



The
Federal Government

BürokratieAbbau
Zeit für das Wesentliche

Better Regulation 2015: More simplification. More transparency. More time for the essentials.

2015 Federal Government Report pursuant to Section 7
of the Act on the Establishment of a National Regulatory Control Council

April 2016



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Foreword



2015 was a good year for bureaucracy reduction.

More time for the essentials – in 2015 that was particularly true of the bureaucratic burdens on business. When they enter into force, the laws and regulations drafted by the Federal Government will save businesses and self-employed individuals 1.4 billion euros a year. To ensure that this trend is maintained, we introduced what we call the **'bureaucracy brake'**. Based on the 'one in, one out' principle, this mechanism ensures that any newly introduced compliance costs must be offset by savings made elsewhere.

Another of the main themes of this report is the **perceptibility** of measures for further reductions in red tape for citizens, business and the administration. Projects such as the reform of care documentation, analysis of expenditure on education and inclusion services, the ZUGFeRD data model for e-billing and the new information platforms Familienwegweiser (Family Guidebook) and Sozialversicherung für Arbeitgeber (Social Insurance for Employers) are starting to have a real impact. Close cooperation between the competent authorities in analysing burdens is helping to win back more time for the essentials.

The picture is completed by the findings of the first surveys conducted by the Federal Statistical Office on the basis of the Lebenslagenkonzept or **life-situations approach**. It emerged from more than 9,000 interviews that citizens and businesses have a high level of confidence in the incorruptibility, non-discrimination and competence of the authorities in Germany. Problems that are still reported by respondents with regard to their contacts with the administration frequently concern understanding of the law and of official forms. There is also dissatisfaction about the length of time it takes to receive a decision after making an application and with the provision of information on the next steps in administrative processes. The Federal Government will address the findings of these surveys in its future work. Nationally, as in the other tiers of government, there is still a great deal to be done in this respect to ensure that the law and the administration come out even better in the next round of surveys.

In the international rankings, however, Germany is well placed. We would like this OECD assessment to be reflected in the day-to-day experience of citizens, business and the administration. We are working on that.

A handwritten signature in black ink that reads "Helge Braun". The signature is written in a cursive, flowing style.

Prof. Dr. Helge Braun
Minister of State to the Federal Chancellor
Federal Government Coordinator for
Bureaucracy Reduction and Better Regulation

Part 1

2014 Work Programme for Better Regulation

By adopting the 2014 Work Programme for Better Regulation, the Federal Government made a commitment to reduce the burdens that new laws and rules impose on everyone. The aim is to reduce compliance costs and to improve legislative processes. There is to be an even sharper focus on the experiences of citizens, business and administration. This effort was further reinforced by the key points on further reducing bureaucracy for small and medium-sized enterprises, that were adopted towards the end of 2014.

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,¹ 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 disclosure 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 H, in Part 2 of this report.

¹ The Federal Government, the National Regulatory Control Council and the Federal Statistical Office, Guidelines on the Identification and Presentation of Compliance Costs in Legislative Proposals of the Federal Government, 2012

A | THE LIFE-SITUATIONS APPROACH

When individuals and businesses have dealings with the public authorities, they encounter state bureaucracy at first hand. Whether it is the birth of a child, moving home or starting up a new business, they are confronted time and again with applications and official forms, with administrative processes and regulations in administrative departments.

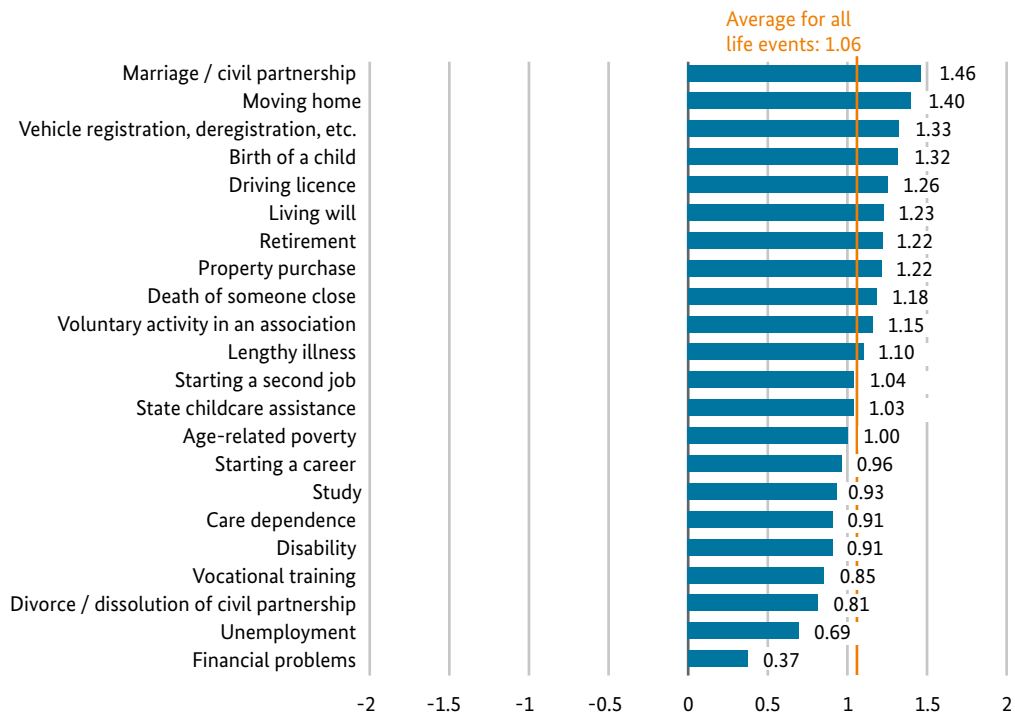
How do these individuals and businesses perceive such contacts? And how satisfied are they with the public administration?

These are the focal points of a current study by the Federal Statistical Office. In the first half of 2015, a total of 5,666 private individuals and 1,572 businesses were surveyed. They were asked to rate their contacts with public authorities in specific situations. The Statistical Office defined 22 different events in people's lives in which they require the assistance of the authorities, such as marriage and retirement. For businesses, the Office selected ten key events, such as the start-up of the business and the recruitment of a new employee. The respondents' satisfaction was measured on the basis of various criteria, such as how comprehensible were the official forms, the information provided and the key legal provisions, and how did respondents assess the electronic communication options?

The study found that both citizens and businesses were satisfied on the whole with the services provided by the authorities.

On a scale of +2 (very satisfied) to -2 (mainly dissatisfied), the average rating given by individual citizens was about +1.06. In the case of businesses, it was +0.94. In many cases, however, the picture varied from one situation to another.

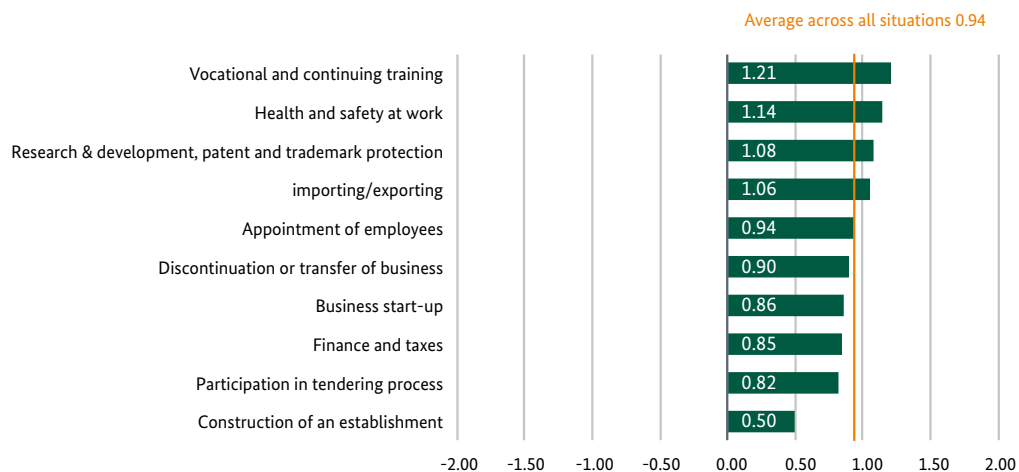
Figure 1: Citizens' satisfaction with services provided by public authorities in connection with a selection of life situations; satisfaction rating of +2 to -2



According to the study, satisfaction with the services provided by public authorities is highest among people marrying or having a civil partnership registered. Those who move home or register a new vehicle, have a vehicle registration changed or deregister a vehicle also award high marks to the public administration.

Contacts with the authorities in connection with unemployment and financial problems, for example in the event of personal bankruptcy, on the other hand, are less favourably assessed. Nevertheless, they still fall on the positive side.

Figure 2: Business satisfaction with services provided by public authorities in connection with a selection of situations; satisfaction rating of +2 to -2



Businesses are also largely satisfied with the public administration. Training and occupational health and safety are identified by company representatives as the areas in which dealings with the authorities run most smoothly. They are least satisfied with contacts relating to the construction of a new plant, although even here the rating is still on the positive side at +0.50.

Both sets of respondents, however, agree in their appreciation of the incorruptibility and non-discrimination of the authorities. These are by far the most highly rated qualities and are hugely important factors in the ethos of public administration in Germany. Conversely, neither official forms and application processes nor the underlying legal provisions are found to be comprehensible. The lowest scores were awarded for this category in almost all life and business situations.

The respondents attached the greatest importance, however, to confidence in the administration. More than 90% regarded such confidence as the key to satisfactory dealings with the authorities.

With regard to the other factors too, it is worth considering the question of importance. The greater the importance that respondents attach to a factor, the higher is the ideal level of satisfaction. In other words, efforts to improve the work of the authorities should focus on those areas that respondents find particularly important but in which their satisfaction ratings are also particularly low. In Figure 3, these factors are shown in the lower right quadrant of the coordinate plane. This quadrant shows that procedures take too long for respondents' liking and that they often encounter a lack of the required helpfulness on the part of case officers, even though the respondents attach great importance to both of these points. These, then, are the areas that pose the greatest challenges.

Figure 3: Citizens' satisfaction with selected government services

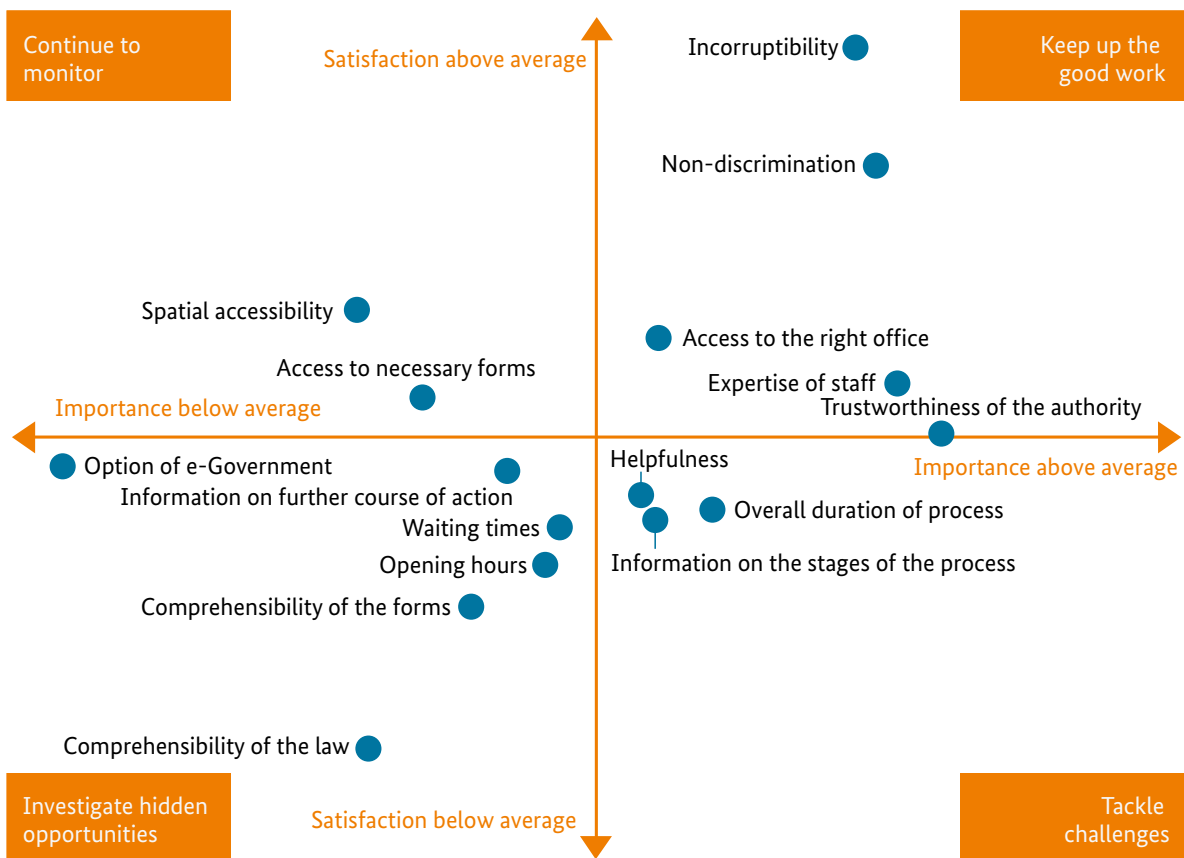


Figure 4: Business satisfaction with selected aspects of government services

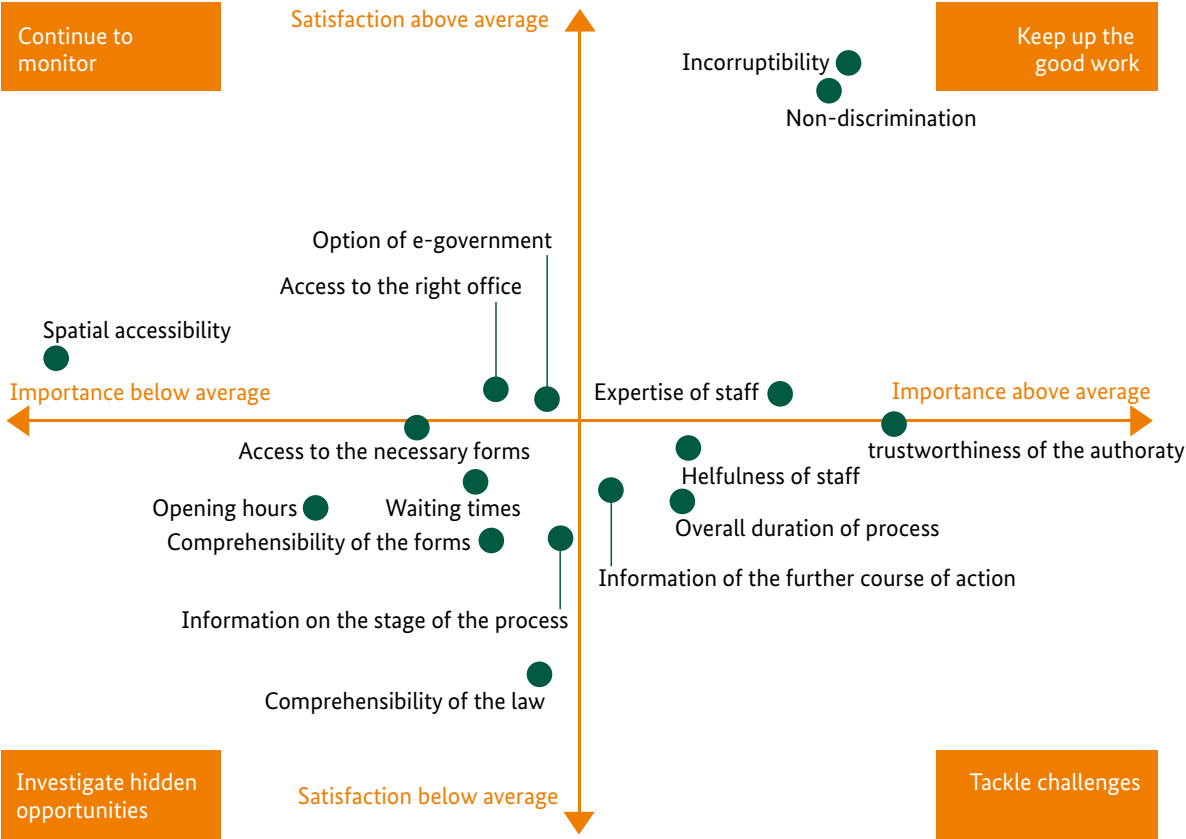


Figure 5: Graphic showing the official channels to be used in connection with exporting; business situation Importing and exporting



The findings of the survey help the authorities to identify potential starting points for their improvement efforts. Government departments can incorporate these into their future analyses and derive effective measures from them.

Anyone interested in more information and findings can obtain these online at www.amtlich-einfach.de. This website also contains interactive graphics which show the official channels to be used in connection with each life situation.

amtlich
Staat der kurzen Wege **EINFACH**

B | STUDIES, PROJECTS AND DEVELOPMENTS


Small and medium-sized enterprises: the SME test


When a new provision is to be adopted, it is important to consider whether regulation is necessary and whether the intended provision is proportionate. This applies especially to new provisions that affect Germany's small and medium-sized enterprises (SMEs), which far exceed three million in number.

To assist government departments in answering these questions, they have been provided since 1 January 2016 with a set of guidelines which they are required to follow. The purpose of the guidelines is to assist the competent staff members, known as legislation drafting officers, in drafting new federal provisions. It is designed to raise their awareness of the economic impact of planned provisions and to enable them to seek suitable alternatives and include these in their considerations. This also makes it easier for third parties, such as the National Regulatory Control Council, business organisations and, of course, Parliament itself to review these provisions.

