



Nationaler
Normenkontrollrat

Give Serious Attention to Follow-Up Costs – Seize Opportunities

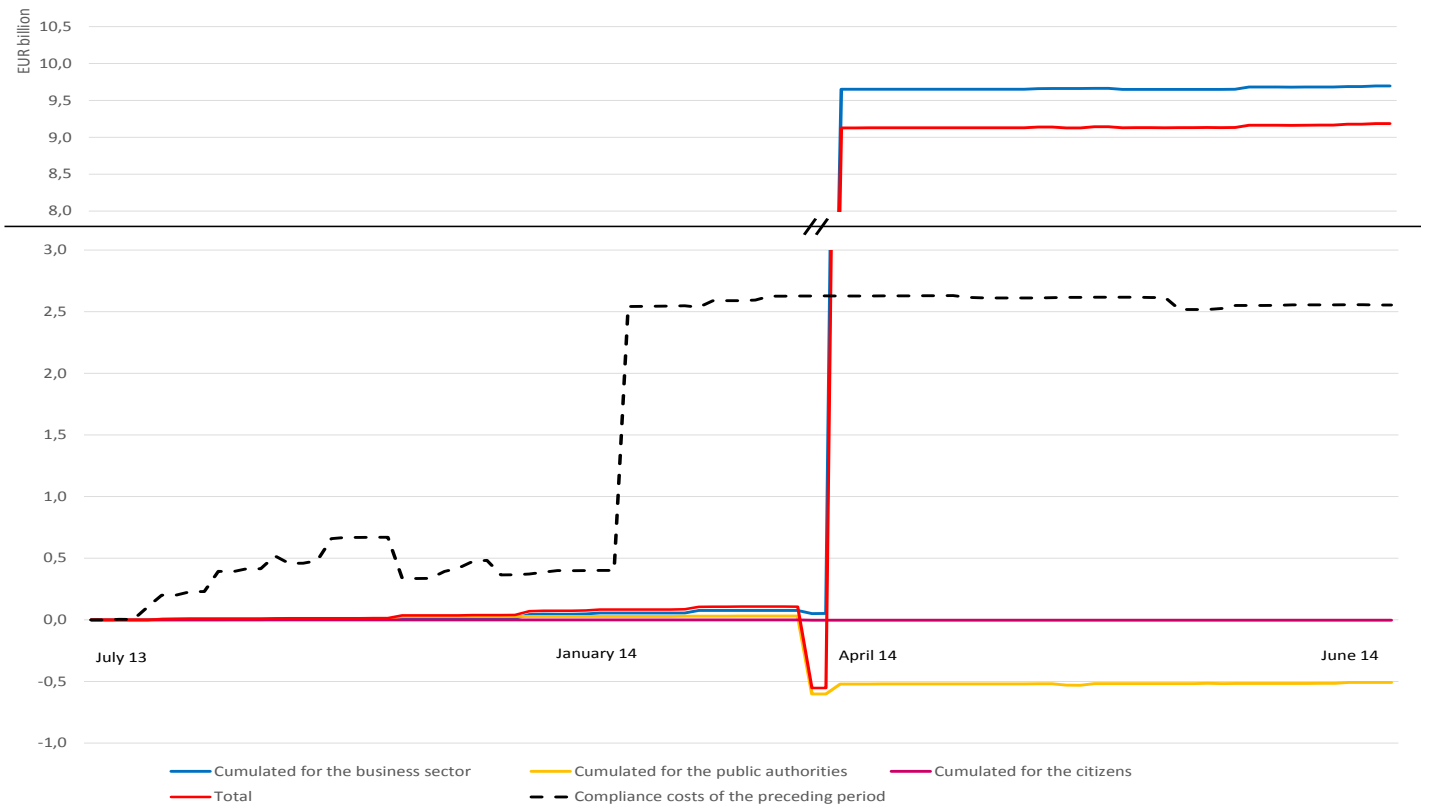
2014 ANNUAL REPORT

OF THE NATIONAL REGULATORY CONTROL COUNCIL

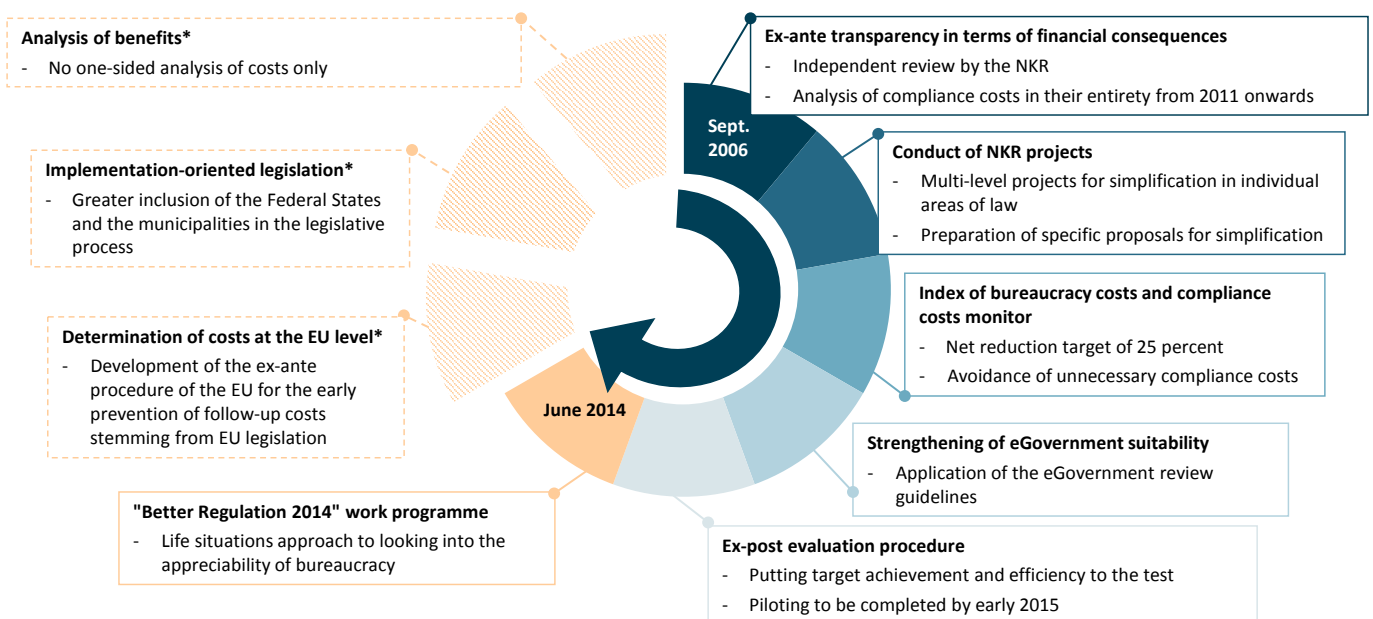
2014 Annual Report of the NKR
pursuant to Section 6(2) of the
Act on the Establishment of a
National Regulatory Control
Council (NKRK)

October 2014

Annual compliance costs



A holistic approach to effective bureaucracy reduction and better regulation



* Topics are under discussion

Key Messages

1. Significant rise in compliance costs

Over the past twelve months, annual compliance costs have on balance gone up by some EUR 9.2 billion. The introduction of a statutory minimum wage alone has imposed burdens of some EUR 9.7 billion. By comparison: The additional burden of some EUR 9 billion in the period under review is about three times the amount of the compliance costs incurred in total since mid-2011. This puts the Federal Government and Parliament back to square one for the most part, i.e. to the start of their efforts to reduce bureaucracy and cut down on costs.

2. Cold start into the 18th Legislature

At the start of the new legislature, the Federal Government launched a number of important initiatives that lacked the required cost transparency when they were dealt with in Cabinet. It is not least due to the persistence of the NKR that this transparency was achieved against the odds in time for the final debate in Parliament. In retrospect, the first half of 2014 has presented the greatest challenge so far to the work of the NKR since, in the case of important legislative initiatives, the rules on establishing transparency in terms of follow-up costs pursuant to the Act to Institute a National Regulatory Control Council (NKRK) were not consistently adhered to.

3. Consistent implementation of the new work programme

In June 2014, the Federal Government adopted a new better regulation work programme. Measures directly containing and/or reducing compliance costs were not specified in detail. The NKR expressly welcomes the objective laid down in the work programme to ascertain, through interviews with those concerned, the bureaucratic burdens actually felt by the citizens and the business sector in everyday life so as to develop efficient relief measures on that basis. In the summer of the coming year, the Federal Government and the NKR will analyse the progress made and draw conclusions for future work.

4. Greater involvement of the Federal States and municipalities in cost estimates

When ascertaining the follow-up costs of legislation, too little attention is being paid to the administrative process incumbent upon the Federal States and municipalities. The administrative effort can only be minimised if the anticipated costs are taken into account from the outset. To this end, the Federal States and municipalities, in a far more systematic manner than before, will have to develop cost estimates for the enforcement of new proposed legislation and bring these estimates to bear upon the preparation of laws by the Federal Ministries. This calls for suitable procedures to be agreed upon swiftly.

5. Greater efficiency in electronic administration

The electronic collection, processing and transfer of data can significantly contribute to simplifying administrative processes and to cutting down on costs. Obviously, greater efficiency and cost savings can only be achieved if the associated procedures, investments and funding activities are laid down in a co-ordinated form and binding on all Federal Ministries. This has not been the case so far but must be brought about as soon as possible. There is a lot of potential for cost savings and greater efficiency in this area - and a corresponding urgency for action!

6. New start in Brussels for greater transparency

After the elections to the European Parliament in May 2014, a new European Commission will be constituted in November 2014. This reshuffle must be used as an opportunity to create greater cost transparency and awareness in Brussels, too. The NKR supports the objective of the Federal Government to set up an independent control and advisory body at the European Commission. Unlike today, it would also be important in this context to give the citizens and enterprises concerned and/or their associations and national governments a chance to issue an opinion on legislative proposals of the Commission and the pertinent cost calculations before the Commission takes a final decision on their proposals to the European Parliament and the Council.

7. Establish transparency in Brussels in terms of the follow-up costs accruing to Germany

More than half of all costs caused by legislation are attributable to Brussels. It is therefore extremely important that the Federal Government should, as soon as possible, bring its influence to bear in favour of cost-saving arrangements - both during the preparation of new legislative proposals by the Commission and during the deliberations at the Council of Ministers. This is not sufficiently the case today. For this reason, the so-called EU ex-ante procedure of the Federal Government needs to be swiftly improved. Complaining about unnecessary costs from Brussels is futile if you haven't done your homework in terms of cost transparency and cost-containment with respect to EU projects.

8. Make further progress with the projects for the evaluation and quantification of benefits

Since 2013, the Federal Government has adhered to the rule that all regulatory initiatives whose compliance costs exceed EUR 1 million must be put to the test three to five years after they have become effective. The Federal Government is currently conducting pilot projects to test the methodology and efficiency of evaluation procedures. Additional pilot projects are to be undertaken in a bid to gain experience with quantifying the benefits of proposed legislation. It would be helpful in view of further improvements in legislative quality if these projects could achieve outcomes as soon as possible.

9. New projects - Federal Ministries and associations need to act

The experience of the NKR with specific projects on bureaucracy reduction and cost-containment has been good without exception, one of those projects being „Simplifying the application for student funding under the Federal Education and Training Assistance Act (BAföG)“ already carried out in 2010. The revision of the BAföG recently decided on by the Federal Government serves to implement the last remaining simplification proposals of the project. Such projects provide the opportunity to launch, with the involvement of all parties concerned, practical simplification measures that create appreciable relief. The NKR would welcome a much higher number of such projects, especially since complaints about too much red tape are rife. The business sector, the associations and the Federal Ministries continue to be called upon to look beyond such general complaints and propose and conduct specific projects.

10. Keep up the pressure - set targets

Following the attainment of the 25 percent bureaucracy reduction target, a new clear-cut regulation on limiting and/or reducing red tape and the statutory follow-up costs in Germany does not exist. Such regulation could be a new reduction target or - as in the United Kingdom, for example - a „One-in, One-out“ rule. In the absence of such regulations, there is the danger that the interest and ambition within the Federal Government, i.e. the „pressure within the system“, is not sufficient to actually keep follow-up costs to a minimum. A clear signal of the government to the effect that limiting statutory follow-up costs continues to be an important political objective would be helpful, especially in view of the significant increase in compliance costs at the start of the legislature.



The NKR prior to a regular meeting at the Federal Chancellery in Berlin Photo: Federal Government, Thomas Imo

Foreword

„We need the determination of politicians at all levels to be serious about limiting and reducing costs equally to the citizens, enterprises and public authorities“; this appeal of the NKR in its 2013 Annual Report has met with a limited response. This is largely due to the implementation of important political initiatives of the new Federal Government in the first half of this year, i.e. initiatives entailing significant follow-up costs. Also, the Federal Government, in its coalition agreement, failed to take up the proposal of the NKR for laying down new quantitative targets for limiting and reducing red tape and the associated follow-up costs.

However, the coalition agreement also states the following: „Reducing unnecessary red tape will improve the competitiveness of our enterprises, in particular that of small and medium-sized enterprises (SMEs). An efficient public administration and minimum compliance costs constitute an important locational advantage. We want to continue to provide appreciable relief to business and the citizenry from unnecessary red tape.“

And there are good reasons for wanting to do that. The 2006/2007 measurement by the Federal Statistical Office of the bureaucratic burdens incumbent on the business sector indicated that these burdens amounted to an order of magnitude of EUR 50 billion. If one adds to this the fact that the costs of bureaucracy stemming from the average of the legislative acts adopted in the past three years make up about 15 to 20 percent of all follow-up costs, one may arrive at the conclusion that the cost burdens imposed on German enterprises as a result legal requirements could amount to a total of EUR 200 to 300 billion. This, though, is an amount that has an overall economic impact with serious repercussions on the competitive position of German enterprises, both at home and on the international markets.

And this is something that is not only happening to the economy and business. You will be

hard pushed to find a town hall meeting or election campaign event where people don't grumble about unnecessary red tape and the costs imposed by the state. When dealing with the authorities, people realise that data requirements, the length of forms, handling times and the service provided are still far less attuned to their needs than to those of the public administration. The way they perceive things, costs and efficiency take a clear backseat to the „favours“ to be bestowed on them by the politicians at Federation, Federal State and municipal level.

That is why the subject of „limiting bureaucracy and the follow-up costs of legislation“ is not a niche function of specialists but a first-order political challenge that, in an increasing number of countries, features on the agenda of governments and parliaments. Besides the Netherlands, the United Kingdom, Sweden, Poland, Denmark, Austria, the Czech Republic and France, Jean-Claude Juncker, the new President of the European Commission, has highlighted the importance of this issue. Frans Timmermans, the current Dutch Foreign Minister and future Vice-President of the European Commission, will devote special attention in a prominent position to the subject of smart regulation. This may be deemed a clear signal that the efforts undertaken by President Barroso in favour of less bureaucracy, greater cost transparency, and „refitting“ existing legislative provisions will not be slackened but intensified.

Over the past years, Germany has achieved a lot as far as cutting down on bureaucracy and limiting the follow-up costs of legislation are concerned. Today we are among the countries in Europe whose commitment to this important issue is noticed and recognised beyond our national borders. The important thing now is to continue to systematically pursue this course. While doing this, we want to continue to run with the leading pack - which is more fun than being overtaken.

Berlin, 6 October 2014



Dr. Johannes Ludewig
(Chairman)



Wolf-Michael Catenhusen
(Deputy Chairman)



Dr. Thea Dückert



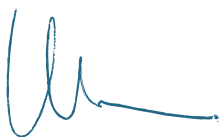
Rainer Funke



Gudrun Grieser



Johann Hahlen



Prof. Dr. Sabine Kuhlmann



Hanns-Eberhard Schleyer



Dorothea Störr-Ritter



Prof. Dr. Andrea Verstejl

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I Development of compliance costs

1. Overall view

In the period under review, i.e. the period from 1 July 2013 to 30 June 2014, the NKR looked into a total of 303 regulatory initiatives (laws, regulations and administrative provisions of the Federal Government). In the previous period under review (1 July 2012 to 30 June 2013), the NKR dealt had with 348 regulatory initiatives, which signifies a decline by almost 13 percent in the current period. This is probably due to the fact that the 17th Legislature came to an end at the beginning of the current period under review and the 18th Legislature started with the formation of a new Federal Government after lengthy coalition talks.

Explanation of the term „period under review“

Unlike in the Federal Government’s Annual Report of March 2014*, the period under review referred to in connection with the activities of the NKR is not equal to a calendar year but, for reasons of topicality, covers the period from 1 July 2013 to 30 June 2014. This explains the noticeable difference in the total amount of compliance costs shown in the two reports.

*http://www.bundesregierung.de/Content/DE/_Anlagen/Buerokratieabbau/2013-03-18-jb-2013.pdf?__blob=publicationFile&v=2

1.1 Annual compliance costs

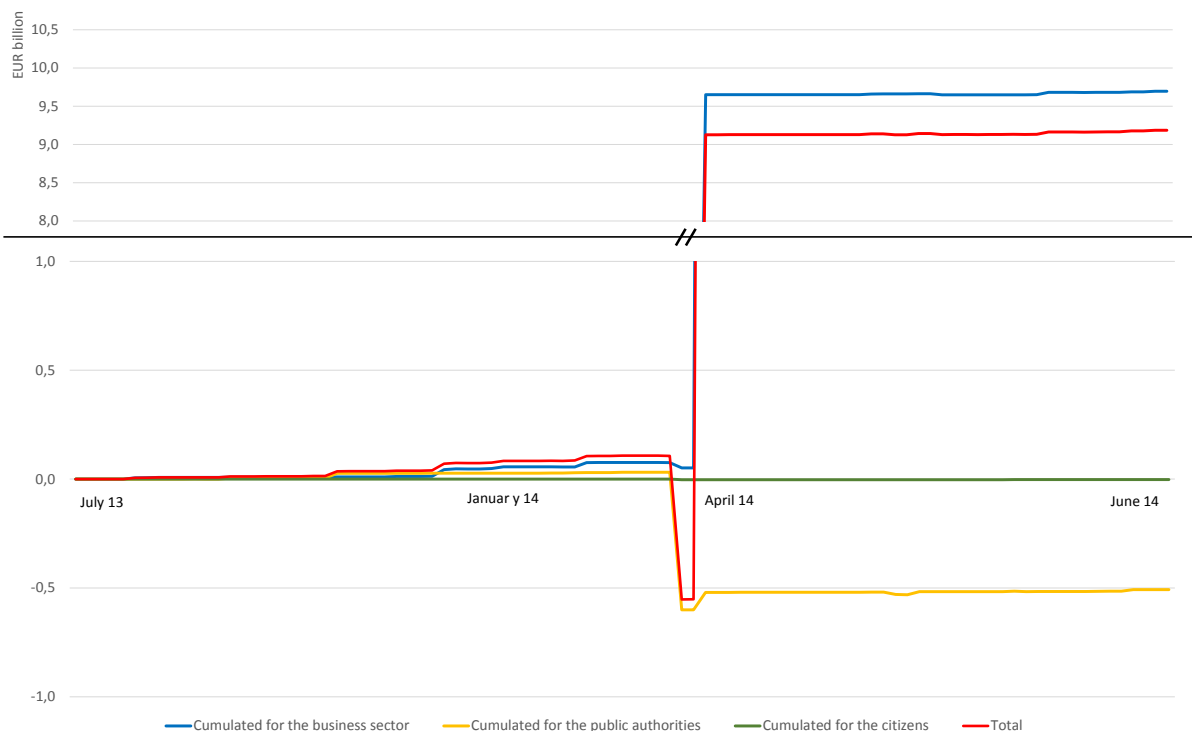


Abb. 1: Development of annual compliance costs in the period under review

Annual compliance costs have gone up considerably (by +EUR 9.2 billion) since the last period under review. The most pronounced increase was observed, in particular, for the regulation activities of the first half of 2014. As a result of the Bundestag elections and the resulting formation of a new government, the Federal Cabinet did not adopt any „major“ legislative initiatives in the second half of 2013. For all intents and purposes, the Federal Government did not take up work until January 2014 but has since launched important regulatory initiatives from the coalition agreement, which substantially impact on the development of compliance costs (cf. Chapter II).

