony, Wulff, in Berlin
<b>10. Sep 08</b>	Prof. Dr. Wittmann – discussion with representatives of the German Nature Conservancy Association, representatives of the Öko-Institut (Institute for Applied Ecology), and representatives of the Institute for Environmental Concerns, Berlin

<b>10/11 September 2008</b>	Prof. Dr. Färber and Mr. Kreibohm – High Level Colloquium of the Bertelsmann Foundation, Brussels
<b>18. Sep 08</b>	Dr. Ludewig – 6th meeting of the High Level Group of Independent Stakeholders on Administrative Burdens, Brussels
<b>24. Sep 08</b>	67th Regulatory Control Council Meeting; Discussion with Minister of State Müller, Berlin
<b>24. Sep 08</b>	Mr. Kreibohm and Dr. Schoser – discussion with participants in the Conference of Heads of the Rural Districts of East Westphalia, Berlin
<b>02 October 2008</b>	68th Regulatory Control Council Meeting
<b>02 October 2008</b>	Dr. Ludewig – participation in an event of the Joint Association of German Trade and Industry on the subject of “Locational Advantage of Bureaucracy Reduction”, Berlin
<b>15 October 2008</b>	Dr. Ludewig, Mr. Catenhusen and Dr. Schoser – discussion with the Federal Minister of Economics and Technology Glos, Berlin
<b>15 October 2008</b>	Mr. Kreibohm and Dr. Schoser – lecture “Local authorities as a victim of bureaucracy – will the Federal Government have to increase its payments?”, given during an event of the Konrad Adenauer Foundation and the Bielefeld Technical College for Small and Medium-Sized Enterprises, Berlin
<b>16 October 2008</b>	Dr. Ludewig and Mr. Catenhusen – discussion with MdB Dr. Fuchs and MdB Dr. Wend (who both are members of the German Federal Parliament (MdB)), Berlin
<b>16 October 2008</b>	Mr. Kreibohm – discussion with Dr. Molkenntin (Federal Ministry of Labour and Social Affairs), Berlin
<b>16 October 2008</b>	69th Regulatory Control Council Meeting
<b>22 October 2008</b>	Dr. Ludewig – 7th meeting of the High Level Group of Independent Stakeholders on Administrative Burdens, Brussels
<b>23 October 2008</b>	Dr. Ludewig – discussion with Federal Minister of the Interior Dr. Schäuble, Düsseldorf
<b>23 October 2008</b>	Mr. Kreibohm – lecture given to the German Society for Legislation, Berlin
<b>30 October 2008</b>	70th Regulatory Control Council Meeting
<b>30 October 2008</b>	Dr. Ludewig – meeting with Italian government representatives, Rome
<b>04. Nov 08</b>	Prof. Dr. Färber – Moderation of Panel “Bureaucracy Reduction: Two Years of Standard Cost Model; Assessment and Further Development” at Messe Moderner Staat [Modern State Fair], Berlin
<b>05. Nov 08</b>	Mr. Kreibohm – lecture given to the Industrie- und Handelsclub Bielefeld [Bielefeld Association of Industry and Commerce]
<b>12. Nov 08</b>	Mr. Kreibohm – discussion with State Secretary Lersch-Mense, Berlin
<b>13. Nov 08</b>	71st Regulatory Control Council Meeting
<b>13. Nov 08</b>	Dr. Ludewig – discussion with Mr. Heesen (German Civil Service Association) and Dr. Werthebach (retired State Secretary), Berlin
<b>16 – 18 November 2008</b>	Mr. Catenhusen and Mr. Kreibohm – participation in the International Regulatory Reform Conference of the Bertelsmann Foundation, Berlin
<b>21. Nov 08</b>	72nd Regulatory Control Council Meeting

<b>21. Nov 08</b>	Dr. Ludewig and Dr. Schoser – discussion with Mrs. Dörr (head of department at the Federal Ministry of Economics and Technology), Berlin