All EU member states are called, on the basis of the Small Business Act for Europe, to assess systematically the impact of legal provisions on SMEs. So far, however, there are still only a few countries where this is happening. With the above-mentioned guidelines, designed to ensure that the needs of SMEs are taken into account in the legislative process, Germany is well advanced in this respect and is in the European vanguard.

Further information on the SME test guidelines can be found at:

 www.bmwi.de/BMWi/Redaktion/PDF/J-L/kmu-test-leitfaden-englisch,property=pdf,bereich=bmwi2012,sprache=de,rwb=true.pdf

 www.bmwi.de/DE/Presse/pressemitteilungen,did=747894.html (press release in German)

Digital declarations (rule screening)

The federal e-Government Act entered into force on 1 August 2013, providing the first overarching legal framework for digital administration in Germany. The Act created the legal conditions for electronic

communication between the administration on the one hand and citizens and businesses on the other.

A simple rule applies: the more complex and heavily regulated electronic communication with the authorities is, the less use will be made of that channel by citizens and businesses. The simplicity of the procedure, in other words, influences the volume of use.

Some procedures have special requirements, such as submissions to be made in written form. This generally means that particular documents, contracts or certificates must be drawn up in writing and personally signed. In such cases, communication by means of simple electronic declarations or by e-mail is not permissible.

Against this backdrop, the Digital Declarations (Rule Screening) project involves the examination of thousands of federal administrative regulations for the purpose of establishing whether it is really necessary to insist on submissions in written form and, if not, whether they could be replaced by simple, user-friendly electronic procedures. These procedures can then also benefit people who do not possess one of the new personal identity cards or a De-Mail account. This should make individuals less reluctant to use electronic public services.

Modernising taxation procedure

Those who call for reductions in bureaucracy tend to think primarily of taxes. A complex tax system is soon perceived as an unfair additional imposition over and above the burden of the tax bill itself. The Federal Government is therefore working to make further improvements to tax legislation and to modernise the taxation process and to do these things for the benefit of all parties, that is to say citizens, businesses, tax consultants and the fiscal administration.

To this end, on 9 December 2015 the Federal Cabinet adopted a Tax Bureaucracy Reduction Bill. It provides for various measures, such as the development of electronic communication between the fiscal authorities and taxpayers, more moves towards fully automated procedures and optimisation of administrative routines. Citizens are to have access to an up-to-date service for communication with the fiscal administration. Paying taxes is to become easier, for example through a reduction in the number of supporting documents to be submitted with the tax return in

future. Taxpayers will be required to submit such documentation only if so requested by the tax office in a particular case.

The Bill is set to become law on 1 January 2017. The technical and organisational measures for which it provides are then expected to be implemented within five to six years.

Education and inclusion benefits (education package)

Education is an important investment in our children's future. In order to improve the educational opportunities and social inclusion of children and young people, including those from low-income families, the Federal Government introduced an extensive range of education and inclusion benefits, known as the education package, in 2011. These benefits help to ensure that such children are not at a disadvantage in their primary or nursery school or day nursery.

Support is given to families who, for example, cannot afford the cost of outings or class trips or of communal lunches at nursery school. The education package also covers expenditure on personal school articles and school transport, subject to a parental contribution of five euros. In certain conditions, it even includes expenditure on essential learning support. The package primarily comprises benefits in kind, such as personalised vouchers, but direct monetary payments are also made.

The bodies responsible for the education package are local authorities, which generally means the counties or county boroughs. They take the executive decisions as well as providing the benefits for families. Oversight is a matter for the federal states (Länder), although only a few of them are responsible for professional supervision in addition to their duty of legal oversight.

The federal authorities refund the cost of the education package to the Länder and have an interest in finding out how the package is used locally. This is the only way in which potential improvements for all parties can be explored. To this end, the Federal Ministry of Labour and Social Affairs has arranged for the education package to be evaluated. The evaluation comprises three subprojects:


1. In an implementation study, the ways in which the package is actually implemented in the municipalities are to be examined.

2. An uptake analysis is being conducted to examine people's knowledge of the education package, their application practice and their uptake and assessment of the package. To this end, beneficiary households but also other households are being surveyed.

3. On the basis of the Better Regulation programme of 28 March 2012, the costs arising from the education package for benefit offices, the families concerned and service providers, in other words the compliance costs, were to be ascertained, the aim being to estimate the various players' monetary outlay and to gather simplification and improvement proposals from respondents.

The findings obtained so far show that the ways in which municipalities implement the education package differ very widely. These findings, however, are based only on an initial review. It will not be possible to present robust facts and statements until the final report appears in 2016.

In 2015, only the third subproject had been completed, producing the findings set out below:

 www.bmas.de/DE/Presse/Meldungen/2015/zweiter-zwischenbericht-bildung-und-teilhabe.html
(press release in German)

The Federal Statistical Office arrived at the following figures:

- The municipal benefit offices administering the education package incur total costs amounting to € 136 million a year.
- Eligible parties themselves, that is to say low-income families, spend 2.9 million hours a year completing applications, going to and from benefit offices and waiting there. Their related costs – e.g. expenditure on travel and postage – amount to € 12.2 million.
- The total annual costs arising for service providers, such as sports clubs, music schools and caterers, were calculated at € 43.8 million, of which € 41.4 million falls under the heading of staff costs.

The identified compliance costs were in line with the Federal Government's expectations. The fact is that the politically desirable principle of awarding benefits in kind is more expensive than making purely monetary payments. The decision of the legislature to make direct payments to beneficiaries only in exceptional

cases was designed to guarantee precisely targeted assistance.

Another finding to emerge was that citizens found the education package too complicated in parts. Responsibility for the benefits lies with local authorities. In its legislative role, the Federation therefore has limited scope to simplify procedures.

With regard to simplification and improvement suggestions, respondents gave the Federal Statistical Office numerous indications of areas in which they would welcome changes, namely both in the legal provisions and in the application methods, official forms and evidence requirements. The proposals related to the whole range of competent bodies, that is to say the federal, Länder and local authorities.

The main suggestions for simplifications and improvements were discussed on 19 November 2015 by the working party on passive benefits of the Joint Federal-Länder Committee established under Book II, section 18c, of the German Social Code. It emerged from these discussions that, as far as was known, there was no scope yet for immediate action to reduce compliance costs. Improvement suggestions relating to a need for legislative amendments have either been rendered superfluous by the adaptation of the statutory regulations on 1 August 2013, which now provide, for example, for consideration of actual expenditure arising from participation in activities, such as the purchase of sportswear, or it has emerged, on closer inspection, that the problem lies in the interpretation of the law by the municipal administrative bodies or the Länder exercising oversight, as in the cases of reimbursing bus, tram or train fares or of remedial tuition. Other simplification and improvement suggestions were not addressed to the federal authorities but to those responsible in the Länder and local authorities. For this reason, some of the Länder have produced guidelines or recommendations on the implementation of the education package. In addition, the federal authorities are available for exchanges of views with their Länder counterparts and with the associations of local authorities, for example in the framework of the working party referred to above.

The overall evaluation, which will be available in 2016, is to outline where and how the education package can be improved to make it easier to manage for both the administration and the parents concerned.

Reshaping the relationship between benefits payable under the Advance Maintenance Payments Act and those payable under Book II of the German Social Code

Under the law as it stands, lone custodial parents who receive no maintenance payments or no regular maintenance payments for their child or children from the other parent must initially apply to the authorities – usually the Youth Welfare Department – for advance maintenance payments as their primary benefit if they wish to receive welfare benefits. Advance maintenance payments, however, are often insufficient to cover the recipient's essential living costs. In such cases they can secure their livelihood by drawing supplementary benefits under Book II of the German Social Code in the form of a jobseekers' subsistence allowance or family members' income support. The Job Centre or Social Welfare Office is responsible for administering these benefits.

According to estimates made by the Federal Court of Audit, about 70% of the children who receive advance maintenance payments also receive benefits under Book II of the Social Code. This means that not only the custodial parent is in constant contact with two different authorities but so is the other parent, because both authorities approach the latter to enforce the maintenance claims. Both require information about the non-custodial parent's income, and both require him or her to pay maintenance to the custodial parent. Duplication of effort may arise for the authorities too, since the statutory rules prescribe that both departments enforce the payment of maintenance independently of one another. This even extends, where appropriate, to court proceedings and enforcement measures.

In order to reduce red tape for all parties in future, the Federal Government has launched a project designed to measure the extent to which, in practice, compliance requirements are actually duplicated for custodial and non-custodial parents and the administration.

In particular, the project is examining an approach proposed by the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth. Central to this approach is the idea that parallel receipt of advance maintenance payments and benefits under Book II of the Social Code should be excluded. Any lone custodial parent fulfilling the eligibility criteria for both

forms of assistance would have to opt either for the advance maintenance payments or for the Book II benefits, if the latter would be higher. The competent local authorities would help applicants to make this decision and advise them on the pros and cons of each option. Where advance maintenance payments would be higher than the benefits under Book II of the Social Code, however, lone custodial parents could apply only for advance maintenance payments for their children, as hitherto.

With a view to assessing how effectively bureaucracy could be reduced by this means, the Federal Statistical Office has been conducting surveys. Respondents – parents and administrators – were asked to quantify the time that is consumed and the expenditure incurred by parents and administrative authorities at the present time when lone custodial parents and their children draw receive both forms of assistance simultaneously. The on-the-spot surveys involved the competent authorities from twelve municipalities in various Länder. They also helped to find parents who were prepared to take part in the survey. The survey of parents was subsequently conducted by phone.

The interviews are currently being analysed, and the final project findings are expected to be available in the summer of 2016.

Telematics infrastructure in the healthcare system

Modern communications technology has largely become part and parcel of businesses and households in Germany. In the healthcare system, however, there is still relatively little use being made of the benefits of digitisation. The Act Concerning Secure Digital Communication and Applications in the Healthcare System and Amending Other Acts, commonly known as the e-Health Act, is intended to remedy this situation. Its purpose is to ensure that the opportunities offered by technological progress are also used to improve medical care.

It contains a general plan for the faster introduction of useful applications and lays the legal foundations for the development of the ‘telematics’ infrastructure into the central communication platform on health matters. The term ‘telematics’ is a compound word made up from ‘telecommunication’ and ‘informatics’ and is used to signify the interconnection of various IT systems and hence the means of combining and communicating computerised information from vari-

ous sources. The telematics infrastructure in the healthcare system forms the basis for the use of the electronic health card and the associated applications. Its purpose is to link the IT systems of medical surgeries, chemists and hospitals and so provide for exchanges of information between systems and their user groups. Patients’ interests and data protection are at the heart of this infrastructure.

The e-Health Act also stipulates a time frame for the nationwide introduction of the telematics infrastructure. By 2018, all medical surgeries and hospitals are to be connected to the infrastructure. Once that basis has been established, medical applications can then be introduced and developed.

The following are some of the features of the e-Health Act:


- It is designed to contribute to the rapid introduction of valuable applications, such as management of insurance particulars, emergency data and medication plans. The Act sets deadlines for the introduction of these applications. Failure to meet these deadlines may result in penalties.
- It creates the conditions for the use of the telematics infrastructure as the key infrastructure for reliable and secure communication within the healthcare system.
- It improves the structures of Gematik, the company created to establish and manage the telematics infrastructure in the healthcare sector.
- It is designed to ensure the interoperability of IT systems and the transferability of patient data between the administrative systems of medical surgeries.
- It promotes the use of electronic report and referral letters by panel doctors.
- It establishes the right of patients to a medication plan, initially in paper form and subsequently in the health card too.
- It strengthens patient autonomy by introducing electronic patient files and providing patients with the option of storing their own data in a patient folder.
- It promotes telemedical services by including in the range of services offered by contracted physicians online medical consultations and teleconsultancy, that is to say the involvement of other physicians or specialists in the evaluation of X-ray findings.

More time for treatment

Healthcare is an area in which many people, including doctors, are particularly aware of the burdensome nature of bureaucracy. The fact is that people who are ill need quick medical assistance without red tape. For this reason the National Regulatory Control Council launched a project entitled More time for Treatment – Simplification of Procedures and Processes in Medical and Dental Surgeries. The Federal Ministry of Health and the Federal Chancellery have been supporting and monitoring the project.

In the first phase, the aim was to obtain an overview of the compliance costs in medical, dental and psychotherapy surgeries. To this end, the Federal Statistical Office examined 450 information requirements to which doctors and dentists are subject. In the next stage, the project participants drew up a list of recommendations designed to lower compliance costs in surgeries. Among the participants were the National Regulatory Control Council, the Federal Association of Panel Doctors, the Federal Association of Panel Dentists, the Federal Chamber of Dentists, the National Association of Statutory Health Insurance Funds and representatives of individual health insurance funds and of various associations of panel doctors and panel dentists. The project participants formulated a total of 20 recommendations relating to the self-management of the healthcare system. If the recommendations are implemented, the result should be more time for treatment.

The results of the project and the various recommendations for action can be found in the final report at:

 www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Download/2015-08-28_download-projektbericht_arztpraxenprojekt.pdf?_blob=publicationFile&v=3
(project report in German)

Long-term care project

In the realm of long-term care, compliance costs can likewise hamper the rapid assistance that humanity demands. For this reason the development of a more efficient care-documentation model, known as the structural model, was commissioned by the Federal Ministry of Health with a view to making a tangible reduction in the volume of red tape, which is often regarded as very onerous.

The Federal Commissioner for Long-term Care, State Secretary Karl-Josef Laumann, gave the green light for the nationwide introduction of the simplified care documentation. Since then the new model has spread to more and more residential and out-patient care establishments. In the first half of 2015, several thousand carers and establishment managers were briefed by Mr Laumann at a total of 15 events on the opportunities offered by the model. The office entrusted by the Federal Commissioner with the implementation of the project trained multipliers from provider associations and test agencies for the purpose of disseminating the model. By the middle of the year, the target of rolling out the model to a quarter of all out-patient and residential care establishments in Germany had already been reached. By the end of 2015, the proportion had grown to a third of all 25,000 care establishments.

Dispensing with superfluous documentation frees up carers' time and increases their motivation to focus more sharply on direct patient care. This goal has also been enshrined in law in the Second Long-term Care Enhancement Act, together with the revised third and sixth sentences of section 113(1) of Book Eleven of the German Social Code, which clarify the rules governing care documentation. These provisions specify that the time saved by the new documentation model must not result in funding bodies cutting their budgets for carers' remuneration. On the contrary, carers are to devote the additional time to the infirm persons entrusted to their care.

Besides care establishments, more and more other competent bodies are also persuaded of the benefits of the structural model. Funding bodies, medical services belonging to health insurers, private health insurers' test agencies, care-home supervisors and, last but not least, producers of documentation systems are supporting the process of switching to the new model. The reduction of bureaucracy in the realm of care services will be continued in 2016. The next planned step is the introduction of simplified documentation into day care and short-term care too as well as into training courses for the caring professions in the Länder.

e-Billing

Electronic invoicing, or e-billing, is becoming increasingly popular in Germany. In particular, a file format known as ZUGFeRD (Central User Guide of e-Billing

Forum Germany) has established itself, because it is a standardised format that lends itself equally to electronic exchanges of invoices involving companies, consumers and public authorities. Since the standard was published in 2014, the data model, which is available free of charge, has been downloaded from the Internet more than 7,000 times.

The number of software providers that have integrated the ZUGFeRD data model into their product range is constantly growing.

As a result, the benefits of e-billing, with its estimated cost savings of up to 18.6 billion euros a year, are gradually being felt by businesses and citizens. The Federal Government will keep striving to ensure that e-billing becomes the norm.

A European e-billing standard is currently being drafted by the European Committee for Standardization (CEN), and the German ZUGFeRD solution would be a suitable model for adoption in that context. The German ZUGFeRD model is already an almost perfect match with the emerging EU standard.

This vindicates the decision to base the ZUGFeRD solution systematically from the outset on internationally established standards such as PDF and XML. In this way, machine-readable documents can always be read by people too, in the same way as a non-digitised paper invoice. By means of an electronic invoice in the ZUGFeRD data format, data can thus be exchanged without the need for the sender and recipient to agree in advance on a particular file format.

e-Procurement

Electronic billing also has an important role to play in public procurement because, with effect from 18 April 2016, the revised European procurement legislation requires administrations in the member states, in principle, to publish procurement documentation electronically and make it universally accessible free of charge in cases where a defined contract value is exceeded. There is also scope for postponing the application of some provisions until 18 October 2018 at the latest, regardless of whether the awarding authority is a central or decentralised body. No later than October 2018, then, all communications forming part of a procurement procedure must, in principle, be made electronically.

For this reason the State Secretaries Committee on Digital Administration 2020 decided on 3 March 2015 that the federal ministries would ensure that the federal e-procurement platform was used in their respective spheres of competence, in other words in areas subject to direct federal administration. The relevant authorities are to be connected to the e-procurement platform by 18 April 2016 at the latest. Since the transposition of EU legislation into national law will alter the existing processes, the electronic systems will have to be adapted to the new legal situation in good time.

At the present time, the individual federal and Länder procurement authorities use various platforms. In Germany there are 40 such systems, and in Europe there are more than 300. They are mutually incompatible for the most part and do not have a uniform means of access for prospective tenderers. To simplify electronic procurement for both tenderers and federal, Länder and local authorities, a uniform access standard was defined. On 17 June 2015, the XVergabe interface was established as the national standard by the IT Planning Council. The production of XVergabe should be completed within a year.

The projected European e-SENS network also operates on the basis of XVergabe. Its purpose is to allow trans-European communication between procurement platforms. An initial pilot scheme was run successfully in the second quarter of 2015.

The Federal Government has set itself the aim of standardising procurement processes nationally and defining an overarching federal e-procurement standard, to be known as E-Beschaffung Bund. To this end a reference process model was developed, and this model is continually coordinated with the various government departments and updated.

