

OECD Regulatory Policy Outlook 2015

Country profile

DENMARK



Access links

- **OECD Regulatory Policy Outlook 2015:** www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm
- **Indicators of Regulatory Policy and Governance and the underlying data:** www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm
- **Regulatory policy in Denmark:** www.oecd.org/regreform/regulatory-policy/denmark.htm
- **Regulatory Policy Outlook country profiles:** www.oecd.org/regreform/regulatory-policy/outlook-country-profiles.htm
- **OECD regulatory policy website:** www.oecd.org/governance/regulatory-policy/

Overview

Regulatory reform has been on the agenda of the Danish government for over two decades. Initial policies for regulatory quality and simplification were established in the early 1980s as part of a comprehensive deregulation programme to modernise the economy. They aimed mainly at removing regulations harmful to the competitiveness of the business sector. Over the years the focus moved from “deregulation” to “regulatory quality”.

Since 2000, Better Regulation has integrated efforts to improve the law-making process, as well as the simplification of existing regulations, in particular through the reduction of administrative burdens.

Developments in consultation practices (i.e., public hearings, notice-for-comment on dedicated websites in preparation for larger reforms, and the establishment of the Consultation Portal in 2005) are boosting transparency and the engagement of a wider range of stakeholders. This is reinforcing a tradition of deeply anchored consultation with key stakeholders, as well as extending the reach of consultation to a broader audience. Communication on new regulations is particularly robust.

Requirements for *ex ante* impact assessment have been significantly reinforced since 2000. As of January 2015, new requirements for RIA have been established. All ministries must conduct RIAs on the compliance costs for businesses of all new regulation with significant consequences for the business sector. If a proposal has major impacts, these must be quantified before the consultation process. The RIA is then published as part of the consultation to increase transparency and facilitate the removal of any unnecessary burdens.

The development of new regulation is carried out within a well-organised framework. However, the Danish impact assessment system could benefit from a streamlined institutional monitoring framework. Currently a dispersed map of institutional responsibilities weaken overall management and monitoring and slow the spread of further culture change among ministries. Furthermore, strengthening the system for *ex post* evaluation to ensure *ex post* evaluation of regulations is conducted systematically, could improve significantly the quality of the stock of regulation.



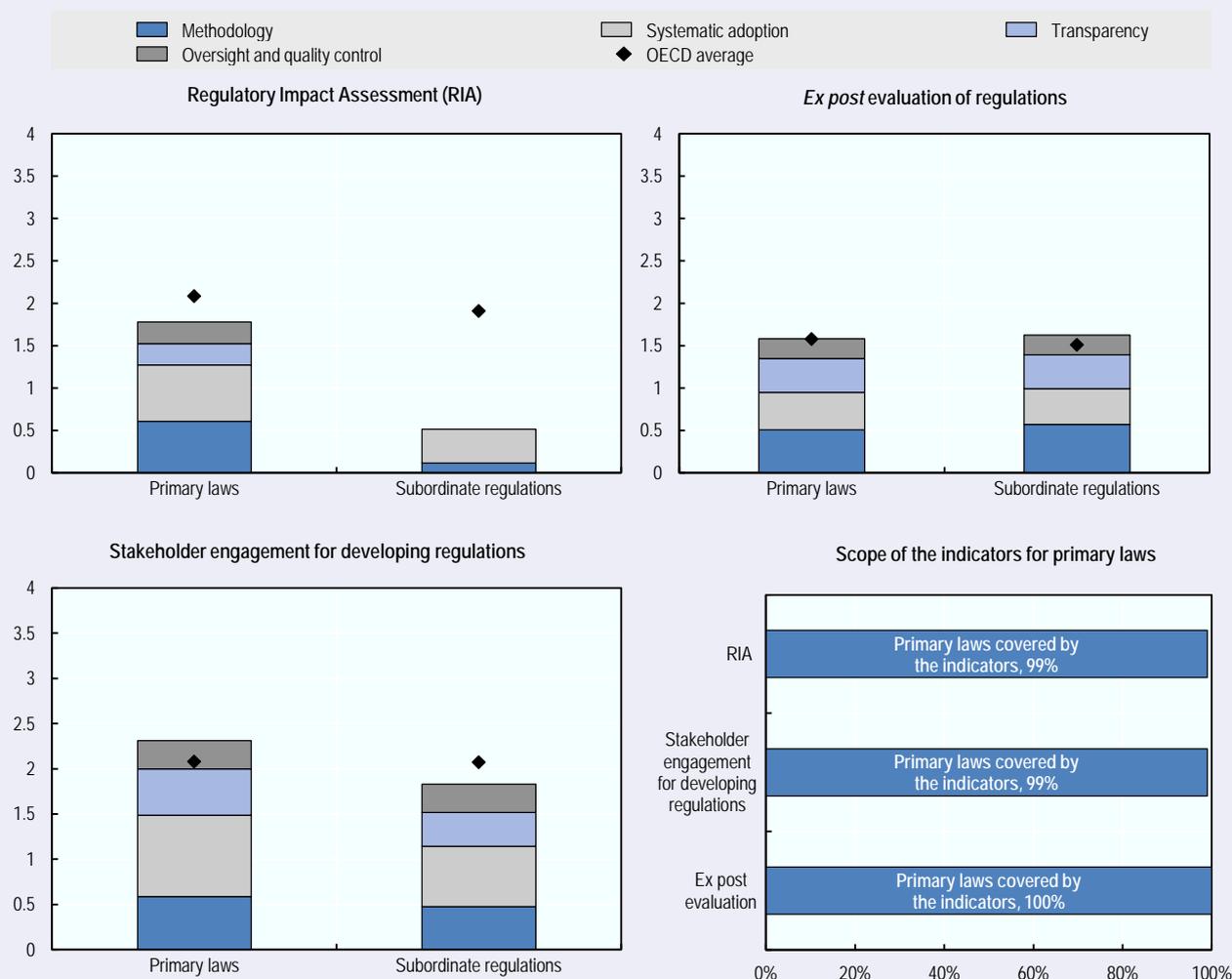
Spotlight: Business Forum for Better Regulation