The rapid increase in compliance costs is almost exclusively due to the introduction of a statutory minimum wage as a result of the Act to Strengthen the Autonomy of Collective Bargaining (Tarifautonomiestärkungsgesetz, TASG); the TASG involves additional compliance costs to the amount of some EUR 9.7 billion, most of which are to be borne by the business sector. Chapter II provides a detailed discussion of this regulatory initiative. The Statutory Health Insurance Financing Act (GKV-Finanzierungsgesetz, GKV-FinG), which is also dealt with in greater depth in Chapter II, involves the abolition both of the individual surcharge for healthcare and the social compensation payment (Sozialausgleich) and will in turn result in an annual relief of some EUR 660 million. On balance, annual compliance costs have gone up by some EUR 9.2 billion.

Annual compliance costs in the period under review compared with previous years

When compared with the previous two periods under review, the above increase is by far the most severe since compliance costs were first identified in 2011. The rise in the current period under review is three times the total of the additional annual compliance costs incurred in the two preceding periods under review. However, if the Act to Strengthen the Autonomy of Collective Bargaining (TASG) were left out of the equation, there would have been a first-ever decline in annual compliance costs in the period under review.

Since 2011, annual compliance costs have gone up by some EUR 12.3 billion, which is divided in a 95 to 5¹ ratio among business and the citizenry. In the case of the public authorities, a very small decline (some EUR 38 million) is to be recorded. An analysis of the above rise in annual compliance costs in the context of the measures taken between 2006 and 2011 to cut bureaucracy costs to business stemming from information obligations will reveal the following: In a span of just three years, the painstakingly achieved reduction target of 25 percent and/or some EUR 12.5 billion has been reduced to almost nothing because of additional annual compliance costs.

¹ The method used by the Federal Government for estimating and identifying compliance costs does not monetarise the time investment of the citizens. In the case of the citizens, only material costs are identified as costs. A rough and ready calculation is carried out in Chapter I.3.3 so as to be able to compare these costs with the expenditures of the business sector and public authorities.

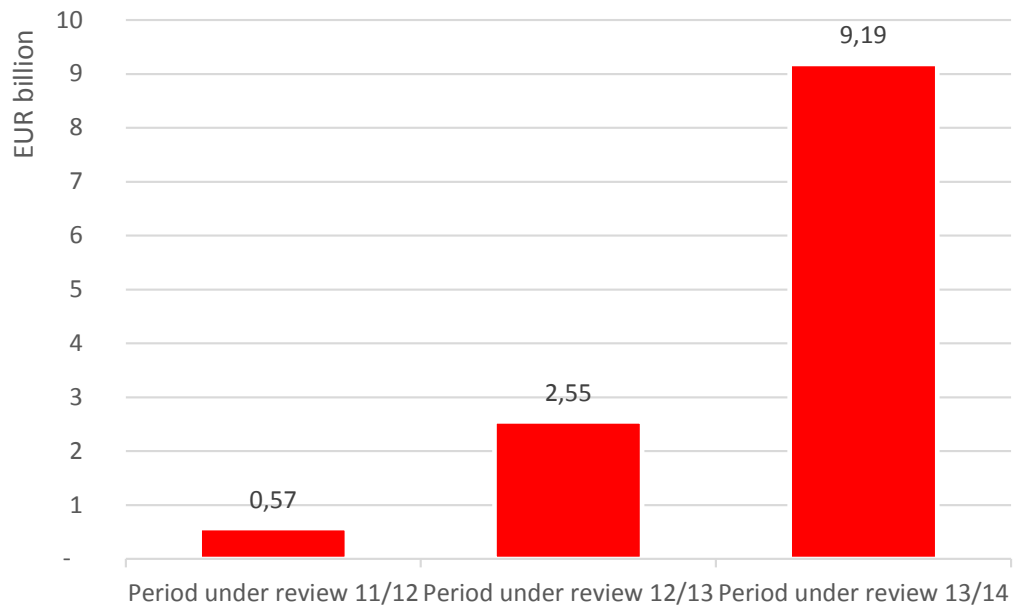


Abb. 2: Increase in annual compliance costs broken down by periods under review

In the period under review, the Federal Cabinet adopted 97 initiatives imposing a burden and 26 initiatives resulting in relief. 180 initiatives had little or no impact on compliance costs. In the case of 25 regulatory initiatives, it was impossible to determine compliance costs for at least one stipulation or addressee as there was not enough knowledge available at that stage.

Total number : 303

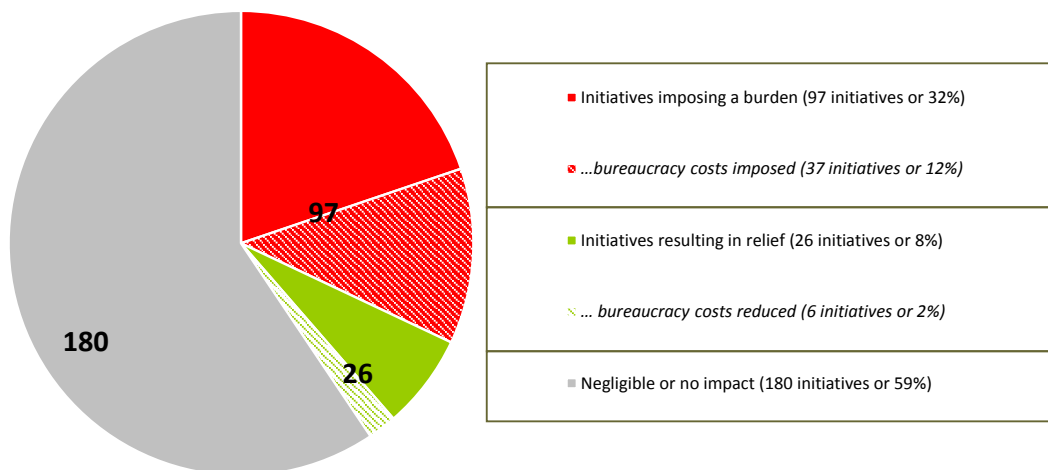


Abb. 3: Number of regulatory initiatives looked into in the period under review

The illustration below traces the development of compliance costs since their introduction in July 2011. It is easy to see that compliance costs have increased by leaps and bounds. The

illustration also shows the huge impact of individual regulatory initiatives, while most of the draft regulations have little influence on the development of compliance costs.

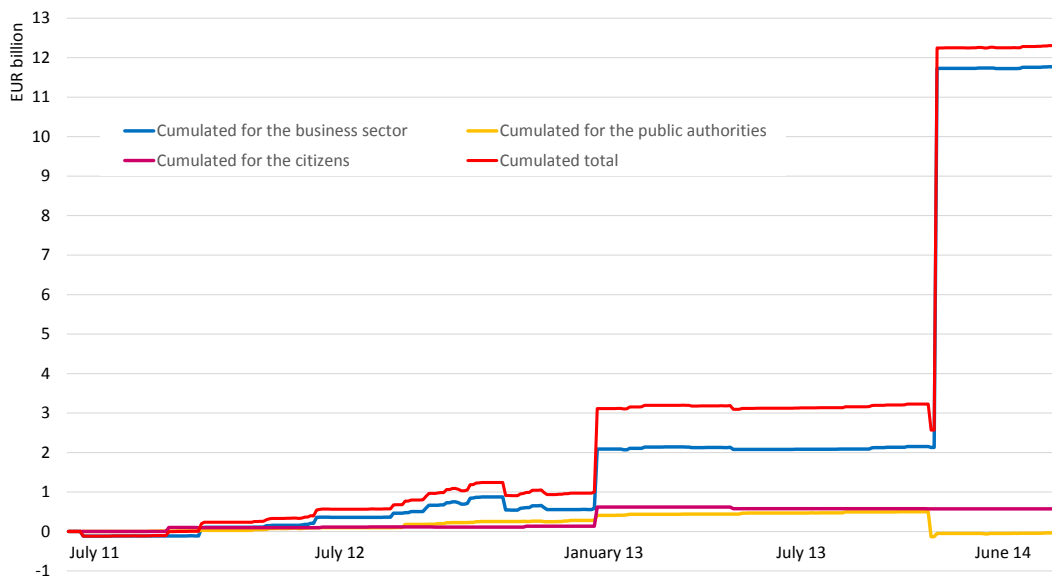


Abb. 4: Development of annual compliance costs since July 2011

A look at the five most and/or the five least burdensome regulatory initiatives in the period under review will underline the huge impact the law on the introduction of a statutory minimum wage has on compliance costs. The Act Improving State Pension Insurance Benefits (Gesetz über Leistungsverbesserungen in der gesetzlichen Rentenversicherung, RV-Leistungsverbesserungsgesetz), which has introduced the mothers' pension [for mothers whose children were born before 1992] and the deduction-free pension upon reaching the age of 63 after 45 years of contributions is not included in this list because, whilst having very strong financial consequences for the pension fund, the pension benefits granted under the Act do not count as compliance costs.

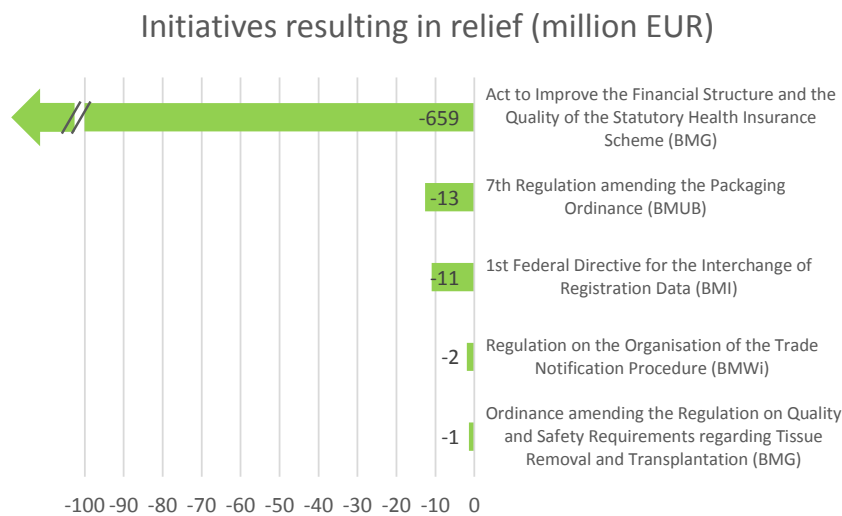


Abb. 5: Regulatory initiatives imposing the greatest annual relief in terms of compliance costs

Initiatives imposing a burden (million EUR)

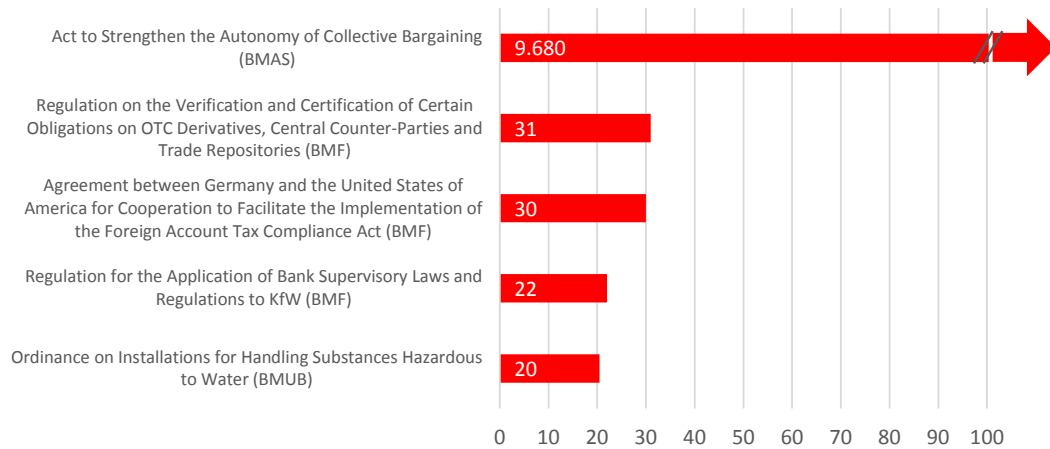


Abb. 6: Regulatory initiatives imposing the greatest annual burdens in terms of compliance costs

1.2 One-off compliance costs

Besides the annual compliance costs, 53 of the regulatory initiatives reviewed by the NKR entail one-off compliance costs. These burdens are incurred by one-shot switchover activities, i.e. the alignment of procedures to new legal requirements or the changeover of processes. In the period under review, a total of EUR 858 million in one-off compliance costs was triggered by regulatory initiatives.

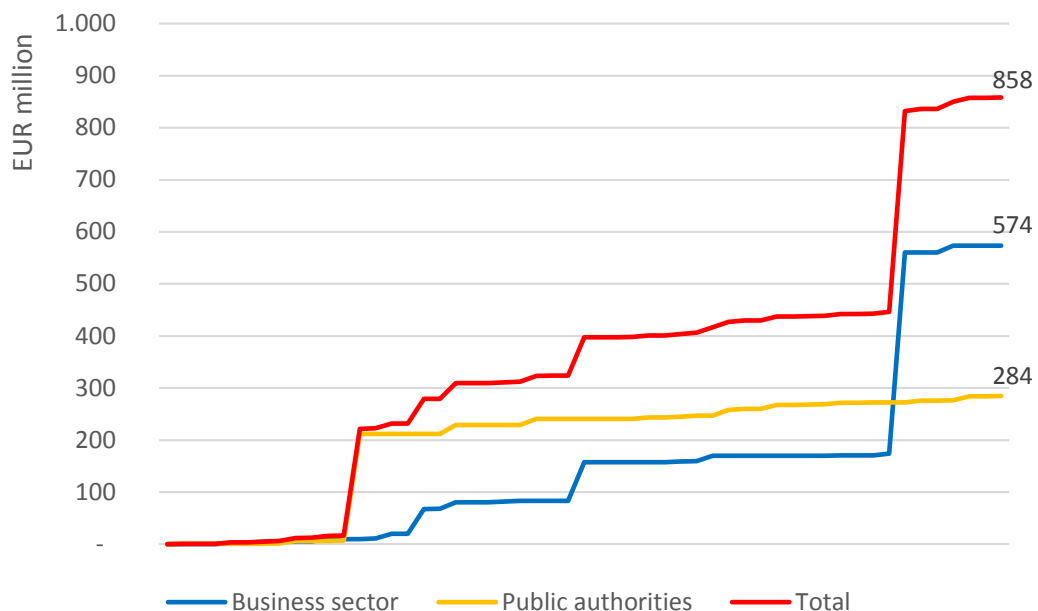


Abb. 7: One-off compliance costs in the period under review

Two thirds of the one-off compliance costs were incumbent on business and one third on the public authorities. These costs have noticeably declined as against the preceding period under

review. In 2013/2014, one-off compliance costs accounted for just some 20 percent of those of the previous period under review.

The following table provides a detailed presentation of the one-off compliance costs stemming from individual regulatory initiatives.

Federal Ministry	Regulatory initiative	One-off compliance costs	Norm addressee
BMF	Agreement between Germany and the United States of America for Cooperation to Facilitate the Implementation of the Foreign Account Tax Compliance Act (FATCA*-USA-UmsV)	EUR 386 million was incurred by the implementation of an automated notification procedure for German banks vis-à-vis the U.S. tax authorities.	Business
BMF	KfW Regulation	EUR 205 million for the development of processes at KfW within the framework of assigning to the Federal Financial Supervisory Authority (BaFin) authority for supervising compliance [with the application of bank supervisory laws and regulations to KfW]	Public authorities (Federation)
BMUB	Ordinance on Installations for Handling Substances Hazardous to Water (WasgefStAnIV)	EUR 74 million for equipping and retrofitting biogas plants	Business
BMF	Regulation amending the Monthly Returns Regulations pursuant to the German Banking Act (KWG) and for adapting the Monthly Returns Regulation under the Payment Services Supervision Act (ZAG) and the Country Risk Regulation (Verordnung zur Novellierung der Monatsausweisverordnungen nach dem Kreditwesengesetz sowie zur Anpassung der ZAG-Monatsausweisverordnung und der Länderisikoverordnung)	EUR 47 million for the conversion of the IT systems of the banks for entering and reporting financial information	Business
BMUB	Regulation on the Development of Supervision under Waste Law (Verordnung zur Fortentwicklung der abfallrechtlichen Überwachung)	EUR 30 million for a one-off notification procedure and for processing the notification	Business/Public authorities (Federal State / municipality)

* FACTA = Foreign Account Tax Compliance Act“, U.S. law imposing severe restrictions on reporting by foreign financial institutions to U.S. tax authorities.

2. Development of compliance costs - broken down by government departments

Departmental responsibilities changed at the start of the new legislature, especially those of the Federal Ministry for Economic Affairs and Energy: The responsibility for energy policy, which used to be divided among three departments (the Federal Ministry for Economic Affairs and Energy, the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, and the Federal Ministry of Transport and Digital Infrastructure), is now consolidated under the aegis of the Federal Ministry for Economic Affairs and Energy. In this way, then, the number of regulatory initiatives in the portfolio of the Federal Ministry for Economic Affairs and Energy has noticeably increased. Consumer protection was transferred from the Federal Ministry of Food and Agriculture to the Federal Ministry of Justice and Consumer Protection, and building was moved from the Federal Ministry of Transport and Digital Infrastructure to the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety.

The figure below shows the number of regulatory initiatives submitted to the NKR by the government departments; the data presented for January 2014 onwards is based on the new departmental responsibilities².

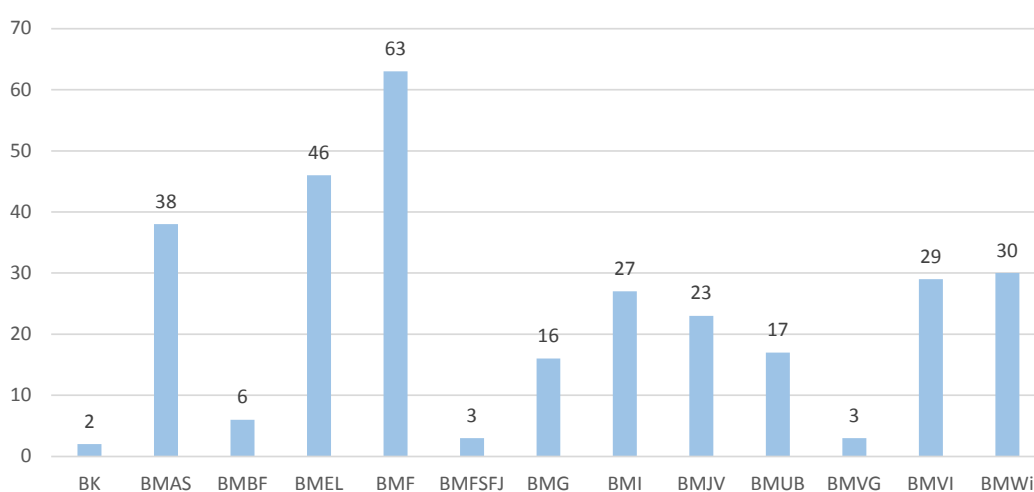


Abb. 8: Regulatory initiatives in the period under review broken down by government departments

The illustration shows that the Federal Ministry of Finance has, by far, submitted the greatest number of regulatory initiatives, with the Federal Ministry of Food and Agriculture and the Federal Ministry of Labour and Social Affairs making up second and third place.