Feasibility study on the introduction of a self-assessment procedure

By having a feasibility study conducted on the introduction of a self-assessment procedure for the taxation of company profits, the Federal Government honoured one of the pledges made in the coalition agreement. The potential for simplifying the law governing taxation procedures by means of a self-assessment procedure was examined, beginning with a study on corporation tax. Its objective was to create a decision-making basis and to identify possible legal, organisational and economic implications for the fis-

cal administration and businesses. The study delivered valuable findings to this end.

It is now a matter of completing the current project for the modernisation of taxation procedures. The extent to which comparable modernisation measures can also be successfully applied to company taxation and combined with a system of self-assessment is to be explored once the package of measures for the modernisation of taxation procedures has been implemented.

Information gateway for employers on social insurance

In the years 2012 to 2014, the Federal Ministry of Labour and Social Affairs implemented a project entitled Optimiertes Meldeverfahren in der sozialen Sicherung – OMS ('Optimised Social Security Registration Procedure'), the purpose of which was to improve registration, certification and application transactions between employers and the social-security administration.

It soon became clear that employers, especially in small and medium-sized enterprises, find it difficult to navigate their way through the complex requirements of the relevant laws and directives. In order to fulfil their disclosure requirements, they have to collect a host of data and store them for retrieval. There is, however, scarcely any automated means of collecting data prior to actual data capture. The OMS project therefore produced a prototype information gateway for employers, designed to remedy this situation.

The prototype convinced the decision-makers. Accordingly, in December 2014, the Federal Cabinet approved the establishment and operation of a gateway providing employers with information on their reporting obligations under social-security legislation. The Federal Ministry of Labour and Social Affairs was entrusted with the task of setting up and establishing the gateway. This was to be done by means of a two-stage project. In the first stage, which ran from 1 April 2015 to 31 October 2015, a set of requirement specifications was compiled. In the second stage, from 6 November 2015 to 31 December 2016, the design specifications are to be drawn up and preparations made for the technical implementation. The launch date for the platform is 1 January 2017. It will be operated by ITSG, the IT service agency of the statutory health insurance system, on behalf of the statutory health

insurance administration itself. All organisations in the field of social insurance as well as employers will be involved in the preparatory work.

The employers' information gateway on social insurance is to be available as a public online platform to all employers whose companies have their head office or a branch in Germany. They will be able to use it to inform themselves of employers' main registration obligations under welfare legislation in Germany. The gateway will present specific scenarios by way of illustration. In this way, employers will be able to obtain from one central point a straightforward overview of their disclosure and registration obligations under welfare law. Being well informed makes it easier to fulfil obligations.

The particular challenge lies in the need to present the rules in a user-friendly manner and explain them clearly. To this end, employers using the gateway are to be led through the complex structure of the registration system by means of a series of direct (yes/no) questions.

The information gateway, however, does not contain any functions enabling employers to enter registrations, certificates or applications in the system. Data relating to employers or employees are still to be transmitted exclusively to the Web gateways of the social insurers or by means of electronic data exchange. The information gateway is not intended as an alternative to existing online platforms or applications for registration in social insurance schemes.

Interactive information tool on family benefits for the Family Guidebook Web gateway

Special assistance is given in Germany to families. However, not every family is the same. It therefore makes sense to provide services that are tailored to individual needs. Accordingly, families in Germany can count on a wide range of state benefits. These comprise not only material support but also assistance with care and upbringing and provision of legal information.

It is a particular concern of the Federal Government to provide people with information on family benefits, so that they can make use of the services that are designed to meet their needs. The relevant information must be easily accessible and comprehensible and must relate to real life. This is also in line with the current life-situations-based survey (see section A above).

For this reason, the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth launched the Family Guidebook (Familien-Wegweiser). At www.familien-wegweiser.de, anyone can obtain information on projects and services in the field of families policy. All major areas of activity and situations in the lives of families are covered there. The Guidebook has proved particularly popular with young parents.

Even good things, however, can be further improved. To give parents even quicker and more targeted access to the information they need, the Family Guidebook is being comprehensively expanded. The core of the improved range of services is to be an interactive information tool on family benefits that has been upgraded for use on mobile devices too.

Families and expectant parents can then find out, by inputting only a few details and clicking on a few buttons, the key benefits for which they are eligible. At the same time, they also learn when and, if appropriate, where they should make their applications. Checklists, links to forms and information on important contacts will also be accessible. This new information service is to be available to all parents, whether they are expecting their first child, have a large family or are lone parents. Fathers who seek greater involvement in family life and families from migrant backgrounds will also find information matching their specific requirements.

The elements of the Family Guidebook that have proved successful will naturally be retained. Besides the wealth of information, these elements include the diverse access routes to relevant information, such as the index of key terms, the search function and the thematic dossiers. If, however, families do not know exactly which terms or benefits to look up, an index of key terms is not much help. A search is very unlikely to yield the desired results if the user is unfamiliar, for example, with the term *ElterngeldPlus* ('parental allowancePlus').

This is where the new information tool comes in. In the cases described above, families and parents-to-be need only input information on their own circumstances. The tool does the rest, displaying the benefits for which eligibility exists in the cases in question. That saves a great deal of time. And it also helps those who do not yet know anything at all about family benefits.

e-Grants

In order to provide for full electronic communication between public authorities and the recipients of state grants, the Federal Government has launched the *e-Zuwendungen* ('e-grants') project. This is not a separate software package but a further development of the federal information system on project support (*profi/profiOnline*).

Individual reconciliations, and hence the entire process of awarding and administering grants, will be considerably speeded up by means of seamless electronic communication. Documents, such as specific notices from the awarding authority and invoices, can then be transmitted directly and securely by electronic means. In addition, communication between awarding bodies, that is to say individual authorities – in some cases project promoters – will be improved. This means, for example, that support duplication can be identified by means of electronic coordination and avoided.

At the present time, as part of the *profi* system, an interface for importing data from grant recipients' project-management systems for payment requests and proof of expenditure is being constructed. In the medium term, provision will also be made for the submission of electronic invoices in *ZUGFeRD* format. For 2016 there are plans to apply for direct online access for newly approved projects through the federal support gateway. This is expected to have a particularly beneficial effect in cases where frequent and regular communication takes place with grant recipients. Small or one-time grant recipients will still be able to use conventional communication channels if that is likely to be the less time-consuming option in a given case.

Federal Registration Data Ordinance

In registration offices too, there is scope for reducing red tape, as numerous internal processes can be simplified. Such efforts can be assisted by instruments such as the Federal Registration Data Ordinance, which entered into force on 1 November 2015. It lays down the technical conditions for automated retrieval of registration data, thereby enabling public authorities or other public agencies of the Federation or Länder to access data from all registration offices. The uniform national technical standard for automated retrieval procedures serves to reduce compliance costs

for the authorities. Even enquiries made by public authorities in a letter, fax or phone call can be answered more quickly. The information requirement of public bodies can be met more easily, more quickly and more precisely through the new automated procedure.

Modernisation of the National Firearms Register

Firearms are a sensitive subject. It is therefore essential that the state has detailed information on who holds which firearms and why. For this reason, the National Firearms Register was established in 2013. It has demonstrably contributed to the modernisation of firearms administration, enabling the federal and Länder security authorities to make far better use of key firearms information than ever before.

The Standing Conference of Interior Ministers of the Länder is examining how the Register can be gradually developed so that, for example, the entire life cycle of a weapon – manufacture, trade, export and import – can be monitored and analysed. This aim is largely in line with current proposals for the amendment of the European Firearms Directive (European Commission document COM(2015) 750 final of 18 November 2015 – Proposal for a Directive of the European Parliament and of the Council amending Council Directive 91/477/EEC on control of the acquisition and possession of weapons). This would not only facilitate efforts to combat international terrorism but would also involve a further reduction of bureaucracy. The more advanced is the administration of firearms, the more pressure can be removed, for example, from businesses in terms of registration requirements and do on.

In 2015, the joint federal-Länder working party on the National Firearms Register, at the request of the Conference of Interior Ministers, devised an implementation strategy for the development of the register to involve manufacturers and sellers of firearms, with variants. At its spring meeting in 2016, the Conference will present the main findings on the development of the overall system and express its views on the extent to which the proposed upgrade would meet stakeholders' needs, benefit them and reduce their workload and costs.

By depicting the entire life cycle of firearms in a central register, the development of the National Firearms Register would create new scope for efficient and citizen-friendly firearms administration which meets

modern administration standards as well as public and business expectations and, last but not least, the requirements of the staff of the firearms authorities.

Administrative processes for passports and identity cards

Everyone needs a personal identity card; quite often a passport is needed too. For this reason, bureaucracy reduction in this sphere directly benefits all citizens, and indeed it is another area where there is room for further simplification of administration processes, that is to say applications and the issuing of documents. This conclusion was reached by a joint federal-Länder working party entrusted with the task of examining and assessing working practices in the relevant offices. It identified some processes that could be simplified and streamlined. The working party's findings were presented to the Länder and the associations of local authorities. If the proposals are implemented, they will save time for applicants and cut costs for local administrations.

Concentration of family allowance schemes in the hands of the Federal Employment Agency

A complex structure of bodies responsible for child benefit has established itself. Besides the 14 family allowance schemes administered by the Federal Employment Agency, which process child benefit for some 87% of all children in Germany, there are more than 8,000 separate family allowance schemes within the public sector. These process child benefit for the remaining 13%, namely the children of public servants. Such a high number of responsible bodies is inconsistent with a modern, cost-effective administration. For this reason, the Federal Government has drafted a bill designed to end the special mandate of the latter family allowance schemes for members of the public service. Their responsibilities are to be transferred to the Federal Employment Agency or, alternatively, to the Federal Office of Administration. Within the Länder administrations and local authorities too, public-sector employers are to be given the option of transferring competence and processing operations to the Federal Employment Agency.

The reallocation of duties will reduce the number of responsible bodies and ensure uniform nationwide processing of child-benefit cases. Citizens will also

benefit from the simplified allocation of responsibilities. The legislative process is scheduled for completion in 2016.

Authorisation procedure for railway rolling stock

The Federal Government set itself the aim of improving the authorisation procedure for railway rolling stock. In the past, this procedure was subject to repeated delays, which should be avoided in future.

Accordingly, the reforms provide for the involvement of private testing organisations in the authorisation process alongside public bodies. The changes are being effected in two stages. The first stage was completed on 6 June 2015 with the entry into force of the Ninth Railway Law Amendment Act. Initially, it is expected to increase business compliance costs by about € 3.8 million. This, however, is essential, because the new structures have to be created in the first instance. Part of this effort is the recognition of the private bodies that are to conduct the tests. In the second stage, the relevant statutory regulations are to be amended. Once the amendments are in force, a sharp reduction in business compliance costs is expected. This is likely to happen in the course of 2016.

Web-based vehicle licensing: i-Kfz

The existing procedure for licensing or deregistering a vehicle is time-consuming. As a rule, the vehicle keeper, or his or her authorised representative, must go in person to the licensing authority.

The advantage of online procedures is that they considerably reduce the time and effort required of the keeper. Accordingly, the Federal Ministry of Transport and Digital Infrastructure, in Stage 1 of a digitisation scheme, has created the conditions for Web-based deregistration of vehicles with the aid of the new-style personal identity card. The regulations establishing this facility entered into force on 1 January 2015.

For all vehicles registered from that date, the number plate and Part I of the registration certificate will carry a security code, and the vehicle can then be deregistered without the need to visit the licensing authority.

The legislative process required for Stage 2 is due to begin by the spring of 2016. In this next phase, the same keeper will be able to re-register his or her

vehicle online. In a parallel process, the prerequisites are being created for Stage 3, in which all registration operations, including licensing of new vehicles and transfers of ownership, will be fully processed online.

Simulations and pilot schemes prior to legal amendments

Since 1985, environmental impact assessments have been prescribed by European law to identify, describe and assess the environmental effects of certain industrial facilities, such as steel foundries and wind farms, and of infrastructure projects such as motorways and railways. Before such projects are authorised, certain procedures, prescribed throughout the EU, must be followed. One such procedure is the production of an environmental impact assessment report, a process in which the environmental authorities and the public are involved.

In Directive 2014/52/EU, however, the European Union amended the requirements for the conduct of environmental impact assessments, adapting them to take account of recent developments and formulating them far more specifically and in far greater detail than hitherto.

The Federal Government is now required to transpose these amendments into national law. This will entail amending the Environmental Impact Assessment Act. The Government also intends to take the opportunity offered by these amendments for a thorough revision of the Act and for simpler, more comprehensible and clearer wording of its provisions. In so doing, the Federal Government also intends to take account of the objectives of the 2014 Programme of Work for Better Regulation, that is to say reducing compliance costs and simplifying legislative processes.

The existing standards of protection are to be maintained, of course, and will not be lowered under any circumstances. There is, however, particular scope for improving public involvement, for example through greater use of electronic media. Interested parties could then use central Web gateways to obtain information far more easily than before on a project application and on the likely environmental impact of the project. The authorisation decision that concludes the project is also to be published online.

There is another respect in which the Environmental Impact Assessment Act could be improved. Some of

its existing provisions are unnecessarily complex and difficult to understand, and their enforcement poses considerable problems. This results in complicated and opaque authorisation procedures. It is not unusual in practice for an interpretation and application of the Act to be open to legal challenges. Amending the wording of the Act and adapting it to take account of recent court judgments should make for clearer, more comprehensible provisions and greater legal certainty.

One particular advantage of the revised Environmental Impact Assessment Act is that the quality and practicability of the new provisions can be tested even before their adoption. To this end, the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety is putting its working draft to the test in a simulation exercise. The first part took place on 24 November 2015. A group of 16 participants, comprising company consultants, specialised assessors and staff of public authorities, simulated a preliminary examination for the environmental impact assessment of a pig-fattening unit with a connected biogas plant. The simulation showed that the planned amendments to the Act were practicable. In some of the provisions, however, particular points required revision to eliminate ambiguities. Two more simulation sessions are to take place in the spring of 2016. The project thus serves as an example of the way in which specific provisions going through the legislative process can be successfully tested in advance.

The Federal Ministry of Transport and Digital Infrastructure is also taking the opportunity to test a regulatory project, though not in a simulation but through a pilot scheme. The proposal in question is for the introduction of a driving licence enabling persons aged 15 and over to ride vehicles in category AM. It would qualify them to ride mopeds, small three-wheelers and light quad bikes with a maximum speed of 45 km/h. The legal minimum age is 16. The pilot scheme is geographically limited to three Länder – Saxony, Saxony-Anhalt and Thuringia. It is also subject to a five-year time limit (1 May 2013 to 30 April 2018).

Compared with a simulation exercise, a pilot scheme, on account of its experimental character, reveals the effects of a new rule in a real-life scenario because, for a limited time, the subsequent subjects of the provision, or at least a representative group of them, are also involved in the scheme.

The Federal Ministry of Transport and Digital Infrastructure has entrusted the Federal Highway Research

Institute (Bundesanstalt für Strassenwesen) with the evaluation of the pilot scheme. It is to examine the actual effects of the lower age limit on road safety, mobility patterns and acquisition of driving licences. Thereafter, the Ministry can estimate how such a change in the rules would affect the transport situation in Germany as a whole and whether it should become permanently enshrined in law.

The Federal Highway Research Institute is basing its evaluation on two methodically different examinations:

1. an analysis of what is known as the driver fitness record of participants and non-participants in the pilot scheme; to this end, the Federal Motor Transport Authority (Kraftfahrt-Bundesamt) uses official register data to establish the number of accidents in which they were at fault and the number of infringements entered in the register of driver fitness;
2. a survey of participants and non-participants in the pilot scheme, conducted by the Institute of Empirical Sociology (Ifes) at the Friedrich-Alexander University of Erlangen-Nuremberg.

Interim findings will be released in the summer of 2016, and the final findings will be presented in the autumn of 2017, that is to say before the end of the pilot scheme.

ELVA – electronic case processing and archiving

The Federal Ministry of Education and Research has also initiated measures designed to reduce bureaucracy and simplify administrative processes. One of these was the ELVA (electronic case processing and archiving) project. In several steps, an advanced system of electronic document management, electronic files and electronic case processing were to be established on the basis of a standardised procedure. The aim was to improve communication channels, both within the Ministry and between it and other authorities as well as citizens, and to optimise work processes. ELVA is designed so that official operations can be handled electronically in a seamless processing chain.

The introduction of electronic files enables staff to retrieve file content quickly anywhere and at any time. The retrieval of up-to-date information is made considerably easier by systematic storage in a central location and a full-text search function. This ensures

high-quality processing. Once the ELVA project is completed, it will be possible to process current cases electronically in a standardised system right up to the archiving stage. In accordance with the e-Government Act, work cycles will be more efficient and transparent, and processes will be optimised and accelerated.

In the first instance, ELVA was successfully introduced in the spring of 2014 as a new system of electronic document management in the Federal Ministry of Education and Research. In 2016, electronic files are to be piloted and, on the basis of that pilot scheme, the introduction of e-files throughout the Ministry is to begin, probably in the course of that year. Thereafter, electronic case processing in ELVA will be tested.

European Electronic Toll Service

In the early 1990s, electronic road-toll systems, albeit mutually incompatible, were introduced in several European countries. Operating a heavy goods vehicle for trans-European goods haulage is still quite a costly business at the present time, for the keeper of the vehicle must register it with the various toll chargers and equip it with various recording instruments. With the approval of its member states, the EU has already initiated steps to ease this burden on hauliers. Under Directive 2004/52/EC of the European Parliament and of the Council of 29 April 2004 and European Commission Decision 2009/750/EC of 6 October 2009, a European Electronic Toll Service (EETS) is to be introduced that will enable its users, on the basis of a single contract and with only one on-board instrument, to pay all tolls incurred in the European Union.

