ROOM DOCUMENT 1

ROUNDTABLE ON REGULATORY REFORM FOR INCLUSIVE GROWTH: FROM POLICY MEASURES TO IMPROVEMENTS

The contribution of regulatory reform to the broader reform for growth agenda of OECD countries: Survey of OECD Members - results and analysis - SWEDEN

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Q.1. What is your country’s growth strategy?

The Swedish Government’s growth strategy is in line with the Europe 2020 strategy for smart, sustainable and inclusive growth. The Government’s reforms are established within the framework of a responsible fiscal policy. A policy directed at promoting long-term growth and high employment among men and women increases the possibilities to meet future challenges and the long-term management of public financing of welfare services. To achieve a robust long-term growth and also make use of the advantages of globalisation, it is also important to promote stronger productivity. This includes measures to promote business, entrepreneurial activities and to ensure efficient competition, measures to strengthen competence, research and innovation, and measures to create a well-functioning infrastructure. Good business conditions are crucial for economic growth. Unnecessary obstacles for businesses should therefore be removed. (See further Sweden’s National Reform Programme 2011 & 2012, http://www.regeringen.se/content/1/c6/16/75/00/999afec8.pdf and http://regeringen.se/content/1/c6/19/12/44/96f35920.pdf.)

Q.2. How is regulatory reform seen as supporting and contributing to this overall growth strategy?

Smart Regulation is an essential part of the work to promote business and entrepreneurial activities in Sweden. The drivers in this work are defined by the current Government as a push for stronger growth, the need to sustain international competitiveness, and the need to create new jobs, which will help to prevent social exclusion (Sw. “utanförskap”) in the population. The strategy for growth and renewal, launched by the Government when it came to office in September 2006 for its first mandate period (2006-2010), includes support for entrepreneurship and easing regulatory burdens. Making the day-to-day business easier for enterprises is a self-evident and important component of the Government’s policy to create jobs in a greater number of growing businesses. The essence of the work to make life easier for businesses has been to design rules, processes and procedures so that they are better suited to the conditions and reality faced by businesses. Simplifying regulations and reducing burdens on businesses will release resources and make it easier for enterprises to focus more on day-to-day business operations, which is essential for economic growth and for generating new jobs.
Q.3. What specific sectors of the economy or areas of regulation have you [your government\(^1\)] identified as important for reform?

The Government’s overall objective for Smart Regulation continues to be “to create a positive, noticeable change in the day-to-day business operations”. The Government took during its first mandate period (2006-2010) a broad approach in the work to make it easier for businesses. This has amongst other things created a better understanding among ministries and government agencies of the business environment and the challenges businesses face.

The administrative costs to businesses have been measured in all areas that are deemed to be most relevant for businesses. The full baseline measurement estimates the administrative costs to businesses at approx. SEK 97 billion (approx. EUR 11.3 billion). Between 2006-2010, the total administrative costs to businesses have been reduced by more than SEK 7 billion (approx. EUR 814 million). The rolling Action Plan for Better Regulation 2006-2010 consisted of in total 1,150 measures. About half of the measures are aimed at reducing the administrative costs to businesses, but there are also many that will lead to improved service and accessibility, shorter processing times and more coordinated data collection.

The Government has recently announced its new intentions with Smart Regulation for the period 2011-2014 (see the Budget Bill for 2013 and the Report to the Parliament 2012/13:5.) The Government will focus on five areas that are considered to have the greatest impact on the day-to-day business operation and lead to a positive, noticeable change for businesses. The five areas are:

- reduced costs for businesses,
- reduced and simplified reporting of information to authorities/agencies (“the only once principle”),
- simplified contacts with authorities at the county and municipal level,
- better monitoring of simplification proposals from the industry/companies and business organisations, and
- better impact assessments.

The Government has presented seven new targets for Smart Regulation in order to ensure that the overall objective is reached. The seven targets are:

1. Policies & regulations should promote business growth

Target: “The share of small and medium-sized enterprises that perceive rules as obstacles to growth should continue to decline until 2020 compared to the situation in 2006.”

2. The administrative costs should continue to be reduced

Target: “The administrative costs to businesses should be lower in 2020 than they were in 2012.”