<b>26. Nov 08</b>	Mr. Kreibohm, discussion with representatives of the Austrian Ministry of Finance, Vienna
<b>27. Nov 08</b>	73rd Regulatory Control Council Meeting
<b>01 December 2008</b>	Dr. Ludewig, Mr. Catenhusen and Mr. Kreibohm – discussion with the Federal Minister of Labour and Social Affairs, Scholz, in Berlin
<b>03 December 2008</b>	74th Regulatory Control Council Meeting; Discussion with Minister of State Gröhe
<b>10 December 2008</b>	Dr. Ludewig – 8th meeting of the High Level Group of Independent Stakeholders on Administrative Burdens, Brussels
<b>11 December 2008</b>	75th Regulatory Control Council Meeting; Discussion with Mr. Appel (Head of the Brandenburg State Chancellery) and Mr. Heidemanns (head of department at the Brandenburg State Chancellery)
<b>11 December 2008</b>	Dr. Ludewig, Mr. Catenhusen and Mr. Kreibohm – discussion with Minister of State Gröhe and with top-level representatives of the social security entities, Berlin
<b>11 December 2008</b>	Dr. Schoser – discussion with representatives of the CDU Economic Council, Berlin
<b>18 December 2008</b>	Dr. Ludewig, Mr. Catenhusen and Mr. Bachmaier – discussion with the Federal Minister of Justice, Zypries, in Berlin
<b>2009</b>	
<b>14 January 2009</b>	76th Regulatory Control Council Meeting
<b>28 January 2009</b>	Dr. Ludewig – discussion with representatives of the Permanent Advisory Board of the Federal Council, Berlin
<b>28 January 2009</b>	Mr. Kreibohm – discussion with Mr. Nijland (Regulatory Reform Group NL), Berlin
<b>29 January 2009</b>	77th Regulatory Control Council Meeting; Discussion with Mr. Nijland (Regulatory Reform Group NL)
<b>29 January 2009</b>	Dr. Ludewig, Mr. Kreibohm, Dr. Schoser and Prof. Dr. Wittmann – discussions with representatives of the Bertelsmann Foundation, Berlin
<b>29 January 2009</b>	Dr. Ludewig, Mr. Catenhusen and Prof. Dr. Färber – discussion with the Federal Minister of Finance, Steinbrück, in Berlin
<b>29 January 2009</b>	Mr. Kreibohm – lecture given to the National Centre for Bureaucracy Reduction of the Technical College for Small and Medium-Sized Enterprises, Bielefeld
<b>10 February 2009</b>	Mr. Catenhusen, Mr. Kreibohm and Prof. Dr. Wittmann – discussion with representatives of the Austrian Ministry of Finance, Vienna
<b>11 February 2009</b>	Mr. Catenhusen and Mr. Kreibohm – opening meeting of the project “Facilitating the Application for Housing Allowance”, “Facilitating the Application for Parental Allowance” with Minister of State Gröhe and representatives of the Federal states and municipalities, Berlin
<b>11 February 2009</b>	Dr. Ludewig – meeting in preparation of the comment of the High Level Group of Independent Stakeholders on Administrative Burdens on the subject of transport law, Brussels

<b>12 February 2009</b>	78th Regulatory Control Council Meeting; Discussion with the Federal Minister of the Interior, Dr. Schäuble
<b>16 February 2009</b>	Dr. Ludewig – meeting with association representatives in preparation of the comment of the High Level Group of Independent Stakeholders on Administrative Burdens on the subject of transport law, Brussels
<b>18 February 2009</b>	Mr. Catenhusen – discussion with Mr. Meyer auf der Heyde (Secretary-General of the German National Association for Student Affairs), Berlin
<b>19 February 2009</b>	79th Regulatory Control Council Meeting
<b>25 February 2009</b>	Prof. Dr. Färber – discussion with representatives of the Federal Ministry of Finance, Berlin