No tenderer, however, has yet been found to set up the EETS. Most member states have not yet been able to complete their preparations, and potential tenderers have yet to identify a viable business model.

The Federal Government has made the necessary adjustments of national law to transpose the mandatory European requirements. The new provisions regulate all of the tasks assigned to the member states as well as all of the requirements that are to be met by EETS providers in Germany.

Under the Toll System Act, the federal authority responsible for the EETS is the Federal Office for Goods Transport (Bundesamt für Güterverkehr). All of the

necessary technical and organisational adjustments within the Federal Office have largely been completed. The Office registered AGES EETS GmbH as the first EETS provider, the registration taking effect on 30 April 2015.

The Toll System Act also provides for the establishment and operation of a private-sector conciliation body, the purpose of which is to seek an agreed settlement in the event of disputes between EETS providers and toll chargers. Following a tender procedure administered by the Federal Ministry of Transport and Digital Infrastructure, the Taylor Wessing law firm was appointed to perform this role. The appointment was announced in the Bundesanzeiger (Federal Gazette) on 1 December 2015.

Resources for the preparation of legislation

The Federal Government has set itself the goal of reviewing the existing guidelines and manuals on the legislative process and updating them where necessary. To this end, more than 40 existing manuals and sets of guidelines have already been collected and documented.

If the revised guidelines are released by the competent government departments for publication, they will also be included in a new edition of the Handbuch zur Vorbereitung von Rechts- und Verwaltungsvorschriften ('Handbook for the Preparation of Legal and Administrative Provisions') published by the Federal Ministry of the Interior. This will serve to ensure that the people involved in the legislative process can find all guidelines in a single source. In addition, individual sets of guidelines are to be digitised as part of the eGesetzgebung (e-Legislation) project (see below) and reproduced by means of IT tools. An initial digital guide to the sustainability assessment of bills is currently at the testing stage.

Enhancing the linguistic input

The Federal Ministry of Justice and Consumer Protection is responsible for a project entitled Sprachberatung stärken (Enhancing the linguistic input). One of the main elements of this project involves informing those who draft legislation of the following:

- how important it is to formulate legislative texts comprehensibly, beginning with the initial draft;
- the fact that, within the Federal Government, competent linguistic advice and assistance with the drafting of legal provisions are available from the Legal Drafting Support Unit at the Federal Ministry of Justice and Consumer Protection;
- how the Legal Drafting Support Unit can best be involved in the drafting of legislative bills.

To this end, the Ministry of Justice and Consumer Protection has conducted several briefing sessions in the federal ministries and has discussed with the participants ways in which cooperation can be improved. Further briefing sessions will take place in 2016.

In addition, the Federal Academy of Public Administration offers legislation seminars for practitioners. Participants are not only introduced to linguistic advice and legal drafting support but also have the opportunity to practise drafting more comprehensible legislation on the basis of specimen texts.

The Petitions Committee of the Bundestag has also dealt on several occasions in the past with criticism of laws that are hard to understand and sought the opinion of the Federal Ministry of Justice and Consumer Protection. In response, the Ministry reported to the Petitions Committee in June 2015 on ways in which the Federal Government promotes the comprehensible wording of laws and on the linguistic advice and drafting assistance services offered by the Legal Drafting Support Unit.

Electronic legislative processes (e-Legislation)

Through the eGesetzgebung (e-Legislation) project, the Federal Ministry of the Interior, as the lead body, seeks to introduce an end-to-end electronic legislation workflow. The fact is that the process culminating in the promulgation of a new law requires a great deal of coordination, and a wide range of players are involved in that process, namely the Federal Government, the Bundestag, the Bundesrat, the Mediation Committee and the Federal President as well as the Länder and associations. The aim of the project is to ensure that, by 2021, the entire flow of data and documentation in the federal legislative process is managed electronically, seamlessly and interoperably among all participants from the initial draft text through coordination and deliberation to promulgation.

Following the provision of the required project funding by the Bundestag, the first steps are now being implemented. A detailed review of the state of all federal legislative processes is currently being undertaken and will be completed by July 2016.

A key module of the electronic legislative process will be the existing eNorm software. In a separate project under the aegis of the Federal Ministry of Justice and Consumer Protection, the software has already developed into an important lawmaking tool. Nevertheless, it is to undergo further development, as there is still scope for major improvements in its functions and operability. Continued optimum preparations are to be made for its integration into the overall e-legislation process. From 2016 a central e-norm support service will be available within the federal administration to provide efficient help for staff in the use of eNorm.

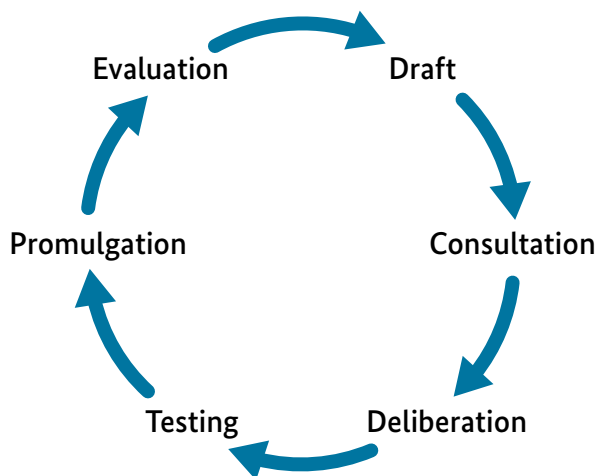
C | SYSTEMATIC EVALUATION

The main purpose of the 2014 Programme of Work for Better Regulation is to optimise legislative processes. This can lead to improvements in several respects:

- It provides quality assurance for legal provisions.
- Legal provisions are more readily accepted by those they affect – the population, public authorities, etc.
- The effectiveness of the law is increased.

To this end, all of the processes within the legislation cycle that underlie regulatory proposals are to be tangibly improved. This applies to the initial draft as well as to the subsequent deliberations and the ultimate evaluation of the application of the law.

Figure 6: Presentation of the various stages in the legislative process



In particular, the systematic evaluation of a legislative proposal can make a big contribution to better regulation. One example of an important assessment criterion in post hoc evaluation is target achievement, because a project that fails to attain its objective has most probably generated unnecessary compliance costs too. Examples of other potential assessment criteria are:

- acceptance and practicability of the regulatory instrument,
- side-effects, including unintended effects,

- the efficiency of the instrument, i.e. the cost-benefit ratio or the balance of advantages and disadvantages.

In January 2013, the State Secretaries Committee on Bureaucracy Reduction developed a model for the content and procedures of this systematic evaluation. This model, however, cannot serve as a gauge until the provisions in question have been in force for at least three to five years. Sufficient experience in applying the model is also required. At a Federal Government workshop held in February 2015, however, initial findings from seven pilot projects were already being presented. The evaluation model was also discussed in the framework of the National Regulatory Council symposium held in the Federal Chancellery on 19 October 2015.

The following may be set down as interim findings at this stage:

- Target achievement is an excellent assessment criterion for an evaluation. The legislature should give this some careful preliminary consideration at an early stage. It should already be mindful of the subsequent evaluation of its project when formulating a regulatory instrument.
- Evaluations are essentially based on the collection and analysis of information. This information is then used as a basis for the political and technical decision as to what happens next with the regulatory proposal. If robust objectifiable knowledge about the steering effect of laws and regulations is to be obtainable, a reliable information basis is essential. If necessary, this information should already be gathered in tandem with the practical application of the law or regulation.
- Evaluations serve to improve quality. They can be useful as a basis for a new political and technical discussion. At the same time, however, care should be taken to prevent automatism, for example in the form of a perpetual ‘evaluation spiral’.

In addition, in the Planning Staff of the Federal Chancellery, the Project Group “Governing effectively” studies and tests ways of using prior impact analyses of proposed political measures to assess diverse variants of the measures with the aid of knowledge from the behavioural sciences. The objective of this approach is to ensure that measures attain the highest possible level of target achievement for the benefit of the citizens affected by them.

D | THE 'BUREAUCRACY BRAKE' (‘ONE IN, ONE OUT’)

In December 2014 the Federal Government agreed, in a paper entitled *Eckpunkte zur weiteren Entlastung der mittelständischen Wirtschaft* (Key points on further reducing bureaucracy for small and medium-sized enterprises), to put a permanent cap on the growth of bureaucratic burdens to businesses by applying the ‘one in, one out’ principle. In March 2015, the strategy for the application of this cap, or ‘bureaucracy brake’, was finally adopted (see Annex 1).

The essence of the ‘one in, one out’ rule is that each federal ministry must ensure, whenever new regulatory proposals impose additional burdens, that existing burdens are pruned by an equivalent amount. By this means compliance costs are to be permanently limited without any obstruction of politically desirable measures.

The bureaucracy brake applies, in principle, to all regulatory proposals of the Federal Government that impact on the regular compliance costs incurred by businesses. Exceptions are permitted only in the case of proposals which:

- would directly transform EU requirements, international agreements or case law of the Federal Constitutional Court or the European Court of Justice into national law, or
- would serve the purpose of averting significant dangers, or
- would have an impact lasting no more than one year.

The bureaucracy brake is a departmental mechanism. This means that each federal ministry is responsible for offsetting new business compliance costs by reducing such costs elsewhere. Where this cannot be done within the regulatory proposal or by balancing the new costs against surplus savings from earlier proposals, the relief measure must be submitted within a year. If the ministry in question does not see any scope for compensatory cuts, another government department may take responsibility for offsetting the new costs. In exceptional cases, the State Secretaries Committee on Bureaucracy Reduction may also decide to cap the compensatory cut, provided that the newly generated compliance costs exceed the capacity of the ministry to offset them or the costs do not adequately reflect benefits of the regulatory project. The National Regulatory Control Council must be consulted on this matter.

In 2015, the Federal Government adopted a total of 53 proposals to which the bureaucracy brake applied. Of these proposals, 26 led to an increase in regular compliance costs, the total increase being €457 million ‘in’. This contrasts with 27 proposals that contributed to a total reduction (‘out’) of €1,415 million. The result is an impressive net reduction in business compliance costs of €958 million in 2015.

At the present time, the relief provided by the modernisation of procurement legislation can only be estimated (see the provisional estimates in item H 3.2 and Annex 2). The estimated amount will therefore be reviewed in an ex post measurement, and the result will be included accordingly in the final ‘one in, one out’ balance sheet for this legislative term.

The distribution of burdens and simplifications among the government departments can be seen in Annex 2.

E | THE BUREAUCRACY REDUCTION ACT

An important step taken in the context of the 2014 Programme of Work for Better Regulation was the Federal Cabinet's adoption of the key points on further reducing bureaucracy for small and medium-sized enterprises on 11 December 2014. This decision led to the adoption in the summer of 2015 of the Bureaucracy Reduction Act (Bürokratieentlastungsgesetz), which is designed to remove considerable volumes of red tape, particularly for businesses.

The Act comprises measures that are especially beneficial to young and fast-growing companies. For example, it raises the threshold for bookkeeping and record-keeping obligations in the Commercial Code (Handelsgesetzbuch) and the Fiscal Code (Abgabenordnung) by 20% each to a turnover figure of € 600,000 and a profit figure of € 60,000. The Federal Government, moreover, has extended the exceptional arrangements for start-up companies in the economic statistics. This principle is also being applied for the first time in some areas of the environmental statistics.

Other measures relate to tax law. An important step in this area was the simplification relating to church tax, which banks, insurance companies, proprietary companies and cooperatives are required to deduct. To this end, the customer's declared religious affiliation is checked against the records of the Federal Central Tax Office. Customers previously had to be informed of this check every year. To this end, millions of standard letters were sent out. In most cases customers would file these letters unread. In future it will be sufficient to inform them only once of the check and their right of objection.

The main amendments entered into force on 1 January 2016. In total, the Act relieves business of compliance costs amounting to € 704 million. This roughly translates into more than 15 million working hours that German businesses no longer have to devote to statistics and standard letters. Instead, this time is now available for work on investments, innovations and wealth creation.

F | COOPERATION WITH LÄNDER AND LOCAL AUTHORITIES

Since 2007, the Federal Government, the Länder and local authorities have cooperated closely with a view to further reducing the burden of red tape for citizens and businesses. The common aim is to achieve smooth interaction between federal law and its application by the Länder and local authorities. For this reason there are intensive exchanges among their respective competent specialists for the preparation of draft legislation in the conferences of specialised federal and Länder ministers and in their working parties.

There is also the objective of reducing the cost of collecting the data that are used to calculate compliance

costs. For this reason, the Federal Statistical Office equipped its ERBEX program for the ex ante calculation of compliance costs with the option of a Länder search. Initial tests in 2015 confirmed that REBEX is a considerably easier way to exchange data between federal ministries and Länder authorities.

When the Federal Ministry of the Interior reviews federal legal provisions, Länder and local authorities are likewise asked to participate. In this case the procedures under the microscope are mostly those requiring individuals to appear in person or the submission of documents in written form (see section B above).

The joint working party of federal, Länder and local authorities at the Federal Chancellery has been sharing experience from the countries and regions and discussing the topics shown in the figure below:



The Länder and local authorities also receive international support. The Organisation for Economic Co-operation and Development (OECD), for example, has described how federal states and local authorities can take part directly in international experience sharing. The OECD, moreover, also seeks to support the reduction of bureaucracy and legislation across all tiers of government.

In addition, individual Länder have launched wide-ranging initiatives to reduce the volume of rules and burdens for businesses and citizens. Bavaria, for instance, has introduced a ‘regulation brake’ (Paragraphenbremse) in order to reduce the number of legal and regulatory provisions. In North Rhine-Westphalia, the Land government, in cooperation with the chambers of industry and commerce, has created an independent agency, which calculates for the Land legislature the increases and decreases in compliance costs, especially for small and medium-sized businesses, that are likely to result from bills drafted by the Land government. In the Free State of Saxony, the Saxon Regulatory Control Council took up its duties at the end of 2015, and Baden-Württemberg is focusing its commitment to better regulation especially on early and lively public involvement in the

development of policies and legislation. Numerous Länder, moreover, have also made systematic efforts to identify the procedures prescribed by their laws and regulations in which obligations to appear in person or to affix a handwritten signature could be abolished.

The Federal Government is also exploring the scope for closer cooperation with the secretariats of the Bundesrat committees and with the Regulatory Control Council.

More information at:

www.clearingstelle-mittelstand.de

www.justiz.sachsen.de/content/5111.htm

www.bayern.de/buerokratieabbau

www.beteiligungsportal.baden-wuerttemberg.de

www.oecd.org/gov/regulatory-policy/conference-on-implementing-regulatory-policy-at-subnational-level.htm

G | INTERNATIONAL COOPERATION

G.1 European Union

I. Better regulation: new approach for the EU

Since 1 November 2014, the new European Commission under Jean-Claude Juncker has been in office. It attaches great importance to better regulation and bureaucracy reduction. That is immediately clear from the reassignment of responsibilities: since the new Commission took office, its First Vice-President, Frans Timmermans, has been responsible for this portfolio. The changes made by the Commission in this domain, however, are not only institutional but substantive too. On 19 May 2015 it presented a Better Regulation package designed to further improve the quality of law-making and hence the laws themselves.

http://ec.europa.eu/smart-regulation/index_de.htm

- Communication: Better regulation for better results – An EU agenda“
- Staff working document – REFIT: state of play and outlook
- Better Regulation guidelines, dealing with impact assessment, evaluation, consultation, etc.
- Proposal for an Interinstitutional Agreement on Better Regulation (with Annexes)
- Communication and Decision on the establishment of an independent Regulatory Scrutiny Board
- Communication and Decision on the structure and functioning of the REFIT platform
- New guidelines on impact assessment of EU legislative initiatives

Importance also attaches in this context to a proposal for a revised Interinstitutional Agreement between the Commission, the Council and the European Parliament on Better Regulation, the aim of which is to improve the quality of law-making throughout the legislative process. Following intensive negotiations between the three institutions, the agreement was adopted in March 2016. The previous agreement dated back to 2003.

Quality of law-making to be further improved

The quality of law-making can be improved by means of various instruments. The crucial point, however, is that the decisions taken by the institutions involved in making the laws are transparent and that their findings are verifiable. Experience from many EU member states has shown that one of the keys to good legislation is that the impact of laws is established on the basis of uniform standards. The quality of these impact assessments, as they are called, must then be checked, and this should be done by an independent body. Evaluations of existing regulatory provisions are also important as a means of establishing whether the implementation of the provisions is working well in practice and whether they are achieving their intended objective and doing so with the lowest possible expenditure of time, money and effort. In these areas the Commission has adopted fundamental improvements.

The new guidelines

The Commission has hitherto presented impact assessments of all proposals that are likely to have significant effects.

It has now replaced its previous guidelines on impact assessment with new guidelines, one of the main changes being that they now apply to ex post evaluations too and have been supplemented by what it calls

a 'toolbox', in which more detailed technical aspects of impact assessments are described. There are, for example, 16 different guidelines relating to the assessment of a specific impact, such as the impact on SMEs, consumers, resource efficiency, employment, working conditions, social protection and the innovation capacity of businesses. It is worth taking a look at the guidelines and the toolbox, because that will make the findings of impact assessments and evaluations more comprehensible.

ec.europa.eu/smart-regulation/guidelines/toc_guide_en.htm

ec.europa.eu/smart-regulation/guidelines/toc_tool_en.htm

The new Regulatory Scrutiny Board

The Regulatory Scrutiny Board (RSB) was established on 1 July 2015 to replace the Impact Assessment Board (IAB). The new composition of the Board is intended to guarantee more fully the independence of the Board and so improve quality control. The Board is chaired by a senior Commission official – a Director-General in the Secretariat-General. Like the other six members, she will work exclusively for the new body. Whereas the former IAB comprised only Commission staff, three members of the RSB will be external experts. This must be regarded as progress.

ec.europa.eu/smart-regulation/impact/iab/iab_en.htm

The Commission has also set itself the objective of developing the evaluation of existing laws as well as the more comprehensive 'fitness checks' in particular policy areas. The RSB will also review the quality of these evaluations in future.

ec.europa.eu/smart-regulation/impact/evaluation/index_en.htm

The new RSB, the Regulatory Scrutiny Board, is by no means simply the former Impact Assessment Board in a new guise. Prior to the creation of the RSB, Germany worked hard to win over the Commission to the idea that a more independent body would result in higher-quality impact assessment. The fact that the Board is to include three independent experts represents an initial success. The Federal Government will continue to press for an effective independent regulatory scrutiny mechanism in the EU framework, because impact assessments should indicate the implications of planned EU legislation in a methodologically faultless, plausible and comprehensible manner; in other words, they should guarantee higher overall quality.

