

English Translation

Cabinet decision of 25 April 2006

Programme for the Reduction of Bureaucracy and Better Regulation

Increasing importance is being attached both nationally and at European level to the systematic removal of unnecessary bureaucracy. Successful reduction of bureaucracy not only includes the removal of existing obstacles, but in particular aims to prevent the creation of new bureaucracy at an early stage. Since legal rules are a prime source of bureaucracy, targeted measures to improve regulation contribute to the elimination of existing and the avoidance of new bureaucracy.

With its Programme for the Reduction of Bureaucracy and Better Regulation, the Federal Government is taking account of these requirements for the modern reduction of bureaucracy. Above all the Programme alleviates the administrative burden on enterprises and helps increase the citizens' acceptance of government action. Small and medium-sized enterprises in particular will benefit from the measures, thus opening up new opportunities for more growth and employment.

By adopting this decision the Federal Government undertakes to cut measurably the costs of bureaucracy, particularly those costs which arise for companies, citizens and the administration from legislated information obligations, and to avoid new information obligations. Deviations from this self-imposed undertaking in response to higher decisions (e.g. regulations at EU level) are possible only with an explicit decision by the Federal Cabinet.

At European level too the Federal Government will determinedly seek to avoid new information obligations as far as possible and to reduce existing information obligations.

In order to realize these goals, the Federal Government will rapidly implement in joint responsibility the instruments envisaged in the Coalition Agreement of 11 November 2005 for the reduction of bureaucracy. The Federal Government's Programme has the following focuses:

- regular involvement of a Control Council to be established in law as an independent control and advisory body,
- introduction of a procedure to identify and measure certain administrative costs on the basis of the so-called Standard Cost Model,
- creation of the function of a Federal Government Coordinator for the Reduction of Bureaucracy and Better Regulation,
- adoption as a first step of a "Small Companies Act" as mentioned in the Coalition Agreement of 11 November 2005 (note: a separate Cabinet submission will be prepared on this by the Federal Ministry of Economics and Technology).

I. Regular involvement of a Regulatory Control Council to be established in law as an independent control and advisory body

The Federal Government supports the appointment of a Regulatory Control Council on a legislated basis. The Federal Government will consult the Council regularly following its establishment. The aim is to involve the Council to the extent that it examines the Federal Government's regulatory proposals and the existing norms on the basis of the administrative costs determined by the Federal ministries in particular for information obligations.

One aspect of a sensible cooperation between the Federal Government and the Regulatory Control Council will be to agree on findings of the Council on better regulation and consideration thereof in the legislative process; the Council can submit reports on these findings in accordance with the Coalition Agreement.

Immediately after the entry into force of the act establishing a Regulatory Control Council, the Federal Government will take the measures required and regulate the procedure for involving the Regulatory Control Council under the Joint Rules of Procedure for the Federal Ministries. In particular it should be stipulated that the Council is to be involved at the earliest possible juncture, at the latest at the inter-ministerial coordination stage.

II. Introduction of a procedure to identify and measure certain administrative costs on the basis of the so-called Standard Cost Model

Experience in other countries, particularly the Netherlands and the United Kingdom, has shown that the systematic measurement of individual administrative costs, e.g. of information

obligations, is possible. It will be feasible to monitor the reduction of administrative costs in these areas on such a well-founded basis.

The Standard Cost Model is a methodological approach which enables a substantial proportion of existing bureaucratic burdens to be systematically measured; the burdens on companies and citizens resulting from information and reporting obligations prescribed in law – and which are thus caused by the state – (applications, forms, statistics, certificates, etc.) are measured.

The Standard Cost Model helps in particular to reduce the cost burden on business by identifying and reducing costly, time-consuming obligations. Duplicated information obligations can be eliminated, procedures simplified and new information obligations restricted to the necessary minimum, weighing up the relief for companies and citizens on the one hand and the purpose and rationale of the intended regulation on the other. A further advantage of a systematic measurement of administrative costs is the introduction of a steered quantitative reduction of administrative costs. It becomes possible to give a comprehensible and credible representation of the reduction of bureaucracy. In addition, responsibilities for administrative costs become clearer (e.g. differentiation between burdens due to national or European law) and the possibilities for international and national benchmarking are improved.

The prerequisite for a systematic measurement of administrative costs is a uniform, binding methodology. Following the example of the Netherlands, therefore, a Federal Government methodology handbook is being drawn up quickly on the basis of preliminary work carried out by the Federal Statistical Office. The handbook will set forth uniform procedures, criteria and definitions as the basis for measurements using the Standard Cost Model.

Using the stipulated methodology, existing Federal laws and ordinances will be assessed in terms of administrative costs caused by information obligations. Administrative regulations should be included if they manifestly entail high administrative costs. In the first stage the baseline measurement will be concentrated on the information obligations for business, in order to increase the chances of more growth and employment. In a second stage, the information obligations of the citizens and administration will be assessed. In new regulatory proposals the Federal ministries will in future have to state the administrative costs of information obligations. In this context the experience gained with previous measurements using the Standard Cost Model are to be taken into account where available.

EU law will be included in the assessment of administrative costs to the extent that it has been transposed into national law through a legislative act by the Federal legislature. The European Commission will be supported in its endeavours to determine the administrative burden of EU law in Germany. Therefore administrative costs should be measured as far as possible back at the stage when new EU law is being negotiated and the results made available to the Commission.