The regulatory initiative entailing the highest volume of additional annual compliance costs was submitted by the Federal Ministry of Labour and Social Affairs (EUR 9.7 billion). The second

² In the period under review, the Federal Foreign Office and the Federal Ministry for Economic Cooperation and Development did not submit any regulatory initiatives to the NKR for review.

biggest regulatory initiative came from the Federal Ministry of Finance (EUR 130 million) and is significantly smaller in terms of compliance costs.

It is in particular regulatory initiatives of the Federal Ministry of Finance (EUR 662 million) and the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (EUR 114 million) that account for the generation of one-off compliance costs.

3. Development of compliance costs broken down by norm addressees

3.1 Business Sector

67 out of 303 regulatory initiatives reviewed by the NKR impact on the annual compliance costs to the enterprises. 20 regulatory initiatives are likely to result in relief, while 47 initiatives impose a burden. This leads to an additional annual net burden of EUR 9.7 billion. 33 regulatory initiatives have generated one-off compliance costs to the amount of EUR 574 million.

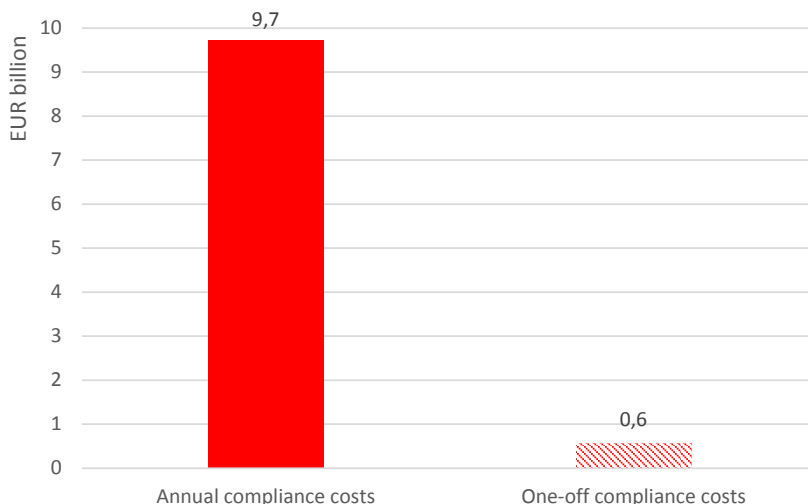


Abb. 9: Annual and one-off compliance costs to the business sector

The additional annual compliance costs to the business sector are mainly driven by the Act to Strengthen the Autonomy of Collective Bargaining (TASG), which introduces the statutory minimum wage. The TASG accounts for some 99 percent of the total increase in compliance costs in the period under review.

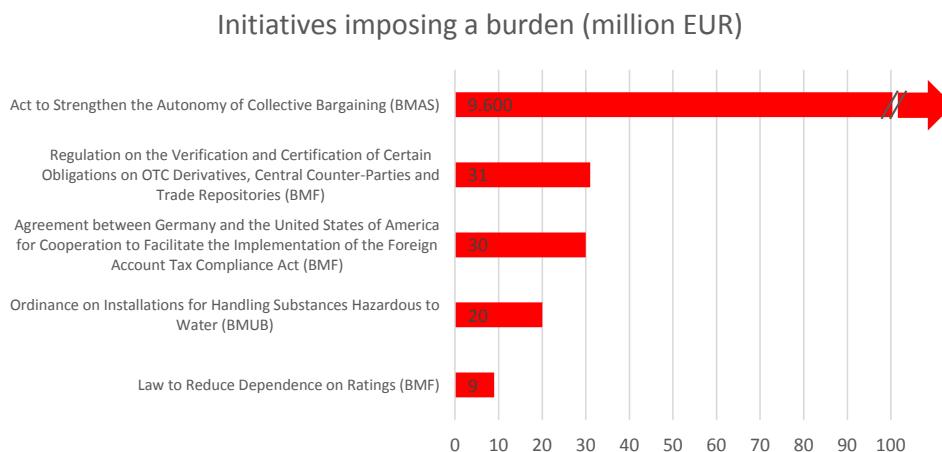


Abb. 10: Regulatory initiatives imposing the greatest annual burdens on business

On the other hand, there is a total of 23 initiatives that generate relief.

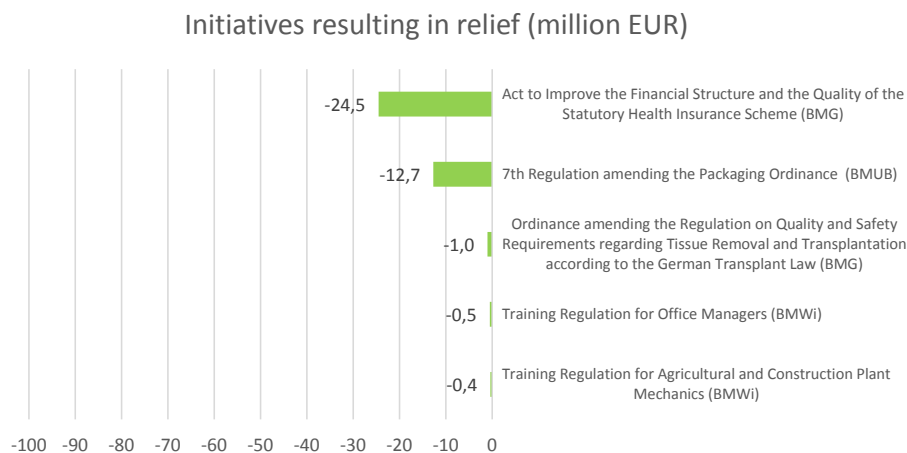


Abb. 11: Regulatory initiatives affording the greatest annual relief to business

3.2 Bureaucracy costs to business

When presenting the compliance costs to business, the costs stemming from information obligations, i.e. the so-called costs of bureaucracy, are shown separately. To this end, the Federal Government has introduced the index of bureaucracy costs³, which has traced the development of bureaucracy costs since 1 January 2012. The Federal Government has set itself the goal of maintaining that level on a permanent basis. The development of the index of bureaucracy costs and the data available to the NKR indicate that this goal is almost accomplished now. Notwithstanding a slight increase in bureaucracy costs, the volume of these costs has remained relatively stable since the accomplishment of the 25 percent reduction target.

In the period under review, 43 regulatory initiatives impacted on the bureaucracy costs to

³ http://www.bundesregierung.de/Webs/Breg/DE/Themen/Buerokratieabbau/1_Buerokratiekostenindex.

business. Altogether, the annual bureaucracy costs to business increased by EUR 51.5 million in the period under review. Six regulatory initiatives resulted in relief (EUR 13.1 million), and 34 initiatives imposed a burden (EUR 64.6 million).

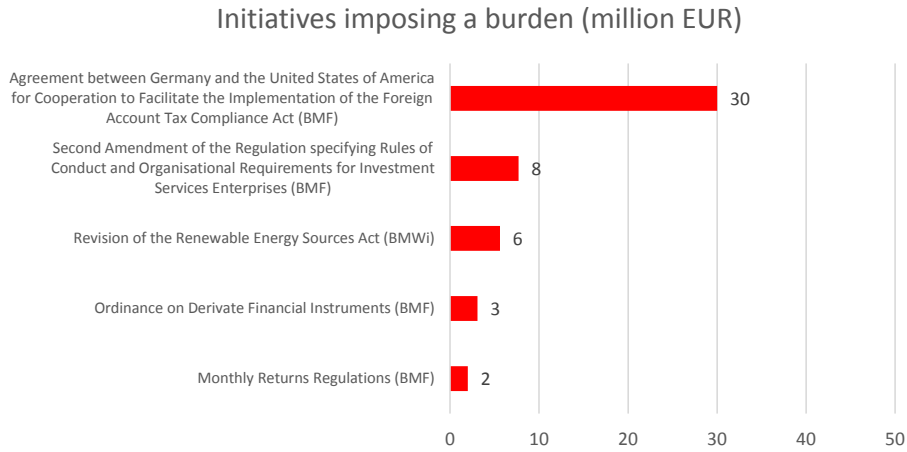


Abb. 12: Regulatory initiatives imposing the greatest annual burdens in terms of bureaucracy costs

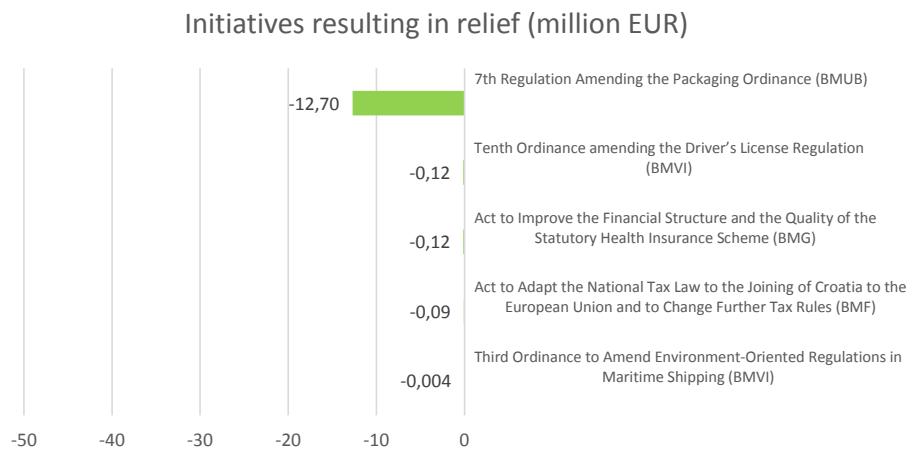


Abb. 13: Regulatory initiatives providing the greatest annual relief in terms of bureaucracy costs

3.3 Public authorities

3.3.1 Annual compliance costs

In the period under review, 72 regulatory initiatives impacting on the compliance costs to public authorities were submitted to the NKR. 58 out of those initiatives imposed a burden, while 14 generated relief. The total burden on public authorities increased by some EUR 508 million a year in the period under review, whilst the one-off costs of conversion amounted to some EUR 285 million.

Without the Law to Reorganise the Financial Base of the Statutory Health Insurance Scheme (Gesetz zur Neugestaltung der Finanzierungsgrundlage der gesetzlichen Krankenkassen) described in Chapter II.4, which has reduced administrative burdens by some EUR 632 million, there would have been a significant rise in those burdens in the period under review. Similar to the impact of the Act to Strengthen the Autonomy of Collective Bargaining (TASG) on the business sector, the Law to Reorganise the Financial Base of the Statutory Health Insurance Scheme is a major influence on the compliance costs incumbent on public authorities. On the other hand, the minimum wage constitutes the regulatory initiative generating the greatest increase in administrative burdens. The Federal Government expects additional costs of some EUR 80 million to be incurred by Customs (Federal administration) for checking compliance with the minimum wage requirements. The illustrations below show the extent to which the two regulatory initiatives generate burdens or relief to public authorities.

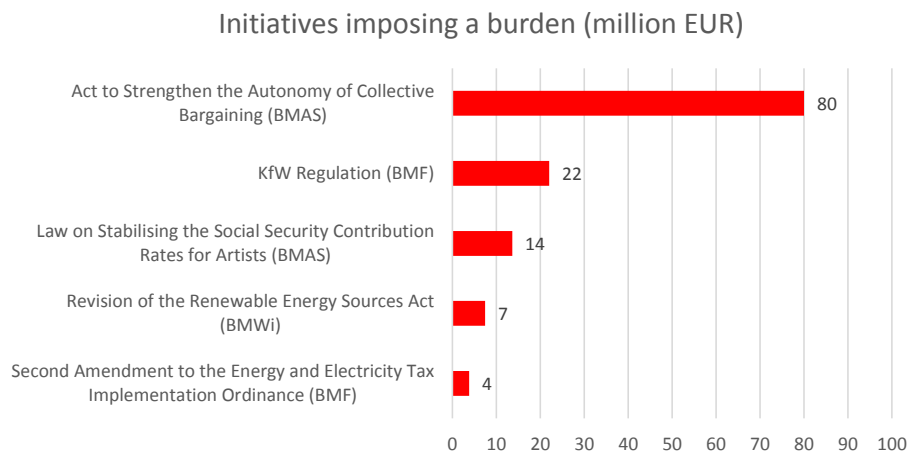


Abb. 14: Regulatory initiatives imposing the greatest annual burdens on public authorities

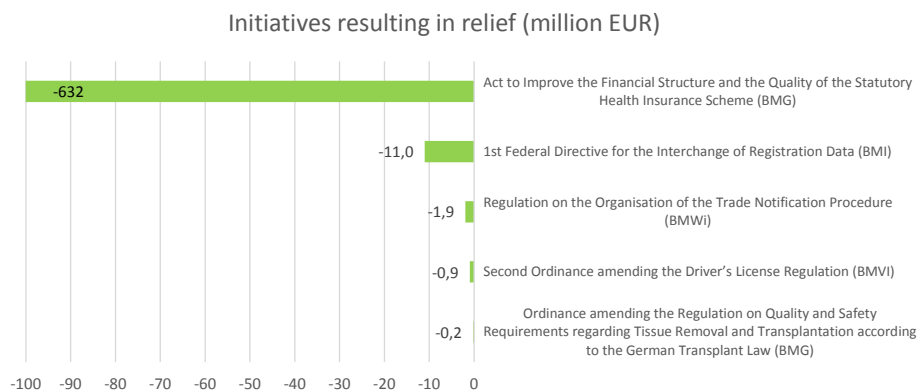


Abb. 15: Regulatory initiatives generating the greatest annual relief to public authorities

3.3.2 One-off compliance costs

In the period under review, 34 regulatory initiatives generated one-off compliance costs to the amount of some EUR 285 million in total. A Federal Ministry of Finance regulatory initiative has, by a long way, resulted in the highest one-off compliance costs (EUR 205 million), which are anticipated to be incurred from 2014 to 2017. This initiative concerns changes to be made within the Kreditanstalt für Wiederaufbau (KfW, Federal administration) as a result of KfW being placed under the supervision of the Federal Financial Supervisory Authority (BaFin) and fundamental bank supervisory standards being applied to KfW.

3.4 Citizenry

In the period under review, just 18 out of 303 regulatory initiatives reviewed by the NKR had a financial impact on the citizens. Altogether, these 18 regulatory initiatives generated substantial relief amounting to some 8.26 million hours and some EUR 2.5 million in material costs.

When presenting the costs incumbent on the citizenry, it becomes obvious that, unlike in the case of business and public authorities, two types of costs being identified: Material costs and time investment. This dichotomy does not permit a direct comparison to be made with the other sectors as it is only the material costs, expressed in EUR, that can be put into ratio with the costs to business and public authorities, which are likewise expressed in EUR. If the time investment of the citizens - measured in hours - were multiplied by an hourly wage rate, the burden on the citizens could be directly compared with that on business and public authorities. This would, for instance, mean the following for the period under review: Working on the assumption of an hourly rate of EUR 20, the relief generated to the citizens would have amounted to some EUR 170 million a year as against an increase by some EUR 9.7 billion for business and a decrease by some EUR 0.5 billion for the public authorities. If the hourly rate were raised to EUR 30, the resultant sum would correspondingly increase by EUR 85 million. In that case, a comparison of the total cost burdens on and the relief to the three sectors - business, public authorities, and citizenry - would demonstrate remarkably low figures for the burdens on the latter; also, that ratio would not significantly change regardless of the hourly wage rate being used.

II Essential regulatory initiatives in the period under review

1. Introduction of a statutory minimum wage

What is this regulation about?

The inter-ministerial consultation on the Draft Law to Strengthen the Autonomy of Collective Bargaining (Entwurf eines Gesetzes zur Stärkung der Tarifautonomie) started in mid-March 2014. The draft law was to implement one of the most important projects of the coalition agreement, i.e. the introduction of a national statutory minimum wage of (initially) EUR 8.50 per hour.

The law stipulates that the minimum wage is to be effective throughout Germany as of 2015. However, wages below the minimum wage are to be permitted until the end of 2016 providing they are laid down in a collective agreement and have been declared as generally binding. Further exceptions are intended for specific groups of persons such as apprentices and the long-term unemployed. A committee serving in an honorary capacity is to be appointed to furnish advice to the Federal Government every other year on whether, and to what extent, the minimum wage should be altered. The proposals submitted by the committee are to be binding on the Federal Government. The committee is to make its first proposal for 2017. It is to be made up of three representatives each from business and labour and two non-voting scientists. As it is already the case in branches of industry where a minimum wage exists, compliance with the minimum wage is to be checked by the customs administration. In addition, the law will result in changes being made to other regulations such as the Posted Workers Act (Arbeitnehmer-Entsendegesetz, AEntG) and the Collective Agreements Act (Tarifvertragsgesetz, TVG).

The point of view of the NKR

At the start of the inter-ministerial consultation, the draft law revealed serious shortcomings in two respects: For one thing, the essential compliance costs to business (additional labour costs resulting from the introduction of the minimum wage) and public authorities (the burden stemming from checks by the customs administration) were not identified. For another, the presentation of alternatives was incomplete. Notwithstanding repeated advice from the NKR, these issues of the draft law have not been rectified.

Therefore, the NKR voiced criticism of the draft law in its opinion of 31 March 2014.⁴ It raised fundamental concerns about the draft law within its mandate, arguing that the patchy presen-

⁴ http://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Artikel_u_Textbausteine/stellungnahme_tarifautonomiegesezt.html?nn=826450.

tation of financial consequences and regulatory alternatives would deprive lawmakers of an important basis for decisions.

The NKR subscribes to the view that a rough estimate of the compliance costs involved would have been both sufficient and possible, even against the background that the prediction required for the presentation of compliance costs depends on various parameters/assumptions. The opinion of the NKR was confirmed at a hearing held by the NKR. So, for instance, the German Institute for Economic Research (DIW Berlin) made similar calculations using G-SOEP data from 2012.⁵ In the opinion of DIW Berlin, gross salaries will go up by approximately EUR 16 billion in 2015 as a result of the introduction of a statutory minimum wage of EUR 8.50 per hour and the concomitant rises of wages below this threshold. DIW Berlin is working on the assumption that the number of workers benefiting from the minimum wage is likely to be around 4.5 million. According to the NKR, a close examination of the DIW survey would have seemed the obvious thing to do as the competent government department had quoted the DIW survey elsewhere in the draft law. An estimate of compliance costs could have been carried out, also in view of the burden on the customs administration stemming from the additional checks. The NKR, in its opinion, has therefore called upon the competent government department to make a subsequent ascertainment of these costs and submit it to Parliament as soon as possible.