Evaluations are important in Germany too. Since 2013 systematic evaluation of laws has been compulsory. This makes it possible to ensure that experience of the application of laws can be used from the outset in the drafting of new regulatory instruments and in impact assessments.

A particularly significant point from a German perspective is that, for the first time, a systematic approach is available for the Commission's impact assessments and evaluations, an approach based on the new guidelines (see above). Moreover, Germany welcomes the fact that the Commission's evaluations will also be subject to quality control by the RSB.

Better stakeholder involvement

Those who will be affected by new regulatory provisions should also be involved in the legislative process. That is one of the keys to good and efficient laws. Germany sets a good example in this respect, in that a hearing for the Länder and stakeholder associations is held for every bill. This ensures that legislative bills do not go unnoticed by those they affect. To supplement this formal involvement, the Federal Government has created the following gateway, providing access to the ministry responsible for drafting each bill:

www.bundesregierung.de/Webs/Breg/DE/Service/GesetzsvorhabenBundesregierung/_node.html (in German)

The Commission also has a long tradition of consultations and hearings. In practice, however, it has often been difficult for stakeholders to feed their own position on a planned regulatory instrument into the decision-making process in Brussels. The Commission intends to improve this in future. It will continue not to hold direct consultations on legislative drafts or impact assessments, for which the Federal Government and the governments of many other member states called, for example, in a letter to Vice-President Frans Timmermans dated 1 April 2015. Stakeholders are, however, given the opportunity to comment at an early stage in the legislative process not only on the established 'roadmaps' but also on the new inception impact assessments.

The Commission has created a dedicated web page for this purpose at:

ec.europa.eu/smart-regulation/roadmaps/index_en.htm

To make it easier not only for businesses, stakeholders and member states but also for EU citizens to have their say, the Commission has established a new online tool. On a web page entitled Lighten the load – Have your say, they can make suggestions as to how existing EU laws could be simplified or improved.

ec.europa.eu/smart-regulation/refit/simplification/consultation/consultation_en-htm

Partly on the basis of its own experiences, the Federal Government has been pressing very hard for improvement of the participation opportunities available to stakeholders at the EU level and for more consideration to be given to their comments. In this respect, the Commission's measures are on the right path. There is one point, however, where the EU is still lagging behind Germany: in Brussels, no consultation takes place on the basis of a legislative draft or an impact assessment. That would create even more transparency

Simplification of laws and bureaucracy reduction

Since 2012, the Regulatory Fitness and Performance programme, commonly known as the REFIT programme, has existed in the EU. Under this programme, EU legal provisions are continuously and systematically examined for administrative burdens, inconsistencies, loopholes or ineffective measures. At the same time, ways of rectifying these defects are identified. The Commission will continue the programme in the coming years so as to ensure that efficient law-making is maintained. REFIT is designed to help make EU law simpler and its impact less costly.

In this context, in December 2014 the Competitiveness Council of the EU called on the Commission to develop and put in place reduction targets in particularly burdensome areas, especially for SMEs, while maintaining existing levels of protection and always taking into account proper protection of consumers, health, the environment and employees.

The Federal Government is also a staunch advocate of easing burdens on SMEs. For this reason, together with 18 other EU member states, it emphatically reaffirmed the Council's call in a letter to First Vice-President Frans Timmermans on 26 November 2015. The Commission, however, has not yet met this request.

As part of the REFIT programme, the Commission launched the new REFIT Platform in May 2015. Its purpose is to enable the Commission to exchange views and share experience with the Member States and other players on matters of law-making, bureaucracy reduction and improvements to EU legislative provisions.

The REFIT Platform comprises two groups – a government group, with representatives of the 28 member states, and a stakeholder group, drawn from civil society, business and the social partners. The Federal Government is represented in the first group by the competent Federal Ministry for Economic Affairs and Energy and will actively support the work of that group.

One of the main tasks of the REFIT Platform will be to assess the suggestions that are received through channels such as the Lighten your load – Have your say online contact form.

 ec.europa.eu/smart-regulation/refit/index_en.htm

The EU ex ante procedure

By means of what is known as the EU ex ante procedure, the Federal Government endeavours to ensure that, wherever possible, new EU legislation generates no unnecessary burdens for citizens, business or the administration. To this end, the Federal Government has further developed the procedure (see the decision in Annex 10). Since the beginning of 2016, as a first step, government ministries have been systematically scrutinising the Commission's roadmaps and inception impact assessments (see above). They then also check the plausibility of the cost-benefit analyses made by the Commission in its actual impact assessments. If the Commission expects its legislative proposal to generate particularly high compliance costs, amounting to more than € 35 million a year throughout the EU, the Federal Government itself estimates the compliance costs that Germany can expect. The knowledge that the Federal Government obtains through this EU ex ante procedure is then presented in Brussels during the deliberations and negotiations on the legislation in question. In this way, it constantly exerts influence on the EU legislative process in the interests of Germany.

G.2 OECD

In 2015, the Federal Government further developed and intensified its international experience sharing in the framework of the Organisation for Economic Co-operation and Development (OECD). In the common quest for better regulation and reduction of red tape, discussions focused chiefly on issues of methodology, process management and multi-level cooperation. For the Federal Government, however, comprehensible laws, more effective administration and simplified procedures were not an end in themselves; ultimately, bureaucracy reduction and better regulation also serve to enhance people's quality of life, increase their stake in the political process and promote inclusive growth, in other words growth for the benefit of all.

Accordingly, the Federal Government has been actively shaping the international debate on better regulation in the OECD in the following ways:

- It co-chaired the Conference on Public Governance for Inclusive Growth in Helsinki on 28 October 2015.

- In cooperation with the German Federal Youth Council (Deutscher Bundesjugendring), it sent a delegation to the Youth Dialogue for Inclusive Growth forum, held in Helsinki on 27 October 2015.
- It has been actively engaged in the work of the Steering Group of the OECD Regulatory Policy Committee and in the Network of Economic Regulators.

The OECD creates a basis for comparisons of Member countries' efforts to reduce bureaucracy and improve law-making and for the promotion of measures implemented by two or more countries. This is also the purpose of the OECD publication Regulatory Policy Outlook 2015, which provides an international comparison of national instruments for better regulation and of governments' experiences in that field.

The basis for this study, which will appear regularly in future, is an empirical survey of practices in member countries of the OECD and the EU. In it, the OECD defines three composite indicators with which legislators and governments can systematically improve their law-making, namely:

1. regulatory impact assessment (RIA)
2. involvement of stakeholders in the legislative process (stakeholder engagement)
3. evaluation of existing regulations (ex post evaluation)

For each of these composite indicators the following four aspects were then compared:

1. systematic adoption of appropriate measures
2. the methodology used for the adopted measures
3. oversight mechanisms and quality control
4. transparency of government action.

Germany fares well in the OECD comparison. In its efforts to achieve better regulation it is generally well above the average of the 34 Member countries of the OECD and of the European Union.

Figure 7: Main categories of the OECD composite indicators of regulatory policy and governance (iREG)

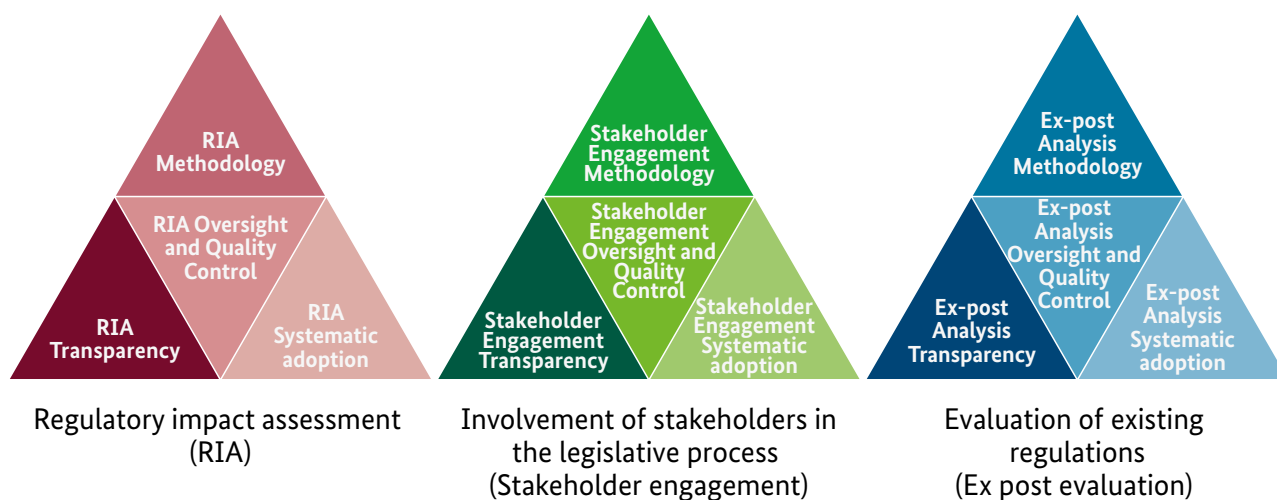
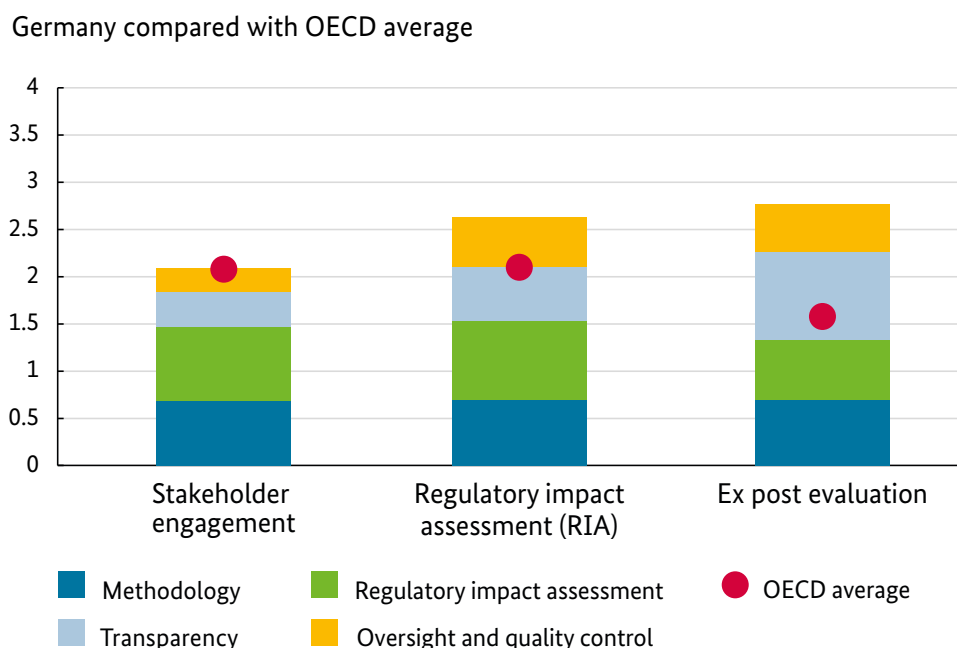


Figure 8: OECD composite indicators of regulatory policy and governance (iREG): Germany compared with OECD average



The OECD does, however, see a need for further action. It recommends that Germany involve stakeholders at an early stage before political decisions are taken and engage the public more fully in the preparation of regulatory initiatives. It also advises the Federal Government to create greater transparency, for example by better informing stakeholders of their engagement opportunities. The Federal Government should also intensify Cooperation such as that with Länder and local authorities or in the international arena.

To put data on the costs arising from regulations into context, according to the OECD, a requirement to assess the benefits of regulation could be introduced. Lastly, the OECD noted that in Germany, as in most other OECD Member countries, parliaments are almost not involved at all in efforts to improve the quality of legislation.

In the light of the OECD report, the Federal Government has taken a first step by improving access to the various opportunities offered by the federal ministries to obtain information on their regulatory proposals and to have a say in them.

More information at:

- www.bundesregierung.de/Webs/Breg/DE/Service/GesetzesvorhabenBundesregierung/_node.html
- www.oecdbetterlifeindex.org
- www.oecd.org/inclusive-growth
- www.oecd.org/regreform
- www.oecd.org/gov/regulatory-policy/ireg-key-components.htm
- www.oecd.org/governance/ministerial/
- www.oecd.org/gov/regulatory-policy/ner.htm
- www.dbjr.de

Video on the Youth Dialogue for Exclusive Growth:

- www.bundesregierung.de/Webs/Breg/DE/Mediathek/Einstieg/mediathek_einstieg_videos_node.html?id=1671646

Direct comparison of measures for better regulation taken by the EU and the OECD member countries:

- qdd.oecd.org/subject.aspx?Subject=f39ac642-3247-4140-acd2-e65dac5b8aaf

Part 2

Report to the Bundestag pursuant to Section 7 of the Act on the Establishment of a National Regulatory Control Council

H | IDENTIFICATION AND PRESENTATION OF COMPLIANCE COSTS

H.1 General

Under section 7 of the Act on the Establishment of a National Regulatory Control Council, the Federal Government presents the Bundestag annually with a progress report on bureaucracy reduction and better regulation. One of the main elements of this communication is the presentation of:

- 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. The federal ministries establish the compliance costs by applying the procedure introduced in 2011 for the identification and presentation of compliance costs in the Federal Government's regulation proposals.

The aim is to provide decision-makers with maximum transparency and a realistic portrayal of the expected impact of a regulatory instrument on citizens, businesses and the administration. Special attention is focused on bureaucracy cost trends for businesses.

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

H.2 Methodology and accounting

Experience of the method used for the identification of compliance costs

By the end of the 2015 reporting year, more than four years of experience had been amassed in the identification of compliance costs, using the methodology laid down in the Guidelines on the Identification and Presentation of Compliance Costs in Legislative Proposals of the Federal Government.

Compliance costs are shown separately for three groups of addressees of regulatory instruments, namely citizens, businesses and the administration. In the case of businesses, bureaucracy costs arising from

information obligations are presented as a separate element of compliance costs. The methodology also distinguishes between recurring and one-off costs. In this way compliance costs are broken down into nine categories, which cannot be set off against each other on account of their diversity.

In 2015 the members of the Interministerial Steering Group met to share their experiences for the purpose of reviewing and further developing the methods used to identify and present compliance costs. This served to resolve a few unanswered questions. Among other things, the government departments agreed that losses of revenue were generally hypothetical amounts and did not constitute compliance costs.

Figure 9: Categories of compliance costs

Regular compliance costs (annual)

| ... for citizens | ... for businesses | ... for the administration |
|---|--|--|
| <ul style="list-style-type: none"> time input in hours expenditure in euros | <ul style="list-style-type: none"> expenditure in euros | <ul style="list-style-type: none"> expenditure in euros |
| | Information obligations <ul style="list-style-type: none"> expenditure in euros | |

One-off compliance costs (adjustment costs)

| ... for citizens | ... for businesses | ... for the administration |
|---|--|--|
| <ul style="list-style-type: none"> time input in hours expenditure in euros | <ul style="list-style-type: none"> expenditure in euros | <ul style="list-style-type: none"> expenditure in euros |

Experience of the ex ante procedure

The federal ministries are assisted by the Federal Statistical Office in identifying and presenting the likely compliance costs of new legislative proposals. Government departments are availing themselves extensively and increasingly of the statisticians' services. In 2015, about 80 queries were made, which represents about a third of the regulatory drafts put before the Cabinet.

The Federal Statistical Office offers government ministries support in many areas of the ex ante procedure, from purely methodological or statistical checking of departmental calculations to specific research assignments, for example on the number of people potentially affected by a regulation or on specialised topics, to the full calculation of the total compliance costs likely to be incurred by everyone affected by a regulatory instrument. The way in which the expected compliance costs are calculated depends on the importance and the reach of a regulation as well as on the available time frame. The scope of the support services varies accordingly. It ranges from simple searches in official statistical sources or other administrative data or publications to sizeable surveys of stakeholders or public authorities. The early involvement of the Federal Statistical Office in the legislative process makes it easier to provide a substantiated estimate and enables ministries, if necessary, to compare several variant impact predictions.

Regardless of who undertakes the identification of compliance costs and how detailed the calculations are, the compliance costs presented on the introductory page of a bill are, in principle, recorded in the databases of the Federal Statistical Office

Reassessment of compliance costs

About two years after a regulatory instrument enters into force, the Federal Statistical Office assesses the compliance costs that have actually been generated by that instrument. These reassessments are an important corrective to the departmental ex ante estimates. Since reassessments began towards the end of 2014, final measurement results have been received for 360 requirements from 45 regulatory proposals. If the statisticians discover any discrepancies between the final

costs and the original forecast, these are documented and entered in a ledger.

