



The  
Federal Government

**BürokratieAbbau**  
Zeit für das Wesentliche

# Better Regulation 2016: More time for the essentials.

2016 Federal Government Report pursuant to section 7 of the Act  
on the Establishment of a National Regulatory Control Council

May 2017





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# Welcome



Laws are not made for the statute books. They must be made for real life. They must serve to foster social harmony and solidarity. This means that law-makers must frame laws in comprehensible language, design them to achieve their intended purpose and regulate only what really has to be regulated.

A lot depends on how well they achieve this goal. Germany's stability and economic strength are built on a good legal framework and on reliable and efficient administration.

For this reason, more than ten years ago the Federal Government embarked on a new approach by adopting the Programme for Bureaucracy Reduction and Better Regulation. Our objective was, and still is, to reduce the burden on businesses and citizens and to keep those burdens as light as possible in new legislative proposals.

Nowadays our government ministries, with the help of the National Regulatory Control Council, determine the compliance costs that new provisions are likely to entail. The Federal Government checks whether laws and regulations are achieving their goals. The Federal Statistical Office conducts surveys on the quality of our laws and administration.

Bureaucracy reduction and better regulation feature prominently in the public debate. We can rely on widespread commitment to these aims. Employers' and employees' organisations, associations and the bodies that make up civil society lend expertise in the interests of their members. They are critical monitors and creative contributors.

The more we focus nationally and in the European Union on truly essential changes to established law, the easier it will be for us to listen attentively to those who will be affected by proposed legislation, to discuss bills thoroughly and, where appropriate, to test new arrangements in practice before political decisions are taken. These efforts are interdependent. All of them make for better regulation.

To everyone who is actively involved in this process I express my thanks for your efforts and endurance. Most of all, I wish for plenty of momentum to drive us forward along this path. To be in tune with real life, legislation must respond to changes. Accordingly, bureaucracy reduction and better regulation will always be topical issues.

A handwritten signature in black ink, which reads "Angela Merkel". The signature is written in a cursive, flowing style.

Angela Merkel

# Foreword



Good laws result from transparent processes. This transparency includes clarity about the costs that intended new laws and regulations will entail. In the annual Better Regulation report for 2016, the Federal Government presents an easy-to-follow guide for everyone to the ways in which federal legislation reduces or adds to the burden on citizens, businesses and the administration.

In 2016, citizens were relieved by a total of 2.1 million hours per annum and six million euros in regular costs. The 'one in, one out' rule known as the 'bureaucracy brake' has been effective, lowering regular compliance costs for businesses by some 574 million euros per annum. This contrasts with adjustment costs of 1.8 billion euros for businesses. For the administration, there was a year-on-year increase in both regular compliance costs and one-off adjustment costs, which can be partly explained by a redistribution of tasks between the federal and Länder authorities.

The number of legislative bills and the number of individual provisions adopted in 2016 showed a clear year-on-year increase. Frequent amendments to laws impose a burden on those to whom those laws apply. To limit the cost of adjusting to new provisions too, legislation should be even more sharply focused on essentials. On the whole, the review of 2016 reveals many encouraging developments once again but also a need for more action on some points.

Practised procedures and diverse experiences from more than a hundred simplification projects that have been launched are enabling us to tackle even ambitious, large-scale projects. The areas of life in which simplifications are most urgently needed and the ways in which we can achieve tangible alleviations are best learned from those who are directly affected. Tools like the 'life events' survey, simulations and practical trials are helping us to find the causes of perceived burdens and to reduce them systematically.

The independent National Regulatory Control Council has an important role to play in all of this. Above all, it examines whether the experts in the federal ministries have calculated the data on the expected compliance costs in a plausible and methodologically correct manner. The Control Council began its third mandate in 2016. In October 2016 the team led by Council chair Johannes Ludwig and new deputy chair Sabine Kuhlmann was further strengthened by the addition of Conny Mayer-Bonde and Rainer Holtschneider. I wish all members of the Control Council every success in their work.

Better regulation is also an international issue. In exchanges with our counterparts from other countries we experience a great deal of interest in our work but also receive important stimuli – regarding, for example, ways in which the Federal Government can act in future to curb effectively the rising number of individual provisions and handle the growing time pressure in the legislative process.

Good laws must be framed simply and comprehensibly and must be sharply focused. The Federal Government has rightly set itself that goal. Good laws are also characterised by the fact that their validity and effectiveness endure over time – in Germany as in the European Union.



Helge Braun



# Ten years of bureaucracy reduction and better regulation – ten changes in the federal law-making process

For more than ten years the Federal Government has been working to reduce bureaucracy and achieve better regulation. In so doing, it pursues comprehensible, simple and effective provisions. What this means is less time input and lower costs for business and the administration as well as for citizens.

A great deal has been achieved in ten years:

- 1 Between 2007 and 2011, the Federal Government reduced the ongoing administrative burden resulting from information obligations by 12 billion euros a year.
- 2 Since the autumn of 2006, the National Regulatory Control Council has examined more than 3,900 regulatory proposals from the Federal Government.
- 3 Since 2011, the Federal Government has been estimating the compliance costs for all regulatory proposals in advance.
- 4 In 123 cases, the Federal Statistical Office has recalculated the compliance costs for federal regulatory proposals.
- 5 In 2012, the Federal Government introduced the bureaucracy cost index. Since then, the index has fallen from 100 to 99 points.
- 6 Since 2013, regulatory proposals from the Federal Government entailing regular compliance costs in excess of one million euros have been subjected as a rule to an ex post evaluation.
- 7 In 2015, the Federal Government introduced a 'one in, one out' rule known as the 'bureaucracy brake'. The net regular compliance costs for business fell by about 1.5 billion euros a year in 2015 and 2016.
- 8 Since 2015, in regularly conducted 'life events' surveys, the Federal Government has been finding out how citizens and businesses perceive the burden imposed on them by legal rules and administrative procedures.
- 9 In the *WebSKM* database, the Federal Statistical Office now has data on the compliance costs for more than 21,000 legal provisions. The database is an important tool when it comes to identifying the impact of new regulatory proposals.
- 10 With its work programmes for better regulation, adopted in 2012, 2014 and 2016, the Federal Government has launched a total of more than 100 specific bureaucracy reduction projects.



*“Ten years of bureaucracy reduction have been a success. Politicians must not relax their efforts in this direction because, with the digital revolution on the doorstep, great challenges lie ahead.”*

Reiner Holznapel, President of the German Taxpayers' Federation



## Part 1

# The Government Programme for Bureaucracy Reduction and Better Regulation

By adopting the 2014 and 2016 Work Programmes for Better Regulation, the Federal Government made a commitment to reduce tangibly the burdens that new laws and rules impose on everyone. The aim is to reduce compliance costs and to improve legislative processes. The experiences of citizens, businesses and the administration are at the heart of these efforts.

### What are compliance costs?

Since 2011, on the basis of the *Guidelines on the Identification and Presentation of Compliance Costs in Legislative Proposals of the Federal Government*, government ministries have examined the entire measurable costs arising from compliance with a regulatory instrument for the parties whom it affects. These extend beyond the cost of information obligations imposed on businesses, referred to as 'bureaucracy costs', which had hitherto been the sole focus of attention. Further information on the identification and presentation of compliance costs can be found in section G, in Part 2 of this report.

## A The 'life events' approach

*In 2015, the Federal Statistical Office conducted the first 'life events' survey on behalf of the Federal Government, in which it examined how citizens and businesses perceived their interactions with the public administration. The task in 2016 was to elicit specific measures from the findings of this survey and so to achieve tangible simplifications for the citizens and businesses concerned. In 14 joint information events with the Federal Statistical Office, the Federal Government presented the detailed results to the competent government departments. From these findings, the federal ministries elicited a number of measures that feature in the 2016 Work Programme for Better Regulation (see section B).*

In January 2017, the Federal Statistical Office embarked on the second 'life events' survey. The findings of this survey will provide indications of the extent to which there are initial signs of tangible changes in the interaction of citizens and businesses with the public administration.

Other focal points of the survey include electronic communication with the authorities, personal tax returns and corporate investment support. The publication of the findings is planned for the end of the first quarter of 2018. The survey is repeated at regular intervals.



### What is the 'life events' survey?

The Federal Statistical Office, acting on behalf of the Federal Government, asked citizens and businesses about their experience of interaction with authorities and public offices in connection with major events in their lives. This approach, which has already proved itself in France, centres on people's points of view. It is intended to ensure that the Federal Government focuses its measures on the areas where people and businesses identify the most urgent need for action. Examples of the selected life events were marriage, the birth of a child, the start of a training course, the death of a loved one and the loss of a job. Businesses were asked about their experiences of processes such as starting a business, developing a new product and ceasing operations.

Responsibility for designing the survey and for developing and analysing the questionnaire lay with the Federal Statistical Office; the task of conducting the telephone interviews was put out to tender, and the contract was awarded to *TNS Infratest Sozialforschung*. The 'life events' survey involved interviews with a total of 5,666 private individuals and 1,572 businesses.

Detailed results and information can be accessed at [www.amtlich-einfach.de](http://www.amtlich-einfach.de). The site also contains a guide to dealings with the public authorities in the form of interactive graphics.

# **B** *The 2016 Work Programme for Better Regulation*

*On 22 June 2016, the Federal Cabinet adopted the 2016 Work Programme for Better Regulation (see Appendix). It supplements and extends the 2014 Work Programme for Better Regulation, which the Federal Government adopted at the start of the 18th legislative term and which has already been implemented to a great extent. The new work programme follows on systematically from the work that began in 2006 with the launch of the Government Programme for Bureaucracy Reduction and Better Regulation.*

The work programme also takes account of the first findings from the 'life events' survey, which reveal that the main shortcomings identified by both citizens and business relate to the incomprehensibility of official forms as well as of other official information and the underlying federal laws.

Simplifications are also planned in the realms of family benefits, health and long-term care and income tax returns. The work programme contains more than 30 individual measures relating to these areas.

- Citizens are to benefit from further simplifications. To this end, particular consideration has been given to the findings of the 'life events' survey regarding, for example, family benefits, health and long-term care and income tax returns.
- Businesses are to benefit from further simplifications, particularly those introduced by a Second Bureaucracy Relief Act (see information box).
- The administration is to be made more citizen- and business-friendly, particularly through the creation and development of e-government options.
- Law-making processes are to be further improved.

<sup>1</sup> The reduction volume as initially assessed was based on estimates made by the Federal Statistical Office. The reduction effect of the provision contained in the Second Bureaucracy Relief Act amending the minimum retention period for delivery notes will shortly be reviewed by means of a reassessment with a view to establishing the precise compliance cost.

## **Second Bureaucracy Relief Act**

On 3 August 2016, the Federal Government adopted the draft of a Second Bureaucracy Relief Bill. The Bill is designed to benefit those businesses which typically are the most heavily burdened by compliance costs, namely small firms with two to three employees in areas such as crafts and trades.

- For the calculation of social insurance contributions, the time-consuming estimation of contributions for the current month is to be scrapped. Instead, employers will be able to use the figures from the preceding month.
- In tax law, the ceilings for lump-sum accounting and for income-tax registration of employees are to be raised. The minimum retention period for delivery notes for tax purposes is to be shortened.
- The Crafts Code is to be adapted, partly with a view to lending further impetus to the increasing use of digital technology in craft and trade businesses.
- Provision is made for a procedure for the safe paperless transfer of all documentation required for the billing of care services.
- In order to enable the Federal Editorial Office to provide information centrally on administrative services based on federal legislation, its role should be strengthened. It is to make available standard text modules – and, at a later date, procedural information and official forms – which can be used by public administrators at all levels – nationally and in the *Länder* and municipalities. Besides improved provision of information for local public-service centres and for public-relations purposes, there will also be benefits for businesses in the form of more comprehensible information about the law that applies to administrative services such as public notices and licences.

The Bill is scheduled to become law in 2017. The Second Bureaucracy Relief Act will reduce compliance costs for businesses by a total of 135 to 360 million euros a year.<sup>1</sup>

## C Bureaucracy brake: the 'one in, one out' rule



*In 2016, the Federal Government adopted a total of 66 proposals to which the bureaucracy brake applied. Of these proposals, 41 led to an increase in regular compliance costs ('ins') totalling 1,286 million euros per annum. The other 25 were 'outs', leading to a total reduction in annual compliance costs of 860 million euros.*

The option of limiting the offsetting requirement under the 'one in, one out' rule came into play in one case. The Minimum-wage Adjustment Ordinance increases wage costs in respect of employees who had previously been earning less than the increased minimum wage by an estimated total of one billion euros a year. The State Secretaries' Committee on Bureaucracy Reduction had reached an agreement that burdens arising from the increase in the minimum wage would not have to be offset,

because the Minimum Wage Commission fixes the minimum wage rate independently of the Federal Government (for details, see item G.3.2 below).

As a result, regular compliance costs for business which were subject to the bureaucracy brake fell by a net annual amount of 574 million euros in 2016 (see Annex 10).

Over the last two years the 'one in, one out' rule brought about a reduction in regular compliance costs for businesses of about 1,545 million euros. The overall balance sheet is set out in Annex 11.

### What is the bureaucracy brake?

The bureaucracy brake for business entered into force on 1 January 2015. Its aim is to put a permanent cap on the increase in the legally imposed burden on businesses.

The arrangement known as the ‘one in, one out’ rule applies in principle to all regulatory proposals made by the Federal Government that impact on regular business compliance costs.

Exemptions apply only to proposals which:

- directly transform EU requirements, international agreements or the case law of the Federal Constitutional Court or European Court of Justice into national law,
- serve to avert significant dangers, or
- have temporary force not exceeding one year.

Under the bureaucracy brake, each federal ministry imposing a burden on business through new provisions is to ease business burdens by a corresponding amount in another area. As a rule, relief measures are to be presented within a year, the object being to curb the increase in regular compliance costs by the end of the legislative term.

**Figure 1: Proposals with the greatest impact on the bureaucracy brake in 2016**

Changes to regular business compliance costs subject to the ‘one in, one out’ rule in €m. per annum.