<b>03 March 2009</b>	Prof. Dr. Färber – presentation “Bureaucracy Reduction and Standard Cost Model – Chances and Possibilities of Funding at the Line of Business Level” for the committee of VdW Rheinland Westfalen (Housing Association of Rhineland Westphalia), Düsseldorf
<b>03 March 2009</b>	Mr. Kreibohm – discussion with representatives of the Federal Statistical Office, Berlin
<b>04 March 2009</b>	80th Regulatory Control Council Meeting
<b>05 March 2009</b>	Dr. Ludewig – 10th meeting of the High Level Group of Independent Stakeholders on Administrative Burdens, Brussels
<b>12 March 2009</b>	Mr. Catenhusen and Mr. Kreibohm – meeting with OECD representatives, Berlin
<b>16 March 2009</b>	Mr. Catenhusen – participation in the foundation event of the Swedish National Regulatory Control Council, Stockholm
<b>17 March 2009</b>	Mr. Catenhusen and Dr. Schoser – participation in the Bureaucracy Reduction Forum of the Federal Ministry of Economics and Technology, Berlin
<b>19 March 2009</b>	81st Regulatory Control Council Meeting
<b>19 March 2009</b>	Mr. Catenhusen, Mr. Kreibohm and Prof. Dr. Wittmann – participation in a working breakfast on sustainability by the Bertelsmann Foundation, Berlin
<b>20 March 2009</b>	Prof. Dr. Färber and Mr. Kreibohm – Event by the Bertelsmann Foundation on a Standard Cost Model (SCM) for citizens, Vienna
<b>24 March 2009</b>	82nd Regulatory Control Council Meeting
<b>24 March 2009</b>	Dr. Ludewig, Mr. Catenhusen, Mr. Bachmaier and Mr. Kreibohm – participation in the Social Security Entities Forum at the Federal Ministry of Labour and Social Affairs, Berlin
<b>24 March 2009</b>	Dr. Schoser – discussion with State Secretary Quennet-Thielen, Berlin
<b>30 March – 01 April 2009</b>	83rd Regulatory Control Council Meeting / closed-door meeting in Munich; Discussion with the Bavarian Minister President Seehofer and the former Bavarian Minister President Dr. Stoiber
<b>02. Apr 09</b>	Dr. Ludewig – discussion with Dr. Corsepius (head of department at the Federal Chancellery), Berlin
<b>02. Apr 09</b>	Dr. Ludewig – discussion with Dr. Groß (head of department at the Federal Ministry of Economics and Technology), Berlin
<b>02. Apr 09</b>	Dr. Ludewig – discussion with Minister of State Gröhe and Mr. Weise (Chief Executive Officer of the Federal Employment Agency), Berlin



<b>14. Apr 09</b>	Dr. Ludewig and Mr. Kreibohm – discussion with representatives of the local umbrella organizations for the implementation of economic policy measures, Berlin
<b>16. Apr 09</b>	Mr. Catenhusen – visit to the Münster Parental Allowance Office, discussion with Mrs. Pohl (head of the office), Münster
<b>16/17 April 2009</b>	Dr. Ludewig – 11th meeting of the High Level Group of Independent Stakeholders on Administrative Burdens, Brussels
<b>22. Apr 09</b>	Dr. Ludewig, Mr. Bachmaier and Mr. Kreibohm – participation in the parliamentary working breakfast “3 Years of Bureaucracy Reduction – What Now?” of the Bertelsmann Foundation, Berlin
<b>22. Apr 09</b>	84th Regulatory Control Council Meeting
<b>22. Apr 09</b>	Dr. Ludewig, Mr. Catenhusen and Mr. Kreibohm – participation in a meeting of the Economic Committee of the German Federal Parliament, Berlin
<b>22. Apr 09</b>	Prof. Dr. Färber – lecture “Report on the Work Done by the Regulatory Control Council” given in the scope of the meeting “Better Legislation / Bureaucracy Reduction” of the Speyer German University of Administrative Sciences in conjunction with the Better Legislation Society, Berlin