This has direct implications for the bureaucracy cost index for businesses, which indicates the level of compliance costs incurred by businesses in Germany, because the value of the index changes when there are discrepancies between the results of the Federal Statistical Office calculations and the earlier departmental estimates. This was the case, for instance, with the Ordinance Introducing a Financial Investment Brokerage Ordinance (Federal Ministry of Economic Affairs and Technology) and the German Financial Supervision Reinforcement Act (Federal Ministry of Finance). It was estimated ex ante that the regulation drafted by the Federal Ministry of Economic Affairs and Technology would generate bureaucracy costs of some € 89 million, whereas the result of the reassessment came to about € 293 million. The extra burden resulted in an increase of 0.46 of a percentage point in the bureaucracy cost index. The compliance costs that the bill drafted by the Federal Ministry of Finance were originally expected to generate amounted to about € 90,000, but the ex post reassessment put the cost of compliance at almost seven million euros. This increased the bureaucracy cost index by 0.02 of a percentage point.

The reassessments made by the Federal Statistical Office are closely connected with regulatory impact assessment. The competent government departments are informed at an early stage of impending reassessments. They then have the opportunity to formulate questions relating to the evaluation, and the Federal Statistical Office addresses these in its reassessment. This has been successfully practised during the past year, for example in the cases of the Rail Freight Transport Promotion Act (Federal Ministry of Transport and Digital Infrastructure), the 26th Ordinance Amending the Regulations concerning Narcotic Drugs (Federal Ministry of Health) and the EMAS Privileging Ordinance (Federal Ministry of the Environment, Nature Conservation and Nuclear Safety). In very large-scale evaluation procedures, as was the case with the project to promote use of the education and inclusion package (see section B), the Federal Statistical Office may both calculate the compliance costs and, with the aid of experts, produce the substantive impact assessment.

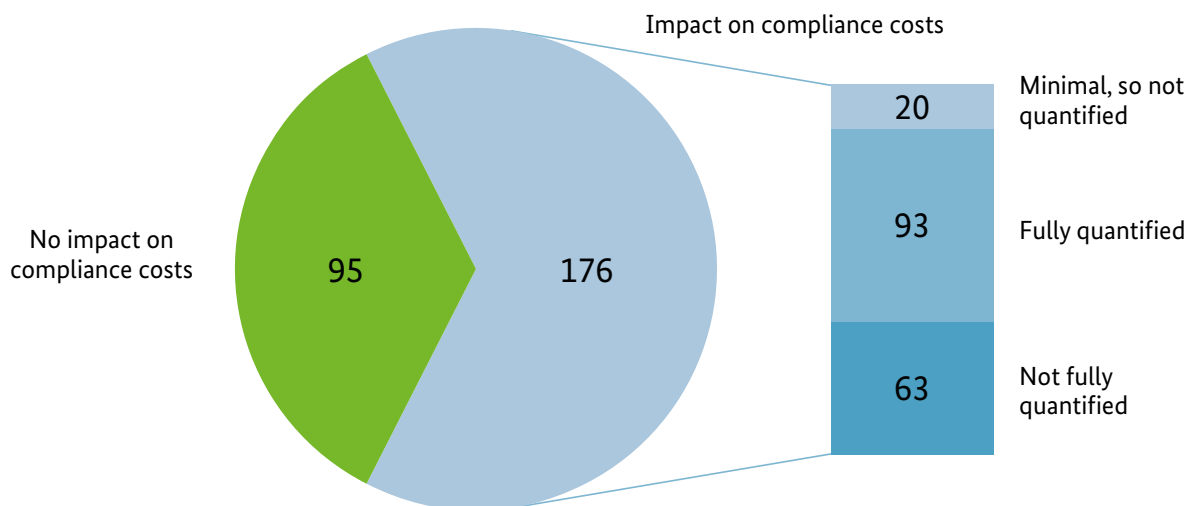
H.3 Development of compliance costs

H.3.1 Interministerial development

For the 2015 reference period the Federal Statistical Office registered 271 regulatory proposals adopted by the Federal Government in the database. Of these proposals, 95 have no impact on total compliance costs. The other 176 regulatory proposals would alter the volume of compliance costs by imposing a total of 1,331 individual requirements. This means that the number of regulatory proposals adopted by the Federal Government in 2015 was one sixth lower than in 2014. The number of individual requirements imposed by these proposals was a quarter lower than the 2014 total of 1,805.

Comprehensive ministerial data were received for 93 regulatory proposals with an impact on compliance costs, indicating how the proposals would affect compliance costs. This means that half of these proposals are now fully quantified, which represents a year-on-year increase of 13 percentage points. For 63 proposals the ministries concerned could not fully ascertain the compliance costs for all requirements. In the cases of 20 other regulatory proposals, after an initial rough 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 explanatory memoranda accompanying the respective legislative bills.

Figure 10: Number of regulatory proposals adopted in 2015 with an impact on compliance costs



Source: Monitoring of compliance costs, 1 Jan. to 31 Dec. 2015, Federal Statistical Office

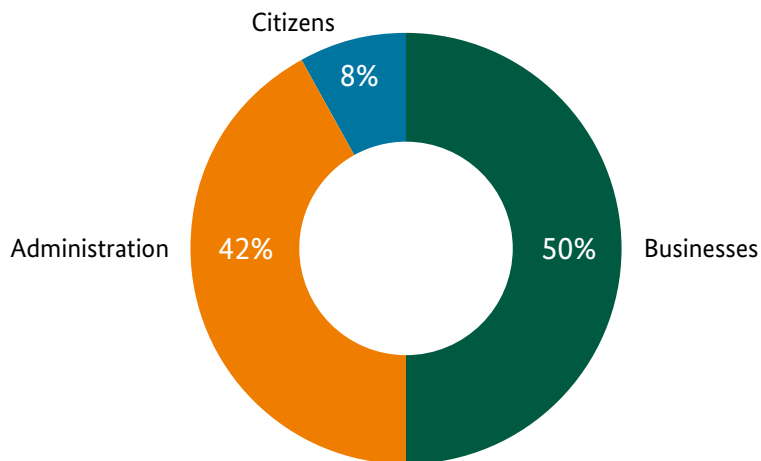
Note: a few individual proposals are included in the data from more than one government department.

Half of the requirements from the 2015 data are addressed to businesses, 42% to the administration and only 8% to citizens.

This breakdown is essentially the same as in 2014. The only change occurred within the business category,

where the percentage of information obligations fell, as in the preceding year. Fewer than half of the requirements imposed on businesses generate compliance costs in the narrower sense of the term.

Figure 11: Percentages of requirements imposed on each group of addressees



H.3.2 Compliance-cost trends for each group of addressees

Compliance costs for businesses

Regular compliance costs for businesses in 2015 showed a net year-on-year decrease of about € 1.4 billion. This reduction results from the following changes:

- a total of 28 regulatory proposals reduced compliance costs by a total of some about € 2.2 billion a year, and

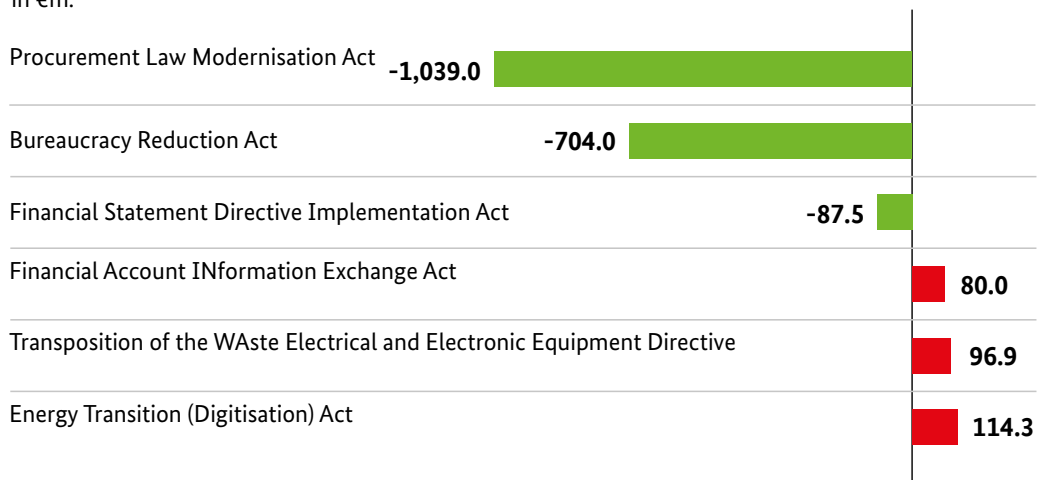
- another 47 regulatory proposals generated increases, which reached a cumulative total of approximately € 0.8 billion a year.

Accordingly, net annual compliance costs for businesses fell back for the first time (see Annex 4).

The changes in the regular compliance costs for businesses are essentially attributable to the following new regulatory instruments:

Figure 12: Compliance costs for businesses

Changes in annual regular compliance costs in €m.



The process known as e-procurement eases the bureaucratic burden on businesses. With the underlying regulation the Federal Government transposes the new EU Public Procurement Directives into national law. At each stage in the procurement process, contractors and contracting authorities are to use electronic means of communication in future as a matter of principle. Tender documents must be electronically available to everyone free of charge. The volume of savings for businesses resulting from e-procurement amounts to more than one billion euros a year.

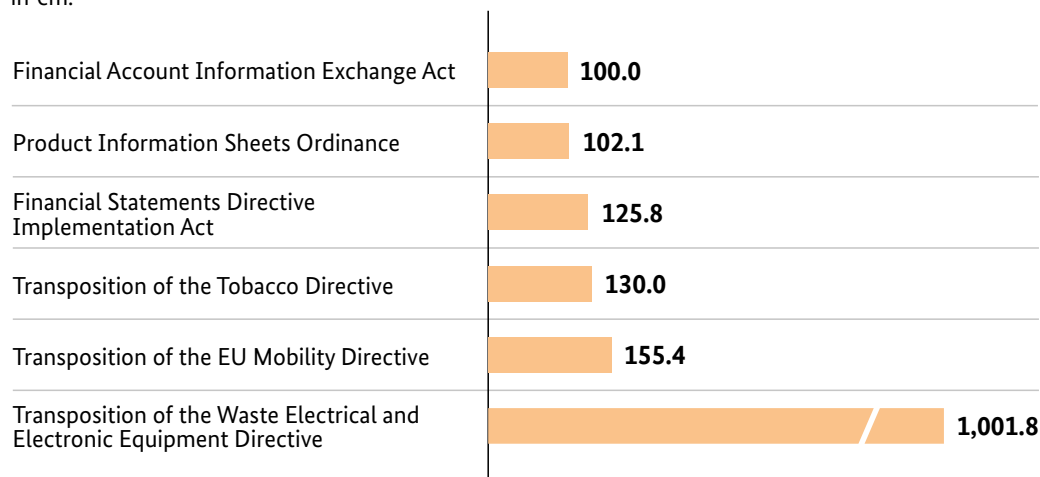
The Bureaucracy Reduction Act (Bürokratieentlastungsgesetz) further reduces business compliance costs by about 700 million euros a year. In that Act, the Federal Government increased the thresholds for bookkeeping and record-keeping obligations under fiscal and commercial law. This reduces regular compliance costs by some 500 million euros a year. Banks and insurance firms, moreover, benefit from the relaxation of their disclosure obligations in connection with church tax. In this way, these companies can save a further 190 million euros a year.

The Financial Statements Directive Implementation Act (Bilanzrichtlinie-Umsetzungsgesetz) has also helped to ease the burden on businesses, cutting the cost of conventional invoicing by about € 87.5 million a year. Small businesses are the main potential beneficiaries. The increase in the threshold values for size categorisation assists some 7,500 businesses by releasing them from certain size-related reporting requirements in their annual accounts. In particular, 7,000 smaller businesses will benefit considerably from the decision to exercise the options offered by the Financial Statements Directive and raising the thresholds for classification as a medium-sized enterprise by about 20%.

About a third of the regulatory proposals that affect businesses generate one-off adjustment costs. These can be quantified at a total of 1.8 billion euros for 2015. This is higher than the 2014 figure but lower than those for 2012 and 2013 (see Annex 5). The bulk of the adjustment costs – about a billion euros – arise from the transposition into German law of the Waste Electrical and Electronic Equipment Directive. As a result of the redefinition of equipment categories, manufactures have to reclassify their products and adapt their data-processing systems accordingly

Figure 13: Adjustment costs for businesses

One-off adjustment costs
in €m.



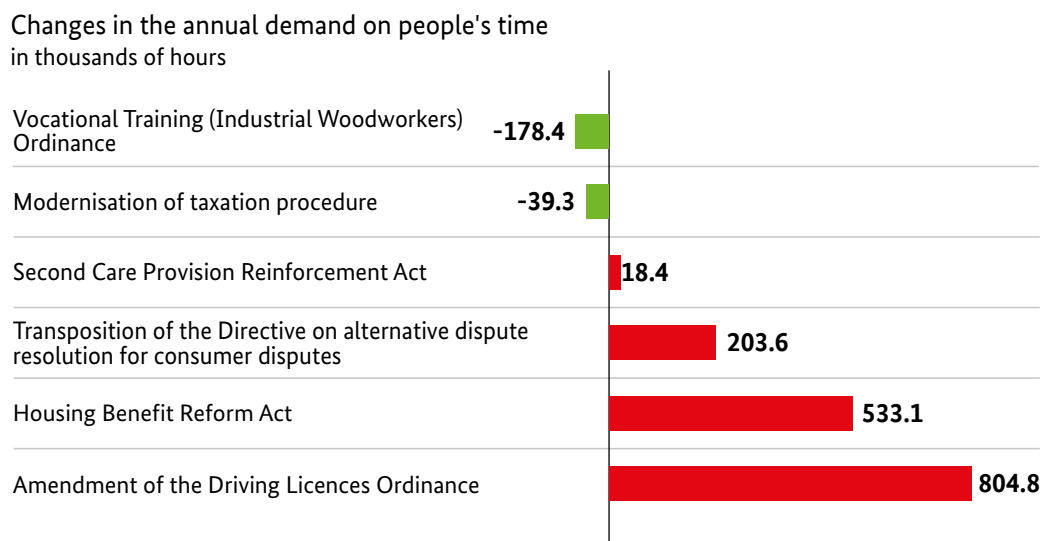
Compliance costs for citizens

The population of the Federal Republic also feel the effects when rules are changed or new rules are introduced. A total of 34 regulatory proposals introduced in 2015 alter the net regular compliance costs imposed on citizens. Their net impact is a total increase of

some 1.5 million hours and about € 30 million a year. These increase contrast with declining figures in the preceding years.

The changes in the demand on people's time are largely attributable to the following regulatory proposals:

Figure 14: Compliance costs for citizens



First-aid training has been standardised for all classes of driving licence. As a result, citizens are required, on balance, to devote more time to training – an annual total of about 800,000 hours. The associated costs are also € 10 million a year higher.

The Housing Benefit Reform Act (Gesetz zur Reform des Wohngeldrechts) abolishes 15 requirements for citizens and introduces eight new requirements. In the year after the reforms took effect, the time input for the citizens affected by them has amounted to approximately 561,000 hours. This increased time input is essentially a result of the widening of the circle of people eligible for housing benefit. In subsequent years the time devoted to completing the 360,500 or so forms will be reduced to some 553,100 hours.

The Ordinance on the Asylum Procedure Acceleration Act (Verordnung zum Asylverfahrensbeschleunigungsgesetz) also amends the rules on integration courses. This change creates additional annual com-

pliance costs of about € 18 million for those who have to pay for their own integration course. Elsewhere, however, compliance costs for citizens have fallen, with a flat-rate allowance for travel costs replacing the previous requirements to retain and present proof of expenditure, thereby saving stakeholders time and money.

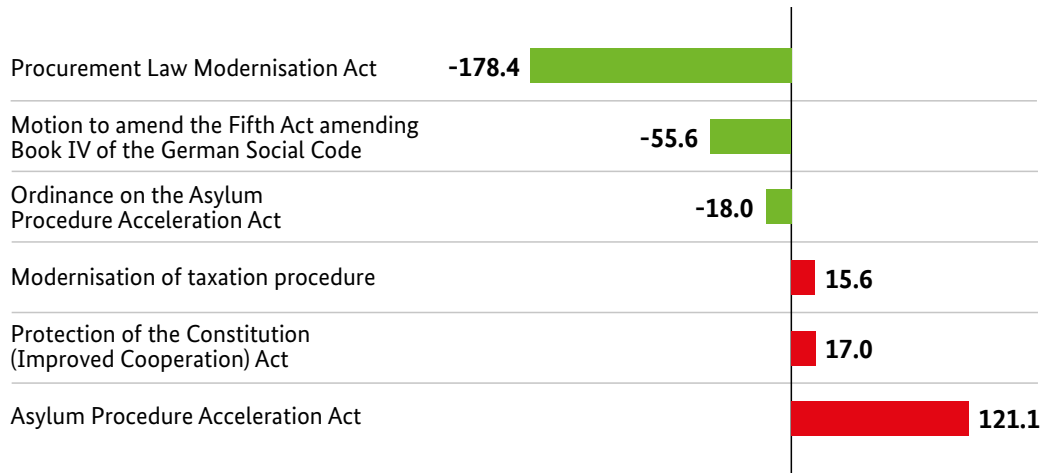
Compliance costs for the administration

A total of 74 regulatory proposals in 2015 have implications for the compliance costs incurred by the administration. Of these proposals, 14 reduce compliance costs and 59 increase them. The total compliance costs for the administration have risen by € 23.6 million a year. The additional burden on the administration, in other words, is quite light (see Annex 8).

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

Figure 15: Compliance costs for the administration

Changes in annual regular compliance costs
in €m.



The modernisation of procurement law saves the public administration a total of approximately € 178 million each year. On the one hand, e-procurement lowers costs by € 235 million. On the other hand, the administration has to buy software licences for about € 20 million a year and fulfil certain statistical obligations, which adds about another € 37 million to the debit side.