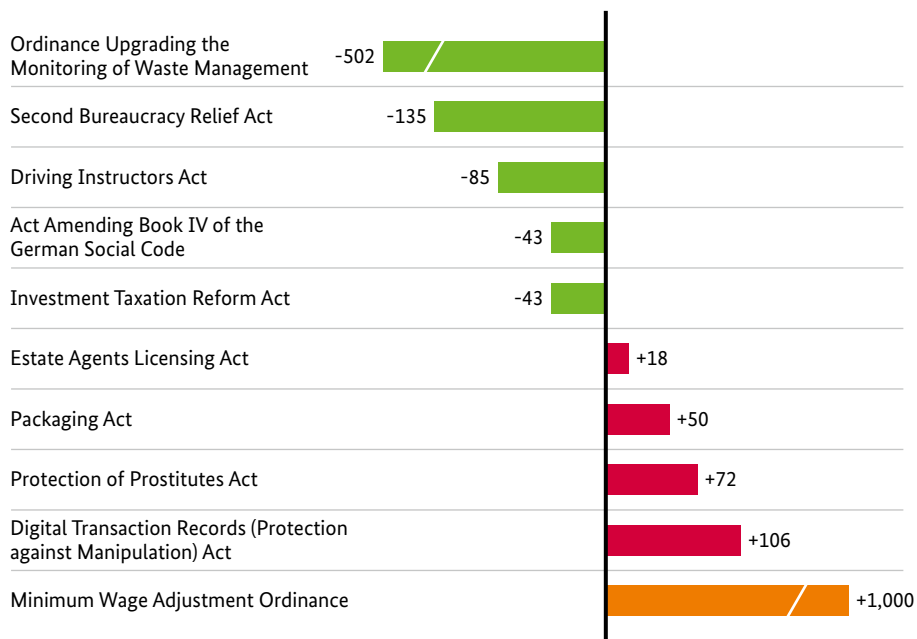
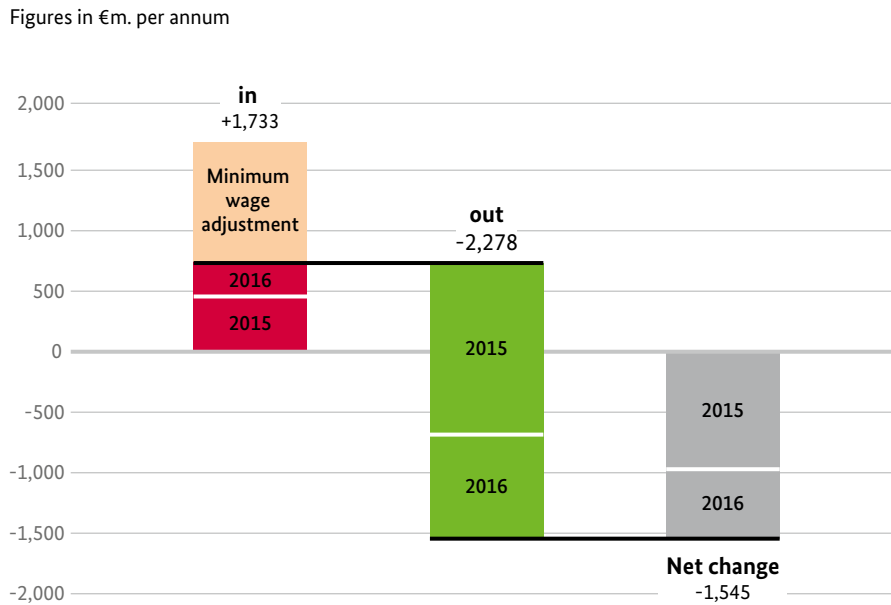


Figure 2: 'One in, one out' balance for 2015 and 2016



“Even good things can be improved. Better regulation for everyone needs more transparent balancing of interests when new laws are being prepared.”

Edda Müller, Chair of Transparency International Germany

“A lot has happened in ten years, but much remains to be done. If we are to keep moving forward, we should grasp the opportunities offered by the digital revolution, and that includes digitised administration. That will lend fresh impetus to bureaucracy reduction and better regulation and will tangibly ease burdens, particularly on small and medium-sized businesses. For both of these reasons, it is worth making resolute efforts – nationally as well as in the Länder and municipalities.”

Dieter Kempf, President of the Federation of German Industries





## **D** Projects and studies

*Successful bureaucracy reduction is based on improvements in the law-making process on the one hand and targeted work on specific issues on the other. In 2016, as in the preceding years, the Federal Government forged ahead with numerous individual simplification projects. In this section we present some projects with which the Federal Government has contributed to simpler administrative processes and better regulation.*

### **SME test**

Legislative provisions often impose far higher compliance costs on small and medium-sized enterprises than on large ones. For this reason, since the start of 2016 the Federal Government has been applying the SME-test guidelines when it drafts new provisions.

For regulatory proposals that are likely to entail considerable compliance costs for small and medium-sized enterprises, the guidelines provide for a standardised examination of regulatory alternatives and of accompanying measures. This test involves systematically examining whether it is necessary and proportionate to include SMEs in the regulatory regime and whether special SME-friendly provisions are desirable. In the view of the federal government ministries, the guidelines proved valuable in their first year of practical application.



### The point of single contact, version 2.0

It is often an onerous task for businesses and business founders when they have to deal with various authorities with regard to a single matter. This is where the point of single contact comes in.

The system of the point of single contact derives from the EU Services Directive. Its purpose is to ensure that businesses and those starting up a business have cross-border and pooled access to all the information and procedures that they require for their activity. The aim is to simplify business start-ups and provide the option of conducting the process online.

In version 2.0, the system of points of single contact has now been reinforced and further developed. The objective is to build the network into a genuine 'one-stop shop' for businesses. In future, the federal and Länder online gateways will look similar and work in a similar way. The Conference of Economics Ministers of the Federation and the Länder had adopted strategic principles for implementing version 2.0 of the system of points of single contact back in December 2015 with a view to applying the new strategy by the end of 2017.



### What does the National Regulatory Control Council do?

In 2006, the Federal Government initiated the creation of the National Regulatory Control Council, a kind of "standards institute for bureaucracy". Its ten members, drawn from the worlds of business, research and administration, advise the Federal Government on the reduction of red tape. In particular, however, the Council seeks to ensure that the compliance costs for new statutory provisions are indicated in a transparent manner by the competent government ministries and are calculated in accordance with the prescribed method.

[www.normenkontrollrat.bund.de](http://www.normenkontrollrat.bund.de)

### Market master data register for the energy industry

The market master data register is the new central register of the energy industry. It will considerably reduce bureaucracy for businesses.

The register is administered by the *Bundesnetzagentur*, the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railways, as an online database and will be available for use from the summer of 2017. It is the first database covering all production facilities, whether they are renewable or conventional, new or established facilities and whether they generate electricity or supply gas, as well as certain consumer systems.

The register collates the master data for all market players, enabling authorities to collect data significantly more easily than has hitherto been the case. Plant operators and other market players will be able to refer to the data they have logged in the register. They can then refuse to report the same data again. This will save businesses a total of about eight million euros a year.

# Employment of foreign specialists made easier

Businesses in Germany are increasingly dependent on employing foreign specialists to cover their staffing needs. The long time it took to complete the requisite administrative procedures had always been a major obstacle to their recruitment.

In 2011, the National Regulatory Control Council launched a project entitled *Einreiseoptimierung* ('Entry optimisation'). In the framework of this project, it was established that the actual time taken to process an application for a work visa amounted to only 2½ to 4½ hours.

But if aliens authorities or the Federal Employment Agency became involved, the processing time from application to notification of the final decision rose to an average of 44 calendar days. This time lag was a heavy burden on businesses in many cases.

As part of its project designed to optimise entry arrangements to facilitate the employment of foreign specialists, the Federal Government adopted several amendments to existing legislation in order to speed up the process:

- In the absence of any lengthy prior residence, in many cases the competent local aliens authority in Germany need not become involved.
- Similarly, under the new version of the Employment Ordinance, the Federal Employment Agency has to be involved in far fewer instances.



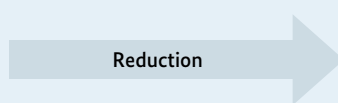
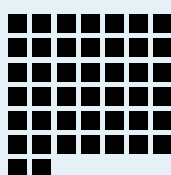
- Where the Agency still has to give its consent, the process has been accelerated in many cases through a waiver of the priority check and other procedural simplifications.
  - In visa procedures, the absence of a response from the domestic authorities within a fixed time limit is deemed as a rule to constitute consent
  - With the EU Blue Card, an attractive residence permit has been created for foreigners with professional and executive skills. In most cases, the visa procedure may be autonomously conducted in the visa department of the relevant German Embassy. Of all the EU Member States, Germany issues by far the largest number of Blue Cards.
  - More use of electronic transfer systems has also helped to speed up procedures.
- In 2016, the Federal Government conducted an initial review of the improvements achieved as a result of the amendments. The review showed that the average duration of a visa procedure in 2015 was down to 23 calendar days, which meant that it had almost been halved by virtue of the new measures.

**Figure 3: Processing of a work-visa application made by a foreign specialist with the participation of the Federal Employment Agency**

Process (2011), schematic presentation	New legal position (2015)
<b>Visa department, German Embassy</b> <ul style="list-style-type: none"> <li>• receives and examines application</li> <li>• initiates the involvement of domestic authorities</li> </ul>	Unchanged
<b>Local Aliens authority</b> <ul style="list-style-type: none"> <li>• examines and forwards application</li> </ul>	Not involved, in many cases
<b>Federal Employment Agency</b> <ul style="list-style-type: none"> <li>• examines and approves application</li> </ul>	Examination simplified
<b>Aliens Authority</b> <ul style="list-style-type: none"> <li>• examines and forwards application</li> </ul>	Not involved, in many cases
<b>Visa department, German Embassy</b> <ul style="list-style-type: none"> <li>• takes decision and issues visa</li> </ul>	Unchanged

**Average processing time almost halved**

**2010**  
approx. 6 weeks, 44 calendar days



**2015**  
approx. 3 weeks, 23 calendar days



# The Web gateway for employers on social insurance

German social security law is highly complex. Businesses, particularly small and medium-sized enterprises, have often found it costly and time-consuming to deal with matters of social insurance or have had to enlist outside help. The new information gateway now offers simple and rapid access to all relevant information that is needed to deal with a specific case.

The Web gateway was completed in 2016 and went online on 11 January 2017. It is primarily intended for new employers and for managers of small and medium-sized enterprises and not only informs them of their main requirements and obligations

vis-à-vis the various branches of the social security system but also guides them through the preparation of the requisite registration and application processes.

The gateway is interactive and is based on the typical 'life events' of an employer. By means of simple yes/no buttons, users obtain tailored answers to their questions regarding social insurance. In this way, employers can easily obtain a summary of their disclosure and registration requirements from one central source.

The gateway thus enables business managers to take the right decisions when registering employees for social insurance or when changes take place within the business.

All providers of social insurance schemes, that is to say the statutory health and long-term care funds, the Statutory Pension Insurance Scheme, the Federal Employment Agency and the German Accident Insurance Fund, have supported the development of the gateway and jointly fund its administration.

The gateway can be accessed at [www.informationsportal.de](http://www.informationsportal.de). Access is open, barrier-free and free of charge.

The screenshot shows the homepage of the 'Information Gateway for Employers Social Insurance'. At the top left is the logo, which consists of a blue shield with a white circle and dots, followed by the text 'INFORMATION GATEWAY FOR EMPLOYERS SOCIAL INSURANCE'. Below the logo are navigation links: 'Home', 'Topics', 'About the Gateway', and 'Bookmarked pages'. To the right of these links is a search bar with a magnifying glass icon. Below the navigation is a dark blue header with the text 'Information Gateway for employers'. The main content area is divided into several boxes, each with a title, a short description, and a 'MORE →' link. The boxes are: 'New employers' (Intending to hire your first employee? Click here to find the conditions you have to fulfil.), 'Recruitment' (Are you an experienced employer who intends to hire a new employee? Click here for the points you have to consider.), 'Changes' (Has something changed for you or an employee? Click here for the social insurance implications.), 'News' (Latest information on social insurance. →), 'User tips' (How to use the Gateway →), 'Glossary for employers' (Click here for concise information on social insurance terms. →), 'Useful facts' (Concise outlines of social insurance topics →), and 'Social insurance library' (Click here for documents on insurance law, contributions legislation and registration procedures. →).

Translation of the social insurance page from the Information Gateway site for employers. The actual website is available in German only.



### The Web gateway for families

Through the Web gateway for families, at [www.familien-wegweiser.de](http://www.familien-wegweiser.de), the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth has been offering a broad-based online platform providing information on government projects and services for families since 2005. The family gateway has a wide reach and is very popular with young parents.

To enable parents to access specific information on government services more quickly in future and to obtain information tailored to their needs, the family gateway is continuously developed and upgraded. In 2017, an interactive information tool is to be added to the homepage. This will enable families and expectant parents, by entering just a few details and clicking on one or two buttons, to obtain faster and simpler information on the services that are available to people in their particular circumstances and on when and how to apply for them. Checklists, forms and important contact details complete the range of user options.

### Online application for parental allowance

In future, parents will have the option of submitting a paper application form for the parental allowance or completing an online application and sending it electronically to the parental allowances office.

Underlying the project to establish a system of online application for parental allowance is the idea of a digital Families Ministry, whereby citizens would have easy digital access to all information and procedures relating to family services. Parental allowance, being flexible in form and means-tested, lends itself to a simplified application process based on an online form.

The core element of the online application service for parental allowance is an electronic application assistant. In future, this assistant will help parents to complete their application, guiding them through the whole process of data capture. The application process is made easier by means of help functions and user-friendly language. The existing parental-allowance calculator, which is in very wide use,



will be linked with the online form, making it possible to transfer data from the allowance calculator straight into the form. The parental-allowance planner, which makes it easier to distribute the months of parental allowance between mothers and fathers, will likewise be integrated into the application form. The application data will then be seamlessly transferred to the competent parental-allowance office. This service is being developed in several stages with a number of piloting *Länder* that are paving the way for a system of electronic data transfer.

The online service will save time for parents as well as for the offices processing applications for parental allowance, because electronic data transfer means that applications can be handled directly as part of the relevant procedure with no need to enter data manually from paper application forms; this will also reduce error rates.

The Federal Ministry for Family Affairs, Senior Citizens, Women and Youth is currently examining which other family-related benefits are suitable for an online application service.

### **Simplified long-term care documentation**

The project launched in 2015 for the nationwide simplification of long-term care documentation in out-patient and in-patient care establishments was successfully continued in 2016. Thanks to a simplified documentation model, carers now have to devote considerably less time to paperwork. This reduces a burden, frees up resources for actual care provision and tangibly improves staff working conditions in care facilities for the elderly. In this way the simplification project overseen by the Federal Government Commissioner for Long-term Care is complementing the reforms to the care system.

By the end of 2016, more than 10,000 care establishments, equivalent to more than 42% of all such facilities in Germany, were already participating in the project. The project will be continued in 2017 with a view to permanent nationwide removal of red tape from the system of long-term care for the elderly in Germany

# Simplification of due-date rules for social insurance contributions

Compulsory social insurance of employees is a core element of the social market economy. For employers, however, its administration is often significantly costly and time-consuming. The Federal Government has now initiated a new set of rules that provide for major simplifications in this area.

Until 2005, social security contributions were payable on the 25th of the current month or the 15th of the following month, depending on the date on which wages and salaries were paid. In 2006, a standardised due date for contributions was introduced, namely the third-last banking day of the current month. In many cases, this meant that employers now had to estimate the amount of contributions in advance. Since then the associated time and cost burden has been a recurring subject of discussion.