3. It should be easier for businesses to provide/report information

Target: “Businesses should by 2020 in most cases only need to submit information once (“the only once principle”).”

4. Simple tools should be available for starting and running a business Target: “The number of visitors at www.verksamt.se (a website where lots of valuable information about starting and running a

\(^1\) These replies represent trade union opinions which may differ from those of the Russian government.
business is available) should by 2020 be increased compared to the situation in 2012. The majority of businesses that have used www.verksamt.se should consider that this website contributes to make it easier to start and run a business.”

5. Sweden should have a good position in international rankings

Target: “Sweden should by 2020 continue to be among the best EU Member States in the World Bank survey Cost of Doing Business and the Global Government Effectiveness Rank.”

6. The service should increase and the processing times in the public sector should be shortened

Target: “By 2020 should the processing times at county administrative boards (Sw. länsstyrelser) have decreased compared to the situation in 2012.”

7. The public sector should be better in understanding the business environment.

Target for county administrative boards: “Entrepreneurs and companies should by 2020 be more satisfied with their contacts with the county administrative boards compared to the situation in 2012.” Target for municipalities: “Most of the municipalities that have participated in training carried out by the Swedish Agency for Economic and Regional Growth and the Swedish Association of Local Authorities and Regions should in 2020 indicate that the training have helped to improve services to businesses in the municipality. It should also be a yearly increase in the number of municipalities that take part in the training programme and have an action plan to simplify for businesses.”

All targets are aimed at 2020, the same year as the Europe 2020 strategy for smart, sustainable and inclusive growth should be fulfilled. The seven targets will be further developed and monitored continuously.

Among other, recent initiatives by the Government, the Swedish Agency for Economic and Regional Growth has been assigned the task to start with a project in Swedish called Förenlingsjakten (inspired by the Danish Burden Hunter project). The project will focus on the factors that entrepreneurs/businesses perceive as most burdensome. The project will start looking at the industries: hotels and restaurants, transport, retail and manufacturing industries. The project will be conducted in three phases 2012-2014 and is expected to lead to a number of concrete proposals for action and a greater understanding of what businesses perceive as problematic in their contacts with authorities.

Q.4. What challenges do you [your government] face when identifying and assessing the contribution of regulatory reform to the growth agenda? How do you [your government] overcome those challenges?

Several challenges are faced when trying to identify and assessing the contributions of regulatory reform to the growth agenda. It is therefore important to carry out further studies in this field. The Government assigned in 2010 the Swedish Agency for Growth Policy Analysis the task of carrying out a study of the impact of regulatory burdens on companies. This study mainly covers the indirect economic effects of the regulatory burden on companies and analyses how regulations can create barriers to entry and market rigidities, which lead to reduced competition pressure, reduced entrepreneurship and reduced production dynamic. One of the main results from the study is that the indirect economic costs ensuing from a heavy regulatory burden borne by the businesses in a country are considerable and are much larger than the immediate, direct costs. The advantages and disadvantages of specific regulations have not been analysed. (See further The Economic Effects of Regulatory Burden, http://www.tillvaxtanalys.se/tua/export/en/filer/reports/Report_2010_14.pdf)
Q.5. How do you [your government] identify, prioritise & sequence regulatory reform measures? Does the prioritization and identification of reforms rely on technical tools (such as economy wide models), on consultation within government and outside of government or other approaches?

Regarding reform measures concerning revision or development of major pieces of legislation, committees of inquiry are often established and each one of them consists of representatives from e.g. ministries, government agencies and interest groups, such as business or consumer organisations, trade unions, academics and other kind of experts. Before the Government takes up a position on the recommendation made by a committee of inquiry, its final report with in-depth analysis on a whole range of matters (costs and benefits, etc.) is referred for consideration to all relevant bodies, such as government agencies, business and consumer organisations, trade unions, academic society, courts, etc. This process provides valuable feedback to the Government. In principle, referrals must be in writing and the general period for consultation is 12 weeks, even if exemptions exist. When the referral bodies have submitted their comments, the responsible ministry drafts the bill, which is circulated in the joint draft procedure between public officials, before it is finally submitted to the Parliament for adoption and enactment of the law.

