



The Danish Approach to Simplification and Better Regulation for Business

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Agenda

- Overall Danish setup for Better Regulation (BR)
- Purpose – why we do it
- Organization of BR for business
- The Standard Cost Model (SCM)
- The future



Overall Danish setup for Better Regulation

- Ministry of Finance: Overall BR responsible and responsible for BR for citizens and inside government (e.g. regulation of municipalities)
- Ministry of Justice: Responsible for overall law quality (e.g. in drafting of new regulation)
- Prime Ministers Office: Responsible for coordination of the annual "law programme"
- Ministry of Economic and Business Affairs: Responsible for BR for business



Oversight

- The Cabinets Economic Committee and Coordination Committee oversee progress (The Minister of Finance, the Minister of Economy and Business Affairs, the Minister of Social Affairs and the Minister of Taxation)
- The Steering group for cross-national initiatives (STS) co-ordinates and oversees e-government initiatives across government (permanent secretaries from 4 ministries)



Purpose of business programme for BR

- In DK administrative burdens cost businesses over EUR 3 billion a year on administrative work caused by regulation (almost 2% of GDP)
- In many countries this number is even higher
 - Big potential to free resources
 - Competitiveness, growth and employment



Action areas

Administrative simplification for business

- The goal is not to de-regulate but to regulate smarter with less burdens for business

Simplification
of existing
Regulation
(SCM)

Better new
Regulation
(10.000
hour-rule)

Better
regulation in
the EU

Better
communication
to stake
holders and
target groups

E- government
Digitalisation,
The business
Portal Virk.dk

User driven
Innovation
(Burden Hun-
ter Project)

Net-target: Reduce admin. Burdens 25% by the end of 2010

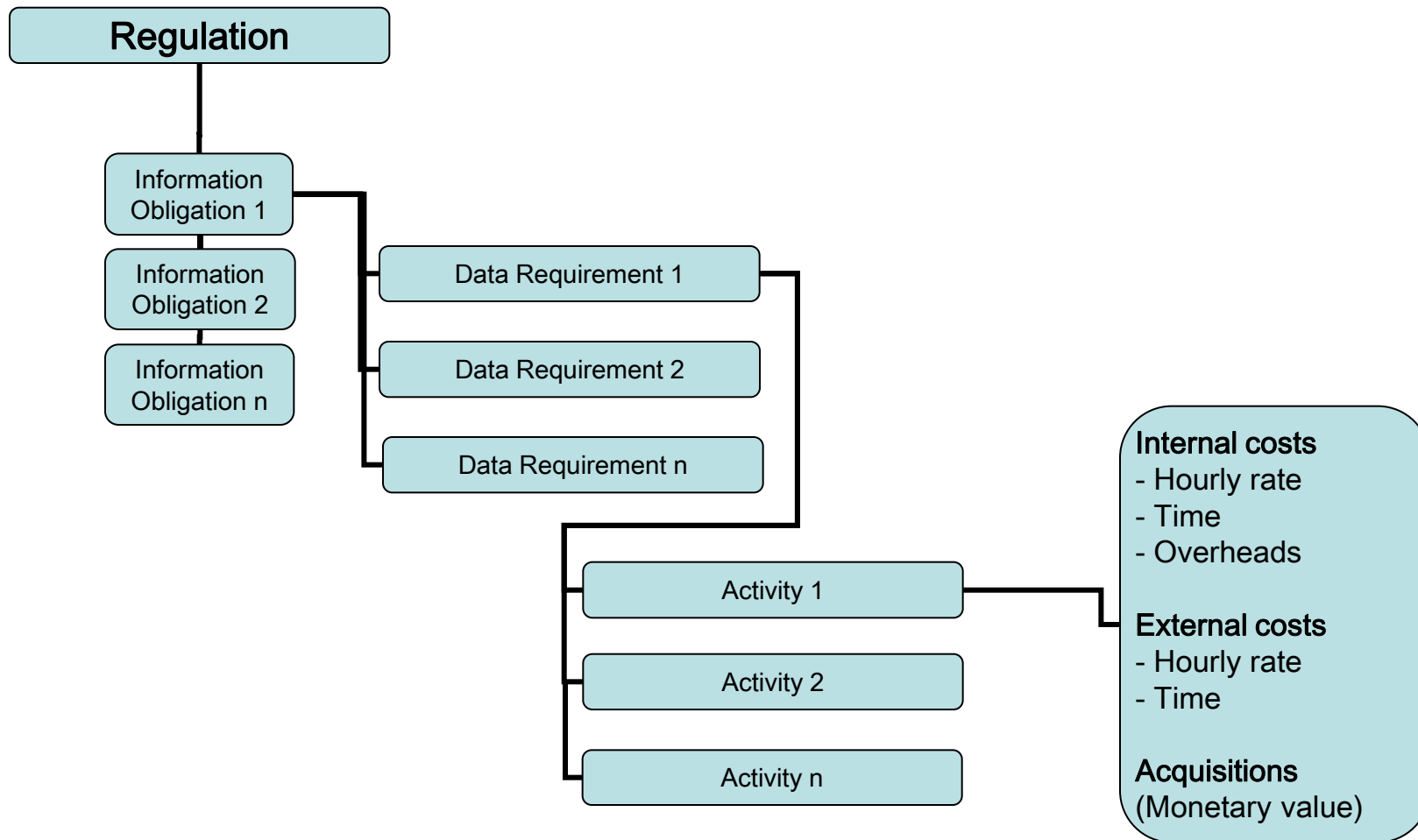
Result: Admin. Burdens was reduced with 24,6%