Act to Strengthen the Autonomy of Collective Bargaining (TASG): Ins and outs of the ex-ante procedure

Hearing	» Expert hearing held on 24 March 2014 pursuant to Section 5 of the Act to Institute a National Regulatory Control Council (NKRK)
Opinions	» The NKR has issued an opinion on the Draft Law to Strengthen the Autonomy of Collective Bargaining and raised fundamental concerns because of the failure to comply with the requirements of the NKRK. » In its second and final opinion of 18 June 2014, the NKR no longer voiced the previous fundamental concerns.
Dialogue with the Federal Ministry of Labour and Social Affairs at the State Secretary level	» Four talks of the NKR Chairman who pointed out that the financial consequences had not been presented. » The Federal Ministry of Labour and Social Affairs forwarded the cost estimate to the responsible Bundestag Committee and the NKR just prior to the final consultation.
Dialogue with the Federal Ministry of Labour and Social Affairs at the Federal Minister level	» Three letters of the NKR Chairman who pointed out that the financial consequences had not been presented.
Discussion with the Committee on Labour and Social Affairs of the German Bundestag	» A discussion between the Chairman of the Committee on Labour and Social Affairs and the NKR Chairman.

5 Cf. German Institute for Economic Research (DIW Berlin): Weekly Report No. 5/2014.

What compliance costs have been identified?

The belief that a presentation of compliance costs would have been possible in the draft law is also borne out by the fact that the Federal Government, at the insistence of the NKR, carried out an estimate of compliance costs after the matter had been dealt with in Cabinet. According to the estimate, the increase in wages that used to be below EUR 8.50 will impose compliance costs of EUR 9.6 billion on business in 2015. The number of workers benefiting from this pay hike is put at 3.7 million. In the case of the customs administration, the checks [for compliance with the minimum wage requirements] will generate an additional burden of 1,600 full-time staff (EUR 80 million).

The NKR has looked into the Federal Government's presentation, arriving at the conclusion that even though the parameters underlying the estimate were placed in a more „optimistic“ light than in the calculations by DIW Berlin, the Federal Government's approach and placements cannot be faulted from a methodological point of view. As a result, the NKR did not raise any objections to the Federal Government's presentation in its complementary opinion, which was forwarded to the responsible Bundestag Committee on Labour and Social Affairs on 27 June 2014, which is to say prior to the committee's final consultation.⁶

2. Energy transition and revision of the Renewable Energy Sources Act (EEG)

In the previous period under review, the development of compliance costs and other costs was mainly driven by regulatory initiatives related to the revision of the Renewable Energy Sources Act (EEG). The Second Regulation to amend the Energy Savings Act (EnEV), which generates annual compliance costs to the amount of EUR 2.1 billion, played the decisive part in this process.

In the current period under review, too, regulatory initiatives implementing the energy transition were of particular importance to the review activities of the NKR. The focus was on the readjustment of the Renewable Energy Sources Act (EEG) as well as on regulatory initiatives for the reform of the Special Equalisation Scheme for Electricity-Intensive Enterprises and Rail Operators (Besondere Ausgleichsregelung für stromkostenintensive Unternehmen und Schienenbahnen) and the Ordinance on a Register of Installations for the Generation of Electricity from Renewable Energies and from Mine Gas (Verordnung über ein Register für Anlagen zur Erzeugung von Strom aus erneuerbaren Energien und Grubengas, Anlagenregisterverordnung (AnlRegV)), which were also submitted in this connection and will hereinafter be collectively referred to as the Revision of the Renewable Energy Sources Act (EEG-Novelle).

⁶ http://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Artikel_u_Textbausteine/2014-07-01-ergaenzende-stellungnahme-tarifautonomiegesetz.html?nn=826450.

2.1 Revision of the Renewable Energy Sources Act

What is this regulation about?

The Revision of the Renewable Energy Sources Act lays important foundations for the future organisation of the energy transition and thus also for its success. Its objective is to implement fundamental change towards a system providing for greater control along free-market lines. To this end, the Revision of the Renewable Energy Sources Act envisages the introduction of new instruments for control and assistance. Some of the existing instruments are being modified or improved. In this context, special importance is being attached to the nationwide direct marketing obligation for eco-electricity and the determination of feed-in tariffs by competitive tenders, which is to become effective as of 2017.

The point of view of the NKR

In this case, as in that of the law introducing a statutory national minimum wage, the information on follow-up costs required pursuant to the Act to Institute a National Regulatory Control Council (NKRK) was not available at the time of the decision-making by the Federal Cabinet. For this reason, the NKR has raised fundamental concerns in its opinion on the Cabinet draft.⁷

In addition, in view of the complexity and significance of the Revision of the Renewable Energy Sources Act, the NKR held its own expert hearing⁸ to which the Federal Ministry for Economic Affairs and Energy was invited inter alia.

Following discussion in Cabinet, the responsible government department and the NKR debated the matter intensely for several weeks, which, on 18 June 2014, resulted in much greater transparency about the legal consequences and also formed the basis of the NKR's final opinion of 20 June 2014.

Revision of the Renewable Energy Sources Act: Ins and outs of the ex-ante procedure

Hearing	» Expert hearing held on 24 March 2014 pursuant to Section 5 of the Act to Institute a National Regulatory Control Council (NKRK)
Opinions	» The NKR has issued three opinions on the draft of the Revision of the Renewable Energy Sources Act and raised fundamental concerns because of the failure to comply with the requirements of the NKRK. » In its fourth and final opinion of 18 June 2014, the NKR no longer voiced the previous fundamental concerns.

⁷ http://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Artikel_u_Textbausteine/eeg-1.html.

⁸ German Renewable Energy Federation (BEE), Federation of German Industries (BDI), German Chemical Industry Association (VCI), Federal Association of the Energy and Water Industry (BDEW), Federation of German Consumer Organisations (vzbv), and the German Council of Economic Experts.

Revision of the Renewable Energy Sources Act: Ins and outs of the ex-ante procedure	
Dialogue with the Federal Ministry for Economic Affairs and Energy at the State Secretary level	<ul style="list-style-type: none"> » Five talks of the NKR Chairman who pointed out that the financial consequences had not been presented.
Dialogue with the Federal Ministry for Economic Affairs and Energy at the Federal Minister level	<ul style="list-style-type: none"> » Three letters of the NKR Chairman who pointed out that the financial consequences had not been presented. » A discussion between the Federal Minister for Economic Affairs and Energy and the NKR Chairman: The participants in the discussion reached an agreement on the presentation of follow-up costs.
Discussion with the Committee for Economic Affairs and Energy of the German Bundestag	<ul style="list-style-type: none"> » Two talks between the Chairman of the Committee for Economic Affairs and Energy and the NKR Chairman. » Participation of the NKR in the final consultation of the Committee for Economic Affairs and Energy.

On 24 June 2014, the Committee for Economic Affairs and Energy of the German Bundestag held its final consultation on the Revision of the Renewable Energy Sources Act. In the opinion of the NKR, the required transparency about the financial consequences for the political decision-makers was not available until the eleventh hour. In view of the significance of the Revision of the Renewable Energy Sources Act and the concerns the NKR had voiced in the previous procedure, the chairpersons of the Committee for Economic Affairs and Energy decided to invite the NKR to the final consultation and request a final assessment.

2.2 Subject matter of the review by the NKR

What financial consequences have been identified?

The review by the NKR focused on a plausible and methodologically correct account of compliance costs and other costs and on the presentation of relevant regulatory alternatives and evaluatory considerations.

In terms of compliance costs, changes to the Revision of the Renewable Energy Sources Act will result in annual compliance costs of some EUR 13 million and one-off compliance costs of some EUR 14 million. It is true that there are no indications that would lead the NKR to doubt the plausibility of the cost estimate submitted. However, the NKR points out in its opinion that some cost-increasing effects have not been taken into account in the calculation of compliance costs since, owing to a lack of experience or from a methodological perspective, a reliable estimate cannot be provided at present. In particular, these effects include the burden that will be generated by the competitive tenders envisaged for the determination of feed-in tariffs.

In the case of the other costs whose financial impact is much greater, the review focused on the effects of EEG differential costs, the EEG reallocation charge and electricity rates. It should be noted in connection with the development of those costs that quantifying them is fraught with considerable uncertainty owing to various contributory factors (e.g. the market electricity

price, the end consumption for which EEG apportionment is to be paid, the weather). At the request of the NKR, the Federal Ministry for Economic Affairs and Energy has developed three possible scenarios so as to permit the development of costs stemming from the Renewable Energy Sources Act (EEG) to be estimated in terms of order of magnitude.

In an effort to demonstrate which important provisions of the Revision of the Renewable Energy Sources Act have a major impact on the costs stemming from that Act, the responsible government department drew up a prospective comparison between the essential effects of the Revision of the Renewable Energy Sources Act in 2020 and a „business-as-usual case“ based on the 2012 version of the Renewable Energy Sources Act (EEG).

According to the comparison, the Revision of the Renewable Energy Sources Act will, by 2020, cut the costs stemming from the Renewable Energy Sources Act (EEG) by some EUR 3.4 billion as against the 2012 version of the EEG.

As regards the presentation of relevant regulatory alternatives, in particular the technologically neutral promotion of renewable energy solutions called for by the Council of Economic Experts in order to assess the overall economic development, the Federal Ministry for Economic Affairs and Energy responded to the request of the NKR and provided a detailed account of the main reasons for not considering those alternatives. In its opinion of 20 June 2014, the NKR disclosed this statement of reasons.

2.3 Overall assessment of the energy transition

In its 2013 Annual Report, the NKR already noted that a large number of regulatory initiatives implementing the energy transition had been adopted in the preceding years whose financial consequences, however, had only been analysed separately. Therefore, the NKR has repeatedly pointed out to the Federal Government that an overall assessment of the impact of the energy transition on compliance costs and the costs stemming from the Renewable Energy Sources Act (EEG) is necessary in its opinion. That kind of overall assessment should be presented in the annual Monitoring Report „Energy of the Future“. Also, in view of the transparency that is to be established for the political decision-makers (the Federal Cabinet and Parliament), key figures of such an overall assessment would also have to be included in the comments on new regulatory initiatives pertaining to the energy transition.

3. Reform in the area of life insurance policies

What is this regulation about?

The Draft Law to Safeguard Stable and Fair Benefits for Life Insurance Policyholders (Entwurf eines Gesetzes zur Absicherung stabiler und fairer Leistungen für Lebensversicherte, Lebensversicherungsreformgesetz (LVRG)) is intended to bring about important change in the area of life insurance policies. The law, among other things,

- prohibits insurance companies from paying distributions to shareholders as long as compliance with promised guarantees is jeopardised, and
- places restrictions on the distribution of valuation reserves to insured persons withdrawing from the insurance company to the extent necessary to secure the guarantees promised to existing customers.

The point of view of the NKR

On 27 May 2014, the Federal Ministry of Finance forwarded the draft law to the NKR, setting a deadline for comments of less than two working days. This constituted a flagrant violation of the provisions of the Joint Rules of Procedure of the Federal Ministries (GGO), which normally grant a period of four weeks. On 28 May 2014, the NKR issued an opinion.⁹ Points of criticism raised in the opinion included the fact that it was impossible to pass either a positive or a negative judgement on the costs identified in the draft law because the Ministry had not complied with the stipulated deadlines and had failed to show how it had arrived at the costs calculated. Consequently, the NKR was unable to obtain relevant information from third parties.

What compliance costs have been identified?

Whilst the Federal Ministry of Finance estimated the costs imposed by the draft law on the industries affected at a total of some EUR 5 million, the German Insurance Association (GDV) arrived at a burden of more than EUR 1 billion in its cost estimate. One of the stipulations of the draft law provided for the disclosure of commissions of insurance intermediaries. According to the estimate of the Federal Ministry of Finance, compliance with this stipulation would impose annual compliance costs of some EUR 1.2 million on business. The German Insurance Association (GDV), on the other hand, estimated these compliance costs at some EUR 250 million.

In the short time available, it was not possible to ascertain the reasons for such divergent estimates.

Thus, in the opinion of the NKR, an important constituent of the presentation of the legal consequences remained unclear, which means that in this case, too, a crucial element of the basis for decision-making by the German Bundestag was missing. The draft law and the legislative procedure did not permit the anticipated costs of the regulations proposed to be adequately examined as to their substance. The NKR, in its additional opinion of 30 June 2014 to the Federal Ministry of Finance and the Finance Committee of the German Bundestag, found fault with this situation. Hence, in view of the extremely tight deadlines to be adhered to when adopting the law, the NKR called on the Federal Ministry of Finance to evaluate the law and ascertain the actual costs.

⁹ http://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Artikel_u_Textbausteine/anlage-entwurf-lebensversicherungsreformgesetz.html?nn=826450.

In the course of the further legislative procedure, the parliamentary groups of the Bundestag amended the stipulation concerning the disclosure of commissions of insurance intermediaries, a step that may involve substantial compliance costs. As a result, the life insurance companies will have to disclose the actual costs of their policies in the future. These costs indicate the amount by which the total costs - such as acquisition and administrative expenses and the commissions - cut the revenue received. Such stipulation already exists for the so-called Riester products [private pension insurance scheme].

4. Reorganisation of the financial base of the statutory health insurance scheme

What is this regulation about?

The relevant law fixes the combined employee and employer contribution rate at 14.6 percent. The non-income-related surcharge for healthcare and the associated social compensation payment financed through tax revenues will be abolished. From 2015 onwards, the health insurance institutions will collect the surcharge as a percentage of the contributory income.

Another change will be made in the legislative provisions for health and nursing care for recipients of Unemployment Benefit II. In the future, the priority review as to whether family coverage is provided will no longer take place; instead, a standardised rate will be paid to the health insurance institutions for each recipient of Unemployment Benefit II.

What compliance costs have been identified?

The abolition of the non-income-related surcharge for healthcare and the associated social compensation payment will generate substantial relief to all norm addressees. In this context, a distinction is to be made between two kinds of relief:

Reduction of compliance costs

As a result of the abolition of the social compensation payment, some notification procedures for employers in the social security scheme will only be required in about 10 percent of the previous cases. This measure will reduce the annual burdens on business by some EUR 22 million and those on public authorities by some EUR 9 million.

Avoidance of future compliance costs

Since the social compensation payment has not been required to date, the full compliance costs of the procedure have not been incurred yet. As a result of the abolition [of the social compensation payment], compliance costs to the amount of EUR 3 million a year will be avoided for the enterprises.

A similar situation exists for the surcharge on healthcare the health insurance institutions are entitled to levy. The existing practice, which currently need not be applied owing to the favourable cash position, had generated substantial burdens in previous years.

According to the prediction by the responsible government department, both procedures would have become effective as of 2015 and would have imposed substantial compliance costs on the citizenry, business and public authorities.

The legislative amendment will introduce an income-related surcharge. For one thing, this will result in the social compensation payment being deleted without replacement. For another, the health insurance institutions will no longer be in charge of levying the surcharge for healthcare. The surcharge will be collected within the framework of the existing procedure between employers and the social security scheme. Since most of the data required in this connection is already available, this is a much less burdensome option. This amendment will result in additional compliance costs being avoided for all three norm addressees. In the case of the citizens, this will save eleven minutes a year and additional costs of EUR 0.60 per person and concern some 47 million members. In the case of the health insurance institutions, an annual burden of thirteen minutes per member will be avoided. Altogether, the annual relief to the statutory health insurance scheme will amount to some EUR 500 million in staff expenses and some EUR 100 million in material costs.

The point of view of the NKR

As early as in its 2010 opinion on the introduction of the social compensation payment, the NKR had criticised the agglomeration of bureaucracy costs and pointed out that additional costs would be incurred for the notification procedures. Therefore, the NKR now welcomes the switch-over to a far less bureaucratic system. On balance, annual compliance costs of more than EUR 660 million will be avoided. Consequently, this is the law that creates the most relief in the period under review.

5. Financial market regulation

What is this regulation about?

The financial market continues to be among the areas that are subject to a comparatively strict regulation by the legislation. Notwithstanding the measures already taken, the financial crisis still has not been overcome. In addition, more recent developments that could jeopardise the stability of the financial system are to be countered. Also, new initiatives will generate additional compliance costs to the financial industry.

What compliance costs have been identified?

Altogether, in the period under review, some EUR 70 million in annual compliance costs and some EUR 60 million in one-off compliance costs were generated for the business sector.

In the case of the public authorities, annual compliance costs to the amount of some EUR 24 million and one-off compliance costs of some EUR 205 million were recorded.

The point of view of the NKR

In several cases, the costs ascertained by the competent government department and/or the Federal Financial Supervisory Authority (BaFin), which has assumed this responsibility for the government department as far as the financial market is concerned, deviated substantially from the cost estimate submitted by the associations. Therefore, the NKR considers it necessary that the business sector be involved at an early stage in the ascertainment of compliance costs so as to be able to include in the co-ordination process conflicting opinions on the part of the addressees and evaluate them.

According to the provisions of the coalition agreement, both business and the citizenry are to be appreciably relieved of information obligations and evidential requirements in the four years to come as well. The NKR welcomes this initiative and is confident that this objective will also be taken into account in the initiatives planned by the Federal Ministry of Finance and the Federal Financial Supervisory Authority (BaFin). For this reason, too, the NKR has intensified its dialogue with the Federal Ministry of Finance and BaFin during the year.

Also, according to the coalition agreement, the Federal Ministry of Finance and BaFin should jointly check the co-ordination of regulatory measures for practicability and target accuracy. In this way, the regulatory effect, i.e. the impact of legislation, is to be investigated. To this end, the Federal Financial Supervisory Authority (BaFin) will look into ways of analysing the effect of the regulations implemented. In addition, there is to be a retrospective view of the developments in the financial market and its future prospects. The NKR welcomes this approach and expects the Federal Ministry of Finance and BaFin to continue on this path.

III The ex-ante review procedure of the NKR

1. Lessons learned from the review practice

The mandate of the NKR focuses on examining the presentation of compliance costs and other costs in terms of correct methodology (Section 1 NKRK). The following illustration provides a summary of the NKR's mandate in its entirety.

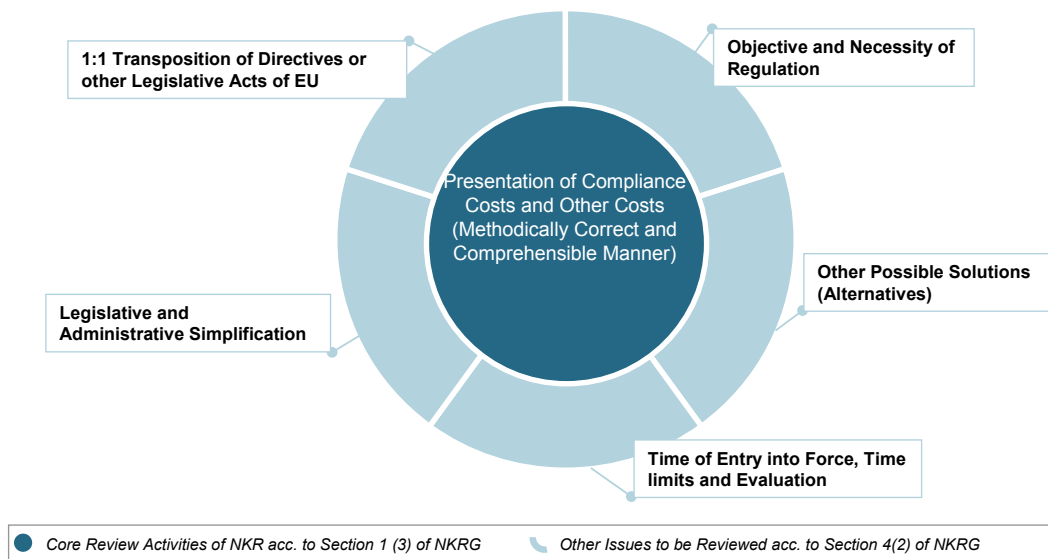


Abb. 16: Powers of review of the NKR

In the period under review, 303 regulatory initiatives were submitted to the NKR for review, which signifies a decline by 13% as against the preceding period under review. Not all regulatory initiatives of the Federal Government have a relevant impact on the development of compliance costs or other costs, while other initiatives concern all aspects of the review mandate of the NKR. The NKR conducts a thorough revision of all regulatory initiatives submitted. Chapter II, on the basis of selected relevant initiatives, provided an account of the review practice and the activities of the NKR within the framework of the legislative process. So, for instance, in the review process involving the Renewable Energy Law (EEG), an expert hearing was specially held (pursuant to Section 5 of the NKRK) to obtain an in-depth impression of the financial consequences of the Revision of the Renewable Energy Law (EEG-Novelle). The NKR looks into all initiatives as a matter of principle; however, the amount of additional activities in the cases described in Chapter II was primarily due to the scope of the draft regulations submitted as well as to the scope and quality of the comments on the legal consequences.