<b>24. Apr 09</b>	Prof. Dr. Färber – lecture “Costs of bureaucracy and Standard Cost Model in Tax Law – An Effective Approach for Simplifying it?” given in the scope of the seminar “Development Opportunities in Tax Administration” of the Federal Academy of Finance in the Federal Ministry of Finance, Berlin
<b>29. Apr 09</b>	Mr. Kreibohm – lecture given to the Association of the Energy and Water Industry, Berlin
<b>04 May 2009</b>	Mr. Kreibohm – discussion with State Secretary Palmén (Ministry of the Interior of North Rhine-Westphalia), Düsseldorf
<b>04 May 2009</b>	Mr. Kreibohm – discussion with Dr. Klein, Northrhine-Westphalian County Association, Düsseldorf
<b>07 May 2009</b>	85th Regulatory Control Council Meeting
<b>07 May 2009</b>	Mr. Bachmaier – discussion with State Secretary Diwell, Berlin
<b>07 May 2009</b>	Mr. Catenhusen – discussion with State Secretary Lindemann, Berlin
<b>10 May 2009</b>	Mr. Kreibohm – discussion with Mr. Lennart Palm (Deputy Chairman of the Swedish National Regulatory Control Council), Berlin
<b>11 May 2009</b>	86th Regulatory Control Council Meeting; Discussions with Dr. van Eick and Mr. De Lange (ACTAL) as well as with Mr. Palm (Swedish Regelradet)
<b>11 May 2009</b>	Halfway assessment event of the National Regulatory Control Council “Bureaucracy Reduction > Better Legislation > New Chances for Growth and Employment”, Berlin
<b>25 May 2009</b>	Dr. Ludewig and Mr. Catenhusen – joint meeting with the State Secretaries’ Committee on Bureaucracy Reduction, Berlin
<b>26 May 2009</b>	Mr. Catenhusen and Mr. Kreibohm – participation in the event “Efficient State”, held by the “Behördenspiegel” publication, Berlin
<b>27 May 2009</b>	Mr. Kreibohm – discussion with representatives of the National Centre for Bureaucracy Reduction of the Technical College for Small and Medium-Sized Enterprises, Bielefeld

<b>28 May 2009</b>	Dr. Ludewig – 12th meeting of the High Level Group of Independent Stakeholders on Administrative Burdens, Brussels
<b>28 May 2009</b>	Prof. Dr. Färber – discussion with representatives of the Federal Ministry of Finance, Berlin
<b>28 May 2009</b>	Mr. Catenhusen, Prof. Dr. Färber, Mr. Kreibohm and Dr. Schoser – discussion with top-level representatives of the chambers, Berlin
<b>02 June 2009</b>	Dr. Schoser – discussion with Minister Hering (Ministry for Economy, Transport, Agriculture and Viniculture of Rhineland-Palatinate), Mainz
<b>04 June 2009</b>	87th Regulatory Control Council Meeting
<b>08 June 2009</b>	Prof. Dr. Färber – lecture “Administrative Simplification in Germany” held during the 3rd Controlling Conference of International Public Organisations of the European Court of Auditors”, Luxembourg
<b>17 June 2009</b>	Prof. Dr. Wittmann – lecture given to the VBW Bavarian Business Association, Munich
<b>18 June 2009</b>	88th Regulatory Control Council Meeting
<b>19 June 2009</b>	Mr. Kreibohm – lecture given to the National Centre for Bureaucracy Reduction of the Technical College for Small and Medium-Sized Enterprises, Bielefeld
<b>25/26 June 2009</b>	89th Regulatory Control Council Meeting; Discussion with State Secretary Diwell, Berlin
<b>02 July 2009</b>	Handover of the 3rd Annual Report to Federal Chancellor Dr. Angela Merkel, Berlin



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