Regarding stakeholder consultation in general, it exists in Sweden a long established commitment to openness, transparency and public consultation. In the legislative process, consultation is in principle mandatory. Within the framework of the Smart Regulation programme, the Ministry of Enterprise has established a central working group with business representatives to identify areas of particular concern to business. Several ministries and government agencies have established similar working groups or have held meetings with business organisations and other stakeholders in their better regulation work. The business sector is also very proactive and does not necessary wait to be consulted before giving its opinion.

It could also be mentioned that tools have been developed in order to facilitate, in certain ways, consultation with stakeholders (inside and outside the business community) and in order to identify and prioritise among regulatory reform measures. The Swedish Agency for Economic and Regional Growth has e.g. developed a website, www.enklareregler.se, where e.g. entrepreneurs and companies can give comments and make suggestions for how to improve regulations and procedures at authorities, and feedback is given on submitted proposals.

Another technical tool that could be mentioned is the database called “Malin”. This database was developed by the Swedish Agency for Economic and Regional Growth some years ago. “Malin” contains the results of the measurements of administrative costs to businesses. The database also includes a simulation facility, which can be used by officials at ministries and government agencies to calculate the potential administrative costs of new regulations and changes to existing regulations.

The Swedish Agency for Economic and Regional Growth presented in fall 2011 a new tool, in Swedish called “Regelräknaren” (“Regulations calculator”), which is a support for officials/rulemakers/legislators when estimating the administrative costs when carrying out an impact assessment. The Government believes that “Regelräknaren” has made it easier to describe in impact assessments the administrative costs that regulatory proposals may entail. Accordingly, officials at ministries and government agencies can log on to the database to consider where and how to target their efforts to design rules that are less burdensome to businesses. Based on this analysis and on discussions with the business community, actions could be identified that contribute to the Government’s overall target of creating a positive, noticeable change in day-to-day business operations.

Beside the above-mentioned tools, other initiatives such as the aforementioned Förenlingsjakten highlight the Government’s focus on consultation and take an entrepreneur’s and the business perspective as the starting point for identification and prioritization of reforms.
Q.6. How do you [your government] factor in the resistance and support to regulatory reforms in the prioritization of reforms? What strategy do you [your government] put in place to mobilize public demand and build a coalition of supporters for regulatory reforms in support of the growth agenda?

It is of utmost importance with a whole of government approach to Smart Regulation. By involving all ministries within the Government Offices and a broad range of government agencies in the work, a better understanding has been created among the participants for the business environment and the challenges businesses face as well as support to reforms and the growth agenda.

Within the Swedish Government Offices, the work with Smart Regulation is backed up by a Steering Group of State Secretaries and an Inter-Ministerial Working Group of officials from different ministries. The Swedish Agency for Economic and Regional Growth provides a lot of valuable support and carries out a broad range of projects on Smart Regulation. It is e.g. responsible for the baseline and update measurements of administrative burdens – in close co-operation with consultants, ministries, government agencies and business organisations – and it provides support on impact assessment methodologies to other government agencies together with the National Financial Management Authority. Among other key players in work with Smart Regulation are: the National Audit Office, which recently has carried out a review of the Government’s Better Regulation programme during its former mandate period (2006-2010); the Swedish Agency for Public Management, which supports the Government in the evaluation of state and state financed activities, including different aspects of the work with Smart Regulation; the Swedish Agency for Growth Policy Analysis, which carries out different projects related to Smart Regulation. Furthermore, the external regulatory oversight body, the Better Regulation Council (Sv. Regelrådet), gives valuable support for, and also add pressure towards, a cost conscious and effective regulatory framework.

Regular, extensive stakeholder consultation, transparency and openness are other important factors to mobilize public demand and build a coalition of supporters for regulatory reforms in support of the growth agenda. It is, of course, also important to continue to improve the use and quality of impact assessments, for instance as regards quantification and monetization of costs for businesses. The Government is also well aware of the relevance of the indirect costs for businesses and it intends therefore to further develop the results of a first study on “calculating models” carried out by the Swedish Agency for Growth Policy Analysis. Future work in this area will include the development of practical computing support and default values for certain calculation parameters for different types of costs that should be described in an impact assessment. A more standardized approach to the calculation of various types of costs is expected to contribute to raising the quality of impact assessments.