For this reason, the Federal Statistical Office, acting on behalf of the National Regulatory Control Council, examined the compliance costs arising from the due-date rules. Following a survey of more than 400 businesses, tax consultants, collection offices and software manufacturers, a detailed picture of the bureaucratic burden began to emerge. The study, presented in the summer of 2016, put the annual cost to employers for collecting and remitting contributions under the existing rules at about 1.46 billion

euros. The survey was used to assess the potential reduction impact and feasibility of four possible due-date models. The greatest cut in compliance costs, it found, could be achieved by restoring the old due-date rules. An annual saving of some 81 million euros, however, would be offset in that case by a drop of 27.7 billion euros in the liquid assets of social insurance providers, which would result in sharp increases in contribution rates.

It was finally decided that the scheme known as the simplified procedure, which had previously been available only to some enterprises, should be extended to all firms. The Federal Government responded to this finding by drafting the bill for a Second Bureaucracy Relief Act (see the information box in section B above). The following are the main points of the new rules set out in that Act:

- About 210,000 employers who previously estimated contributions

for the current month will now be relieved of that requirement. Instead, they can base contributions on the figures for the preceding month.

- One-off payments are still to be taken into account in the month in which they are made.
- In the following month, when amounts of remuneration, and hence of contributions, for the previous month are known, an adjustment will be made to cover any difference between the amount paid and the amount due.

These changes will reduce business compliance costs by about 64 million euros a year. At the same time, employers will not incur any adjustment costs as a result of the new legislation.

The project report is published online at [www.bundesregierung.de/buerokratieabbau](http://www.bundesregierung.de/buerokratieabbau).

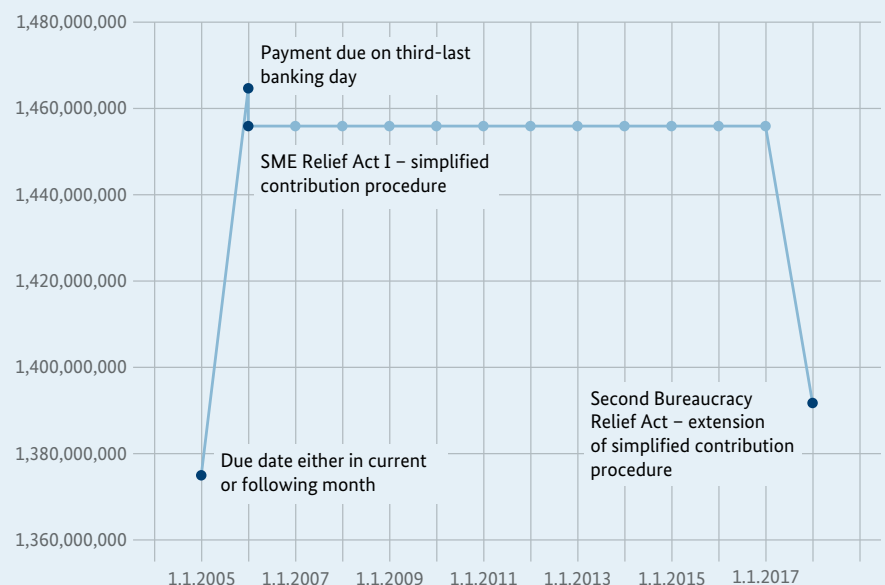


Figure 4: Development of business compliance costs arising from calculation of social insurance contributions (in €)



*“In Germany, bureaucracy reduction is a top-level issue; which is why it is a matter for the Federal Chancellery. That is only right and proper, because businesses have to deal with a host of legal provisions. ‘One in, one out’ is an advance, but it is not yet a genuine brake. We should focus on the spread of digital technology – that is where the future of bureaucracy reduction lies.”*

Eric Schweitzer, President of the Association of German Chambers of Commerce and Industry

### Digitisation of health insurance forms

On 20 December 2016, the National Association of Statutory Health Insurance Funds, the National Association of Statutory Health Insurance Physicians and the National Association of Statutory Health Insurance Dentists presented to the Federal Ministry of Health their joint report examining the extent to which existing paper-based procedures for the organisation of care services delivered by contracted doctors and dentists could be replaced by electronic communication procedures. The report, commissioned under the e-Health Act, contains a comprehensive and readable representation of the current paper-based procedures relating to the services of contracted doctors and dentists under National Framework Agreements. The report presents a rational categorisation and systematic breakdown of the existing pre-printed forms and models, which then serves as the basis for an analysis of their suitability for conversion into digitised procedures.

It must be emphasised that the parties to the National Framework Agreements concluded an initial agreement on 10 January 2017 on the use of digital forms for care services delivered by contracted doctors. Under the terms of this agreement, model forms for requesting radiological teleconsultation services can be generated and transferred digitally from 1 April 2017, and the same will apply to model forms for laboratory-service requests from 1 July 2017.

### Reform of the law relating to driving instructors

In 2016, the Federal Government initiated a reform of the law relating to driving instructors which contributes significantly to cutting compliance costs.

The reform takes account of the economic difficulties faced by driving schools, which are predominantly micro-enterprises. Record-keeping and notification requirements have been reduced, and the conditions for licensing as a driving instructor have been updated. This should make the occupation more appealing and so counteract the threat of a shortage of new entrants. The training of driving instructors and government oversight of driving schools have also been reformed.

### Potential for improved income tax forms

The ‘life events’ survey conducted by the Federal Statistical Office in 2015 showed that people were essentially satisfied with the services provided by the public administration. Official forms and application process and the underlying law, however, were considered hard to understand or barely comprehensible. For this reason, all government departments were asked to identify potential improvements in the light of the survey findings and to make appropriate proposals.





*“Politicians must measure themselves by how successfully they achieve the constitutional aims of the state, because citizens and employees need efficient and sustainable law-making that meets the challenges of a modern social state. In this respect, the ‘bureaucracy brake’, in the view of the German Trade Union Confederation, is a questionable approach. The ‘life events’ model, on the other hand, focuses attention more sharply on the general good and fits the image of a state seeking to reconcile opposing interests.”*

Reiner Hoffmann, Chair of the German Trade Union Confederation

The Federal Ministry of Finance took this request as an opportunity to analyse possible obstacles to comprehension in pre-printed notes and forms relating to income tax. By way of example, it chose two forms from the income tax return and their explanatory notes. Besides the paper version of the forms, it also examined the version contained in the electronic tax return (ELSTER). Although both variants are in frequent use, they are often subjected to rather sweeping criticism for being too complex and incomprehensibly worded.

In a project implemented jointly by the Federal Ministry of Finance and the Federal Chancellery project group on effective government, citizens are observed completing the selected tax-return forms in a centre known as the ‘form laboratory’ and are asked questions. The object of this exercise is to improve the comprehensibility of pre-printed forms, reduce processing times and lower the number of queries addressed to the administration. The findings from the project are to be taken into account by the Ministry, together with the Länder, in the design of pre-printed forms, explanatory notes and the electronic tax return.

### **New approaches to testing legislative proposals – environmental law simulation**

As a general rule, laws are not subjected to practical testing until they have already been promulgated. In some individual cases, the Federal Government is now testing new provisions even before it presents a legislative proposal. One such example is a simulation in the field of environmental law which was conducted in 2016 by the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety.

The simulation focused on the planned Framework Ordinance on Alternative Building Materials and Soil Conservation. The purpose of the ordinance is to introduce the first nationwide regulation of environmental requirements for the use of mineral waste in technical building structures and back-filling. It also brings the provisions on soil conservation into line with the current state of the art.

On the basis of a working draft of the ordinance, the Environment Ministry staged a simulation of the framework ordinance in the first half of 2016; the simulation was monitored by an advisory panel comprising representatives of business organisations, environmental associations, the scientific community, the Federal Government and the Länder. The simulation itself took the form of a structured discussion in which more than 80 stakeholders, including representatives of the construction industry, recycling bodies and the relevant public authorities took part. In the four-day simulation exercise, the practicability of the planned provisions was tested,

and its compliance costs were put under the microscope. The simulation provided important findings, which played a key part in the process of developing the working draft into a ministerial draft bill.

### Introduction of the Sub-threshold

#### Procurements Ordinance

For many businesses, the state is a major customer. The Federal Government has made it a great deal easier for business to take part in public procurement procedures.

April 2016 saw the entry into force of a comprehensive reform of public procurement contracts above the EU threshold value, which is normally 209,000 euros for supplies and services. The reform package provides for numerous simplifications and clarifications and more flexible rules. The core element of the reform package is a comprehensive digitisation of procurements. The introduction of these e-procurements makes for leaner and faster administrative processes. Paper-based awarding of contracts has become almost entirely superfluous. Printing and postage costs are no longer incurred. In this way, businesses are relieved of compliance costs totalling more than a billion euros a year.

The vast majority of public procurement contracts in Germany, however, lie below the threshold value. The improvements in procurement legislation are therefore to be applied to the law governing these sub-threshold procurements too. Accordingly, the Federal Ministry for Economic Affairs and Energy, together with the other federal government departments and the Länder, has developed the new Sub-threshold Procurements Ordinance for this purpose. The new ordinance is expected to enter into force for the federal authorities in the spring of 2017. As a result, exemptions from e-procurement will be limited to certain types of contract, particularly smaller ones. These simplifications will reduce the annual burden on businesses by billions of euros.

### Electronic legislative processes

The aim of the Electronic Legislative Processes (e-legislation) project launched by the Federal Ministry of the Interior is to convert the federal legislative process by 2021 to a fully electronic seamless system covering all organs of the constitution and other participating institutions.

A detailed examination of the main operations in the federal legislative process will shortly be completed. To this end, in 2015 and 2016 the Federal Ministry of the Interior commissioned interviews with all key organisational units in the Federal Government, the *Bundestag*, the *Bundesrat*, the Mediation Committee, the National Regulatory Control Council, the Office of the Federal President and the Parliamentary Advisory Council on Sustainable Development. The documented processes are now serving as the basis for a comprehensive digitisation of the legislative process.

In 2017, the work on the e-legislation project is to be taken forward, and initial demonstrators for future IT applications are to be published. The *eZeitplanung* ('e-timetabling') application (<http://eZeitplanung.bmi.bund.de>) is designed for use by any federal ministry for intended legislative processes. Its purpose is to make all participants aware of the stages in any given legislative process and the time required for each stage.

In the course of 2017, moreover, a demonstrator for sustainability assessment that was created at the start of 2016 is to be further improved. That will be done on the basis of the findings of initial tests that are now being conducted in government departments and by the Parliamentary Advisory Council on Sustainable Development.

Another step towards a seamless electronic legislative process is a subproject entitled *eVerkündung* ('e-promulgation'). Federal laws and ordinances are to be promulgated electronically as far as possible in future, so that promulgation in the paper edition of the Federal Law Gazette can be dispensed with. Preliminary work on the part of the Federal Ministry of the Interior and the Federal Ministry of Justice and Consumer Protection has already begun. The necessary amendments to the Basic Law and to the Promulgations and Official Announcements Act are to be adopted in the next electoral term.



### Electronic invoicing

Electronic invoicing, or e-billing, is becoming more and more firmly established in Germany. Two formats are available. There is the *ZUGFeRD* format (Central User Guide of e-Billing Forum Germany) and *XRechnung*, which was developed through the IT Planning Council.

In 2016, France and Germany agreed on a joint e-billing format, based on *ZUGFeRD*. The new Franco-German solution will also meet the requirements of the European standard, which is still being developed. Germany will continue to develop and implement extensions of e-billing, as the business community in particular wishes, in cooperation with France.

The national *XRechnung* specifications likewise provide for binding national application of the *CEN* standard for electronic invoicing. To this end, *XRechnung* is made available free of charge to all users in businesses and the administration, which offers an open and non-bureaucratic solution for the adoption of e-billing in Germany. Since the *Länder* played an especially active part in the development of *XRechnung*, a high degree of nationwide adoption across all tiers of government is to be expected. *XRechnung* will fulfil all of the technical requirements imposed by European legislation, which stipulates, for example, that future communication relating to invoicing must be possible at two or more different levels of language. *XRechnung* is able to switch between language registers and also has scope for adaptation to further developments.

## Electronic tendering

The procurement process is divided into the identification of needs, the tendering procedure and the provision of goods or services.

As far as the tendering procedure is concerned, the first step has been taken under the new European procurement legislation, in that all federal ministries are now using the federal e-tendering platform to give electronic notice of tendering procedures and to make the tender documentation available online. The *XVergabe* interface ensures that every tenderer has access to various electronic tender platforms. The benefits are more tenders, more competition and cost savings for both businesses and the public authorities.

In addition, *Kaufhaus des Bundes*, the online ordering platform of the Federal Purchasing Authority, pools goods and services into framework contracts, thereby replacing numerous costly individual tendering procedures, and links the public authorities with businesses. The volume of red tape is thus reduced. The idea is that having all information available as master data throughout the entire process should serve to ensure a good outcome at little cost. For this reason the existing e-tendering and *Kaufhaus des Bundes* systems are being merged into a central e-procurement platform and being made available automatically through interfaces. From January 2017, the platform will serve as a central one-stop shop for the public administration as well as for businesses.

## e-grants

The work of many organisations and establishments depends on government grants. Numerous projects would be impossible to implement without such grants. When the state makes financial resources available, however, there are strings attached in the form of obligations to submit reports, evidence and other documentation.

With a view to ensuring that grant recipients will also be relieved as far as possible of bureaucratic burdens in future, the Federal Ministry of Education and Research has initiated the e-grants project. Its main purpose is to simplify and accelerate communication between grant providers and recipients in the framework of the federal project-support information system (profi and

profiOnline). Documents such as notices of award are to be exchanged only by electronic means in future, which will make for fast and secure transfer. Forms can be downloaded online from a central forms server. Communication between grant providers will also be made easier, which will serve, for example, to prevent any duplication of support. The whole grants process can thus be made considerably faster and simpler.

## Federal Information Management

In Germany, identical administrative services are often provided in different ways by the various competent authorities. This applies to the provision of public information as well as to official forms and internal administrative procedures. The system of Federal Information Management (FIM) is intended to ensure a greater degree of uniformity in these respects and so to contribute to better public information as well as simpler and more efficient procedures.

The aim of *FIM* is to standardise important information on administrative processes between the federal, Land and local authorities. The requisite processing steps taken by the competent authorities are to be described uniformly on the basis of the *FIM* methodology and be made available to participating administrative bodies at all levels as a kind of construction kit. Until 31 December 2016, *FIM* was a pilot project led by the Land of Saxony-Anhalt and the Federal Ministry of the Interior, and since 1 January 2017 it has been an application administered by the IT Planning Council.

The three building blocks of the *FIM* system are operated in cooperation between the *Länder* of Saxony-Anhalt, which has overall control and is responsible for the services aspect, Lower Saxony, which is responsible for forms, and Mecklenburg-Western Pomerania, which deals with processes.