2. Deadlines for review

Chapter I already mentioned that the Federal Government, in a bid to implement the arrangements of the coalition agreement, has launched a number of important projects in close succession since the spring of 2014. In many cases, the coalition agreement already stipulates a specific date of entry into force (e.g. pension upon reaching the age of 63, minimum wage, Renewable Energy Law (EEG)). In the first half of 2014, 151 regulatory initiatives were submitted to the NKR for review, including the important draft laws described in Chapter II.

The NKR is to be involved like a government department and, pursuant to the Joint Rules of Procedure of the Federal Ministries (GGO), is usually granted a deadline of four weeks for participation. The diagram below bears impressive testimony to the fact that this deadline was only met in fewer than 50 percent of cases. While it is true that quite a few regulatory initiatives were submitted on time, the information required for a review, in particular the data concerning the costs, was either incomplete or totally absent.

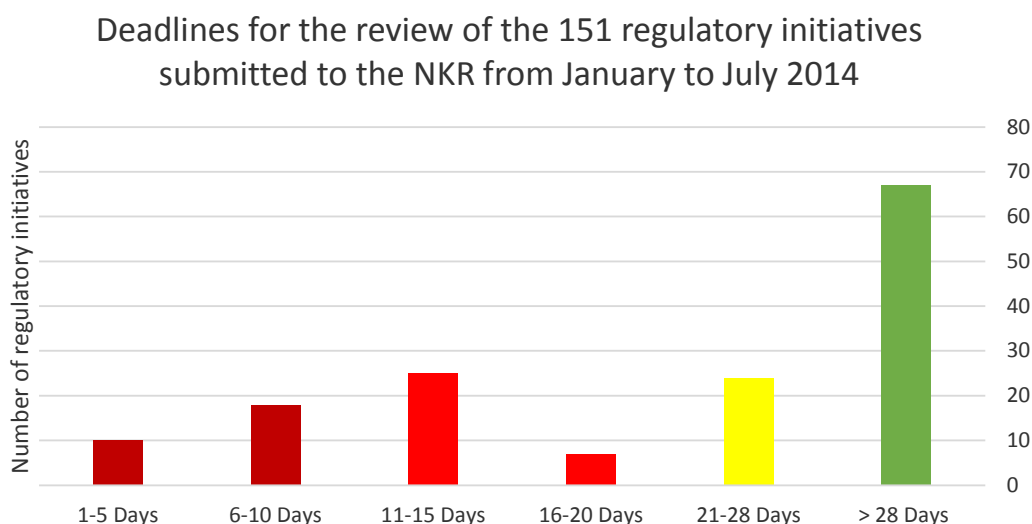


Abb. 17: Survey of adherence to deadlines as laid down in the Joint Rules of Procedure of the Federal Ministries (GGO)

Non-compliance with the deadlines stipulated will result in a situation where both the government departments to be involved and the NKR can no longer adequately accomplish their mandate of review. The NKR has notified the Chief of Staff of the Federal Chancellery and some government departments of this problem, also in writing, and exhorted them to comply with the deadlines. Notwithstanding the flurry of activity at the start of a legislative period, the Joint Rules of Procedure of the Federal Government must not be ignored. The things that occurred in the case of individual regulatory initiatives (cf. Chapter II) must not be allowed to become the rule. Both the NKR and the other institutions (e.g. associations) involved in the legislative process pursuant to the Joint Rules of Procedure of the Federal Ministries (GGO) can only do a good job if the deadline intended is actually granted to them.

3. Evaluation of existing regulations

With the January 2013 decision of the Secretaries of State, the government departments committed themselves to evaluating important initiatives, usually three to five years after their entry into force. Deviations from this rule will only be permitted in exceptional, duly justified cases. Chapter VI provides a detailed account of the evaluation procedure. The review practice of the NKR indicates that the above decision has not yet been implemented by all regulation branches of the government departments. So, for instance, in the period under review, a number of regulatory initiatives were submitted to the NKR that did not contain any statements on evaluations despite fulfilling the relevant criteria. In these cases, the NKR, in its opinions, has called upon the government departments to conduct an evaluation in accordance with the decision of the Secretaries of State. The NKR anticipates that such requests will no longer be required in the future, and that instead the self-imposed commitment will be met without a reminder.

4. Involvement of the Federal States and municipalities in the determination of compliance costs

The administrative process at the Federal State and municipality levels is affected by a large number of regulatory initiatives. In this area, the NKR subscribes to the view that significant improvement is required as far as the appraisal of legal consequences is concerned. For this reason, the NKR maintains close contact with the Federal States and the head associations of local authorities with whom the NKR initiated the so-called „municipal procedure“ in the spring of 2014. In this way, by involving the administrations affected, the estimate of the administrative process is to be put on a more solid footing. Chapter VII provides more detailed information about the relevant review guidelines and the initiative of the Federal States. The objective of all this is a methodologically correct and comprehensible presentation of the administrative process at all levels by the competent government departments in co-operation with the Federal States and the head associations of local authorities.

5. Review of Federal Ministry of Finance letters

According to Section 4(1)(3) of the Act to Institute a National Regulatory Control Council (NKRKG), the NKR has the right to review „drafts of subordinate legal and administrative provisions“, which includes Federal Ministry of Finance letters. These may generate compliance costs in excess of those stemming from the underlying law. In May 2013, the Federal Ministry of Finance and the NKR entered into a procedural agreement concerning the review of Federal Ministry of Finance letters by the NKR. According to that agreement, the Federal Ministry of Finance always includes the NKR, even in cases where the associations are involved. The procedure has made a fairly slow start. So far, the number of letters forwarded by the Federal Minis-

try of Finance to the NKR has been very small. In talks with the Federal Ministry of Finance, the NKR again reminded the Ministry of the agreement in force concerning the review of Federal Ministry of Finance letters. As a result, the Federal Ministry of Finance again put the procedural agreement on its notice boards. The NKR anticipates that the procedure will become routine now. It is to be evaluated again in a year.

In the context of Federal Ministry of Finance letters, special note is to be made of the letter on the Principles Regarding the Proper Maintenance and Preservation of Books, Records and Documents in Electronic Form and the Principles Regarding Data Access (GoBD), which is to be published shortly. It will apply to business transactions from 2015 onwards. The first draft has been revised in close co-ordination with associations and the Federal States. The Principles Regarding the Proper Maintenance and Preservation of Books, Records and Documents in Electronic Form and the Principles Regarding Data Access (GoBD) are an important step towards attaining the 2006 objective of the Federal Government to cut bureaucracy costs by 25 percent. With the publication of the GoBD, the Federal Government will implement the final measure towards achieving this overall target. The Federal Ministry of Finance anticipates that the GoBD will result in greater legal certainty for the industries affected, thereby contributing in particular to strengthening electronic filing.

IV NKR projects

1. Medical surgeries project

The March 2013 kick-off meeting at the Federal Chancellery was the starting signal for the NKR project „More Time for Treatment – Simplifying Processes and Procedures in Medical and Dental Surgeries“ („Mehr Zeit für Behandlung – Vereinfachung von Verfahren und Prozessen in Arzt- und Zahnarztpraxen“), which the NKR is conducting in co-ordination with the National Association of Statutory Health Insurance Physicians (KBV), the National Association of Statutory Health Insurance Dentists (KZBV), the German Dental Association (BZÄK), the National Association of Statutory Health Insurance Funds (GKV-Spitzenverband), and the BMG. The project aims at¹⁰ jointly obtaining a general idea of the burdens on resident physicians, dentists and psychotherapists, i.e. to undertake a baseline measurement. The investigation focuses on the slightly more than 500 information obligations generated by the Federation (BMG) and the self-government of the professions affected. These obligations are made up of documentation responsibilities and the development of treatment plans but also of quality assurance measures. The information obligations comprise general and subject-specific information.

At the end of May 2014, the Federal Statistical Office completed a baseline measurement of the burdens stemming from delegated legislation information obligations (self-government) whose results will be augmented by a baseline measurement of the legal requirements imposed by the BMG. The most important thing now is to arrive at joint conclusions in consultation with the steering group of the project. To this end, in a next step, a joint working group will be set up to develop guidance. The final report containing this guidance is to be submitted in the spring of 2015.

2. Project „Life Situations of Asylum Seekers“

The Robert Bosch Stiftung GmbH (Robert Bosch Foundation), as part of a co-operation with the NKR, has conducted a preliminary study on the subject of „Life Situations of Asylum Seekers“ („Lebenslagen von Asylbewerbern“).¹¹ This study is about the provision of flat-rate benefits and healthcare services pursuant to the Asylum Seekers Benefits Act (AsylbLG) and the residency obligation pursuant to the Asylum Procedure Act (AsylVfG). The preliminary study looked into the procedures applied by the immigration and welfare agencies of two cities in different Federal States. The perspective of the asylum seekers was included through interviews of advisory centre staff.

The study revealed significant differences in the way the same regulation under Federal law

¹⁰ The organisations listed below are represented: National Association of Statutory Health Insurance Physicians (KBV), National Association of Statutory Health Insurance Dentists (KZBV), German Dental Association (BZÄK), National Association of Statutory Health Insurance Funds (GKV-Spitzenverband), Federal Ministry of Health, Secretariat on the Reduction of Bureaucracy, the NKR, Secretariat of the Federal Joint Committee.

¹¹ The Federal Statistical Office and the Secretariat on the Reduction of Bureaucracy were also involved in the process.

is implemented. Examples include the payment of cash benefits (bank transfer/cash pay-out), the handling of the principle of benefits in kind (cash benefits/vouchers) or the issuing of medical treatment vouchers (by the quarter/on a case-by-case basis). It is safe to assume that these differences will also be reflected in the resulting administrative effort.

On the basis of the preliminary study, the Federal Statistical Office is to conduct a more detailed investigation into the potential for simplification in this area by undertaking a full study. The procedures and processes identified in the preliminary study are to be analysed more closely, and the burdens are to be quantified. Also, account is also to be taken of different rulings under Federal State law. In addition, the investigation is to collect proposals for administrative simplification from the interviewees. The NKR maintained contact with the competent Federal Ministries (BMAS, BMI) throughout the preliminary study. However, it turned out that new laws on asylum were adopted in immediate chronological connection with the conduct of the full study originally planned. In all likelihood, the draft laws of the Federal Ministries will result in changes, in some cases drastic ones, in asylum seekers' entitlement to assistance, which will also have an effect on the subject under investigation in the NKR project. If the relevant areas were analysed on the basis of the former legal position, the insights gained could no longer be taken into consideration in view of the tight time schedule for the current legislative processes. Thus, if the scope of the object of investigation remained unchanged, the full study might have little practical relevance as it would be based on a legal position that will (soon) be obsolete in part. For this reason, the co-operation partners decided to not embark on the full study until an adequate period of time has elapsed after the entering into force of the reform acts (conduct of the study in 2016 and/or 2017). In that case, the experience gained after the acts have become effective could be taken into account in a future revision. On 13 October 2014, the preliminary study will be presented at the Forum on Migration Policy (Migrationspolitisches Forum) at Robert Bosch Foundation. The NKR and the foundation will continue to follow the progress of the matter.

3. Project i-Kfz

The implementation of the previous Germany Online project "Motor Vehicle Registration Services" ("Kfz-Wesen") has progressed further with the assistance of the NKR since the BMVI assumed the role of chef de file in March 2013. On 1 January 2015, an Internet-based vehicle de-registration option will be provided online by the municipalities as the first stage of the project. This step will enable the citizenry and business to de-register their motor vehicles on the Internet if these already carry the new round tags and have been issued Licence Certificate Part I with a concealed security code, which will apply to all vehicles registered after 1 January 2015. The legal transposition of Internet-based re-registration is also scheduled for 2015. At the same time, the responsible government department, in co-operation with all stakeholders (business and public authorities), is working on the development of the concept of Internet-based vehicle registration. In its capacity as a member of the steering group, the NKR assists with the development and transposition process.

V Work done by the Federal Government

1. The 2012 work programme in retrospect

1.1 Measures

Prior to the adoption of the new work programme of the Federal Government, the Cabinet decisions of 28 March 2012 and the „Better Regulation“ work programme contained therein¹² constituted the working basis of the Federal Government.

Important parts of the programme were implemented, such as the systematic evaluation procedure (cf. Chapter III.3) and the introduction of the ex-ante procedure of the EU (cf. Chapter IX).

However, according to observations of the past two and a half years, a key concern of the Federal Government has not been successfully addressed, i.e. minimising, in the long term, the burden on the citizenry, business and public authorities from compliance with Federal law. The previous legislature already saw a rise in compliance costs, and this trend is even increasing in the current legislature.

The NKR is following this development with concern, inter alia in view of the fact that, three years after the quantification of compliance costs was introduced, the Federal Government still has not laid down a specific reduction target for compliance costs or at least defined limits to their expansion. Experience has shown that containing the increase in compliance costs is unlikely to succeed in the absence of such target as the system does not exert sufficient pressure.

1.2 Projects

The bulk of the projects mentioned in the 2012 work programme has at least been started, and in some cases performance reports have been submitted. The projects the NKR deems the most important are listed below:

1.2.1 Project „Optimised Notification Procedure in the Social Security Scheme“

Project “Optimised Notification Procedure in the Social Security Scheme“ („Optimiertes Meldeverfahren in der sozialen Sicherung“, OMS) is attributable to a Federal Cabinet decision of September 2011. The project aims at developing proposals for improving notification procedures in the social security scheme by conducting a feasibility study. In this way, bureaucracy

¹² http://www.bundesregierung.de/ContentArchiv/DE/Archiv17/_Anlagen/2012/03/2012-03-28-buerokratieabbau.pdf?__blob=publicationFile&v=8.

is to be reduced and efficiency enhanced in the existing procedures pertaining to the proof of notification and contributions paid as well as to attestation and application in the social security scheme.

To this end, a comprehensive inventory of the procedures and the associated costs was undertaken in 2012 in co-operation with the parties involved in the procedures (e.g. social security institutions and employers). Subsequently, proposals for optimisation were collected. Up until the end of 2013, 30 of these proposals were assessed from various perspectives (technical feasibility, cost saving, etc.). The progress of work was summarised in a report published in early 2014.¹³

Since the number of proposals for optimisation submitted by those involved in the project substantially exceeded the 30 proposals mentioned above, the Federal Ministry of Labour and Social Affairs decided to extend the project by a year so as enable the other proposals to be looked into as well in the course of the project.

The Federal Ministry of Labour and Social Affairs announced that the first proposals for optimisation would be implemented as early as 2014. In mid-September 2014, the Federal Ministry of Labour and Social Affairs dispatched a first draft for the implementation of proposals for optimisation.

1.2.2 Evaluation of the Package for Education and Social Inclusion

In its March 2012 „Better Regulation“ work programme, the Federal Government announced its intention to investigate the implementation of the Package for Education and Social Inclusion (Bildungs- und Teilhabepaket). In this context, three sub-projects are being looked into in the form of

1. an evaluation, on a nationwide basis, of the use and the provision of benefits under the Package for Education and Social Inclusion by the Göttingen-based Sociological Research Institute (Soziologisches Forschungsinstitut (SOFI) Göttingen),
2. a measurement of compliance costs by the Federal Statistical Office, and
3. a so-called longitudinal analysis by the Institute for Employment Research (IAB).

The investigation does not only focus on the provision of education and social inclusion benefits¹⁴ in accordance with Book II of the German Social Security Code (SGB II) but extends to the provision of income support and benefits under the Federal Child Benefit Act (BKGG) and the Asylum Seekers Benefits Act (AsylbLG). Also included in the investigation are the beneficiaries, providers (e.g. schools and associations) and administrators (e.g. job centres) of benefits. In addition, the investigation is intended to identify demands on the parties to the proceedings

¹³ <https://www.projekt-oms.de/%28S%28tskhbezins23zx55lg4wzi45%29%29/pubpages/Seiten.aspx?SeitenID=26>.

¹⁴ Examples include benefits for school trips and class outings of several days, school transport and learning support.

that they perceive as obstacles. This will enable the government to determine what measures need to be put into place and to pinpoint opportunities for simplification.

By identifying the compliance costs associated with the individual types of implementation, it will be possible at the end of the investigation to show which implementation variant imposes the least administrative burdens.

The full results of the investigation will probably be available in early 2016. This is because of the longitudinal analysis, which is to demonstrate the extent to which the use of benefits changes over the years.

1.2.3 Electronic filing of business documents

The Federal Government, under the direction of the Ministry of Finance and with the participation of the NKR, has explored what factors prevent enterprises from switching over completely to electronic filing and what measures may be taken to further consolidate the position of electronic filing in the enterprises. The operational implementation of the project and the preparation of the final report were entrusted to the Federal Statistical Office.

It was found, in particular, that the original form of a document (hard copy or electronic format) usually determines the form of storage chosen.¹⁵ Large companies, compared with small ones, more often take advantage of electronic filing and less frequently store their documents on paper only. At present, many enterprises still file their documents both electronically and as hard copies.

The costs of conversion and current expenditures are seen by the companies as obstacles to converting to electronic filing. In addition, there are uncertainties as to how to arrange a revision-safe electronic archiving.

From the point of view of tax legislation, there are no regulations opposing electronic filing. Companies using electronic filing in particular value the following advantages: Economy of time when accessing and processing data, saving of space, access from different locations, less materials consumed.

Specific information geared at the parties involved, in particular the associations, is considered a useful incentive to promote conversion to electronic filing. The NKR deems this approach appropriate and encourages looking into the extent to which increased use of electronic filing may contribute to conducting company audits in a more prompt manner. Since a check of electronic data saves time, this angle should create potential for improvement, which, in turn, will result in simplifications being made and the costs on business and public authorities being reduced.

¹⁵ http://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Steuern/Weitere_Informationen/2014-08-22-bericht-zu-dem-bmf-projekt-elektronische-archivierung-von-unternehmensdokumenten-staerken-anlage.pdf?__blob=publicationFile&v=1.

1.2.4 Compliance costs stemming from business set-up

The Federal Government, with the aid of Project „Estimating the Compliance Costs of Business Set-Up in Selected Sectors of Business“ („Schätzung des Erfüllungsaufwands für eine Betriebsgründung in ausgewählten Wirtschaftsbereichen“), has looked into the administrative burdens incurred during the set-up process - from the business concept to the first transaction - with a view to achieving simplification in this area. The investigation was carried out in co-operation with the Federal Ministry for Economic Affairs and Energy, the Secretariat on the Reduction of Bureaucracy, the NKR, the Federal Statistical Office, the Association of German Chambers of Industry and Commerce (DIHK), the German Confederation of Skilled Crafts (ZDH), and the Federal States of Bavaria, Berlin, Brandenburg, Hesse, Saxony and Thuringia.

