Session 1: Measuring administrative Burden: Tools and Techniques
The Danish Experience

Signe Jensen – 29 September 2010
Admin burden reduction in Denmark
- History, key objectives and drivers of admin burden program
- Practicalities
- Organization of the program in Denmark
- Simplification of existing regulation

Lessons learned – Reviewing existing rules

Lessons learned – Streamlining existing rules

Lessons learned – Role of central unit
History, main objectives and drivers

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

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

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

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

- Generally - Yes! But in some cases it has not been possible to reduce the admin burdens in the proposals either because of EU requirements or strong interests (in business organisations etc.)

- We started to do ex-ante measurements in August 2005 and has carried out 15-20 ex-ante measurements. Around 30 percent of the ex-ante measurements has led to a reduction in the admin burdens

- Furthermore the involvement of the Governments Committee on Economic Affairs has a preventive effect
Governmental organisation

Responsibilities in Denmark:

- **Ministry of Finance**: overall responsible for BR including BR towards citizens, Regulation Inside Government (RIG), the Regulatory Impact assessment system (RIA), and the Digital Strategy

- **Ministry of Economic and Business Affairs**: Better regulation for business (in cooperation with Ministry of Finance) - Daily work is mainly carried out by Danish Commerce and Companies Agency (Division for Better Business Regulation And Division for the Business Portal, Virk.dk)

- **Ministry of Justice**: “Traditional” law quality
Organization

Reduction of administrative burdens by 25 pct. by 2010

- Simplification of existing Regulation
- Better new regulation
- Better regulation in the EU
- Better communication to stakeholders and target groups
- Digitalisation, Virk.dk
Simplification of existing regulation

- Action plans for simplification
  - Individual ministries responsible for preparing action plans
  - Focus on ministries with most business regulation
  - Government action plan for 25% burden reduction by 2010
  - SCM measurements used to focus action plans
  - Yearly SCM updates of progress

- Initiatives in action plans include wide range of simplification tools
  - Simplification of rules
  - Reduced frequencies
  - Administrative simplification – reuse of data
  - E-government / digital solutions
  - Better communication and service
  - More effective and targeted enforcement – risk based control
Coordination of government action plan

- Ministry of Finance and Ministry of Economic and Business Affairs coordinates in cooperation: Simplification and administrative reductions (FAL)

- Coordinated the preparation of the government action plan

- All ministries contribute
  - Ministries with high administrative cost: Systematic action plans of ten most burdensome regulations.
  - Other ministries: action plan of most burdensome regulation

- FAL oversees progress and report to the Governmental Coordination Committee twice a year
  - Recently decided to strengthen these reports (perceived burdens, EU, digitalisation
  - Reports are merged to show overall progress.
New regulation – The Economic Committee – An effective oversight

- All legislation with administrative burdens exceeding 10,000 hours a year must be approved by the economic committee.

- This is a very powerful signal to lawmakers that administrative burdens are to be taken seriously.

- The threat of critique from the economic committee gives incentive to adjust the legislation and thereby reduce the negative impact on business at an early stage in the lawmaking process.

- Ministries will go to great length to avoid having their legislation discussed in the economic committee.

- Administrative burdens have to be examined and alternatives identified.

- Has led to a cultural change in the different ministries where administrative burdens are taken seriously.
Lessons learned – the set up

- A specific target is essentiel – “what gets measured gets done”

- Specific mandates even more essential – otherwise ministries would not have done anything

- Systematic approach to follow up yearly – has been important too

- Ownership from the Ministry of Finance of importance as well
Lessons learned - Reviewing existing rules

- Administrative burden reduction requires both political commitment and a dedicated organisational setup in the relevant ministries.
- It is very difficult to estimate the impact of legislation on businesses by reading laws. Asking businesses directly is essential.
- SCM can provide an understanding of the effects of the legislation, but the method only captures the expenses that regulation impose on businesses. Therefore, it is beneficial to combine with perceived burdens.
- A focused effort on administrative burdens can in itself appear bureaucratic.
Lessons learned - Streamlining existing rules

- Political commitment and target: absolutely essential to assure progress and make government agencies cooperate
- Ownership and willingness to change in participating ministries – administrative burden reduction require cultural change in how ministries perceive their legislation
- Better regulation should be based on many different tools
- Streamlining legislation is often an ongoing process
Lessons learned - role of central unit

• Necessary with unit that takes responsibility for methodological development and assists the ministries with their effort
• Key account management on each ministry strengthen knowledge in the central unit and develops networks
• Need for a differentiated approach towards ministries and contact persons
• Rules have been adopted for a reason – central unit needs to understand and respect each ministry’s overall raison d’être
New initiatives and way forward

• From end of this year a new programme will start

• Still focus on admin burdens, but probably only ex ante measure

• More focus on:
  – The user’s perspective – we have to make new regulation for the user’s – that create higher compliance
  – What is the is barriers for the companies?
  – More focus on targeted communication and service
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