The task of the federal authorities is now to process the master data required for federal laws to align them with the *FIM* methodology and to make the processed data available to the other tiers of government in the federal system. The Second Bureaucracy Relief Act (see the information box in section B above), which was adopted by the Federal Cabinet on 3 August 2016, has laid the foundations for the enshrinement in law of the Federal Editorial Office, which is to be entrusted with this task.

# Federal-Länder gateway with user accounts for citizens and businesses

Germany still has considerable ground to make up with regard to the electronic use of administrative services. Not least among the reasons for this is the federally structured system of government. In 2016, the federal and *Länder* authorities agreed on a key project that will greatly simplify the use of e-government in Germany, namely a joint federal-Länder gateway network.

The legal basis for the integrated gateway is an amendment to the Basic Law that the Federal Cabinet initiated in December 2016. The core element of the amendment is exclusive federal legislative competence to lay down arrangements for access to administrative services of the Federation and the *Länder*, including those of municipalities. The essential cooperation of the federal and *Länder* authorities is ensured by the obligation to obtain the consent of the *Bundesrat*. This will make it possible to achieve

nationwide uniformity of applications, standards and security requirements for the provision of information and services by German authorities.

Within the next five years, as many federal, *Länder* and local administrative services as possible are to be offered online. Citizens as well as businesses are to be able to access them directly, simply and securely in future by clicking on a few buttons. Lengthy Web searches for the right authority are set to become a thing of the past. Access to digital administrative services is to be available from every administrative gateway, whether it be on a municipal, Land or federal site.

To this end, the service gateways of federal, *Länder* and local authorities are to be linked into a gateway network, with user accounts available to enable citizens and businesses to use the digital administrative services. Access to a personal or business account will normally be obtained through a combination of user name and password. If particularly sensitive data are being transferred

or identification by means of official registration data is required, users will also be able to identify themselves with the online identification function of their personal identity card or their electronic residence permit. In addition, special requirements may apply for particular technical procedures.

Personal information such as address, date of birth and so on can be stored in the user account and retrieved when necessary. This means, for instance, that electronic forms can be automatically completed effortlessly and without error. User accounts also support communications with the authorities. Through a message box, for example, users can not only find out the status of an application but can also request further information; if they wish, notices issued by the authority can also be delivered electronically and hence faster.

*“The new rules are the breakthrough to modern e-government in Germany. The German administration has arrived in the 21st century and is going digital. We are providing all users with convenient, fast and secure access to all available online administrative services at whatever level. That is a huge step towards the modern administration that people expect of us.”*

Thomas de Maizière, Federal Minister of the Interior



### Digital declarations (rule screening)

Experience has shown that the more simply electronic administrative procedures are designed, the more they will be used. Be that as it may, procedural provisions which prescribe the submission of declarations in written form are often obstacles to maximum simplicity in the design of electronic procedures. For this reason, the requirement to submit documents in written form is now being abolished for numerous procedures.

In the framework of the Digital Declarations (Rule Screening) project, the Federal Government scrutinised thousands of federal administrative regulations in which written form is prescribed. In each case, it considered whether the stringent formal requirement of a handwritten signature was necessary or whether it could be dropped. As a result, 586 such requirements can be removed from federal administrative regulations. This represents almost 20% of the total number of requirements that were reviewed. In these cases, user-friendly electronic procedures will be available in future to

people who do not possess one of the new personal identity cards or a De-Mail account. Examples of such cases are the maintenance of personal training logbooks and the application to take the master craftsman's examination.

In order to remove the unnecessary requirements for written submissions and signatures from the relevant laws and ordinances, the Federal Cabinet adopted a draft bill to that effect on 24 August 2016. In addition, the Federal Government will continue to guard against the inclusion in any future bill or draft ordinance of unnecessary formal requirements that would impede the application of user-friendly electronic procedures.

## Electronic proof of identity

The online identification function of the personal ID card and of the electronic residence permit is being made easier to use and more appealing. To that end the Federal Government introduced a bill on 9 December 2016 for promotion of the use of electronic proof of identity.

Until now, everyone collecting his or her identity card or residence permit has had to decide whether or not the online identification function was to be activated. At the time of that decision, many people are not yet aware whether they will need the identification function at a later date and so decide against it. Anyone who wishes to have the function activated at a later date, however, must go back to the registration office and pay a fee of six euros. The new law lays down that personal ID cards and residence permits are to be issued with an activated online identification function. This does not prejudice the holder's freedom to use or not to use the function. The online identification function is thus ready to use if needed, without a visit to the registration office and without an activation fee.

So that the electronic proof of identity can be used easily, for example in connection with the user account for the gateway network, it must be simple to read in. The Federal Ministry of the Interior is therefore upgrading the free AusweisApp2 software so that the online ID function can also be used on mobile media such as smartphones and tablets. A mobile version of AusweisApp2 is already available for the Android operating system. More and more NFC (near-field communication)-capable devices are suitable for use in reading electronic IDs. This eliminates the need for an additional card reader.

For businesses and public authorities too, it will be simpler in future to use the electronic proof of identity. To be able to read data from the chip in the identity card, they need an official certificate. Businesses in particular have been critical of the excessive length and complexity of the existing prescribed application procedure for this certificate. The Federal Government has heeded this criticism and has now simplified the procedure. Businesses and authorities will henceforth be able to obtain the certificate faster and at less expense.

## Open government und open data

'Open government' means governmental and administrative action marked by transparency, public involvement and cooperation, particularly with the aid of modern information technology. Key elements are the active involvement of citizens, disclosure of administrative data ('open data') and better cooperation within the administration. The Federal Government supports the implementation of open government both nationally and internationally.

In December 2016, Germany announced its participation in the Open Government Partnership (OGP). The OGP is an international initiative that was launched in 2011; every two years, government and civil society in the 75 participating countries jointly draw up their respective National Action Plans. The action plans contain governmental obligations to promote open government, fulfilment of which is regularly assessed. The OGP underpins the reform projects defined in the action plans with international experience-sharing and awareness-raising. Germany's aim is to present its first OGP action plan in June 2017.

On 25 January 2017, the Federal Cabinet adopted the draft of an Open Data Bill. The Open Data Act would require the authorities engaged in direct federal administration to make available as open data the unprocessed electronic data (raw data) held by them. At the same time, the rules ensure that only data suitable for publication will be made available, with due regard – of course – to privacy requirements and to other good reasons for non-disclosure.



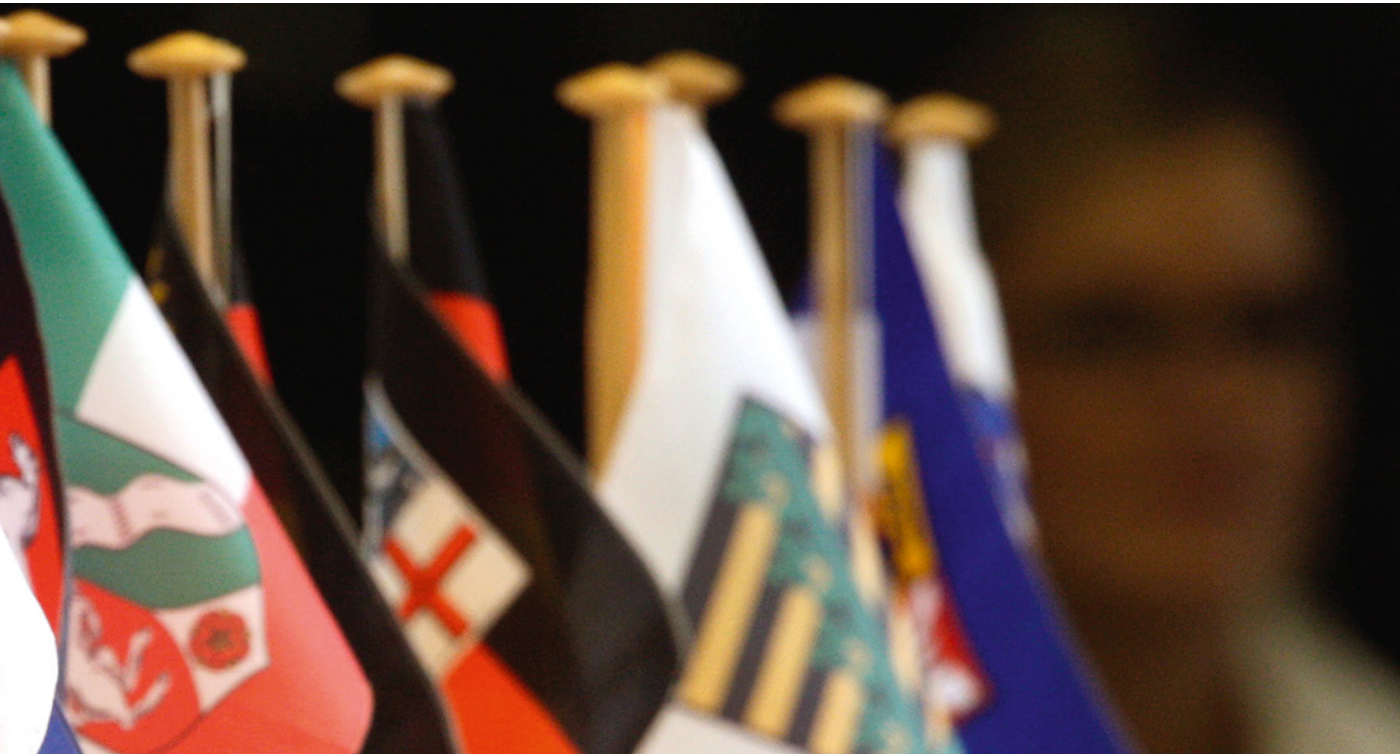
## **E** Cooperation with Länder and local authorities

*In 2016, the Federal Government, Land governments and national associations of local authorities continued to coordinate their measures for bureaucracy reduction and better regulation and to share their experiences with one another. Besides the preparation and implementation of the Federal Government programmes and projects in this field, the main focal points were organisational changes in individual Länder, systematic examinations of existing legislation and better cooperation with federal ministries in identifying compliance costs incurred by the administration. The coordination meetings also served to keep all participants informed of the latest developments in the frameworks of the European Union and the Organisation for Economic Co-operation and Development (OECD).*

### **The Regulatory Control Council in Saxony**

At the beginning of January 2016, the Saxon Regulatory Control Council took up its duties. The independent body assists the Government of the Free State of Saxony in its pursuit of bureaucracy reduction and better regulation. The Council comprises six honorary members. The government ministries of the Free State of Saxony, when presenting drafts of laws and statutory orders to the state government, must assess the implications of compliance with each provision in terms of cost and time for citizens, business and the public administration and must present their findings in greater detail than was previously required. The Saxon Regulatory Control Council checks the presented findings.





### **SME Clearing Agency in North Rhine-Westphalia**

The SME Clearing Agency of North Rhine-Westphalia, which was created back in 2013, has now established itself as an important advisory body of the Government and Parliament of North Rhine-Westphalia. In 2016, it completed nine procedures under the Ordinance Implementing the North Rhine-Westphalian SME Promotion Act, thereby equalling the combined total for 2014 and 2015. The objective of these procedures was to identify burdens on small and medium-sized enterprises and to come up with more SME-friendly provisions for Land legislation.

### **'Regulation brake' in Bavaria**

The 'regulation brake' introduced by the Bavarian State Government, also in 2013, is designed to reduce the number of existing provisions and to minimise the number of new ones. Whereas the Bavarian Official Gazette still ran to 1,087 pages in 2006, there were only 444 pages in the volume for 2016.

### **Digitisation and the requirement for a handwritten signature**

The governments and senates of many *Länder* are working on simplifications involving more digitisation of administrative processes. Schleswig-Holstein and Baden-Württemberg, for example, intend to simplify rules that have hitherto made it compulsory to sign applications and other forms by hand. Such requirements often block the spread of digital technology. In the *Länder* too, the use of free text, such as a simple e-mail, is to be permitted in more cases in administrative procedures and communications with the administration.

### **Joint identification of compliance costs**

In a discussion group initiated by the National Regulatory Control Council the *Länder* and national associations of local authorities agreed in 2016 on a procedure whereby the compliance costs likely to be incurred by the administration as a result of federal legislation are to be systematically identified in future. This procedure will be tested by means of pilot projects in 2017 in cooperation with the federal ministries responsible for the instrument under examination. After a year, the experience gathered from the project will be jointly evaluated.

# F International cooperation

## F.1 European Union

*Very many of the rules that apply in Germany are based on European requirements. Better regulation and bureaucracy reduction within the EU framework therefore play a key role in promoting competitiveness, growth and employment in Germany. High priority has been attached to better regulation at the European level in recent years, not least because of the particular dedication of Frans Timmermans, First Vice-President of the European Commission, who holds the Better Regulation portfolio.*

*On 14 September 2016, the Commission presented a comprehensive report on progress towards better regulation. The basis for the work of the Commission in the realm of better regulation in 2016 remained the extensive package of measures for better regulation that the Commission had presented in May 2015.*

### **New interinstitutional agreement**

On 13 April 2016, the Commission, the Council and the European Parliament signed a new Interinstitutional Agreement on Better Regulation, which replaces the previous agreement dating from 2003. According to that agreement, the Council is to be fully involved in the future preparation of the Commission's annual work programme. Where substantive legislative amendments are proposed, the Council is to undertake its own impact assessments. Experts designated by the Member States are to be consulted systematically and in binding form on proposed delegated acts

### **The Regulatory Scrutiny Board**

Since 2015, the Commission's impact assessments have been reviewed by the Regulatory Scrutiny Board. Unlike the former Impact Assessment Board, the new body also appraises the quality of assessments of existing regulations. In future, its membership, which currently comprises staff of the Commission, will also include independent experts. Two of these external specialists became members of the Board in the third quarter of 2016. The third was appointed at the beginning of 2017. In the course of 2016, the Board delivered opinions on 60 impact assessments.

### **The EU ex ante procedure**

Since the start of 2016 the Federal Government has been applying the upgraded EU ex ante procedure. The purpose of the procedure is to present transparently to citizens as well as to business and the administration the burdens arising from new EU laws. To that end government ministries systematically examine the 'roadmaps' and inception impact assessments for regulatory proposals as well as the plausibility of the cost-benefit analyses in the actual impact assessments contained in Commission proposals for EU legislation. If the Commission anticipates particularly high compliance costs in its impact assessment, that is to say more than 35 million euros a year in the whole of the EU, the Federal Government makes its own estimate of the likely compliance costs for Germany. The knowledge that the Federal Government obtains through this procedure is then presented in Brussels during the deliberations and negotiations on the relevant legislative proposal.