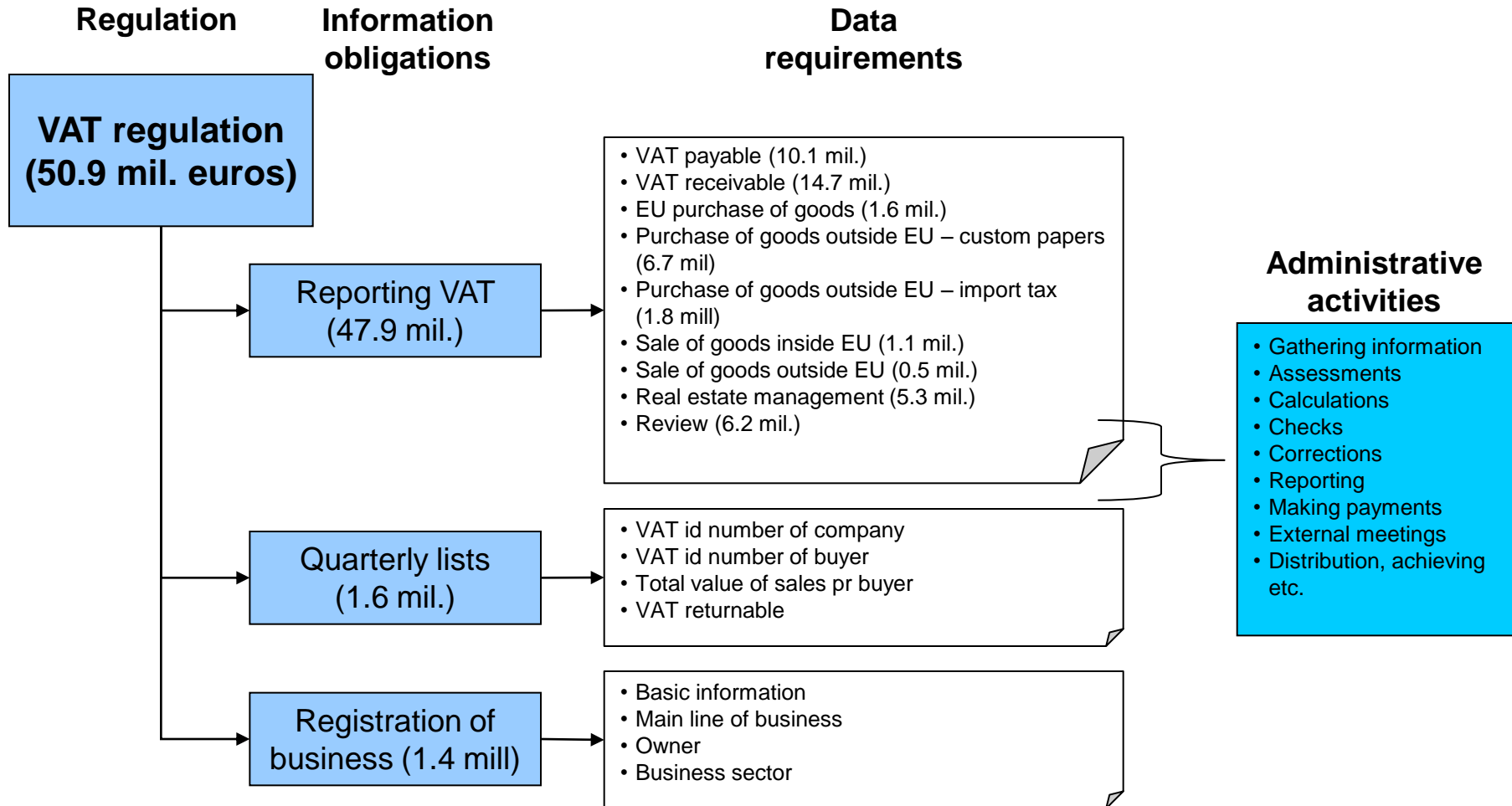
SCM - history

- **In the late 1990s** Denmark gave high-priority to the work with reducing administrative burdens for businesses and established the Division for Better Business Regulation.
- **In November 2001** Net target of 25 pct. Reduction was set.
- **In 2003** an evaluation showed that only marginal reductions had been achieved (< 2 pct).
- **Late 2003** Denmark decided to adopt the Dutch developed SCM.
- **August 2004-:** The SCM full-scale baseline measurement was initiated.
- **August 2005-:** The SCM is systematically applied as part of impact assessment
- **In March 2006:** Denmark completed the baseline measurement of all business regulation in Denmark.
- **June 2006:** Each Ministry deliver their first Simplification Action Plan based on the SCM results.
- **2006 and forward:** SCM systematically used in ex post and ex ante measurements.

SCM – How it works



Example of mapping: VAT regulation





Results from SCM baseline measurement

- **SCM baseline measurement from August 2004 to March 2006:**
 - 263 laws and 1.100 statutory orders were mapped and measured
 - 1.100 businesses interviews were carried out, corresponding to a total of 3.000 hours. More than 90 percent were face to face interviews.
- **The results of the SCM baseline measurement:**
 - Total administrative burdens for Danish businesses = **€ 4.3 billion**
 - 2.2 percent of GDP
- **Burdens are concentrated**
 - Around 90 % of the AB are concentrated in the 10 most burdensome regulations within each ministry



How SCM-results are used

- To identify potential areas for simplification
- To minimise burdens from new regulation
- To create incentives for ministries
- To measure and communicate progress



SCM conclusions

Pros

- Creates incentives and focus on the agenda in ministries
- Contributes to cultural change in ministries
- Easy to communicate target and results