The regular compliance costs incurred by the administration rise by about € 121 million on account of the Asylum Procedure Acceleration Act. These extra administrative costs result from the extension of

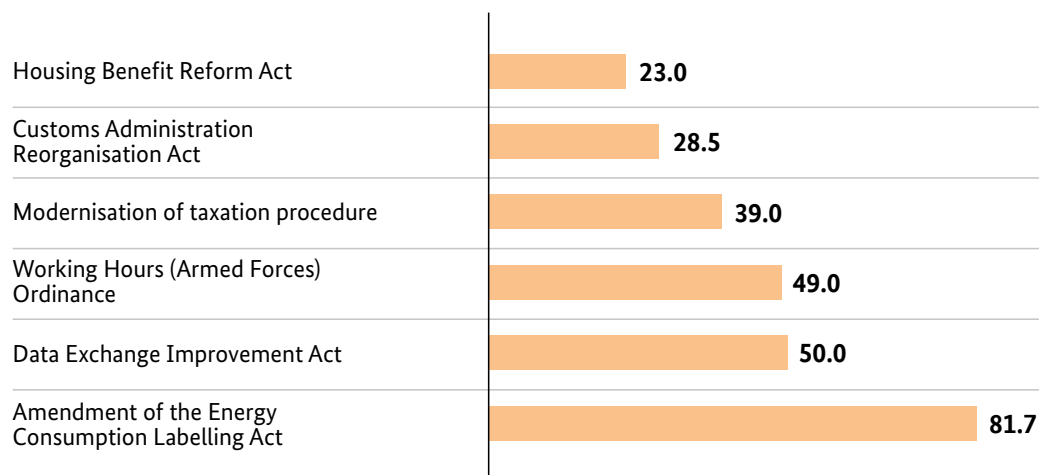
eligibility for integration courses to asylum seekers and tolerated residents and from the inoculations for refugees for which the bill provides.

A total of 52 regulatory proposals in 2015 generate adjustment costs totalling € 357 million for the administration. This means that the proposals of this past year generate less than half the one-off compliance costs of 2014.

The following regulatory proposals generate the highest adjustment costs:

Figure 16: Compliance costs for the administration

One-off adjustment costs
in €m.



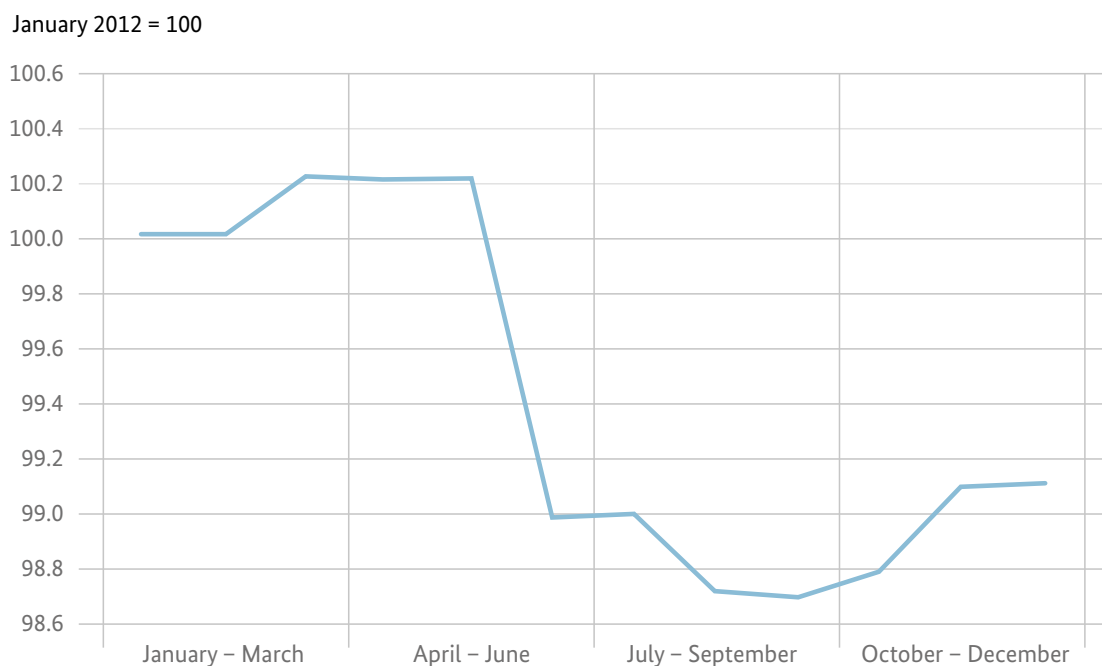
H.3.3 Development of the bureaucracy cost index

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 Work Programme for Better Regulation, the Federal Government decided to use a bureaucracy cost index to portray changes in the bureaucracy costs imposed on businesses. It is 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 latest value of the index is published on a quarterly basis on the Federal Statistical Office website.

www.destatis.de

Figure 17: The bureaucracy cost index, 2015



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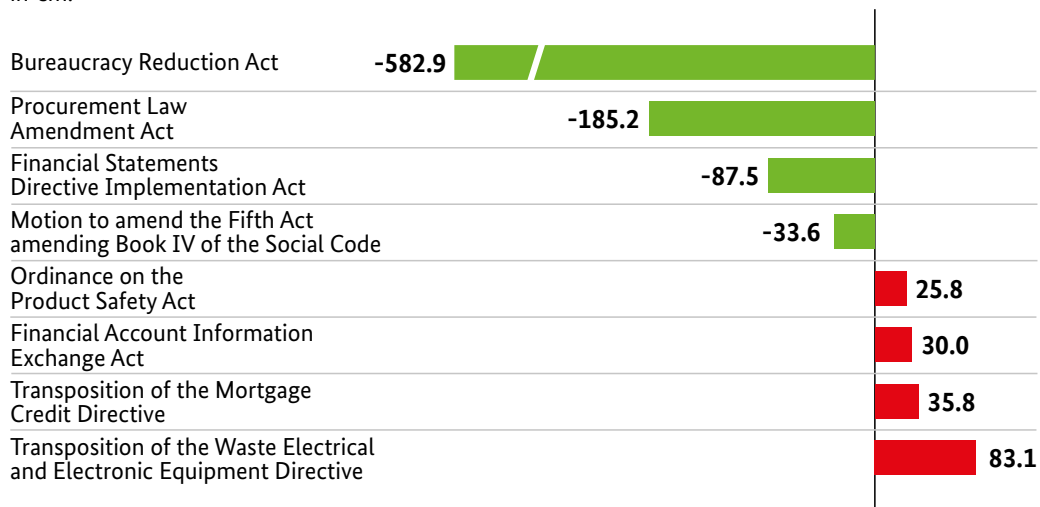
In the 2015 reporting year the bureaucracy cost index fell below its baseline value of 100 for the first time and stood at 99.1 points at the end of 2015. This improvement is essentially due to only three regulatory proposals with a total annual reduction of approximately € 850 million. Although new burdens emerged

elsewhere, the compliance costs arising from information and documentary obligations were perceptibly reduced.

The following regulatory proposals had significant implications for the bureaucracy cost index in 2015:

Figure 18: Bureaucracy costs for businesses

Changes in annual regular bureaucracy costs in €m.



Appendix

APPENDIX 1: ABOUT THE ‘ONE IN, ONE OUT’ RULES

On 11 December 2014, the Federal Government adopted key points on further reducing bureaucracy for small and medium-sized enterprises. One of the focal points is the introduction of the ‘one in, one out’ rule in Germany. The essence of this approach that, whenever new regulatory proposals impose additional burdens, existing burdens must be pruned by an equivalent amount. The aim is to limit compliance costs on a permanent basis without any obstruction of politically desirable measures. In particular, the implementation of projects enshrined in the coalition agreement must not be obstructed, prevented or delayed.

I SCOPE OF THE ‘ONE IN, ONE OUT’ RULE

The ‘one in, one out’ rule is applied in principle to all of the Federal Government’s regulatory proposals that impact on the regular compliance costs incurred by businesses. Exceptions are permitted in the case of proposals which:

- would directly transform EU requirements, international agreements or case law of the Federal Constitutional Court or the European Court of Justice into national law, or
- would serve the purpose of averting significant dangers, or
- would have an impact lasting no more than one year.

II SUBSTANCE OF THE ‘ONE IN, ONE OUT’ RULE

The present method for the identification and presentation of compliance costs in the Federal Government’s regulatory proposals is the basis for the application of the ‘one in, one out’ rule. If regulatory proposals lead to specific and direct reductions in the bureaucratic burden on businesses, these are deducted from the total burden. If the regular compliance costs for businesses show a net increase, this increase is offset by a corresponding reduction elsewhere. One-off compliance costs, that is to say adjustment costs, are not taken into account.

III THE OFFSETTING RULES

The addressee dimension

Additional regular compliance costs for businesses can only be offset against other regular compliance costs for businesses.

The departmental dimension

The government department with responsibility for a given regulatory proposal is also responsible for the offsetting operation.

If that lead department sees no scope for offsetting and cannot demonstrate any matching surplus reduction from previous proposals, it may approach other departments – bilaterally or through the State Secretaries Committee – to ask them to offset the new burden against their own reductions (interdepartmental offsetting).

The time dimension

If there are no reductions to offset directly against the burden that a proposal would entail, the way in which offsetting can be achieved or the prospects for reducing the new burden must be set out in the proposal, on its introductory page or in an explanatory memorandum, or else in some other suitable manner outside the framework of the proposal. As a rule, reduction measures must be presented within a year. The aim is to curb the growth in compliance costs by the end of the legislative term.

The quantitative dimension

The basic principle is that any new burdens must be matched by reductions in existing burdens.

The State Secretaries Committee on Bureaucracy Reduction can decide to limit the offsetting requirement if the newly generated compliance costs demonstrably exceed the department’s capacity to offset them or if the compliance costs presented in the proposal do not adequately portray the likely direct and quantifiable reduction of burdens or the benefits of the regulatory proposal for businesses.

Before the State Secretaries Committee takes a decision on the planned limitation of an offsetting requirement, the National Regulatory Control Council is to be consulted on the question whether the envisaged offsetting and, in particular, the compliance costs themselves are presented in a verifiable and plausible manner.

IV MONITORING

Besides the established monitoring of changes in compliance costs, the Federal Statistical Office will record the announced offsetting measures for each government department and will outline, for each department, how the generation and reduction of compliance costs is developing on the basis of the regulatory proposals that are subject to the 'one in, one out' rule.

Government departments report twice a year in the State Secretaries Committee on Bureaucracy Reduction on progress and difficulties in the planned reduction measures and on any risk of failure to meet targets.

V REPORTING

The obligation of the Federal Government under section 7 of the National Regulatory Control Council Act to report annually to the Bundestag includes a requirement to report on the application of the 'one in, one out' rule.

VI REVIEW AND DEVELOPMENT OF METHODOLOGY

The Federal Government, in consultation with the National Regulatory Control Council, will review and, where necessary, further develop the methodology used to identify and present compliance costs.

VII ENTRY INTO FORCE

The 'one in, one out' rule applies to all proposals adopted by the Federal Government on or after 1 July 2015¹. The date of the Cabinet decision counts as the date of adoption. Previous reductions are taken into account when the Federal Government reports on the 'one in, one out' rule.

¹ The State Secretaries Committee on Bureaucracy Reduction took a decision on 15 January 2016 to amend the date of entry into force to 1 January 2015.

APPENDIX 2:

Overview of the bureaucracy brake* ('one in, one out')

Source: Federal Statistical Office database
Last updated: 29 March 2016

| | No of relevant regulatory proposals | | Impact on compliance costs (in €1,000s) | | | | |
|--|-------------------------------------|-----------|---|-------------------|-----------------|------------------------------|-----------------|
| | Burden | Reduction | Burden | Reduction | Exempt | Interdepartmental offsetting | Balance** |
| | | | | | | | |
| Federal Foreign Office | | | | | | | |
| Federal Ministry of the Interior | 1 | 1 | 2 | -64 | | | -62 |
| Federal Ministry of Justice and Consumer Protection | 4 | 6 | 84,499 | -837,017 | 66,119 | 270,841 | -547,796 |
| Federal Ministry of Finance | 3 | 5 | 163,033 | -231,519 | 105,923 | | -174,409 |
| Federal Ministry for Economic Affairs and Energy | 11 | 11 | 137,371 | -894,714 | -738,698 | | -18,645 |
| Federal Ministry of Labour and Social Affairs | | 1 | 53,485 | -33,600 | 53,485 | | -33,600 |
| Federal Ministry of Food and Agriculture | | 2 | 22,043 | -42,845 | 22,043 | | -42,845 |
| Federal Ministry of Defence | | 1 | | -109 | | | -109 |
| Federal Ministry of Family Affairs, Senior Citizens, Women and Youth | 1 | | 540 | | | | 540 |
| Federal Ministry of Health | 3 | | 4,614 | | | -4,230 | 384 |
| Federal Ministry of Transport and Digital Infrastructure | 1 | 1 | 58 | -7 | 50 | | 1 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 2 | 1 | 123,246 | -154,378 | 92,947 | -19,932 | -144,011 |
| Federal Ministry of Education and Research | 1 | 1 | 60 | -700 | 4 | | -644 |
| Federal Ministry for Economic Cooperation and Development | | | | | | | |
| Federal Government Commissioner for Culture and the Media | 1 | | 2,743 | | | | 2,743 |
| Federal Government | 1 | | 246,679 | | | -246,679 | |
| Total | 26 | 27 | 838,373 | -2,194,953 | -398,128 | 0 | -958,452 |

*) Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2015 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.

**) Net totals may diverge as a result of rounding

Annexes

Annex 1

Development of compliance costs, 1 January to 31 December 2015*

Source: Federal Statistical Office database

Net annual change in regular compliance costs for businesses in € million**

- Last updated: 29 March 2016 -

| | Annual compliance costs for businesses in € million | | | of which bureaucracy costs arising from information obligations in € million |
|--|---|-----------------|-----------------|--|
| | Burden | Reduction | Balance | |
| Federal Foreign Office | | | | |
| Federal Ministry of the Interior | | -0.1 | -0.1 | |
| Federal Ministry of Justice and Consumer Protection | 84.4 | -837.0 | -752.7 | -778.2 |
| Federal Ministry of Finance | 163.0 | -230.4 | -67.4 | -61.0 |
| Federal Ministry for Economic Affairs and Energy | 137.4 | -894.8 | -757.4 | -103.8 |
| Federal Ministry of Labour and Social Affairs | 53.5 | -33.6 | 19.9 | -6.2 |
| Federal Ministry of Food and Agriculture | 22.0 | -42.8 | -20.8 | 7.6 |
| Federal Ministry of Defence | | -0.1 | -0.1 | -0.1 |
| Federal Ministry of Family Affairs, Senior Citizens, Women and Youth | 0.5 | | 0.5 | |
| Federal Ministry of Health | 4.6 | | 4.6 | 0.5 |
| Federal Ministry of Transport and Digital Infrastructure | 0.1 | | 0.1 | 0.7 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 123.3 | -154.4 | -31.1 | -4.9 |
| Federal Ministry of Education and Research | 0.1 | -0.7 | -0.6 | 0.1 |
| Federal Ministry for Economic Cooperation and Development | | | | |
| Federal Government Commissioner for Culture and the Media | 2.7 | | 2.7 | 2.7 |
| Federal Government | 246.7 | | 246.7 | 246.7 |
| Total | 838.2 | -2,193.9 | -1,355.6 | -695.9 |

*) Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2013 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.