### **SME monitor for EU proposals**

So as to increase the opportunities for SMEs to have their say on major EU proposals, the Federal Government continuously updates its SME monitor for EU proposals. Small and medium-sized enterprises can use this monitor to obtain early information about EU proposals and to make their interests known in current consultation procedures.



### **Simplification of existing EU legislation and reduction of bureaucracy: REFIT programme and platform**

Ever since 2012, the Regulatory Fitness and Performance programme, commonly known as the REFIT programme, has existed in the EU. The aim of this programme is to make EU law simpler and its impact less costly. In the view of the Federal Government, the programme is proving successful but should be further developed. To this end, the Competitiveness Council, meeting on 26 May 2016, repeated its call to the European Commission to develop specific bureaucracy reduction targets and pave the way for their introduction. These reduction targets should focus especially on areas of relevance to SMEs. At the same time, a high level of protection of consumers, health, the environment and employees must be ensured, and existing protection standards must be maintained.

In 2016, the REFIT Platform, created as part of the REFIT programme, began its work under the chairmanship of Frans Timmermans, First Vice-President of the Commission. The platform

comprises two groups, one being the group of representatives of the 28 Member States and the other the 20-member Stakeholder Group, consisting of 18 representatives of stakeholder bodies from civil society, business and the two sides of industry as well as one representative from the Committee of the Regions and one from the European Economic and Social Committee. The Federal Government is represented in the Government Group by the Federal Ministry for Economic Affairs and Energy, the competent department in this field, and is very actively involved in the work of the REFIT Platform.

The main task of the REFIT Platform is to assess simplification proposals submitted by citizens or stakeholder groups by means of the online contact form entitled Lighten the load – Have your say. In 2016, on the basis of these suggestions, the platform forwarded to the Commission 22 recommendations for simplification of EU legislation. In its work programme for 2017, the Commission has taken up 21 of these proposals. The Federal Government has been pressing for both the REFIT Platform and the Council to review the implementation of these proposals.



## F.2 OECD

In 2016, the OECD continued to seek maximum visibility and authority for its recommendations and principles relating to good law-making. The Federal Government supports this approach and cooperates in its pursuit.

Together with 50 international organisations, the Regulatory Policy Committee of the OECD discussed how each of the international organisations and their members could put into practice the OECD recommendations on regulatory policy and governance dating from 2012. The participants in this meeting in 2016, the third such gathering, included representatives of the World Health Organization (WHO), the International Atomic Energy Agency (IAEA), numerous United Nations agencies and programmes and the non-governmental International Organization for Standardization (ISO). Besides a comprehensive report, the OECD published five pilot studies. The preparation and enforcement of the respective provisions under examination were studied in a joint pilot project with each of the following bodies: the Food and Agriculture Organization of the United Nations (FAO), the International Organization for Standardization

(ISO), the International Organization of Legal Metrology (OIML), the World Health Organization (WHO) and the United Nations Economic Commission for Europe (UNECE).

The Trade Committee and Regulatory Policy Committee of the OECD have also been examining the question how the quality requirements for national legislation and international legal instruments can also be met in the framework of bilateral and multilateral trade agreements.

Over and above the cooperation that takes place in the EU and in the OECD bodies, there is still a great deal of international interest in contacts with the Federal Government to share experience with regard to regulatory policy. In 2016, the Federal Government hosted delegations from Britain, France, Japan, Israel, Morocco, Tunisia, Thailand and the Republic of Belarus. Experiences were shared bilaterally with Slovenia, Finland, Australia and the Australian states of New South Wales and Western Australia as well as Chile and South Korea. The Senate of the French Republic, the Conseil d'État and the French Court of Auditors have also invited experts from the Federal Government to hearings and events devoted to regulatory policy.

Figure 5: Twelve OECD recommendations on regulatory policy



## More information on international cooperation at:



[http://ec.europa.eu/info/files/better-regulation-delivering-better-results-stronger-union\\_en](http://ec.europa.eu/info/files/better-regulation-delivering-better-results-stronger-union_en)



[http://ec.europa.eu/smart-regulation/evaluation/index\\_en.htm](http://ec.europa.eu/smart-regulation/evaluation/index_en.htm)



[http://ec.europa.eu/smart-regulation/index\\_de.htm](http://ec.europa.eu/smart-regulation/index_de.htm)



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[http://ec.europa.eu/smart-regulation/roadmaps/index\\_de.htm](http://ec.europa.eu/smart-regulation/roadmaps/index_de.htm)



[https://ec.europa.eu/info/files/regulatory-scrutiny-board-annual-report-2016\\_en](https://ec.europa.eu/info/files/regulatory-scrutiny-board-annual-report-2016_en)



<http://www.bmwi.de/DE/Themen/europa,did=386730.html>



<http://www.eu-mittelstandsmonitor.de>



[http://ec.europa.eu/smart-regulation/impact/iab/iab\\_de.htm](http://ec.europa.eu/smart-regulation/impact/iab/iab_de.htm)



## Part 2

# Report to the German *Bundestag* pursuant to section 7 of the National Regulatory Control Council Act

## **G** *Identification and presentation of compliance costs*

### *G.1 General*

Under section 7 of the National Regulatory Control Council Act, the Federal Government presents the *Bundestag* annually with a progress report on bureaucracy reduction and better regulation. This communication covers:

- experience gained with the method applied to estimate compliance costs, and
- the development of compliance costs in the individual federal ministries.

The basis of this report is the presentation of compliance costs in the explanatory memoranda accompanying draft regulatory instruments.

Details of the methodology for identifying compliance costs and the results of reassessments of those costs are set out in section G.2 below, while section G.3 describes the development of those costs. Changes in the bureaucracy cost index are explained in subsection G.3.3

The development of compliance costs in the areas of responsibility of the individual ministries is shown in the tables attached in Annexes 1 to 3.

## G.2 Methodology and accounting

### Experience of the method used for the identification of compliance costs

The federal ministries estimate compliance costs in accordance with the Guidelines on the Identification and Presentation of Compliance Costs in Legislative Proposals of the Federal Government, which were introduced in 2011. The aim is to provide decision-makers with the greatest possible transparency and a realistic portrayal of the compliance costs that a

regulatory instrument is likely to impose on citizens, businesses and the administration.

By the end of the 2016 reporting year, five years' experience had been amassed in identifying compliance costs on the basis of the method set out in the Guidelines. In the view of the Federal Government, this method essentially proved its worth in the reporting year.

The compliance costs arising from new regulatory proposals are estimated by the competent government department in the framework of the 'ex ante procedure', with separate figures for each group of addressees, that is to say citizens, businesses and the administration, and are shown in detail on the introductory page and in the explanatory memorandum of the legislative draft. In the case of business compliance costs, the bureaucracy costs arising from information obligations are presented as a separate element. The methodology also involves a distinction between regular and one-off compliance costs. Compliance costs are divided into a total of nine categories, which, because of their diversity, cannot be offset against one another.

Figure 6: Categories of compliance costs

Regular compliance costs (annual)		
... for citizens • time input in hours • expenditure in euros	... for businesses • expenditure in euros  ... Information obligations • expenditure in euros	... for the administration  • expenditure in euros
One-off compliance costs (adjustment costs)		
... for citizens • time input in hours • expenditure in euros	... for businesses • expenditure in euros	... for the administration • expenditure in euros

### Experience of the ex ante procedure

Ex ante estimates provide the various government departments with early indications of the costs arising from a new or amended instrument. This has led to the amendment of various regulatory proposals at the draft stage. As a rule, these amendments have made the proposals less onerous. In the case of the reformed Maternity Protection Act drafted by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, for example, the original draft bill was modified several times on the basis of estimated change scenarios with a view to obtaining a low-cost variant of the proposed legislation.

The federal ministries are assisted by the Federal Statistical Office in identifying and presenting the likely compliance costs of new legislative proposals. Government departments avail themselves extensively of the statisticians' services. In 2016, a total of 86 queries were made – the highest number since the introduction of the procedure in 2011. It corresponds to just over a third of the regulatory proposals presented by the Federal Government

#### What is ERBEX?

*ERBEX* is an electronic aid to the identification and presentation of compliance costs in draft legislation. The program is based on Microsoft Excel. It is a tool that offers a standardised and structured yet flexible means of calculating compliance costs for the addressees of regulatory provisions – citizens, businesses and the administration. In addition, it guides users, step by step, through the process of ex ante estimation with the aid of numerous functions and explanations. The results can be exported in the form of standardised tables and inserted into the draft legislation.

By adhering to methodological and formal standards, *ERBEX* can contribute to a uniform and high-quality legislative impact assessment when the Federal Government drafts legal provisions. *ERBEX* is available on the *WebSKM* database page of the Federal Statistical Office website ([www.destatis.de/webaskm](http://www.destatis.de/webaskm)) under Downloads.

with estimated compliance costs. Almost all government departments use this support facility. In 2016, the Federal Statistical Office also assisted government departments in some ex ante estimates relating to regulatory proposals of particular political and social importance, including estimates for the Drones Ordinance of the Federal Ministry of Transport and Digital Infrastructure and for the Pay Structures Transparency Act drafted by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth.

The greatest quantitative change in the compliance costs for business, apart from the estimated burden of one billion euros resulting from the Minimum-wage Adjustment Ordinance, which has to be considered separately, is the annual reduction of some 502 million euros identified by the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety in its ex ante estimate for the Second Ordinance Upgrading the Monitoring of Waste Management.

Regardless of who undertakes the estimation of compliance costs and the extent of that activity, the compliance costs shown in the draft bill are recorded in the *WebSKM* database of the Federal Statistical Office.

### Reassessment of compliance costs

Two years after a regulatory instrument enters into force, in principle, the Federal Statistical Office assesses the compliance costs that have actually been generated by that instrument. These reassessments serve to validate the preceding ex ante estimates. They thus make a major contribution to quality assurance in respect of legislative impact assessments.

In 2016, the Federal Statistical Office reassessed the compliance costs for almost 80 regulatory proposals. There are often wide disparities between estimated and reassessed values. Such disparities in individual regulatory proposals may be caused by a discrepancy in one single item of baseline data. That was the case in the Money Laundering Bill, for instance. Divergences of plus or minus 50% between the original estimate and the reassessed value occur in almost every second reassessment.

These findings highlight the importance of reassessments as an instrument of quality control for





legislative impact assessments. In addition, the results of reassessments improve the starting point for future ex ante estimates of compliance costs arising from new regulatory proposals.

In the case of business information obligations, differences between ex ante estimates and ex post assessments have a direct effect on the bureaucracy cost index for businesses that is calculated by the Federal Statistical Office. Since this index was introduced in January 2012, the results of reassessments have pushed up the value of the index by a total of almost 0.8 of a percentage point as some reduction forecasts were not borne out by reassessments. In some instances an ex ante estimate was not yet possible for want of robust baseline data, which meant that the compliance costs remained an unknown quantity until the subsequent assessment.

This was the case, for example, with the recording obligations arising from the Financial Investments Brokerage Ordinance. There was no ex ante estimate of the annual compliance costs, which, according to the validation assessment, amounted to about 186 million euros.

## G.3 Development of compliance costs

### G.3.1 General trend

For the 2016 reporting period, the Federal Statistical Office recorded in its database 303 regulatory proposals adopted by the Federal Government. Of these proposals, 96 have no effect on the total amount of compliance costs. The other 207 proposals contain a total of 1,949 individual requirements impacting on compliance costs. This means that the Federal Government adopted about 12 % more proposals in 2016 than in 2015. The number of individual requirements set down in these proposals is about 46 % higher than the previous year's figure of 1,331.

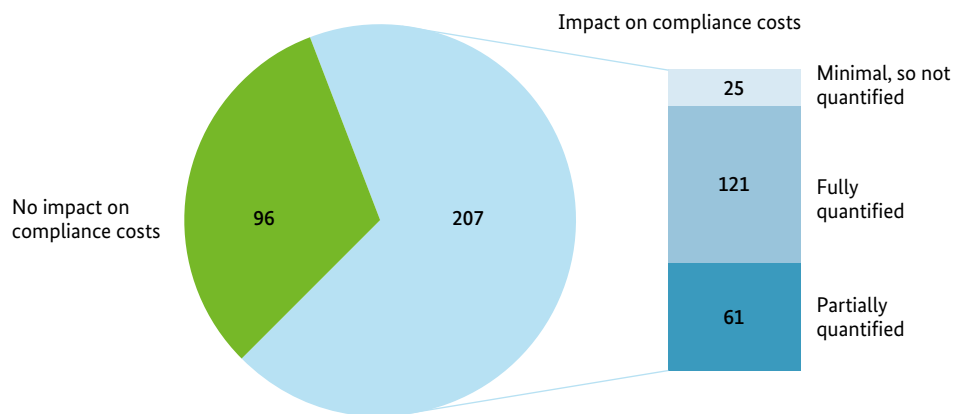
In the case of 121 regulatory proposals with an impact on compliance costs, the federal ministries provided comprehensive estimates of those costs. This means that almost 60% of all such proposals have been fully quantified, which represents a further year-on-year increase of six percentage points, following a 13-point increase in 2015. For 61 proposals the ministries concerned could not

fully ascertain the compliance costs arising from all requirements, while in the cases of 25 other regulatory proposals, after an initial estimate the likely impact on compliance costs was considered to be minimal, and the ministries decided, in consultation with the National Regulatory Control Council, not to undertake a specific quantification. They documented the reasons for this decision in the respective legislative drafts.

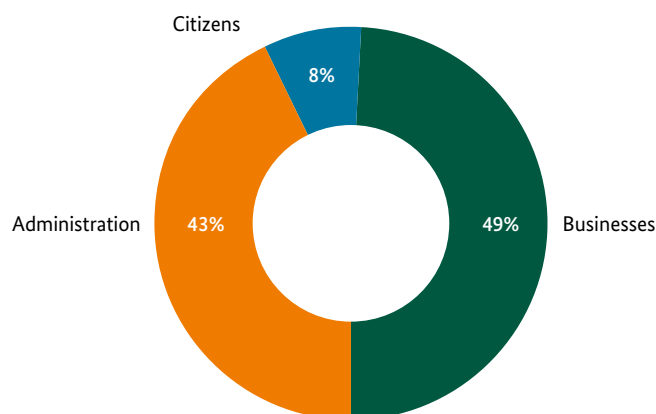
Almost half of the requirements from the 2016 data are addressed to businesses, 43% to the administration and only 8% to citizens.

This breakdown is essentially the same as in 2015. The only change occurred within the business category, where the downward trend in information obligations was reversed. Whereas fewer than half of the requirements imposed on businesses in 2015 generated compliance costs in the narrower sense of the term, this figure climbed back to more than 70% in 2016.

**Figure 7: Number of regulatory proposals adopted in 2016 with an impact on compliance costs**



**Figure 8: Percentages of requirements imposed on each group of addressees**





### G.3.2 Compliance-cost trends for each group of addressees

#### Compliance costs for businesses

Regular compliance costs for businesses in 2016 were affected by 105 regulatory proposals.