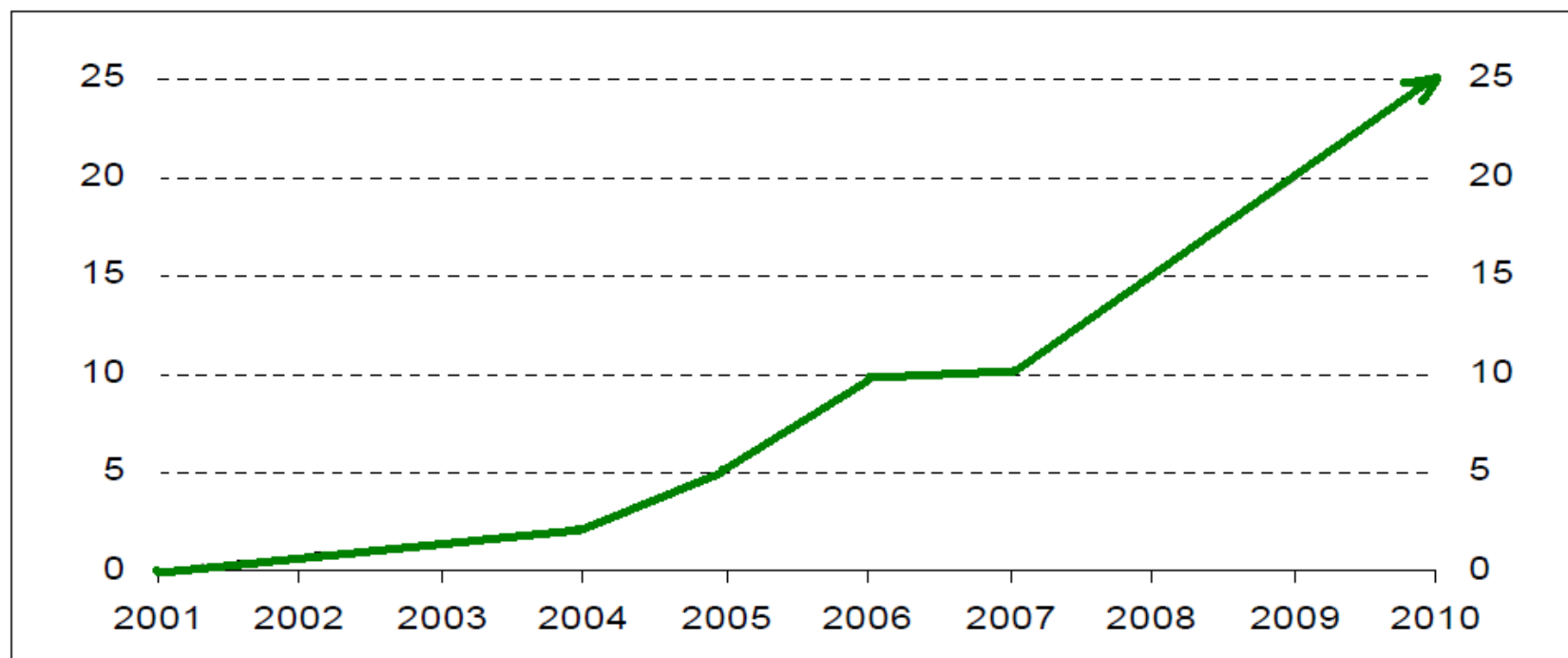
Cons

- Can remove focus from other aspects of simplification
- Not solution oriented
- Business perception still negative

→ The SCM is a very useful tool for simplification but cannot stand alone



25 % reduction of Burdens in Denmark





Business perception of regulation in Denmark



Why?

What to do?



Why?