According to the findings of the project, the compliance costs to the founder of a business amount to EUR 95 for a single case and totalled some EUR 33 million for all businesses set up in 2012.¹⁶ In addition, there is a fee of EUR 121 to be paid per business set-up. The compliance costs to public authorities amount to EUR 165 for a single case and totalled EUR 57 million in 2012.

The investigation generated a high degree of transparency across all relevant set-up processes and the associated costs. Also, positive mention must be made of the fact that a consensus was achieved among all project participants, both on the outcome and the assessment of the investigation. As a result, the investigation provides key stimuli, especially with respect to the required development of the point of single contact (PSC) towards a „PSC 2.0“.

2. Outlook for the new work programme

2.1 Provisions of the coalition agreement

The coalition agreement already contains some passages on better regulation that, prior to the adoption of the Federal Government's new work programme on 4 June 2014, provided some pointers as to how the government would proceed in the future.

These passages apply to both the national and the international spheres. The coalition partners, as a matter of principle, commit themselves to reducing red tape and cutting compliance costs. They also express the intention to work towards a one-to-one transposition of EU provisions.¹⁷ The coalition agreement makes some specific announcements on the subject of EU regulation. So, for instance, the coalition partners agreed to speak out in favour of a regulatory control mechanism at EU level. In addition, the European Commission is to identify regulatory

16 These costs did not include: The time required for information gathering and/or looking for information, the burden stemming from the cash receipts and disbursement method, the monthly turnover-tax return, and applications for financial support.

17 This means that the rules laid down in Brussels should not be further expanded by national amendments.

areas that offer a substantial potential for the reduction of regulatory costs, and lay down specific reduction targets for these areas.

Moreover, there are many passages in the coalition agreement where reference is made to proposed measures for spreading eGovernment and to the so-called „Digital Administration 2020“ agenda. As far as eGovernment is concerned, the NKR has repeatedly attracted attention over the past years to its potential for cutting red tape (cf. Chapter VIII).

2.2 The 2014 work programme

The better regulation work programme¹⁸ adopted by the Federal Government on 4 June 2014 lays down the measures and projects the Federal Government wishes to deal with in the 18th Legislature. Besides some projects from the last legislature that need finishing, the programme lists a number of new projects. However, it does not specify how compliance costs are to be limited. This is something the NKR regrets, especially considering that, in the run-up to the programme, the NKR had spoken out emphatically in favour of setting goals in this area. Some selected interesting aspects of the work programme will be discussed below.

2.2.1 Appreciability

In the future, the Federal Government will have the Federal Statistical Office conduct a survey among citizens and enterprises to find out how they perceive of their dealings and co-operation with public authorities in specific life situations. The NKR welcomes this expansion of the previous better regulation programme. Adding a qualitative approach to the way of looking at things will provide the opportunity to not only view burdens from a legislative perspective but, on the basis of relevant life situations, put them into their overall context. This procedure will permit interdependencies among various fields of law to be determined and, on that basis, appreciable simplification measures to be launched.

2.2.2 Better regulation at the EU level

From the point of view of the NKR, better regulation at the EU level is both appropriate and important as some 50 percent of all regulatory initiatives are based on EU provisions, which generate a significant portion of compliance costs. For this reason, the NKR welcomes the Federal Government's intention to push for a regulatory control mechanism at the EU level.

At the same time, however, the NKR stresses that the Federal Government, too, must show greater commitment to avoiding unnecessary compliance costs as a result of EU law-making. Both aspects will be discussed in detail in Chapter IX.

18 http://www.bundesregierung.de/Content/DE/Artikel/Buerokratieabbau/2014/04-06/Anlagen/2014-06-04-ka-binettbeschluss-juni-2014.pdf?__blob=publicationFile&v=1.

2.2.3 Systematic consideration of the interests of SMEs

The Federal Government's new „Better Regulation 2014“ work programme provides for the introduction of a systematic procedure for taking account of the interests of small and medium-sized enterprises (SMEs), a so-called „SME test“, in the preparation of Federal Government draft laws. At the suggestion of the NKR, a study on this issue has been conducted on behalf of the Federal Ministry for Economic Affairs and Energy. Already today, according to the Joint Rules of Procedure of the Federal Ministries (GGO), compliance costs and other costs, especially those to small businesses, must be identified and presented by the competent government departments and reviewed by the NKR. With the aid of a guide prepared during the study,¹⁹ the assistant chiefs of the regulation branches at the Federal Ministries, with as little effort and expense as possible, are to investigate whether a new piece of proposed legislation imposes special burdens on SMEs and whether regulatory alternatives exist. During piloting with various Ministries and organisations, in particular the Federal Ministry for Economic Affairs and Energy, the Secretariat on the Reduction of Bureaucracy, the Federal Statistical Office and the NKR, the guide is to be looked into with a view to finding out whether it has turned out to be worthwhile and whether it is useful to the assistant chiefs of the regulation branches. A decision on the establishment of the guide is to be taken on the basis of the outcome of the investigation. The pilot phase is to be completed by the end of next year.

2.2.4 Improving regulation processes

The Federal Government's work programme also includes a project for quantifying the benefits of regulatory initiatives. After the quantification of costs has become methodologically established and has proved to be worthwhile, it is a good idea in the opinion of the NKR to move on to its counterpart, i.e. to investigate and test the presentation and quantification of benefits. Therefore, in 2012, the NKR had commissioned an expert report²⁰ on international experience in this area. At the Secretaries of State Committee of August 2013, the government departments announced their willingness to test, with the aid of pilot procedures, a set of previously developed methods. Bearing in mind the announcements made so far, the restriction now introduced in the work programme, that is to say confining the presentation and quantification of benefits to initiatives of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, clearly does not seem to take matters far enough. The NKR is working on the assumption that those government departments that have already announced their willingness to undertake pilot projects will see things through and obtain experience with ways of presenting and quantifying the benefits accruing from regulatory initiatives.

¹⁹ <http://www.bmwi.de/DE/Mediathek/publikationen,did=645686.html>.

²⁰ http://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Artikel_u_Textbausteine/2013-05-23-nutzenstudie.html?nn=826682.

2.2.5 Feasibility study on the introduction of a self-assessment procedure for the taxation of the income of enterprises

In the current legislature, in keeping with the coalition agreement, the Federal Government, under the aspect of tax simplification and tax enforcement, intends to further develop tax procedural law towards a self-assessment procedure, starting with corporate tax. The Federal Government is hoping that this step will also provide relief to SMEs. Against this backdrop, a feasibility study on the introduction of a self-assessment procedure for the taxation of the income of enterprises is currently being developed under the direction of the Federal Ministry of Finance, with public authorities (Federation, Federal States and associations), the business sector (enterprises and trade organisations), the Secretariat on the Reduction of Bureaucracy, and the NKR participating in the undertaking.

The aim of the study is to examine whether a self-assessment procedure for the taxation of the income of enterprises is to be introduced in Germany. Such procedure is to provide relief to business and public authorities. To this end, bearing in mind the requirements of self-assessment, existing processes are being looked into, problem areas identified and possible solutions devised. The investigation focuses on legislative provisions, in particular those concerning deadlines for filing a tax declaration, the effect of filing a tax return, possibilities of rectification, tax payment and tax refund, advance payment, possible sanctions and exceptions. The project is to be completed before the end of this year.

VI Ex-post evaluation

1. Fundamentals of the evaluation procedure

On 1 March 2013, the concept for evaluating new regulatory initiatives decided on by the Committee of State Secretaries for the Reduction of Bureaucracy and Better Regulation became effective - a decision the NKR had urgently called for and strongly encouraged. According to the concept, all material laws and regulations entailing compliance costs from EUR 1 million up are to be evaluated three to five years after their entry into force.

In this way, the Federal Government has for the first time set out a binding framework for a systematic review of laws and regulations. The evaluation concept is accompanied by the increasing significance of ex-post impact studies for governance. In the current legislature, the coalition has set itself the target of specifically enhancing the efficiency of governance and working out a cross-departmental strategy titled "Wirksam und vorausschauend regieren" ("running the country efficiently and in a forward-looking manner"). Increasing use is to be made of evaluations of existing laws and programmes so as to systematically review their efficiency.²¹

2. Stipulation concerning an evaluation in the ex-ante procedure

Meanwhile, the procedure has been applied to new regulatory initiatives for the past one and a half years. According to Section 4(2)(3) of the Act to Institute a National Regulatory Control Council (NKRK), the NKR is to examine whether and to what extent the draft regulations of the Federal Government contain comments on evaluatory considerations. Since the evaluation procedure entered into force, the NKR has received a total of seventeen draft regulations where the threshold laid down in the concept was exceeded. The Federal Ministry of Finance accounts for more than half of those initiatives (10). The remaining initiatives fall within the remit of the Federal Ministry of Labour and Social Affairs (4), the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (1), the Federal Ministry of Transport and Digital Infrastructure (1), and the Federal Ministry for Economic Affairs and Energy (1). The survey below gives examples of regulatory initiatives under evaluation.

²¹ Deutschlands Zukunft gestalten – Koalitionsvertrag zwischen CDU, CSU und SPD, 18. Legislaturperiode, page 150/151.

Federal Ministry	Regulatory initiative	Annual compliance costs	Report to be submitted in
BMF	Regulation on the Verification and Certification of Certain Obligations arising from Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, Central Counter-Parties and Trade Repositories (GPPrüfbV)	Business sector: EUR 31.0 million	2017
BMAS	Act Improving State Pension Insurance Benefits (Gesetz über Leistungsverbesserungen in der gesetzlichen Rentenversicherung), which introduces a pension upon reaching the age of 63 and a mothers' pension	Citizenry: 100,000 hours	2018
BMAS	Act to Strengthen the Autonomy of Collective Bargaining (TASG)	Business: EUR 9.6 billion Public authorities: EUR 80.0 million	2020
BMUB	Ordinance on Installations for Handling Substances Hazardous to Water (WasgefSt-AnIV)	Business sector: EUR 20.2 million	2017
BMVI	First Ordinance amending the Motor Vehicle Registration Regulation and the Scale of Fees and Charges for Road Traffic Related Services (Erste Verordnung zur Änderung der Fahrzeug-Zulassungsverordnung und der Gebührenordnung für Maßnahmen im Straßenverkehr)	Public authorities: EUR 15.3 million	2018
BMWi	Revision of the Renewable Energy Sources Act	Business: EUR 5.6 million Public authorities: EUR 7.4 million	2018

First results in the form of specific evaluation reports will probably not be available until 2015 at the earliest. Therefore, in its opinion on the 2012 Annual Report of the Federal Government, the NKR had suggested that the evaluation procedure should be tested in a timely manner on the basis of specific regulatory initiatives already adopted. The NKR welcomes the fact that the Federal Government has taken up this suggestion and will evaluate the seven laws and regulations listed below by the end of the year:

Federal Ministry	Regulatory initiative
BMVI	Act on Subsidising the Long-Distance Freight Rail Network (Schienengüterfernverkehrsnetzförderungsgesetz, SGFFG)
BMG	26th Amending Regulation on Narcotic Drugs (26. BtMÄndV)
BMUB	Ordinance on Facilitation of Supervision under Emission Control and Waste Law for Sites and Organisations registered pursuant to EC Regulation No. 761/2001 (EMAS Privileges Ordinance) (EMASPrivilegV)
BMFSFJ	Third Law amending the Contergan Foundation Act

Federal Ministry	Regulatory initiative
BMWi	Ordinance on Prices for Public Contracts (VO PR 30/53)
BMJ	Impact of the revision of the 2006 Law on Cooperatives (GenG) on start-up activities
BMVg	Accompanying Act for the Reform of the Federal Armed Forces (BwRefBegIG)

The Federal Government will review the concept on the basis of the outcome of this trial phase. The NKR, in its comments on the relevant regulatory initiative, will contribute its experience and its findings in the presentation of evaluatory considerations.

3. Evaluation report

The NKR, in a bid to give additional impetus to the procedure, in September 2013 commissioned an expert report to ascertain good practice and experience with the conduct of evaluations in the United Kingdom, Canada, Sweden, Switzerland and the European Commission. The NKR has made this expert report available to all ministries and published it on its website.²² The expert report provides important information on the practical conduct of evaluations. The aspects the NKR deems important include the following:

- » In the states investigated and at the European Commission, evaluations are part of the standard repertoire of the regulatory agenda, usually on a legal basis. A possibility for graduated need-based evaluation procedures will be beneficial to implementation. On this note, the rule laid down by the Federal Government that all regulatory initiatives entailing compliance costs from EUR 1 million up should be evaluated is to be regarded as exemplary.
- » Undertaking an evaluation requires appropriate expertise. At and across government departments, evaluatory expertise is needed to assist the competent specialist units with their evaluations by providing methodological competence and adequate capacities.
- » In addition, in the analogue countries, evaluations are subject to external independent monitoring. The important thing is that such a quality assurance of evaluation should be confined to the full and plausible presentation of results and not meddle with sectoral policy-related decisions or assess political objectives.
- » Putting the results of evaluations to good use requires a wide-ranging political commitment. The lessons learned from the analogue countries indicate that conducting evaluations does not solely concern the respective government ministry. Establishing a culture of evaluation rather calls for the commitment of many stakeholders and institutions, in particular Parliament, to be present.
- » The results of evaluations are published at regular intervals, something that is a standard practice in the states investigated and at the European Commission. So, for instance, Switzerland has set up a central database, the Swiss Federal Research Information System ARAMIS, that lists all impending, on-going and completed evaluations.

²² http://www.normenkontrollrat.bund.de/Webs/NKR/DE/Publikationen/Gutachten/_node.html.

VII Follow-up costs to the Federal States and municipalities

1. Relevance of integrating these costs to the cutting of red tape

The identification of compliance costs is aimed at rendering transparent the follow-up costs incurred by the citizenry, business and public authorities through compliance with stipulations under Federal law. By fixing a „price tag“ to the one-off costs of conversion and the ongoing annual costs, the monetary legal consequences will be illustrated, and the discussion on potential regulatory alternatives involving less expenditure will be encouraged.

The compliance costs to public authorities, i.e. the administrative effort on the part of the executing agencies, indicates the extent to which law-making imposes administrative burdens on public authorities and administrative costs are generated as a result. According to the opinion of the NKR, it should be in the interest of the Federal Government, the Federal States and the municipalities to present the administrative costs in a transparent and objective manner, to reduce them as much as possible and to avoid unnecessary or excessive burdens.

To the extent that the executive agencies increasingly examine the consequences of regulations during the preparation of a project and adapt the regulations accordingly, a disproportionate administrative effort and unnecessary bureaucracy can be avoided or reduced from the outset. In the opinion of the NKR, this will be possible only if the Federal States, within the framework of the Federation’s law-making, show greater commitment to identifying the administrative effort and taking part in the associated discussion on reducing the financial consequences.

Definition of administrative effort

The administrative effort includes the recurring and non-recurring administrative expenditure (converted to Euros) required to provide a public service and/or to fulfil an obligation of the administration regulated in a legally binding manner. This includes, but is not limited to, the personnel and material required to provide information, to process requests and to fulfil supervisory tasks.

The administrative effort does not include the so-called purpose-related expenditure, i.e. cash benefits, monetary benefits in kind or similar services to third parties pursuant to Article 104a(3) and (4) of the Basic Law. So, for example, according to Book XII of the German Social Security Code (SGB XII), it is only the administrative burdens generated by granting basic subsistence income that qualify as administrative effort, but not the costs of the basic subsistence income itself.

2. Problem perception

Against the background of the review practice, the NKR regards the validity of the identified compliance costs to the Federal States and the municipalities as inadequate and even as misleading in part. For example, there are indications that the administrative effort is not always identified fully and systematically. As a result, the regulation branches of the Federal Ministries and the political decision-makers do not have sufficient information and evidence to be able to relieve the executive administrative agencies of unnecessary bureaucracy and/or to minimise the financial consequences.

The following diagram illustrates the development of compliance costs to the Federation, the Federal States and the municipalities to date.

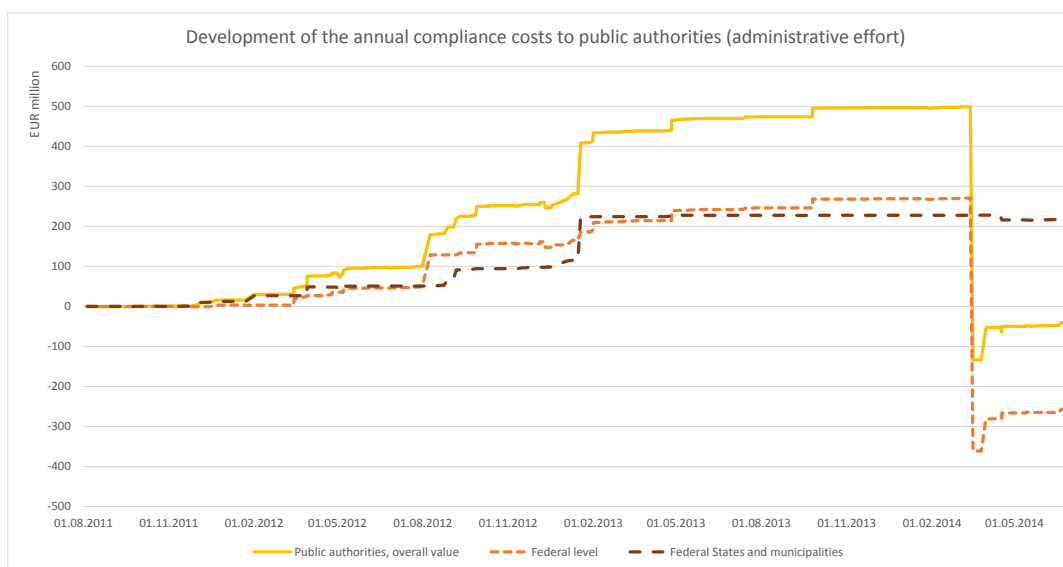


Abb. 18: Compliance costs to public authorities for the individual implementation levels

It is remarkable that the compliance costs to the Federal level had exceeded those to the Federal States and municipalities for a long time, i.e. until the Energy Savings Act (EnEV) was adopted; in fact, the compliance costs to the Federal level would still exceed those to the Federal States and municipalities if they had not been drastically cut by the Act to Improve the Financial Structure and the Quality of the Statutory Health Insurance Scheme (GKV-FQWG) (reducing the administrative effort by abolishing the surcharge in the statutory health insurance scheme).