- A total of 32 regulatory proposals reduced compliance costs by a total of some about 919 million euros a year.
- Another 72 regulatory proposals generated increases totalling 596 million euros a year.
- The implementation of the decision taken by the Minimum Wage Commission increased the wage and salary bill for employers by about one billion euros a year (see Figure 9 below).

Excluding the exceptional factor of the Minimum-wage Adjustment Ordinance, which stemmed from a collective agreement concluded by the two sides of industry, business compliance costs were thus reduced in 2016 by a net annual amount of 323 million euros. (see Annex 4).

#### Exceptional factor: adjustment of the minimum wage

The adjustment of the minimum wage results from a collective agreement reached by the two sides of industry in the Minimum Wage Commission. In June 2016, the Commission unanimously decided that the hourly minimum wage was to be increased with effect from 1 January 2017 from € 8.50 to € 8.84. It is estimated that the wage increase for those employees who were previously receiving less than the increased minimum wage will cost employers one billion euros a year.

Adjustment decisions taken by the Minimum Wage Commission require a statutory instrument for their implementation. The Federal Government has no room for manoeuvre, being bound to reproduce the decision of the Minimum Wage Commission unamended in the statutory instrument. For that reason the costs arising from that instrument are posted separately.

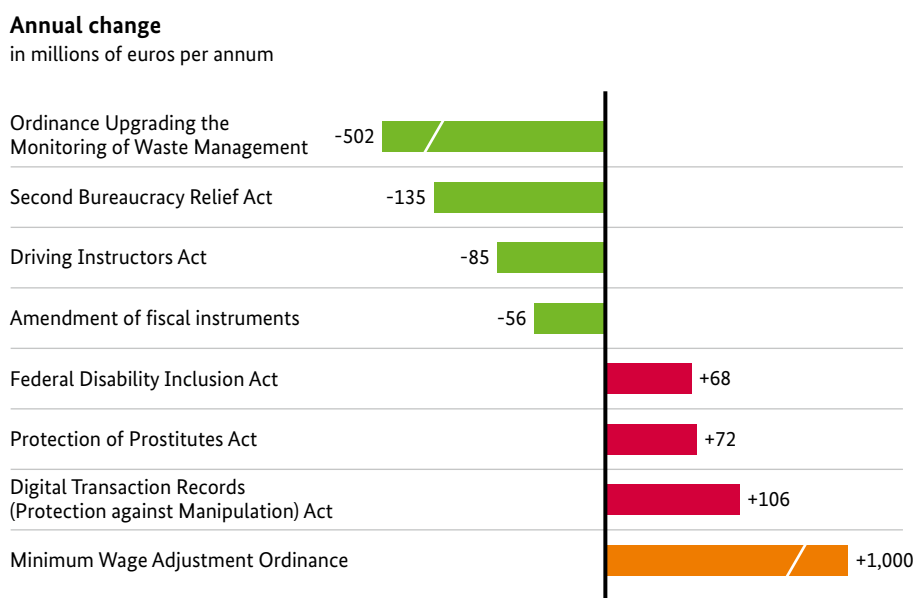
The changes are largely attributable to the following instruments:

The greatest reduction of the burden on businesses results from the Second Ordinance Upgrading the Monitoring of Waste Management. In conjunction with an amendment of the Closed Substance Cycle and Waste Management Act, the ordinance fleshed out the rules governing the appointment of company waste officers. Under the new rules, manufacturers and traders are no longer subject to a blanket requirement under the Packaging Ordinance, the Electrical and Electronic Appliances Act and the Batteries Act to appoint waste officers.

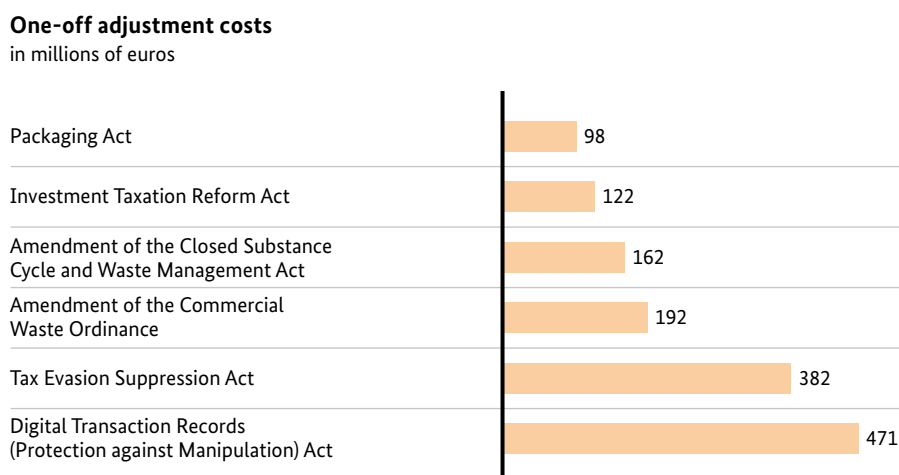
The Second Bureaucracy Relief Act reduces regular compliance costs for businesses by about 135 million euros (see page 12 above).

The Digital Transaction Records (Protection against Manipulation) Act ensures manipulation-proof digital recording of business transactions by electronic checkout systems and cash registers. This contributes significantly to the suppression of tax evasion. The annual cost of servicing and operating a manipulation-proof electronic checkout system was calculated at 50 euros per system; extrapolated to the whole economy, this represents an amount of some 106 million euros.

**Figure 9: Business compliance costs**



**Figure 10: Business compliance costs (one-off adjustment costs)**



### Compliance costs for citizens

Citizens also feel the effects when rules are changed or new rules are introduced. A total of 38 regulatory proposals introduced in 2016 lower the net regular compliance costs imposed on citizens, resulting in a total time saving of some 2.1 million hours and cost savings totalling six million euros a year. The regular compliance time required of citizens was therefore reduced in 2016, as it had been in 2012 and 2014 (see Annexes 6 and 7).

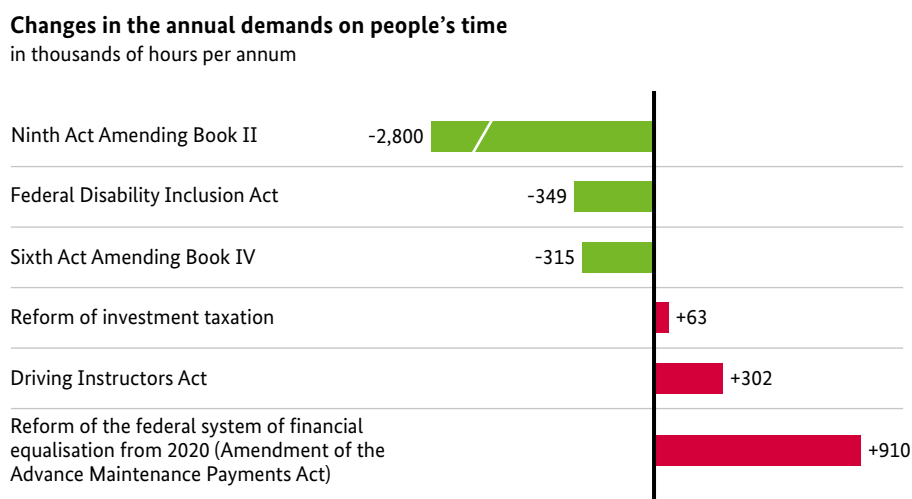
The change in the regular time input for citizens derives largely from the following regulatory proposals:

The greatest saving is achieved through the proposed Ninth Act Amending Book II of the Social Code. The adoption of this proposal would reduce annual compliance time by some 2.8 million hours and compliance costs by about five million euros. The reduction would result primarily from the extension of the award period for the non-earnings-related subsistence allowance for the long-term unemployed (unemployment benefit II) from six to twelve months. This would eliminate the need for about 2.5 million extension applications a year, with a saving of almost one hour for each recipient. A further reduction would result from the abolition of the need to certify periods of incapacity for children below the minimum school-leaving age. This would save about an hour in each of 400,000 cases a year.



The greatest reduction of one-off compliance costs for citizens would be achieved by the proposed Second Flood Prevention Act. The bill provides for the flood-proof upgrading of oil-fired consumer installations which are operated in flood-prone or in other flood-risk areas within five and fifteen years respectively. The total cost for the 355,000 or so installations that are affected will probably be in the region of almost 1.1 billion euros. The prohibition of new oil-fired consumer installations and the obligation to upgrade existing installations, however, would serve to reduce the likely damage in the event of flooding by some eight billion euros.

Figure 11: Compliance costs for citizens (changes in compliance time)



### Compliance costs for the administration

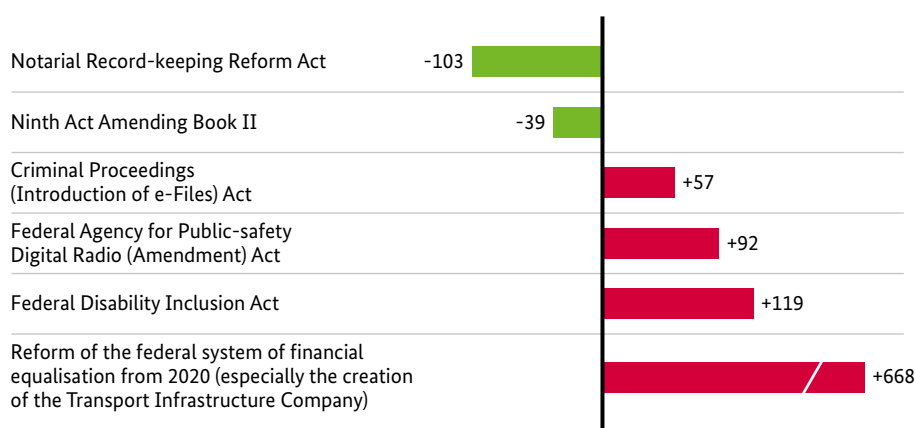
A total of 125 regulatory proposals in 2016 have implications for the regular compliance costs incurred by the administration. The increase is about two thirds of the average for the past few years. While 24 of these proposals reduce compliance costs, 101 increase them. The total compliance costs

for the administration have risen by 966 million euros a year. This is the biggest rise in recent years (see Annex 8).

The main changes with implications for the administration's regular compliance costs are set out below:

Figure 12: Compliance costs for the administration

#### Changes in annual regular compliance costs in millions of euros per annum



Two thirds of the increase in regular compliance costs for the administration is ascribable to the Act Reforming the Federal System of Financial Equalisation from 2020 and the amendment of budgetary provisions.

The main source of new regular compliance costs is the planned Infrastructure Company for Motorways and Federal Trunk Roads, which will be operated by the Federal Government from 2021. The regular operating cost will amount to 632 million euros a year. On the other hand, the dissolution of the administrative units in the *Länder* that have hitherto been responsible for the road infrastructure will considerably ease the burden on the *Länder* administrations. An estimate

of the amount of this saving, however, is not yet available. One of the aims of the Act is to create the legal conditions for the planned federal gateway network and so to reduce compliance costs for the administration by improving online access to administrative services. The associated savings, however, have yet to be quantified. For this reason, the relevant government departments and the National Regulatory Control Council have agreed to obtain the rest of the data that are required for the estimation of these compliance costs.

A total of 88 regulatory proposals in 2016 will generate one-off compliance costs of almost 1.1 billion euros for the administration (see Annex 9).

The 2021 Census Preparation Act creates the legal conditions for the preparation of the register-based census scheduled for 2021. Over a period of three years it will generate one-off personnel and material costs amounting to 332 million euros for the Federal Statistical Office and the statistical offices of the *Länder*.

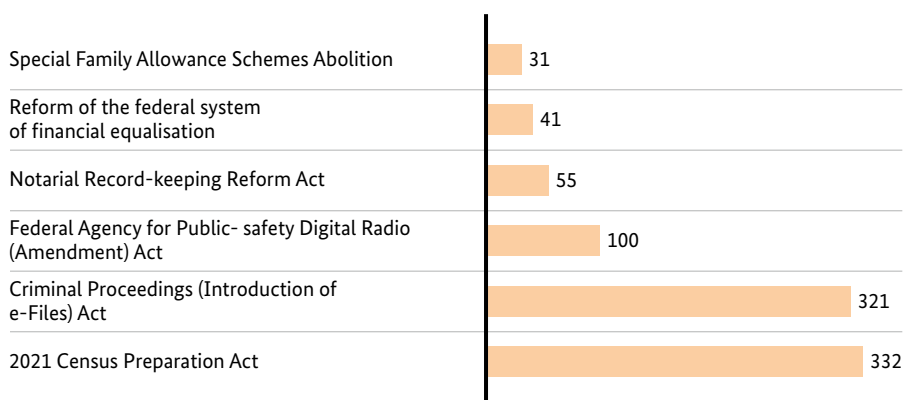
The introduction of electronic file administration in criminal matters primarily concerns criminal courts, prosecutors' offices and other law-enforcement authorities, that is to say the federal and *Länder*

police forces, the customs administration and the fiscal investigation authorities, and entails an investment requirement of some 321 million euros. This purely cost-based calculation, however, does not take account of the potential savings associated with the introduction of electronic legal proceedings and electronic file administration, savings which would have to be offset against the identified investment costs.

The following regulatory proposals will generate the highest compliance costs:

**Figure 13: Compliance costs for the administration (one-off adjustment costs)**

**One-off adjustment costs**  
in millions of euros



**G.3.3 Development of the bureaucracy cost index**

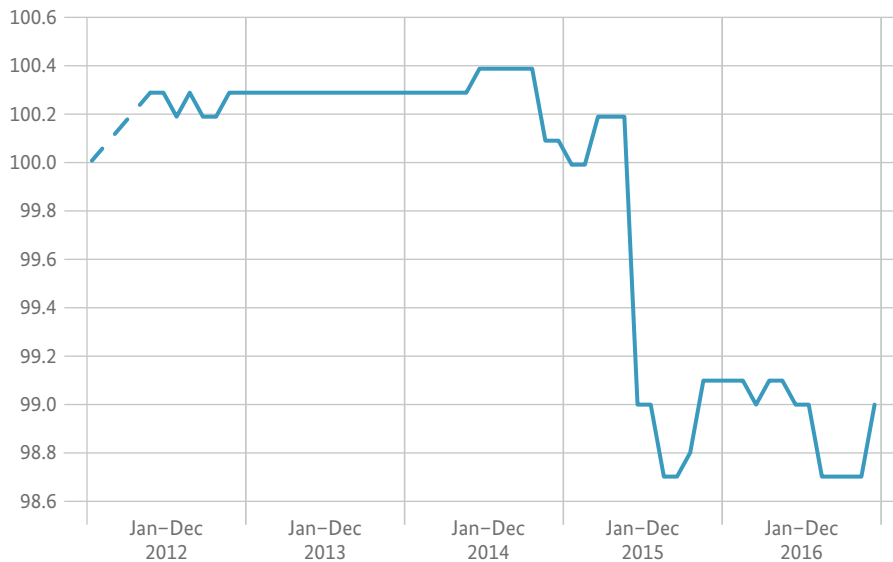
The Federal Government has set itself the aim of sustaining the progress made in reducing bureaucracy costs for businesses. To this end, in the context of the 2012 Programme of Work for Better Regulation, the Federal Government decided to use a bureaucracy cost index to portray changes in the bureaucracy costs imposed on businesses. The index serves as an indicator of changes in the costs incurred by companies in Germany as a result of information requirements.