III. Coordinator for the Reduction of Bureaucracy and Better Regulation and Committee of State Secretaries for the Reduction of Bureaucracy

The steering of the entire process of introducing measurements of administrative costs is in the hands of the Federal Government Coordinator for the Reduction of Bureaucracy and Better Regulation and the Committee of State Secretaries for the Reduction of Bureaucracy. Together with the Federal Statistical Office, the Committee will ensure the introduction and implementation of administrative costs measurement on the basis of the Standard Cost Model.

The function of a Federal Government Coordinator for the Reduction of Bureaucracy and Better Regulation will be established in the Federal Chancellery. The Coordinator will steer the multilayered tasks and measures and act as a contact at both national (also in relation to the Länder) and international level.

Minister of State Hildegard Müller is appointed Federal Government Coordinator for the Reduction of Bureaucracy and Better Regulation.

The group of civil-servant State Secretaries will be the steering body for the programme for the reduction of bureaucracy; it will bear the title Committee of State Secretaries for the Reduction of Bureaucracy and will be chaired by the Coordinator for the Reduction of Bureaucracy and Better Regulation. It will be a link to the Federal ministries and will coordinate and implement the measures under the Programme for the Reduction of Bureaucracy and Better Regulation and will meet as required. It will report to the Federal Cabinet on the status of the programme at the latest after two years.

The Committee comprises the civil-servant State Secretaries from the various Federal ministries who are responsible for the reduction of bureaucracy and, as the chairperson, the Federal Government Coordinator for the Reduction of Bureaucracy and Better Regulation. The Committee will appoint a deputy chairperson.

The Federal Government Coordinator is charged, in cooperation with the Federal Ministry of the Interior, to propose the necessary changes to the Joint Rules of Procedure for the Federal Ministries required to implement the programme for the reduction of bureaucracy and better regulation.

1. Tasks

The tasks of the Coordinator and the Committee of State Secretaries include in particular:

- implementation and coordination of the programme for the reduction of bureaucracy and better regulation decided upon by the Federal Government;
- decisions on
 - a uniform and binding method of measurement using the Standard Cost Model (in particular, elaboration of a methodology handbook),
 - the stipulation of quantitative targets for reducing bureaucracy (following a baseline assessment) to be submitted to the Federal Cabinet;
 - the steering, monitoring and continuation of the methodology, and
 - a checklist to be submitted to the Cabinet with future bills and Cabinet submissions. This checklist will summarize in comprehensible form the results to be presented by the Federal ministries (e.g. from the regulatory impact assessment, cost impact assessment, legal assessment, measurement of administrative costs, etc.) and the way in which they are to be taken into account;
- if necessary, mediation in disputes between the Federal ministries and the future Regulatory Control Council;
- regular review and evaluation of the statements of the future Regulatory Control Council, if necessary decisions regarding possible recommendations for action to the Federal ministries;
- monitoring the development and rapid conclusion of ongoing projects to reduce bureaucracy (simplification of law, manuals for regulatory impact assessment, comprehensive database of federal administrative regulations);
- review of further possibilities and new instruments as well as initiation of new projects to remove avoidable bureaucracy and improve legal regulation (e.g. projects to reduce bureaucracy for the citizens and administration, reduction of bureaucracy through the use of IT);

- discussion of initiatives for in-house review of administrative provisions by the Federal ministries with a view to simplifying procedures and removing bureaucratic obstacles;
- formulation of a mandate for the review of technical standards in terms of purpose, appropriateness and administrative impact;
- maintaining contacts and exchanging experience on issues relating to the reduction of bureaucracy and better regulation, in particular with the Länder, the EU Commission and the other EU member states.

2. Organization

An Unit for the Reduction of Bureaucracy will be set up in the Federal Chancellery. At the request of the Coordinator, the Federal Chancellery, the Federal ministries and the Press and Information Office of the Federal Government will provide staff for it (probably a total of around 10). Details of the personnel support to be provided by the Federal ministries will be laid down by the Committee of State Secretaries. The Unit will be assisted in technical matters relating to the introduction and implementation of the Standard Cost Model by a work unit at the Federal Statistical Office.

In order to guarantee the implementation of the programme for the reduction of bureaucracy, in particular the introduction of the Standard Cost Model, contact persons are to be appointed in each Federal ministry. They will support their respective areas with the necessary know-how, act as contacts for the Office and ensure proper implementation in their own area.

3. Procedure

The Committee of State Secretaries will in principle follow the following procedure for the implementation of the measurements under the Standard Cost Model:

Each Federal ministry will assess its existing pieces of legislation independently for existing information obligations and will carry out a baseline assessment on the basis of the Standard Cost Model. In this connection the Federal Ministry of Justice will document the ministries' responsibilities for all valid laws and ordinances of the Federation in the database of applicable federal law. It will complete and update the entries in coordination with the Federal ministries.

Details of the procedure will be set out by the Committee of State Secretaries for the Reduction of Bureaucracy, which will also propose binding targets for administrative cost reductions. After the measurement of the information obligations that entail particularly high administrative costs, the Committee of State Secretaries will propose measures to reduce them to the Federal Cabinet.

The Office for the Reduction of Bureaucracy will provide help with methods (incl. organization of training courses) via the Federal Statistical Office and will monitor the Federal ministries' progress in implementing the binding targets decided upon by the Federal Government.

In all new regulatory projects the Federal ministries will in future have to detail the administrative costs entailed by the information obligations. In this context experience with existing measurements under the Standard Cost Model as a comparison must be taken into account as far as possible. To this end the data obtained from these measurements will be made available to the future Regulatory Control Council and to the Federal ministries by the Unit for the Reduction of Bureaucracy (transmission by the Federal Statistical Office).