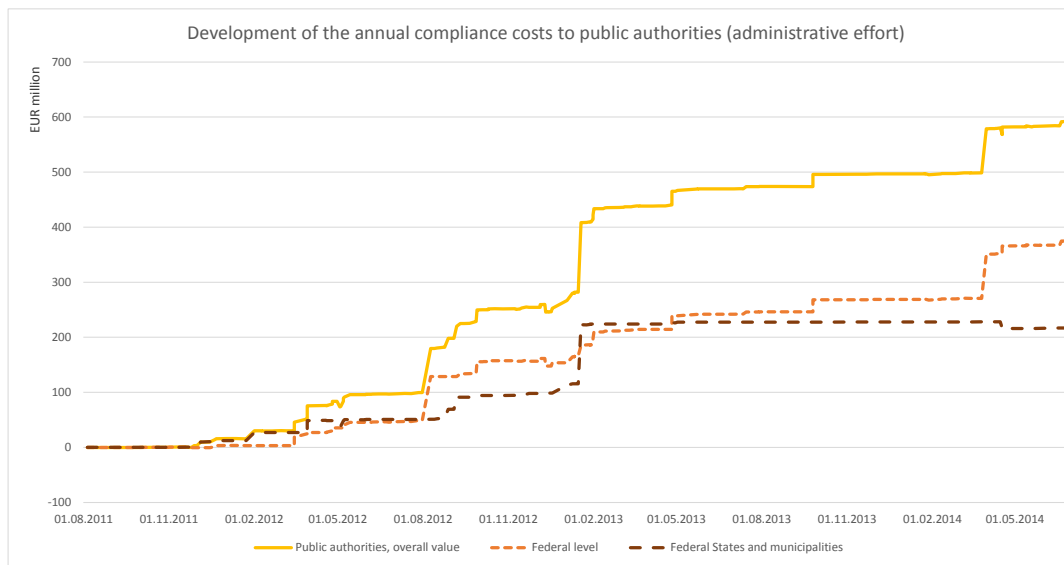


Abb. 19: Compliance costs to Public Authorities for the Individual Implementation Levels without the Act to Improve the Financial Structure and the Quality of the Statutory Health Insurance Scheme

In view of the federal distribution of tasks, which gives reason to expect that the executive agencies of the Federal States and the municipalities are considerably more burdened by compliance costs than those at Federal level, the data collected on the compliance costs to the Federal Government for regulatory initiatives, which have been reviewed by the NKR up to now, seem to be overrepresented. Conversely, this means that the data collected on the compliance costs to the Federal States and the municipalities seem to be underrepresented - with all due caution required when dealing with statistical surveys.

This is in keeping with experience from the daily review practice. Thus the individual ministries and specialist domains consult the Federal States and municipalities in very different ways. Positive examples should be recognised, however, the administrative effort frequently plays only a minor role. Even if a Federal ministry explicitly obtains information about the administrative effort, the feedback from the Federal States and municipalities frequently is rather general and not very significant to the methodology for determining the compliance costs, in particular because the administrative processes are different in the individual Federal States.

From the perspective of the NKR, previous efforts to address and solve this problems have not been successful. Based on the previous exchange with the Federal States and municipalities, the NKR will intensify the discussion and - in cooperation with the Federal Government - focus on the question as to which options exist in order to improve the integration of the Federal States and municipalities. What we need are solutions for strengthening the existing participation structures and procedures and for improving the information flow to be established between actors and levels during the determination and assessment of the administrative effort.

The discussion will take account of lessons learned from the municipal procedure of the NKR where the local umbrella organisations are deliberately integrated into the determination of the compliance costs of regulatory initiatives relevant to the respective municipality.

„Giving thought to the implementation during the legislation process“

In order to promote the reduction of bureaucracy, it is intended to integrate the municipalities in a more systematic manner into the determination of the administrative effort resulting from the legislation of the Federal Government. An unnecessary administrative effort to the Federal States and municipalities can be avoided only if the administrative knowledge of personnel with practical experience is taken adequately into account during the development of concepts for and the revision of Federal Regulations. The NKR and the local umbrella organisations think that there is potential for improvement in this field and have agreed upon a closer cooperation.

A handout intended to familiarise the local administrative specialists with the determination of the administrative effort was developed. Thus, they can provide the Federal Ministries with better information about possible follow-up costs during the legislative process and avoid an unnecessary increase of the compliance costs.

The integration of the local personnel with practical experience by the NKR complements the regular participation as per Section 47 Para 1 of the Common Rules of Procedure of the Federal Ministries (Gemeinsame Geschäftsordnung der Bundesministerien - GGO) (submission of the draft laws to the Federal States and local umbrella organisations) and is structured as follows:

- » The NKR identifies relevant regulatory initiatives of the Federal Government, reviews the statements made by the responsible Federal Ministries about the administrative effort and possible alternatives, formulates - possibly in cooperation with the Federal Ministry - questions and submits these questions to the local umbrella organisations at the beginning of the participation of the Federal States and associations as per Section 47 Para 1 of the Common Rules of Procedure of the Federal Ministries (GGO).
- » The local umbrella organisations forward the questions of the NKR to their member municipalities, specifically pointing out the questions regarding the administrative effort and possible alternatives.
- » After the questions have been reviewed by the member municipalities, the local umbrella organisations give a feedback to the responsible Federal Ministry and the NKR within the period set.
- » Afterwards, the NKR checks to which extent the feedback provided by the local umbrella organisations with regard to the administrative effort and alternative implementation possibilities was taken up by the Federal Ministry and takes this into account in its statement.

The involvement of the municipalities is intended to ensure that the local personnel with practical experience check the estimates of costs submitted by the Federal Ministries for completeness and plausibility. If data are not provided or if they are inconsistent, independent figures should be determined.

VIII eGovernment and eJustice

1. Relevance of eGovernment to the Reduction of compliance costs

The bureaucratic burden caused by the regulations depends largely on their implementation and - possibly - judicial enforcement, i.e. on administrative and legal procedures. Administrative and legal procedures „digitised“ by means of information and communications technology can significantly reduce the effort and accelerate the procedures.

In its 2013 Annual Report, the NKR already pointed out that nearly half of the relief of 25 % from the costs of bureaucracy, which was achieved by the Federal Government between 2006 and 2013 for the business sector, is attributable to simplifications as a result of the use of electronic procedures. eGovernment is especially worthwhile for procedures with a great number of cases, e.g. the recognition of electronic invoices for input tax deduction, the electronic social security notifications and the electronic submission of local business and corporate income tax return.

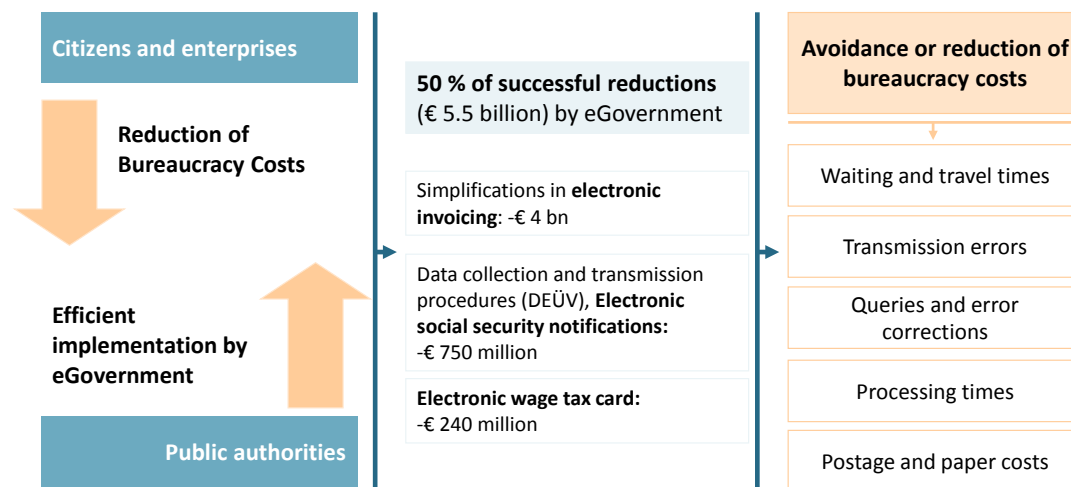


Abb. 20: Share of eGovernment Measures in the Reduction of Bureaucracy Costs

A comparison of bureaucracy costs - e.g. in the waste industry - shows the following: If enterprises transporting waste comply with their duty to report by means of paper mail, the costs will amount to approximately 24 Euros; an electronic notification will reduce the costs by 37 %. Additional consequences are: For public authorities, the costs will even be only half as high.

Better regulation and eGovernment are mutually complementary: They can accelerate administrative and legal procedures, reduce bureaucracy costs and avoid unnecessary compliance costs. Therefore, the NKR considers it necessary to significantly improve the scope and depth of

eGovernment and eJustice in Germany. Many online services of public authorities and courts are still restricted to the provisioning of information and downloadable forms, but the actual simplifications and accelerations will be achieved only by means of completely seamless electronic procedures. Only then will the use of the information and communications technology (ICT) be really noticeable to citizens, the business sector and public authorities.

The NKR has the impression that deliberations with regard to eGovernment and eJustice have up to now been developed largely in parallel and in an uncoordinated manner, even though both fields could benefit from the ICT experience gained by the other field, and successful developments could be adopted mutually. Therefore, the NKR calls upon the responsible ministries to cooperate wherever possible and to permanently exchange information or experience.

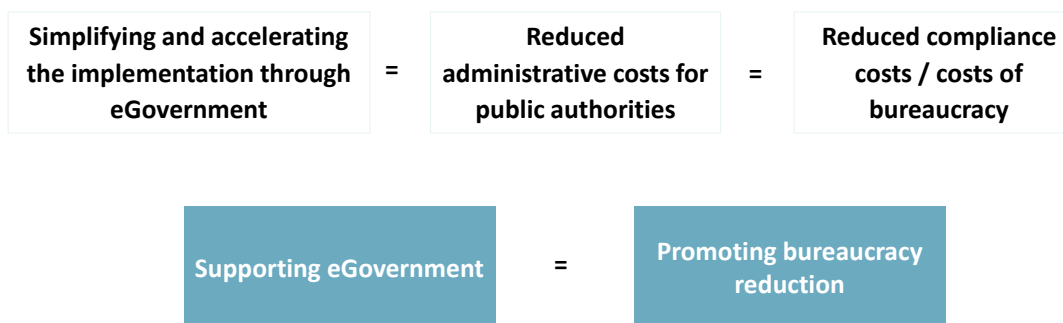


Abb. 21: Relevance of eGovernment to the Reduction in Bureaucracy

The NKR has focused its commitment to the extension and further development of the digitalisation in the public sector on two key aspects:

1. Implementing the eGovernment Act, particularly by means of the government programme „Digital Administration 2020“.
2. Improving the suitability of legal requirements for eGovernment and eJustice.

2. Supporting the eGovernment Act and Supporting the Government Programme „Digital Administration 2020“

The NKR has participated actively in the development of the programme „Digital Administration 2020“ which was adopted by the Federal Government in mid-September 2014, and will assign an advisory member to the planned Committee of State Secretaries. In this context, the NKR continues to demand, that the implementation of the eGovernment Act ought to be accompanied by an action plan in order to ensure a rapid implementation throughout the country. In its statement on the draft for an e-Government Act of the Federal Government, the NKR had already emphasised the relevance of eGovernment to faster, less bureaucratic procedures and criticised the planned implementation period as too long.

eGovernment Act

The eGovernment Act of the Federal Government, dated 25 July 2013, which entered into force on 1 August 2013, shall take effect step by step by early 2020. It aims at facilitating the electronic communication of citizens and enterprises with the public authorities, which will be digitised as much as possible in order to enable them to work seamlessly electronically. Obstacles posed by Federal law, e.g. legal requirements to use the written form, shall be removed.

The coalition agreement concluded between the political parties of CDU/CSU and SPD for the 18th legislative term and the „Digital Agenda“ adopted by the Federal Government on 20 August 2014, have set the course for the digitalisation of public authorities and courts. According to the opinion of the NKR, however, the government programme „Digital Administration 2020“ is in danger of falling short of this agreement: Innovative approaches specified in the coalition agreement are pursued without any commitment or not at all. Above all, there is a lack of personnel and financial resources, and an effective interministerial control is not in sight. If these deficiencies are not corrected, no real progress will be made in eGovernment during this legislative term. In this respect, the NKR regards the submitted government programme as inadequate and calls on the Federal Government to make courageous progress in the digitalisation of the public authorities.

2.1 Contents of the Government Programme

According to the opinion of the NKR, eGovernment will reduce the effort and accelerate the processes only if it is accompanied by an optimisation of the administrative processes, by citizen-friendly and business-friendly online services and a consolidation of information technologies across all ministries, agencies and administrative levels.

The NKR welcomes the approaches stipulated in the government programme. However, the NKR regards it as necessary that these elements are specified more clearly in the government programme and made binding for all ministries. Also the administrative processes at the levels of the Federal States and the municipalities should be involved to a greater extent.

In addition to an internal modernisation of the Federal administration, which refers to the establishment of central basic services and secure, joint networks, a nation-wide introduction of the dFile and joint electronic procurement procedures, the NKR recommends to rapidly implement an interdisciplinary standardisation of processes (Federal Information Management - FIM) as well as a standardised online access to the most important administrative services for the citizens (115 - online) and businesses (single point of contact 2.0). In spite of the challenges regarding the authority of the ministries and the federal system, uniform access points for electronic administrative services in particular offer great opportunities for a noticeable and significant reduction of bureaucracy and costs.

2.2 Funding and Control of the Government Programme

The NKR notes with concern that the funding of the planned contents of the government programme has not yet been secured for the period from 2015 to 2017. Thus, the Federal Government presently has practically no scope for action - not least for eGovernment solutions in a federal context - and the implementation of sustainable innovations which will reduce bureaucracy in the long term by means of eGovernment seems to be infeasible. The NKR considers it necessary to adequately fund the government programme „Digital Administration 2020“. It is impossible to achieve improvements and cost savings without sufficient initial investments. In addition, the NKR notes with concern that an effective interministerial control of the implementation of the government programme has not yet been ensured. If the existing ICT and eGovernment budgets of the ministries and their higher federal authorities were coordinated at the interministerial level and employed in a concentrated manner for the purposes of the government programme, sufficient funds would be available. The Federal Audit Office (as indicated only recently in its 2013 notes under Paras 5.2 and 5.4 and on pp. 126 seq.) also expects that the Federal Government will establish a suitable control system for the Federal ICT because otherwise it will be impossible for the Federal administration to ensure cost-effective management. It is a fact that all efforts to overcome the thinking in ministerial categories by employing holistic interministerial approaches for the employment of ICT have been entirely unsuccessful up to now. There is considerable need for action in this area.

The NKR recommends to complete the government programme entitled „Digital Administration 2020“ with effective control structures which shall be binding upon all ministries and their subordinate agencies and to provide adequate personnel and material resources for the objectives of this programme. If it is impossible to achieve an agreement on joint funding between the ministries, a ministerial contribution should be agreed upon during the budgeting process for the year 2015. Alternatively a specified percentage of the ICT funds should be blocked in order to cover the programme costs.

3. Suitability of New Regulations for eGovernment and eJustice

Already during the development of new laws and regulations it must be ensured that - during their implementation and, possibly, judicial enforcement - the simplification and acceleration potential of ICT will be made use of in the fullest extent possible; and most certainly new legal provisions must not interfere with eGovernment and eJustice.

3.1 eGovernment Guideline

At present, the eGovernment-check²³, which was developed in 2013 by the NKR in cooperation with the IT Planning Council, is being tested. This guideline supports the eGovernment and eJustice acts adopted in 2013. It obliges the persons in charge of new laws and regulations to „give thought“ to the aim of the respective laws, i.e. to particularly ensure the suitability for the employment of ICT already during the development of new provisions. In order to make administrative procedures as unbureaucratic as possible, points of contact (e.g. the involvement of other agencies) and information queries should be minimised and implementations standardised. This will also facilitate the use of ICT.

At the Federal level, the NKR will ensure that the Federal Ministries take account of the eGovernment-check. In addition, the NKR itself will apply the guidelines when examining the forwarded drafts of legislation.

According to the observation of the NKR, however, the eGovernment-check is applied only hesitantly; there is still no application routine. From the point of view of the NKR, it is still too early to draw an interim conclusion on the suitability or possible improvements of the eGovernment check. The NKR and the IT Planning Council will evaluate the practical suitability of the guidelines. One has to bear in mind in this context that legislative personnel are facing an increasing number of formal and informal requirements which must be taken into account during the preparation of a legal text. The further development of the eGovernment-check will be conducted in the context of the consolidation of instruments and tools for better regulation as desired by the Federal Government. A first step consists in revising and updating the Legislative Drafting Manual („Handbuch zur Vorbereitung von Rechts- und Verwaltungsvorschriften“), which has been announced in the work programme of the Federal Government. The NKR welcomes the fact that the eGovernment-check is taken into account in this context and hopes that this will lead to a better practical application.

3.2 Screening of existing Regulations by the Federal Government

In view of the existing approximately 4,000 written form requirements in Federal laws and ordinances, the Federal Government has started a screening of these regulations. The NKR is very much in favour of this initiative. The Council has expressed its willingness to participate in the assessment of these written form requirements in order to replace them by electronic alternatives to the maximum extent possible. In this context, the NKR proposes to scrutinise not only the written form but also additional legal obstacles (e.g. paper-based evidence and paper documents) in order to promote seamless eGovernment services.

²³ http://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Publikationen/2013-07-09-e-government-pruefeifaden-leseverion.pdf?__blob=publicationFile&v=2.

4. Visualising the Legal Consequences by means of Process Modelling

In the opinion of the NKR, a more process-oriented perspective would be appropriate in order to make legislative drafters and public authorities aware of the practical consequences of legal requirements and possible connections between a regulatory initiative and other regulations and areas of law. Process models can reveal, among other things, the consequences of a regulation for the electronic implementation. This is the task of an important project initiated by the IT Planning Council: the Federal Information Management (FIM). This project is intended to complement the legal text by standardised reference processes for local implementation, standardised forms and easily understandable information for the citizens. If the Federal Government as the lawmaker simultaneously provides templates for implementation processes, forms and citizens information, the effort for Federal States, Districts and municipalities can be reduced considerably because they are not required to develop these templates individually for themselves. Instead they can rely on quality-assured templates of the next higher administrative level. The NKR supports this approach as a tool for achieving a better regulation.

IX International Reduction in Bureaucracy

Using new opportunities for smart regulation within the EU

At the European level, the year 2014 is characterised by a change which will open up new opportunities. After the elections to the European Parliament in May 2014, a new European Commission will be constituted in November 2014.

At the European Level, the Commission has the exclusive right of initiative for legislative proposals. Thus, it plays an essential part in the implementation of new approaches for a smart regulation. At the same time, however, the European Council and the European Parliament are called upon because they can adopt amendments to the draft within the framework of the following legislative process.

The focus should be on the early stage of regulatory initiatives, during which the Commission will identify the regulatory requirements, examine their necessity and develop a legislative proposal and the corresponding impact assessment, if required. The necessary previous evaluation of the existing EU law should also be included.



The policy cycle provides a firm foundation for a smart and transparent legislative procedure. Four interconnected procedural steps are intended to ensure a smart legislation. As a tool of a smart EU legislation, the EU Commission relies on the preparation of impact assessments, the involvement of the parties concerned and the execution of evaluations. (Source: EU Commission)

Abb. 22: „Policy Cycle Model of the EU Commission“

In order to achieve these aims, the NKR - just as the so-called „Stoiber Group“²⁴ – recommends the establishment of an independent body at the EU level which will give its constructive and critical attention to the actual implementation of the measures. A body of this type could also use its influence to make the financial consequences of laws more transparent to all citizens and enterprises. Here as well, the NKR follows the recommendations of the Stoiber Group.

In Germany, cost estimates must be submitted for all draft laws so that data on the financial consequences can be integrated into the decision-making process. At the European level, the Commission has no obligation to prepare a cost estimate. Impact assessments will be prepared only if the Commission thinks that the respective initiative of the Commission will have a significant economic, social or ecologic impact.