The baseline is the total amount of bureaucracy costs borne by businesses as of 1 January 2012, to which the bureaucracy cost index 100 is assigned. Federal Government decisions that impact on the total bureaucracy costs borne by business influence the value of the index. The results of reassessments (see section G.2 above) also affect the bureaucracy cost index. The latest value of the index is published on a quarterly basis on the Federal Statistical Office website ([www.destatis.de](http://www.destatis.de)).

**Figure 14: The bureaucracy cost index, 2012 to 2016**

**Bureaucracy cost index, 2012 to 2016**

January 2012 = 100



Source: Federal Statistical Office

In the 2016 reporting year the bureaucracy cost index fell to 99.0. This improvement is due to a total of 26 regulatory proposals which will reduce business compliance costs by an aggregate amount of 322 million euros. These contrast with provisions in 53 proposals which will generate an additional amount of 126 million euros in compliance costs. A particularly significant factor is the outcome of the reassessment of the Fourth Ordinance

Amending the Pharmacies Operation Regulation, which revealed that the compliance costs imposed by that instrument exceeded the original estimate by 177 million euros, adding 0.4 of a percentage point to the bureaucracy cost index in 2016.

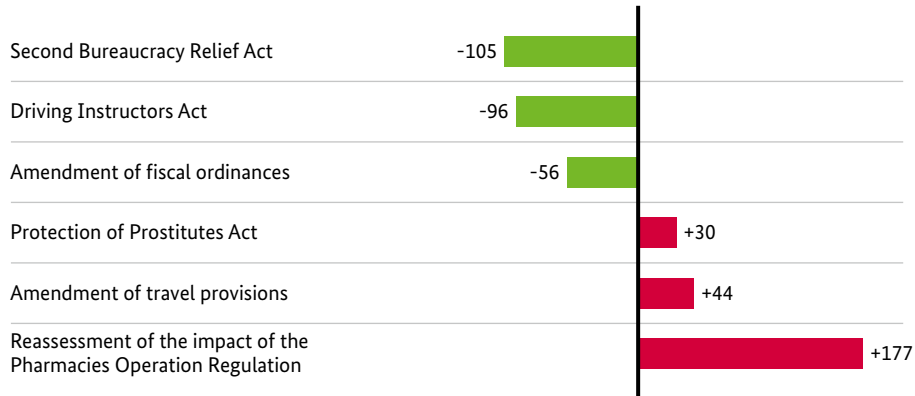
The following regulatory proposals had the greatest impact on the bureaucracy cost index in 2016:



Figure 15: Bureaucracy costs for businesses

**Changes in annual regular bureaucracy costs**

in millions of euros



# Appendix

## 2016 Work Programme for Better Regulation

At the start of the 18<sup>th</sup> legislative term, the Federal Government adopted the 2014 Work Programme for Better Regulation. It remains the objective of the Federal Government to make the law simple, comprehensible and sharply focused and to make tangible reductions in the burdens arising from legal provisions. To underpin this effort, keys to further reduction of bureaucratic burdens, especially for small and medium-sized businesses, were adopted towards the end of 2014, reaffirming the Government's objective. A considerable part of the Work Programme has already been implemented or is being systematically implemented. The reduction of compliance costs and the continuous improvement of legislative processes, however, remain permanent tasks for the Federal Government. Moreover, the findings from the first round of the 'life events' survey, which are now available, have revealed that more improvement is still needed in many areas with regard to the comprehensibility and transparency of provisions, processes and official forms.

Accordingly, over and above the aforementioned decisions the Federal Government is introducing the following measures, to be funded from the budgets of the respective federal ministries:

## I. Further relief measures

### • Relief measures for citizens:

- o Review and revision of the Administrative Regulation on the Housing Benefits Act, which is intended to result in better understanding and greater transparency of the law and of procedures relating to housing benefits
- o Planning of an online application procedure for parental allowance and formulation of a technical implementation strategy for the incorporation of other family benefits
- o Increased provision of information in plain language and explanations of official notifications and forms for people with learning difficulties, intellectual disabilities or psychological disorders with a view to making such documents more comprehensible
- o Consolidation of processes and quality standards and promotion of administrative simplifications in the Federal Employment Agency, as follows:
  - continuous development of online access to the portfolio of Agency services and development of digital access channels
  - personal contactability through the *BA vor Ort* ('Federal Employment Agency close to home') approach
  - introduction of a Virtual Welcome Centre
  - *Mach es einfach* ('Make it simple') model project
- o Further development of the project for the simplification of long-term care documentation, particularly as regards day centres and short-term care establishments, and examination of adjustments needed to bring documentation into line with the new definition of care dependence
- o Establishment of the telematics structure in the health sector with initial useful applications, particularly management of master data on insured persons and medication plans

o Development of a 'bureaucracy map' for the sphere of competence of the Federal Ministry of Defence with the following objectives:

- structured depiction of the main points of contact with bureaucracy to which persons working in the Ministry's area of responsibility are exposed in the course of their working lives
- use of the map as a selection and decision-making tool for the prioritisation and direction of bureaucracy reduction within the Ministry and
- for the implementation of tangible relief measures

o Examination of potential for the improvement of selected income-tax forms in the framework of a 'form laboratory' in cooperation with the Federal Chancellery Project Group on Effective Government.

• **Relief measures for businesses:**

o Drafting of a Second Bureaucracy Relief Bill with a view to continuing the considerable bureaucracy reductions for businesses that were achieved in 2015 under the first Act. The new bill is being speedily drafted, which means that the main amendments could enter into force at the beginning of 2017 following deliberations in the *Bundesrat* and *Bundesrat* in the second half of 2016.

The following priorities may be listed and are to be supplemented by further relief measures that fall within the ambit of other government departments:

- Reform of the point of single contact
- Modernisation of the Crafts Code
- As regards the project for identification of the compliance costs arising from the current legal rules governing the due date for social insurance contributions and the simultaneous examination of four possible models, the findings from the study conducted by the Federal Statistical Office and the National Regulatory Control Council are expected soon; if a proposal for the introduction of new due-date rules is made on completion of the examination of findings, this

proposal would be incorporated into the Second Bureaucracy Relief Bill

- Moderate increase in the threshold for small invoices to 200 euros
- o Promotion of electronic invoicing (*ZUGFeRD format*)
- o Drafting of the legal basis for the market master data register for the energy industry
- o Examination, in the framework of a research project, of the potential for greater use of administrative data in economic statistics and the limits of such use
- o Examination of ways in which even more active use could be made of contacts with the authorities in the post start-up phase, for example during follow-up checks, in order to provide young entrepreneurs with better assistance as part of the advisory role of the administration
- o Introduction of a Web-based platform on social insurance addressed to employers
- o Examination of the cost-effectiveness of notifications regarding additional employers' payments supplementing wage-replacement benefits under section 23c(2) of Book IV of the German Social Code
- o Phased adaptation to notification obligations under the Capital Requirements Directive No IV (Transposition) Act, designed to prevent a double burden on credit institutions resulting from simultaneous fulfilment of the new requirements of the AnaCredit reporting system of the European Central Bank and of the amended national requirements
- o Simplifications in tenancy law for landlords in connection with the modernisation of dwellings as part of a Second Tenancy Law Amendment Act
- o Reduction of record-keeping and notification obligations for driving schools, facilitation of cooperation on the part of driving schools and revision of the conditions for licensing as a driving instructor with a view to improving the economic situation of driving schools and addressing the shortage of new driving instructors
- o Revision of the support principles for the Federal Government/*Länder* joint task of improving agricultural structures and coastal protection with the aim of fleshing out their content and making them more readable and easier to understand

- **Further measures to make the administration and e-government more citizen- and business-friendly:**

- o Continuation of the Federal Information Management (FIM) project, led jointly with Land Saxony-Anhalt, to promote efficient and effective administrative action in enforcing federal laws and conversion of the project into an application administered by the IT Planning Council
- o Establishment of a Federal Editorial Office for the FIM-compliant provision of information arising from federal legislation for use at all tiers of the federal system of government
- o Establishment of a federal online gateway and planned creation of a network of service gateways at all tiers of the federal system for citizens and businesses (the planning of the gateway network is an IT Planning Council project)
- o Establishment and standardisation of interoperable service accounts for citizens and businesses as key identification and authentication components for all administrative services in Germany
- o Modernisation of collection by the customs administration of consumption and transport taxes (MoeVe Zoll 2016 project): major implementing steps in the development of an IT platform for consumption and transport taxes, in particular the development of basic components and of a new, up-to-date IT solution to support work processes in the administration of energy tax and electricity tax on the basis of a modern platform-based IT architecture
- o Examination of the scope for modernising the service of documents by the customs administration under section 10 of the Administrative Service of Documents Act through an electronic gateway (electronic blackboard) at zoll.de
- o Examination of the scope for simplifications in the realm of project-based support for non-governmental organisations (private project promoters)

## II. Improving legislative processes

The following measures are contributing to the continuous improvement of federal law-making processes:

- o Crystallisation of the long-term measure for the improvement of language consultancy
- o 'School of Legisprudence':  
To raise the technical quality of legislative drafts, a skills offensive will be launched. Drafters of legal provisions will receive instruction in modern methods of structured problem-solving, in the application of existing research, in the development of alternatives and empirical testing of their effectiveness and in evaluation. In this way the ability to draft precisely targeted and comprehensible legal texts will be systematically developed.
- o Examination of ways in which various research approaches, such as 'citizen science', can be used to focus legislation more sharply on the needs and experiences of its subjects, i.e. citizens, businesses and the administration

# Annexes

Annex 1

Development of compliance costs, 1 January to 31 December 2016\*  
Net annual change in regular compliance costs for businesses in €m\*\*

Source: Federal Statistical Office database  
- Last updated: 7 February 2017 -

	Annual compliance costs for businesses in €m			of which bureaucracy costs arising from information obligations in €m.
	Burden	Reduction	Balance	
Federal Foreign Office				
Federal Ministry of the Interior	0.3	1.5	-1.3	-1.1
Federal Ministry of Justice and Consumer Protection	60.5	3.7	56.8	57.5
Federal Ministry of Finance	190.5	144.5	46.0	-108.1
Federal Ministry for Economic Affairs and Energy	56.9	15.4	41.5	-2.1
Federal Ministry of Labour and Social Affairs	1,071.9	109.8	962.0	-62.7
Federal Ministry of Food and Agriculture	0.6	1.0	-0.4	-0.5
Federal Ministry of Defence				
Federal Ministry for Family Affairs, Senior Citizens, Women and Youth	71.6	0.8	70.8	29.7
Federal Ministry of Health	4.6	47.5	-42.9	-18.7
Federal Ministry of Transport and Digital Infrastructure	7.8	87.2	-79.3	-93.2
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	131.1	506.1	-375.0	4.5
Federal Ministry of Education and Research				
Federal Ministry for Economic Cooperation and Development				
Federal Government Commissioner for Culture and the Media		0.9	-0.9	-0.9
Federal Government				
<b>Total</b>	<b>1,595.8</b>	<b>918.3</b>	<b>677.5</b>	<b>-195.6</b>

\* Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2016 or regulatory proposals that are not referred to the Cabinet, such as ministerial regulations, for which the process of interministerial coordination was completed during that period.

\*\* Totals may diverge as a result of rounding.

## Development of compliance costs, 1 January to 31 December 2016\*

Net annual change in regular compliance costs for citizens and the administration in €m.\*\*

Source: Federal Statistical Office database

- Last updated: 7 February 2017 -

	Annual compliance costs for citizens						Annual compliance costs for the administration		
	Time input in 1,000s of hours			Cost in €m.			in €m.		
	Burden	Reduction	Balance	Burden	Reduction	Balance	Burden	Reduction	Balance
Federal Foreign Office							0.3		0.3
Federal Ministry of the Interior	28.3	101.4	-73.1				112.9	16.8	96.2
Federal Ministry of Justice and Consumer Protection	3.8		3.8	0.1	0.1		60.7	102.9	-42.1
Federal Ministry of Finance	973.4		973.4				712.2	1.0	711.2
Federal Ministry for Economic Affairs and Energy		0.4	-0.4				32.1	5.4	26.6
Federal Ministry of Labour and Social Affairs	88.9	3,466.4	-3,377.5		5.0	-5.0	179.3	43.3	136.0
Federal Ministry of Food and Agriculture	1.2		1.2	0.2		0.2	8.2	1.5	6.7
Federal Ministry of Defence	60.0		60.0				8.5		8.5
Federal Ministry for Family Affairs, Senior Citizens, Women and Youth	6.4		6.4				14.0		14.0
Federal Ministry of Health	12.0	3.2	8.8		0.5	-0.4	12.7	12.7	-0.1
Federal Ministry of Transport and Digital Infrastructure	302.2		302.2		0.7	-0.7	38.8	0.6	38.1
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	2.6		2.6				8.6	15.1	-6.6
Federal Ministry of Education and Research		1.0	-1.0		0.1	-0.1			
Federal Ministry for Economic Cooperation and Development									
Federal Government Commissioner for Culture and the Media								30.2	-30.2
Federal Government							7.4		7.4
Total	1,478.9	3,572.5	-2,093.6	0.3	6.4	-6.0	1,195.6	229.6	966.0

\* Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2016 or regulatory proposals that are not referred to the Cabinet, such as ministerial regulations, for which the process of interministerial coordination was completed during that period.

\*\* Totals may diverge as a result of rounding.

