

Translation

## **Cabinet decision of 27 January 2010**

Key points on bureaucracy reduction and better regulation in the 17<sup>th</sup> legislative period

The German Government wants to shape policies for the future that will strengthen economic performance and social responsibility. To support these goals, the federal Programme for the Reduction of Bureaucracy and Better Regulation of 25 April 2006 is to be further developed and expanded to take into account the total administrative burden federal legislation places on citizens, businesses and public authorities. The necessary methods are to be developed with the National Regulatory Control Council and adopted by the end of March 2010.

Beginning in July 2010, the Federal Government Coordinator for Bureaucracy Reduction and Better Regulation will brief the Cabinet regularly on the progress of the programme's implementation.

### 1. Achieving a 25% total reduction in information obligations for businesses

The Federal Government will initiate and implement additional simplification measures in order to reduce the costs businesses incur through legal information obligations by the end of 2011 by a total of 25% compared to the requirements as of 30 September 2006. Examining the costs of bureaucracy involves EU law to the extent that it was transposed into national law by a federal legislative act.

Compensation for costs incurred since 1 October 2006 due to information obligations will be achieved through simplifications in other areas.

Because the various ministries have different competences and obligations, it is not possible to achieve an equal reduction in each ministry. The Federal Government is therefore in agreement that the overall reduction target does not have to be met by each individual ministry, but rather by the Federal Government as a whole.

The ministries will develop initial proposals for their implementation plans by May 2010. These proposals will contain a list of the planned projects with a description of the expected costs and benefits.

The Better Regulation Unit will use the implementation plans to determine the estimated overall reduction and the State Secretaries' Committee will decide whether additional measures are needed. On this basis, the State Secretaries' Committee will adopt the overall implementation plan by 1 July 2010. The adopted implementation plan will take into account the reductions achieved at any given time. This review is part of the regular Cabinet briefings.

The Federal Statistical Office will develop the current SCM database into a central database for all stakeholders. It will contain previously measured costs and benefits of information obligations as well as the ministries' estimates of future costs and benefits, and will also serve as a foundation for further review. By 1 July 2010, the technical requirements must be met and a decision on how to proceed made.

## 2. Reducing existing burdens in priority areas of life and the law

To achieve further noticeable simplifications for citizens, businesses and public authorities, the Federal Government will implement projects spanning all areas of law as well as all levels of government. After a definition of and method for determining compliance costs have been established, the State Secretaries' Committee will decide at the end of March 2010 on a pilot project to test the method that will begin in April 2010.

In 2010 projects will be launched in the following priority areas:

- Planning and building law for infrastructure projects (mainly the Federal Ministry of Transport, Building and Urban Development – BMVBS and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety – BMU);
- Tax declarations, obligations to provide supporting documents for tax and customs affairs (mainly the Federal Ministry of Finance – BMF);
- Harmonization and shortening of the retention periods and evaluation periods for commercial, tax and social law (mainly the Federal Ministry of Justice – BMJ, BMF, Federal Ministry of Labour and Social Affairs – BMAS);
- Corporate commissioners (mainly BMAS, Federal Ministry of the Interior – BMI, BMU);
- Applying for statutory services, specifically for
  - Entrepreneurs and small businesses as well as companies facing imminent bankruptcy (mainly BMAS, Federal Ministry of Economics and Technology – BMWi);

- People who require care, are chronically ill or suffer from an acute, serious illness (mainly the Federal Ministry of Health – BMG);
- Families and single parents (mainly BMF, Federal Ministry for Family Affairs, Senior Citizens, Women and Youth – BMFSFJ);
- Simplifying the electronic submission of an application for the registration of a business (mainly BMWi).

To accommodate the Federal Statistical Office's measuring capacities, the order of the projects will be determined upon recommendation from the ministries at the end of March 2010. By the end of 2011, the measurable compliance costs in the examined areas and possibilities for reducing them are to be presented.

Overall an average total reduction of 25% is the target.

The State Secretaries' Committee on Bureaucracy Reduction will act as the steering committee for these projects and the Better Regulation Unit will coordinate their implementation. The Unit and the Federal Statistical Office shall ensure that a uniform method and common monitoring process are applied. The National Regulatory Control Council (NKR) is invited to collaborate.

### 3. Expanding the ex ante process

After a definition of and method for determining compliance costs have been laid down, all new federal regulation proposals shall be subjected to a comprehensive examination of the effect they will have on the effort citizens, businesses and public authorities have to expend in order to comply with federal law. Regarding the relevance to EU law please see item 1.

### 4. Expanding the competences of the National Regulatory Control Council

The Federal Government supports the idea of broadening the National Regulatory Control Council's mandate to include examining proposed regulations to determine whether the specified criteria have been implemented according to the methodology, particularly with regard to assessing the plausibility of so-called other bureaucratic costs and potential time limits.

The Federal Government has made it a priority to include the NKR in law-making to a greater extent.

#### 5. Advancing bureaucracy reduction at the EU level

The German Government will take a strong approach to reducing bureaucracy at the EU level and preventing unnecessary new bureaucracy. It will actively work to ensure that nationally viable burden-reducing measures created by the European Commission are adopted by the Council.

In negotiations on new proposed EU regulations, the German Government will insist upon a plausible impact assessment and share its own proposals for simplification.

Additionally, the German Government advocates establishing an independent council for bureaucracy reduction based on the model of the NKR at the European Commission, and views extending the mandate of the High Level Group of Independent Stakeholders on Administrative Burdens as an important initial step in this direction.