Annex 2

Development of compliance costs, 1 January to 31 December 2015*

Source: Federal Statistical Office database

Net annual change in regular compliance costs for citizens and the administration**

- Last updated: 2 February 2016 -

| | Annual compliance costs for citizens | | | | | | Annual compliance costs for the administration | | |
|--|--------------------------------------|---------------|----------------|-------------------|-------------|-------------|--|---------------|-------------|
| | Time input in 1,000s of hours | | | Cost in € million | | | in € million | | |
| | Burden | Reduction | Balance | Burden | Reduction | Balance | Burden | Reduction | Balance |
| Federal Foreign Office | | | | | | | | | |
| Federal Ministry of the Interior | | -4.0 | -4.0 | 18.0 | | 18.0 | 148.9 | -19.1 | 129.8 |
| Federal Ministry of Justice and Consumer Protection | 203.6 | | 203.6 | 0.4 | | 0.4 | 12.1 | | 12.1 |
| Federal Ministry of Finance | | -44.3 | -44.3 | | | | 18.9 | -0.1 | 18.8 |
| Federal Ministry for Economic Affairs and Energy | 23.9 | -58.3 | -34.4 | | | | 16.9 | -178.7 | -161.8 |
| Federal Ministry of Labour and Social Affairs | 0.7 | | 0.7 | | | | 1.0 | -55.8 | -54.8 |
| Federal Ministry of Food and Agriculture | | | | | | | 6.7 | -0.1 | 6.7 |
| Federal Ministry of Defence | 0.8 | | 0.8 | | | | 15.0 | | 15.0 |
| Federal Ministry of Family Affairs, Senior Citizens, Women and Youth | 4.1 | | 4.1 | | | | 14.6 | -1.0 | 13.5 |
| Federal Ministry of Health | 18.4 | | 18.4 | 1.0 | | 1.0 | 15.9 | | 15.9 |
| Federal Ministry of Transport and Digital Infrastructure | 804.9 | | 804.9 | 10.7 | | 10.7 | 0.9 | | 0.9 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 533.1 | | 533.1 | | | | 26.8 | | 26.8 |
| Federal Ministry of Education and Research | | -13.0 | -13.0 | | -0.2 | -0.2 | 0.9 | -1.0 | -0.1 |
| Federal Ministry for Economic Cooperation and Development | | | | | | | | | |
| Federal Government Commissioner for Culture and the Media | | | | | | | 0.8 | | 0.8 |
| Federal Government | | | | | | | | | |
| Total | 1,589.4 | -119.6 | 1,469.7 | 30.1 | -0.2 | 29.9 | 279.3 | -255.7 | 23.6 |

*) Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2013 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 2015*
One-off adjustment costs for citizens, businesses and the administration **

Source: Federal Statistical Office database
- Last updated: 2 February 2016 -

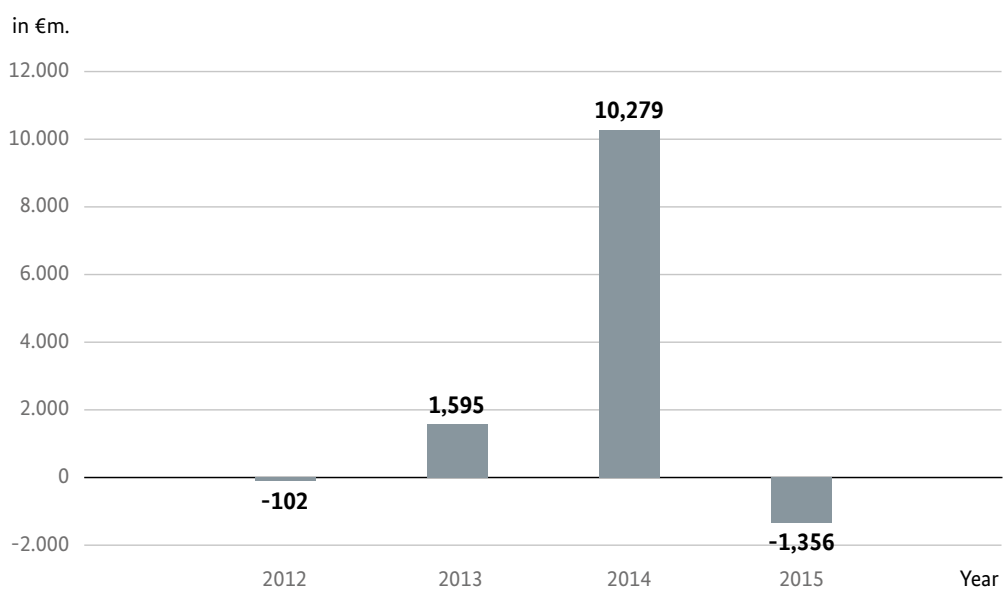
| | Adjustment costs for citizens | | Adjustment costs for businesses | Adjustment costs for the administration |
|--|-------------------------------|-------------------|---------------------------------|---|
| | Time input in 1,000s of hours | Cost in € million | in € million | in € million |
| Federal Foreign Office | | | | |
| Federal Ministry of the Interior | 0.3 | | | 55.8 |
| Federal Ministry of Justice and Consumer Protection | | | 203.9 | 5.8 |
| Federal Ministry of Finance | | | 223.2 | 90.5 |
| Federal Ministry for Economic Affairs and Energy | | | 20.1 | 96.2 |
| Federal Ministry of Labour and Social Affairs | | | 156.4 | 21.1 |
| Federal Ministry of Food and Agriculture | | | 154.3 | 14.8 |
| Federal Ministry of Defence | | | | 49.0 |
| Federal Ministry of Family Affairs, Senior Citizens, Women and Youth | | | 0.1 | 0.8 |
| Federal Ministry of Health | | | -0.3 | -10.5 |
| Federal Ministry of Transport and Digital Infrastructure | | 0.1 | | 1.8 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 561.1 | | 1,004.1 | 26.2 |
| Federal Ministry of Education and Research | | | 1.7 | 5.5 |
| Federal Ministry for Economic Cooperation and Development | | | | |
| Federal Government Commissioner for Culture and the Media | | | | 0.4 |
| Federal Government | | | | |
| Total | 561.4 | 0.1 | 1,763.5 | 357.4 |

*) Covers proposals dealt with by the Federal Cabinet between 1 January and 31 December 2013 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.

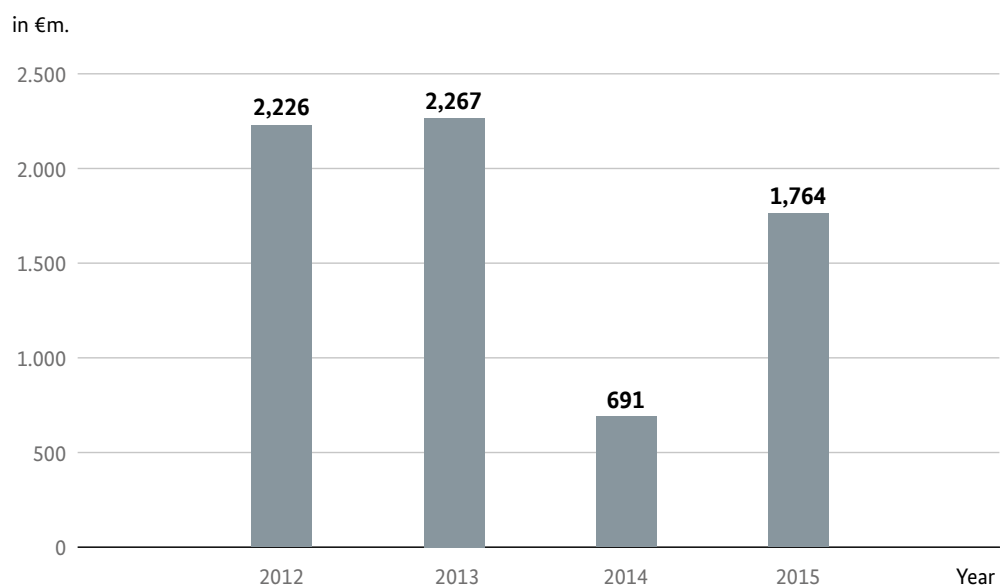
Annex 4: Regular compliance costs for businesses

Annual balance in years 2012 to 2015



Annex 5: Adjustment costs for businesses

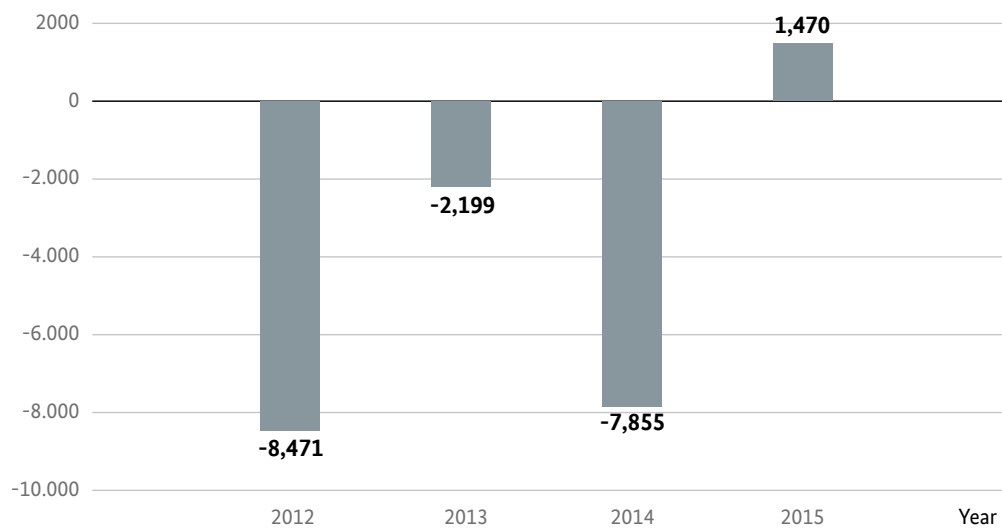
One-off compliance costs in years 2012 to 2015



Annex 6: Regular demands on citizens' time

Annual balance in years 2012 to 2015

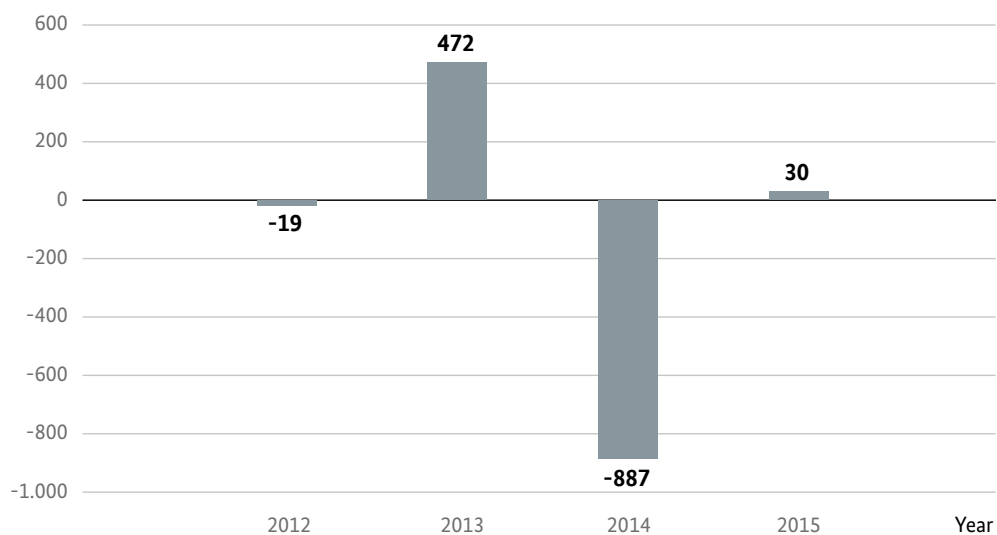
in thousands of hours



Annex 7: Regular costs for citizens

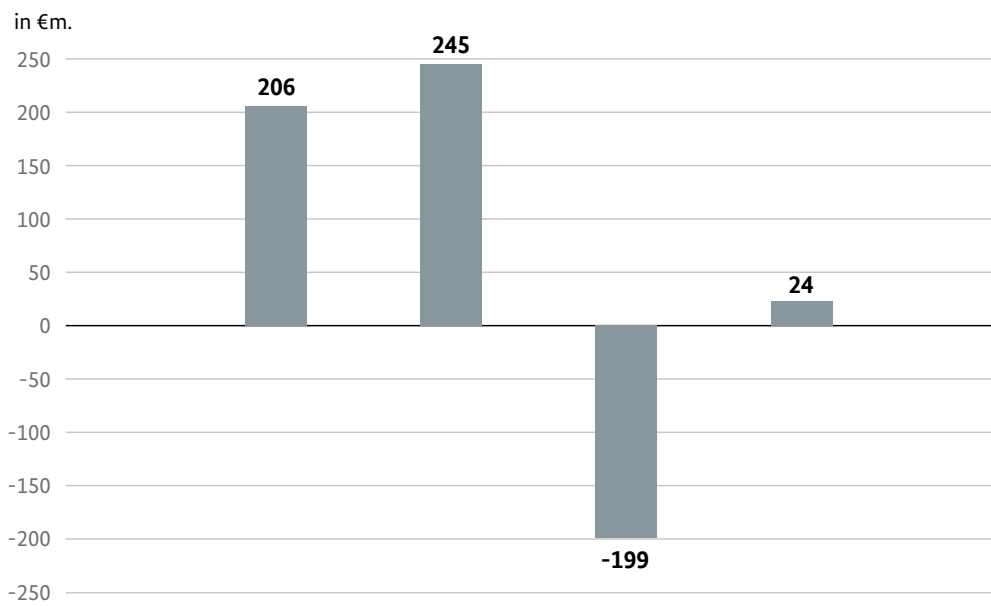
Annual balance in years 2012 to 2015

in €m.



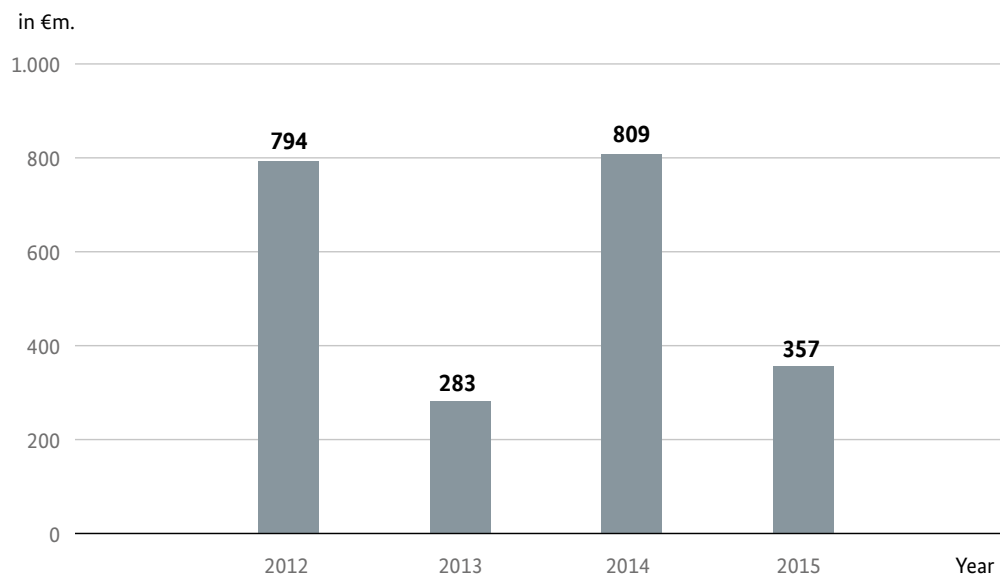
Annex 8: Regular compliance costs for the administration

Annual balance in years 2012 to 2015



Annex 9: Adjustment costs for businesses

One-off compliance costs in years 2012 to 2015



THE EU EX ANTE PROCEDURE

– Decision adopted by the State Secretaries' Committee for European Affairs on 11 January 2016 –

1. When drawing up the opinion of the Federal Government on the annual work programme of the European Commission, the lead department, when examining a proposal, shall include a consideration of its likely cost. If the department expects a high cost to businesses, citizens and/or the administration, this shall be noted briefly and concisely in the opinion, particularly with a view to encouraging the Commission to undertake a methodical and plausible impact assessment in accordance with the integrated approach and to frame the proposal in a way that adequately minimises its cost.
 2. Shortly after the Commission publishes a proposal, the lead department shall carry out a brief review of the inception impact assessments; if the 'roadmaps' for the planned project contain information on its impact, it shall briefly review these too. This appraisal shall focus particularly on the Commission's cost expectations in terms of compliance/bureaucracy costs and on the benefits of the regulatory options under consideration. This appraisal shall be transmitted to the other departments affected by the proposals as well as to the Federal Chancellery, the Federal Ministry for Economic Affairs and Energy and the National Regulatory Control Council.
 3. In the context of the comprehensive appraisal of a legislative proposal from the European Commission under section 6(3) of the Act on Cooperation between the Federal Government and the German Bundestag in Matters concerning the European Union, the compliance/ bureaucracy costs associated with the proposal are examined by the lead department, which uses a checklist for costing EU projects that it receives from the Federal Ministry for Economic Affairs and Energy along with a request for the comprehensive appraisal; identical time limits apply to both. With the aid of the checklist, the lead department shall proceed as follows:
 - a. If the Commission's impact assessment contains qualitative and/or quantitative information on the cost (compliance/bureaucracy costs) and/or benefits of the proposal under consideration, these are to be set out concisely in the checklist.
 - b. If the Commission's impact assessment contains no information, or insufficient information, on the cost (compliance/bureaucracy costs) of the proposal, the department shall examine whether a cost estimate is necessary. If the department deems a cost estimate unnecessary, this conclusion must be adequately substantiated. If the department deems a cost estimate necessary, the Commission must be urged in the Council bodies (Council working parties and Coreper) to produce such an estimate, and other member states must be canvassed to this end. Consideration shall be given to this point in the instructions for Coreper meetings. If the Commission does not accede to this request, the lead department, using the resources available to it, shall produce its own estimate of the likely compliance costs for Germany. The department shall introduce its findings into the subsequent deliberations on the legislative proposal.
 - c. If, according to the Commission's impact assessment, the annual EU-wide compliance costs exceed an amount of € 35 million, as a first step this estimate is to be appraised for plausibility, and the main cost factors are to be considered. On this basis, in a second step the department, using the resources available to it, shall produce its own quantified estimate of the likely compliance costs for Germany. The department shall decide on the degree of detail of this examination; in principle, an indication of an estimated amount shall suffice. If the EU-wide threshold value is exceeded but the cost impact on Germany are minimal, this finding must merely be briefly and plausibly substantiated. The department shall introduce its findings into the subsequent deliberations on the legislative proposal.
- The checklist shall be forwarded to the Federal Chancellery, the Federal Ministry for Economic Affairs and Energy and the National Regulatory Control Council. The said Council shall be given the opportunity, in accordance with its mandate (section 1(3) and (4) of the National

Regulatory Control Council Act) to state its opinion to the department on the quantified estimate referred to in point 3(c) above. This opinion shall be forwarded to the Federal Chancellery and the Federal Ministry for Economic Affairs for information.

Notwithstanding the steps described above, the Federal Chancellery may, in special substantiated cases, ask the lead department for its own quantified estimate of the likely compliance costs for Germany if this is deemed necessary for negotiating purposes and for the formulation of the German position.

This decision shall replace the decisions adopted by the State Secretaries for European Affairs on 8 October 2007 and 17 December 2012 and by the Directors-General for European Affairs on 30 April 2009 regarding the estimation of bureaucracy costs arising from EU proposals, otherwise known as the EU ex ante procedure and the extended EU ex ante procedure.

Impressum

Herausgeber

Bundeskanzleramt
Referat 133 – Geschäftsstelle Bürokratieabbau

Stand

April 2016

Gestaltung

MediaCompany – Agentur für Kommunikation GmbH

Bildnachweis

Titel: imago/Westend61