## Development of compliance costs, 1 January to 31 December 2016\*

One-off adjustment costs for citizens, businesses and the administration

Source: Federal Statistical Office database

- Last updated: 7 February 2017 -

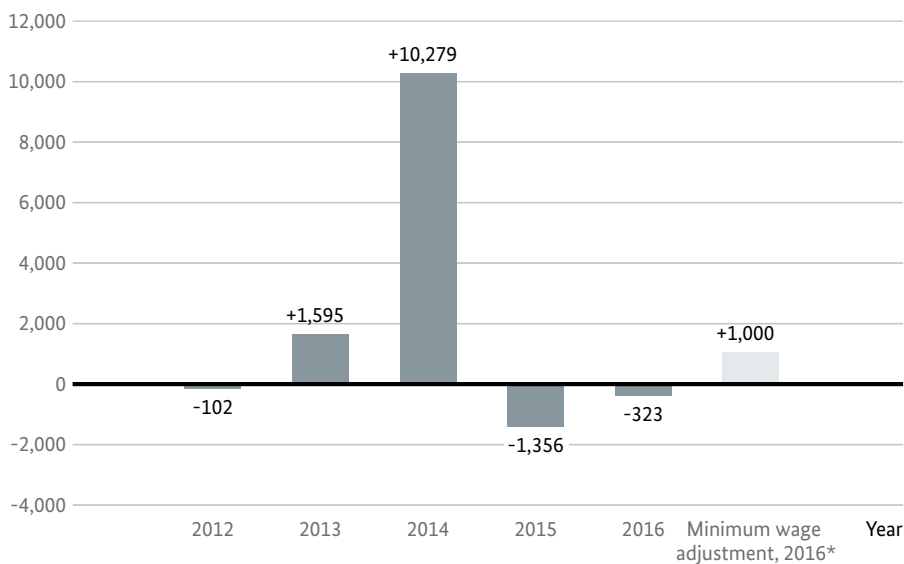
	Adjustment costs for citizens		Adjustment costs for businesses	Adjustment costs for the administration
	Time input in 1,000s of hours	Cost in €m.	in €m.	in €m.
Federal Foreign Office				
Federal Ministry of the Interior	24.8	0.1		464.8
Federal Ministry of Justice and Consumer Protection			96.5	385.5
Federal Ministry of Finance			1,043.3	88.3
Federal Ministry for Economic Affairs and Energy		175.0	55.3	3.3
Federal Ministry of Food and Agriculture	115.0		10.2	74.1
Ministère fédéral de l'Alimentation et de l'Agriculture			1.7	3.5
Federal Ministry of Defence				0.4
Federal Ministry for Family Affairs, Senior Citizens, Women and Youth			64.9	11.4
Federal Ministry of Health			3.9	9.1
Federal Ministry of Transport and Digital Infrastructure		0.2	59.4	13.3
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety		1,066.9	499.9	22.2
Federal Ministry of Education and Research				0.1
Federal Ministry for Economic Cooperation and Development				
Federal Government Commissioner for Culture and the Media			0.2	6.6
Federal Government				2.5
Total	139.9	1,242.1	1,835.3	1,085.1

\* Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2016 or regulatory proposals that are not referred to the Cabinet, such as ministerial regulations, for which the process of interministerial coordination was completed during that period.

## Annex 4: Regular compliance costs for businesses

### Annual balance in years 2012 to 2016

in €m. per annum

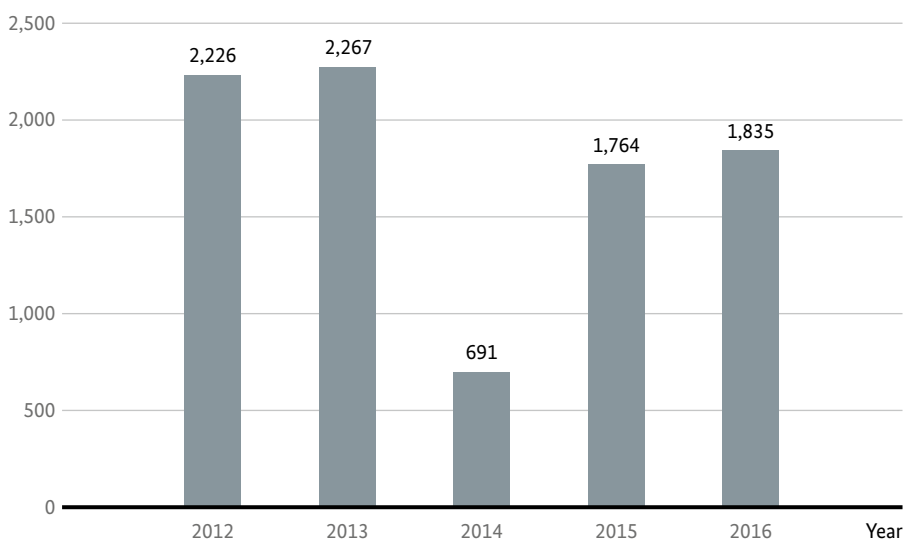


\* The adjustment of the minimum wage is based on a decision taken by the two sides of industry in the Minimum Wage Commission. As prescribed by the Minimum Wage Act, the Federal Government implemented the decision by enacting an implementing ordinance. The compliance costs arising from the ordinance are beyond the control of the Federal Government and are therefore posted as a separate item.

## Annex 5: Adjustment costs for businesses

### One-off compliance costs in years 2012 to 2016

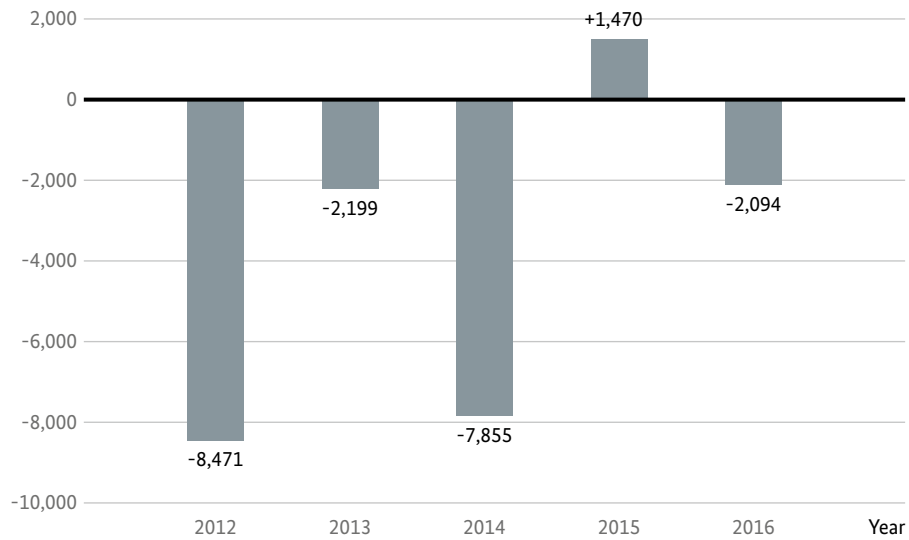
in €m.



## Annex 6: Regular demands on citizens' time

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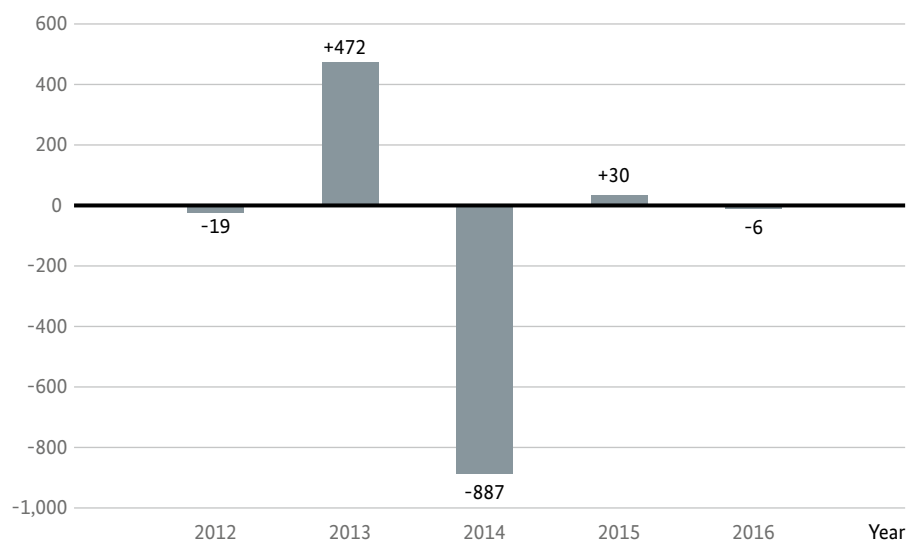
**Annual balance in years 2012 to 2016**  
in thousands of hours per annum



## Annex 7: Regular costs for citizens

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**Annual balance in years 2012 to 2016**  
in €m. per annum



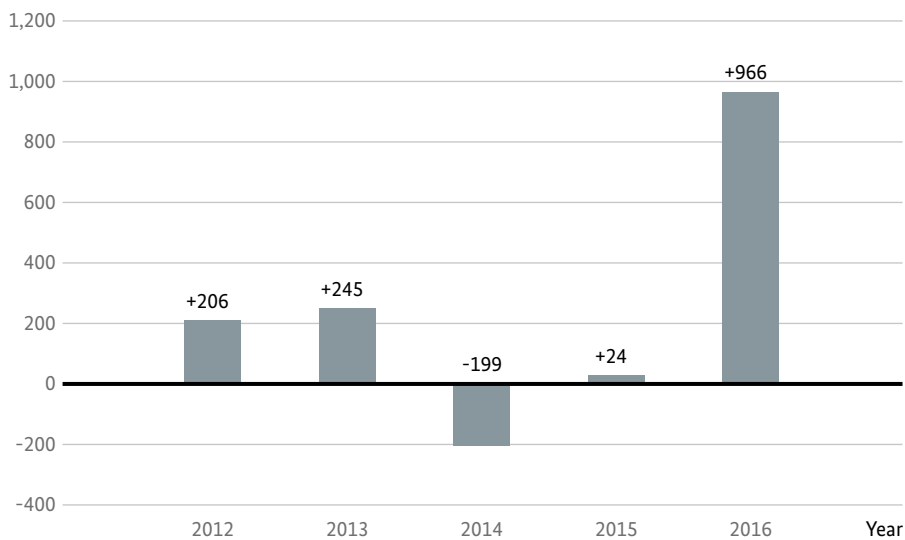


## Annex 8: Regular compliance costs for the administration

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### Annual balance in years 2012 to 2016

in €m. per annum

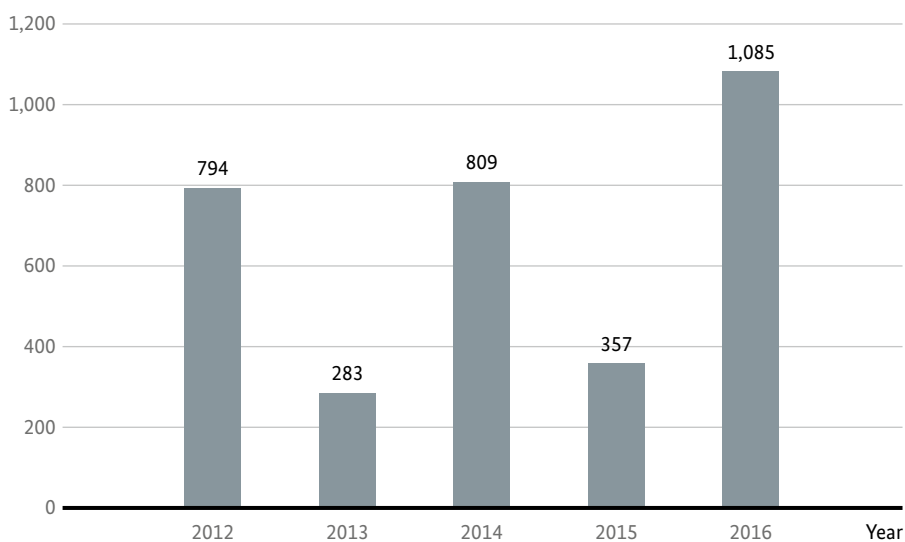


## Annex 9: Adjustment costs for the administration

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### One-off compliance costs in years 2012 to 2016

in €m.



## Summary of bureaucracy brake ('one in, one out') for 2016\*

Source: Federal Statistical Office database  
- Last updated: 7 February 2017 -

	Number of relevant regulatory proposals		Impact on compliance costs in €m.			
	increasing the burden	reducing the burden	Burden	Reduction	Cap	Balance**
Federal Foreign Office						
Federal Ministry of the Interior	2	3	0.2	1.5		-1.4
Federal Ministry of Justice and Consumer Protection	5	1	6.3	1.8		4.5
Federal Ministry of Finance	6	7	122.6	88.6		33.9
Federal Ministry for Economic Affairs and Energy	5	4	21.8	15.4		6.3
Federal Ministry of Labour and Social Affairs	3	5	1,003.6	109.8	1,000.0	-106.2
Federal Ministry of Food and Agriculture	6	3	0.5	0.6		-0.1
Federal Ministry of Defence		1				
Federal Ministry for Family Affairs, Senior Citizens, Women and Youth	2	1	72.7	0.8		71.9
Federal Ministry of Health	5	4	2.6	47.0		-44.5
Federal Ministry of Transport and Digital Infrastructure	7	4	5.5	87.2		-81.7
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	1	4	49.8	505.9		-456.0
Federal Ministry of Education and Research						
Federal Ministry for Economic Cooperation and Development						
Federal Government Commissioner for Culture and the Media		1		0.9		-0.9
Federal Government						
Total	41	25	1,285.5	859.5	1,000.0	-574.0

\* Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2016 or regulatory proposals that are not referred to the Cabinet, such as ministerial regulations, for which the process of interministerial coordination was completed during that period.

\*\* Totals may diverge as a result of rounding.

## Summary of bureaucracy brake ('one in, one out') since its introduction in 2015\*

Source: Federal Statistical Office database  
- Last updated: 7 February 2017 -

	Number of relevant regulatory proposals		Impact on compliance costs in €m.				
	increasing the burden	reducing the burden	Burden	Reduction	Inter-departmental offsetting	Cap	Balance**
Federal Foreign Office							
Federal Ministry of the Interior	3	4	0.2	1.6			-1.4
Federal Ministry of Justice and Consumer Protection	5	5	27.3	844.4	270.8		-546.2
Federal Ministry of Finance	8	11	138.5	288.6			-150.1
Federal Ministry for Economic Affairs and Energy	16	14	157.6	169.9			-12.3
Federal Ministry of Labour and Social Affairs	3	6	1,003.6	143.4		1,000.0	-139.8
Federal Ministry of Food and Agriculture	6	5	0.5	43.4			-42.9
Federal Ministry of Defence		2		0.1			-0.1
Federal Ministry for Family Affairs, Senior Citizens, Women and Youth	3	1	73.2	0.8			72.5
Federal Ministry of Health	8	4	7.2	47.0	-4.2		-44.1
Federal Ministry of Transport and Digital Infrastructure	8	5	5.5	87.2			-81.7
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	3	4	69.7	649.9	-19.9		-600.0
Federal Ministry of Education and Research		1	0.1	0.7			-0.6
Federal Ministry for Economic Cooperation and Development							
Federal Government Commissioner for Culture and the Media	1	1	2.7	0.9			1.9
Federal Government	1		246.7		-246.7		
Total	62	48	1,732.9	2,277.9		1,000.0	-1,545.0

\* Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2016 or regulatory proposals that are not referred to the Cabinet, such as ministerial regulations, for which the process of interministerial coordination was completed during that period.

\*\* Totals may diverge as a result of rounding.

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