Examples from two small Danish businesses:





Nine experiences that produce irritation

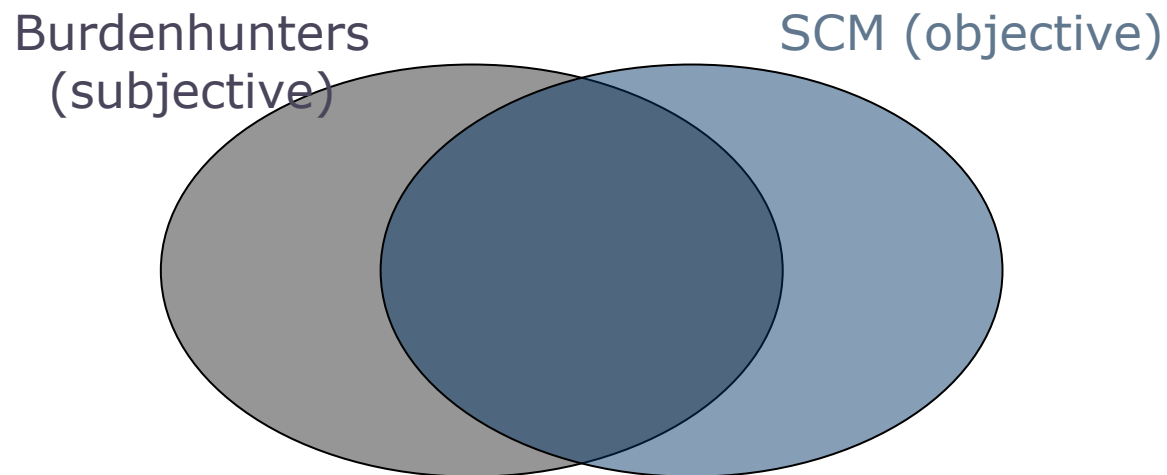
1. Inflexibility
2. Lack of mutual obligation
3. Unfairness
4. Uncertainty and unpredictability
5. Pointlessness
6. Lack of respect
7. Lack of confidence in intentions and knowledge
8. Complexity
9. Powerlessness and lack of clarity in authorities' roles