The Business Forum for Better Regulation was established in 2012 to ensure a renewal of business regulation in close connection to the business community. It identifies areas that businesses perceive as most burdensome and proposes simplification measures.

The Business Forum has members representing both business and labour organisations, as well as experts in the area of administrative simplification. The proposals made by the forum are governed by a “comply or explain” principle, which means that the government is obliged to either follow the proposed initiatives or to explain why these are not pursued. So far, the forum has sent 460 proposals for simplification. The Danish government has replied to 419 submissions and complied with 341 proposals fully or in part. The status of the initiatives can be tracked at www.enklereregler.dk (in Danish).

The *Burden Hunter method* (<https://danishbusinessauthority.dk/better-business-regulation>) is sometimes used in the preparation of initiatives from the Business Forum. It involves working with end-users of regulation to understand how they are affected by administrative tasks required by authorities and develop smarter regulation. Methods used include observation studies, process mapping, expert interviews, nudging, service design.

Indicators of Regulatory Policy and Governance 2015



1. The figures display the aggregated scores from all four categories giving the total composite score for each indicator. The maximum score for each category is one and the maximum score for each aggregated indicator is four.
2. The information presented in the indicators for primary laws on RIA and stakeholder engagement only covers processes of developing primary laws that are carried out by the executive branch of the national government. As in Denmark approx. 99% of primary laws are initiated by the executive, the indicators on RIA and stakeholder engagement cover approx. 99% of primary laws. There is no formal requirement in Denmark for consultation with the general public and for conducting RIAs to inform the development of primary laws initiated by parliament. The information presented in the indicators for primary laws on ex post evaluation covers processes in place for both primary laws initiated by parliament and by the executive. The percentage of primary laws initiated by parliament is an average between the years 2012 and 2013.

Source: 2014 Regulatory Indicators Survey results, www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Statlink: <http://dx.doi.org/10.1787/888933263102>

Indicators of Regulatory Policy and Governance (iREG)

The three composite indicators provide an overview of a country's practices in the areas of stakeholder engagement, Regulatory Impact Assessment (RIA) and *ex post* evaluation. Each indicator comprises four equally weighted categories:

- Systematic adoption which records formal requirements and how often these requirements are conducted in practice.
- Methodology which gathers information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used.
- Oversight and quality control records the role of oversight bodies and publically available evaluations.
- Transparency records information from the questions that relate to the principles of open government, e.g. whether government decisions are made publically available.



The composite indicators are based on the results of the *OECD 2014 Regulatory Indicators Survey*, which gathers information from all 34 OECD countries and the European Commission as of 31 December 2014. The survey focuses on regulatory policy practices as described in the 2012 *OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher its indicator score. Further information on the methodology is available online at www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Whilst the indicators provide an overview of a country's regulatory framework, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform.

OECD Regulatory Policy Outlook 2015

The *OECD Regulatory Policy Outlook* (www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm) provides the first evidence-based, cross-country analysis of the progress made by OECD countries in improving the way they regulate. Findings are based on the results of the *OECD 2014 Regulatory Indicators Survey*.

Key findings:

- Laws and regulations are essential instruments, together with taxes and spending, in attaining policy objectives such as economic growth, social welfare and environmental protection. OECD countries have generally committed at the highest political level to an explicit whole-of-government policy for regulatory quality and have established a standing body charged with regulatory oversight.
- Implementation of regulatory policy varies greatly in scope and form across countries. While RIA has been widely adopted, few countries systematically assess whether their laws and regulations achieve their objectives. Stakeholder engagement on rule making is widespread in OECD countries, taking place mostly in the final phase of developing regulation.
- The national executive government has made important progress over the last decade to improve the quality of regulations. Parliaments, regulatory agencies and sub-national and international levels of government need to be more engaged to ensure that there are evidence-based and efficient laws and regulations for stimulating economic activity and promoting well-being.
- The impact of regulatory policy could be further improved by addressing shortcomings in the implementation and enforcement of regulations and by considering new approaches to regulatory design and delivery such as those based on behavioural economics.

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