Burden hunter approach

- The law from a user point-of-view





The future – new targets set in 2011

Elements of future programme in Denmark

- Reduction of administrative burdens by another 10% by 2015
- Reduction of the perceived burdens by 10% by 2015
- A three year moratorium – no new rules for small companies and start ups
- Establishment of an advisory business panel
- Continued digitalisation and development of the bussinesportal Virk.dk
- Increased use of “burden hunter” technique



Virk.dk

The overall objective of Virk.dk is to relieve Danish companies from administrative burdens and to provide a single entrance to the public sector. It aims to:

- Being the natural **digital entrance** to the public sector for all types of companies in Denmark
- Being the frame for **common infrastructure component development** in the business area
- Provide an overview of public sector **information** to businesses
- Provide access **all state and local level business forms** via Virk.dk using single-sign-on and digital signature (if relevant).



The future of Virk.dk

Focus for the future development of the portal will be on personalizing it towards the individual company. “My Virk” will contain the following:

- Overview of own filings (finished, current, future)
- Access to key data about the company
- Personalization engine
- Reminders via preferred communication channel
- Integration of common components (digital document box, NemSMS)

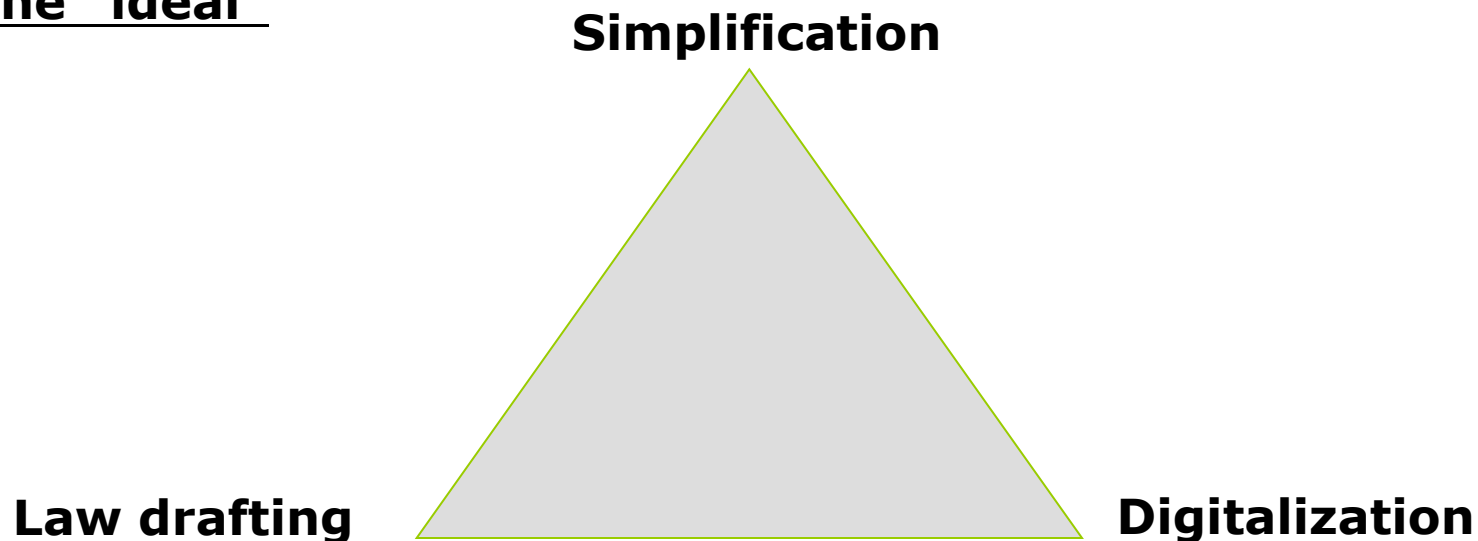


Digitalization - Challenge to maximize synergies

The "reality"



The "ideal"





Thank you!

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