In addition, the quality of the impact assessment is not ensured at the European level. There is an Impact Assessment Board²⁵ with a corresponding control function, but it is not really an independent body because it is staffed with civil servants of the Commission. Therefore, its possibilities of exerting influence are naturally significantly restricted.

In detail, the NKR supports the following improvements at the EU level:

Preparation Phase
<ul style="list-style-type: none"> » A legal impact assessment shall be conducted for every regulation. » The legal impact assessment shall include plausible statements on the financial consequences. » An independent body shall guarantee the quality assurance of the legal impact assessment. » The hearing of the parties concerned shall be conducted based on a concrete regulation proposal and a preliminary legal impact assessment.
Verhandlungsphase
<ul style="list-style-type: none"> » If Council and Parliament adopt relevant amendments to draft laws, they shall - at the same time - make statements on the financial consequences.
Implementierung und Anwendung des EU-Rechts
<ul style="list-style-type: none"> » The member states shall ensure that all regulations exceeding EU ordinances are presented in a transparent manner whenever EU law is transposed into national law. » The Commission and the member states shall increase the transparency of the implementation of EU law in the member states. » The member states shall exchange best-practice examples with regard to the implementation of EU law and take these examples into account during the implementation process.
Evaluierung
<ul style="list-style-type: none"> » Before submitting new regulation proposals, the EU Commission shall conduct an evaluation of the existing legislation. » The respective criteria should already be specified when passing the laws. » The results of the evaluation shall be used as a starting point for the proposals.

24 http://ec.europa.eu/smart-regulation/reft/admin_burden/high_level_group_en.htm.

25 Webpage IAB: http://ec.europa.eu/smart-regulation/impact/iab/iab_en.htm.

1. Greater Commitment of the Federal Government to Cost Avoidance at the EU Level

More than half of the follow-up costs²⁶ caused by German laws are attributable to EU regulations. Therefore, the Federal Government should commit itself more and earlier to cost-containment at the European level. With the so-called EU ex-ante procedure, the Federal Government has already taken an initial step towards an early identification of burdensome regulations. But the NKR considers it necessary to critically review the procedure during the evaluation scheduled for the end of 2014, to identify the remaining gaps and to increase its effectiveness. The aim must be to ensure that the Federal Government will systematically exert its influence already before the EU Commission has made its decision. In this context, the annual work programme of the EU Commission - together with the corresponding road maps - must be reviewed and assessed with regard to the financial consequences.

In addition, the costs caused by the implementation of EU law at the national level must be determined and made transparent. Unlike the past, this rule shall apply not only to EU regulations but also to EU ordinances.

2. Activities of the NKR at the European and International Levels

Stoiber Group - Recommendations for the New EU Commission

With the end of the term of the Barroso II Commission, the mandate of the High Level Group on Administrative Burdens²⁷ - the so-called Stoiber Group - will also end. As a member of the Stoiber Group, Dr. Johannes Ludewig, Chairman of the National Regulatory Control Council, has - together with the other members - developed recommendations for action for the new EU Commission. These take up the important requirements developed by the NKR with regard to a smart regulation at the European level. The recommendations of the High Level Group, which are similar to the presented proposals, will be handed over to the President of the EU Commission, José Manuel Durão Barroso, on 14 October 2014.

²⁶ Apart from the costs of the minimum wage, cf. Chapter II.1.

²⁷ Web page of the HLG: http://ec.europa.eu/smart-regulation/reft/admin_burden/high_level_group_en.htm.

3. The RegWatchEurope Network: Joint Requirements of the Independent Councils for a Smart Regulation

Together with the other four independent councils in Europe - from Great Britain, the Netherlands, Sweden and the Czech Republic²⁸ - the NKR supports a reform of the present legislative process at the EU level. In the past, this network, which has operated under the name of „RegWatchEurope“ since the beginning of this year, has already prepared joint statements on various EU topics and made concrete proposals within the framework of the consultations of the EU Commission.²⁹ Recently, RegWatchEurope has commented on the review of the evaluation guidelines of the EU Commission. The study conducted by the NKR on the execution of evaluations³⁰ has provided useful arguments and recommendations which have influenced the statement handed over to the EU Commission.

The network has also prepared a joint statement for the review of the Impact Assessment Guidelines, i.e. for the guidelines governing the preparation of impact assessments within the Commission.

4. Contact with the European Parliament

RegWatchEurope maintains contact with members of the European Parliament in order to support the „Smart Regulation“ Agenda. During a meeting held on 10 September 2014 with members of the European Parliament and other representatives of European institutions and associations, the exchange of ideas with the members of the new European Parliament was continued.

5. Developments in the Field of Better Regulation in other Countries

5.1 France

In addition to the close cooperation with RegWatchEurope, the NKR maintains contact with other countries whose governments promote improvements of the EU legislation. In this context, the cooperation with France which is politically supported by respective declarations of the French-German Councils of Ministers ought to be emphasized.

On 12 May 2014, Dr. Helge Braun, Minister of State for bureaucracy reduction in the office of

28 Regulatory Policy Committee (RPC), United Kingdom; Adviescollege toetsing regeldruk (ACTAL), The Netherlands; Regelrådet, The Swedish Better Regulation Council, Sweden; Regulatory Impact Assessment Board (RIAB), Czech Republic.

29 http://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Anlagen/2014-09-11-regwatch-europe.pdf?__blob=publicationFile&v=1.

30 http://www.normenkontrollrat.bund.de/Webs/NKR/DE/Publikationen/Gutachten/_node.html.

the Federal Chancellor, and Dr. Johannes Ludewig, Chairman of the NKR, met Serge Lasvignes, Secrétaire général du gouvernement of France, who is responsible for smart regulation, in Berlin. Since autumn 2013, the execution of a legal impact assessment has also been mandatory in accordance with the legislative procedure in France. Currently, France has established an interministerial committee for modernising the public service (Comité interministériel pour la modernisation de l'action publique - CIMAP) and a council which supports the reduction of bureaucracy in the business sector and consists of representatives of the government and entrepreneurs.

France has announced the formation of an independent council - similar to the NKR - in January 2015. The NKR supports this decision.

5.2 Poland

In spring 2014, Poland invited all independent Councils to an extraordinary event. On 22 Mai 2014, the Polish Government had invited the chairmen of the five RegWatch Europe Councils and Minister of State Dr. Helge Braun as representative of the German government to the office of the Prime Minister of Poland in Warsaw in order to discuss the different possibilities of conducting a legal impact assessment.

As result of this event, Poland has announced that it will conduct a study which compares the establishment of an independent body for legal impact assessment with the establishment of an institution within the government.

5.3 Austria

Austria is also interested in a discussion with the NKR. With the „Aufgabenreform- und Deregulierungskommission“ (Task Reform and Deregulation Commission), which was established in May 2014, the NKR has an additional point of contact for cooperation. For October 2014, a meeting of Dr. Johannes Ludewig, Chairman of the NKR, and Univ. Prof. Dr. Rudolf Thienel, President of the Commission and President of the High Court of Administration (Verwaltungsgerichtshof), is planned in order to exchange experience and further considerations on better regulation.

6. OECD - Cooperation and Exchange of Ideas in the field of Methodology

In spite of various national approaches, there are some common standards for determining the costs of bureaucracy and other compliance costs: In the field of bureaucracy reduction, these are the internationally recognised rules for the application of the Standard Cost Model.³¹

31 https://www.destatis.de/DE/Publikationen/STATmagazin/Sonstiges/2009_08/Belastungen.html.

The OECD has also prepared a guideline for the costs connected with legislative provisions beyond the costs of bureaucracy, i.e. for the so-called compliance costs. This guideline was published in April 2014.³² The NKR and the Federal Government played an instrumental role in the preparation of the guideline.

Such international standards facilitate the cross-border exchange and international comparisons. International guidelines are particularly helpful for countries which do not yet have any experience with legal impact assessments but are working towards the establishment of such procedures in order to improve cost transparency.

³² http://www.normenkontrollrat.bund.de/Webs/NKR/Content/EN/Publikationen/oecd_regulatory_compliance_cost_guidance.html.

X Outlook

„The provisions are all initiated by Brussels!“ or „The officials in Berlin have decided that!“ These answers can be heard over and over again whenever complaints are made about new regulations and new bureaucracy. The blame for increased costs and bureaucratic effort is attributed more or less regularly to the next higher political level. It is true that most of the provisions which were submitted to the NKR for review are coming from Brussels. It is also true that the by far largest part of daily administration at the levels of the Federal States and municipalities is due to stipulations under Federal law. Is it thus justifiable to always attribute the blame and the responsibility to the next higher political level?

The NKR thinks that this is too shortsighted. Do the member states not play an instrumental role in the legislation at EU level? Are the Federal States and municipalities not integrated into the Federal regulation process? Both questions have to be answered with a clear „yes“. According to the opinion of the NKR, the problem is to be seen in the execution of the procedures. To be more precise: During the preparation of laws and during the legislative procedure, the exchange of information between the different levels - EU, Federal Government, Federal States and municipalities - is much too small. The respective lawmaker - e.g. the Federal Government or the EU - pays no or too little attention to the follow-up costs to the subordinate levels caused by the adopted regulation - e.g. the Federal Republic of Germany or the Federal States. At the same time, the respective „subordinate levels“ - the Federal Ministries in case of EU regulations and the Federal States in case of regulations of the Federal Government - show too little activity in determining and quantifying the resulting financial consequences and in clearly pointing out the costs to the respective superior level. In order to get right to the bottom of this problem, the NKR has - in September 2014 - commissioned an expert opinion, the results of which are expected by the end of the year. In the months to come, the NKR will also intensify its efforts to improve the interplay between the different levels with respect to the determination of compliance costs. Together with the Federal States and the municipalities, it should be considered how these levels can be integrated more effectively into the determination of the financial consequences of Federal law. At the level of the Federal Government, there is a discussion with and between the Federal Ministries as to how they can better prepare and position themselves vis-à-vis the EU if regulations of Brussels lead to new financial consequences. Thus, the NKR has proposed to further develop the so-called EU ex-ante procedure of the Federal Government in order to quantify the financial consequences for Germany resulting from important regulation projects of the EU Commission, after the proposal of the EU Commission has been submitted to the Council of Ministers, and to present these consequences to the Council. In this context, it is not enough to wait for the Commission and its calculations regarding the impact assessment, especially since the Federal Government doesn't do so in case of other important European issues.

On the whole, the NKR expects that a holistic approach to effective bureaucracy reduction and better regulation will be pursued. This implies that the various legislative and executive levels will not act in an isolated manner, but exchange the required information in order to make happen what everyone actually expects: That political decision-makers adopting new legal provisions know exactly the financial consequences which their decisions have for citizens, the business sector and public authorities.

XI Annexes

1. Survey of the ministries represented in the National Regulatory Control Council

Federal Ministry	Rapporteur	Member of Staff, Secretariat
Federal Chancellery	Dr. Ludewig	Mr Kühn
Federal Foreign Office	Dr. Ludewig	Ms Wernitz
Federal Ministry for Economic Affairs and Energy	Mr Schleyer	Mr Kay
Federal Ministry of Food and Agriculture	Ms Störr-Ritter	Mr Meyer / Ms Kammer
Federal Ministry of Defence	Dr. Ludewig	Ms Wernitz
Federal Ministry of Families, Senior Citizens, Women and Youth	Mr Hahlen	Ms Viardot
Federal Ministry of Health	Mr Catenhusen	Mr Spengler
Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety	Prof. Verstejl	Dr. Karl
Federal Ministry of Education and Research	Ms Grieser	Mr Kühn
Federal Ministry for Economic Cooperation and Development	Mr Funke	Ms Wernitz
Federal Ministry of Transport and Digital Infrastructure	Ms Grieser	Ms Wernitz
Federal Ministry of Finance	Mr Funke	Ms Sliwinski/ Mr Meyer/ Ms Jennrich
Federal Ministry of Labour and Social Affairs	Dr. Dückert	Mr Häsemeyer
Federal Ministry of the Interior	Prof. Kuhlmann	Mr Häsemeyer
Federal Ministry of Justice and Consumer Protection	Mr Hahlen (for Justice) / Ms Störr-Ritter (for Consumer Protection)	Dr. Hatt

Secretariat

Head: Dr. Dominik Böllhoff

Staff: Sandra Andreas, Manuela Gudat, Dr. Janina Hatt, Ralf Häsemeyer, Kathleen Jennrich, Petra Kammer, Dr. Sabine Karl, Ronny Kay, Hannes Kühn, Stefan Meyer, Anette Sliwinski, Florian Spengler, Madeleine Viardot, Andrea Wernitz

2. Overview of the Publications by the NKR

Date	Title of NKR publications published during the period under review
July 2013	Brochure: Bürokratieabbau konkret. Beispiele für erfolgreiche Maßnahmen zum Bürokratieabbau (Bureaucracy Reduction in Concrete Terms. Examples of Successful Bureaucracy Reduction Measures)
1 July 2013	Leitfaden: E-Government-Prüfleitfaden des NKR und des IT-Planungsrats (Guideline: eGovernment Review Guidelines of the NKR and the IT Planning Council)
2 July 2013	2013 Annual Report of the National Regulatory Control Council (NKR)
2 July 2013	Press Release: Kostentransparenz verbessert – Entlastung forcieren (Cost Transparency Enhanced - Reducing the Burden)
15 July 2013	NKR Newsletter
4 September 2013	Press Release: NKR und IT-Planungsrat vereinbaren enge Zusammenarbeit beim Bürokratieabbau mit E-Government (NKR and IT Planning Council Agree on Close Cooperation in the Fields of Bureaucracy Reduction and eGovernment)
7 October 2013	NKR Newsletter
November 2013	Brochure: Better Regulation Introducing the National Regulatory Control Council (NKR)
10 December 2013	Gutachten zur Durchführung von ex post-Evaluierungen (Expert Report on the Execution of Ex-Post Evaluations)
20 December 2013	NKR Newsletter
4 March 2014	NKR Newsletter
19 March 2013	Press Release: Besorgniserregender Trend steigender Kosten – Jetzt mit Zielvorgaben gegensteuern (Alarming Trend towards Increasing Costs - Appropriate Countermeasures with the Respective Levels of Ambition must be Taken Now)
19 March 2013	News Flash: NKR veröffentlicht Gutachten zur Evaluierung von Regelungen (NKR Publishes Expert Report on the Evaluation of Regulations)
30 April 2014	NKR Newsletter
3 June 2014	Press Release: Kostenfolgen über EEG-Novelle unzureichend ausgewiesen: Normenkontrollrat erhebt weiterhin grundsätzliche Bedenken gegen EEG-Novelle (Financial Consequences of the Renewable Energy Sources Act Identified Insufficiently: NRK Continues to Have Fundamental Concerns about the Renewable Energy Sources Act)
4 June 2014	Press Release: National Regulatory Control Council (NKR): Das neue Arbeitsprogramm "Bessere Rechtsetzung" der Bundesregierung mit neuen Elementen, aber ohne Ziele für Kostenbegrenzung und Bürokratieabbau! (The New "Better Regulation" Working Programme of the Federal Government with New Elements, but without Aims for Cost-Containment and Bureaucracy Reduction!)
23 June 2014	Guideline: OECD Regulatory Compliance Cost Assessment Guidance
24 June 2014	Press Release: Normenkontrollrat informiert Wirtschaftsausschuss des Deutschen Bundestages (NKR informs the Committee for Economic Affairs and Energy of the German Bundestag)
25 June 2014	Guideline: Den Vollzug bei der Gesetzgebung mitdenken (Giving Thought to the Implementation during the Legislation Process)

3. List of the Most Important NKR Dates and the Dates of the NKR Chairman and his Deputy NKR Chairman

2013*	
2 July 2013	Handover of the 2013 Annual Report of the NKR to the Federal Chancellor, Berlin
2 July 2013	Discussion with the Federal Chancellor, Berlin
2 July 2013	183rd meeting of the NKR, Berlin
8 July 2013	Discussion with the President of the Federal Audit Office, Prof. Dr. Engels, Bonn
10 July 2013	Discussion with the Vice-Minister of Foreign Affairs of Lithuania, Rolandas Kriščiūnas, and Klaus-Heiner Lehne, MEP, Brussels
12 July 2013	184th meeting of the NKR, Berlin
15 July 2013	Discussion with State Secretary Jürgen Becker (Federal Ministry for the Environment, Nature Conservation and Nuclear Safety), Berlin
16 July 2013	Discussion with State Secretary Stefan Kapferer (Federal Ministry for Economic Affairs and Energy), Berlin
17 July 2013	Discussion with Johannes Laitenberger, Head of Cabinet for Commissioner Barroso, Brussels
18 July 2013	Discussion with Jan Eder, Principal Managing Director of the German Association of Chambers of Commerce, Berlin
23 July 2013	Meeting of the HLG (High Level Group of Independent Stakeholders on Administrative Burdens), Brussels
30 July 2013	Discussion with the ombudsperson for the debureaucratisation of long-term care, Elisabeth Beikirch (Federal Ministry of Health), Berlin
16 August 2013	185th meeting of the NKR, Berlin
17 August 2013	Discussion with Minister of State Eckart von Klaeden and Roderich Egeler, Director of the Federal Statistical Office, Berlin
29 August 2013	Discussion with Mr Lasvignes (Secrétaire général du gouvernement), Paris
30 August 2013	Committee of State Secretaries for the Reduction of Bureaucracy, Berlin
4 September 2013	Continuation of dialogue between IT Planning Council and NKR, Berlin
6 September 2013	186th meeting of the NKR
12 September 2013	Opening address at the 18th Ministerial Congress followed by a panel discussion, Berlin
13 September 2013	Discussion with the Chairman of the Federal Joint Committee (GBA), Josef Hecken, Berlin
16 September 2013	Discussion with Mr Leiendecker, President of the Association of Towns and Municipalities in Saxony-Anhalt, Berlin
19 September 2013	Meeting of the HLG (High Level Group of Independent Stakeholders on Administrative Burdens), Brussels
23 September 2013	Meeting of the heads of the independent Councils, the RegWatchEurope network, The Hague
25 September 2013	187th meeting of the NKR, Berlin
30 September 2013	Presentation and discussion at the Business Forum of the German Association of Chambers of Commerce Munich / Upper Bavaria, Munich

* This table includes events and dates conducted between the publication of the 2013 Annual Report on 2 July 2013 and 30 June 2014.

2 October 2013	Discussion with the Vice-Minister of Foreign Affairs of Lithuania, Rolandas Kriščiūnas, and Klaus-Heiner Lehne, MEP, Brussels
17 October 2013	Meeting of the HLG (High Level Group of Independent Stakeholders on Administrative Burdens), Brussels
7 November 2013	188th meeting of the NKR, Berlin
12 November 2013	Meeting of the Regulatory Policy Committee (RPC) of the OECD, Paris
26 November 2013	Discussion with the Federal Ministry of Health on the project for bureaucracy reduction in doctor's surgeries, Berlin
4 December 2013	Meeting with Prof. Dr. Cremer (Secretary General of the German Caritas Association (registered association)), Berlin
5 December 2013	Meeting of the HLG (High Level Group of Independent Stakeholders on Administrative Burdens), Brussels
11 December 2013	189th meeting of the NKR, Berlin
18 December 2013	Meeting of the steering group on Internet-based motor vehicle registration (Federal Ministry of Transport, Building and Urban Development), Berlin
2014	
8 January 2014	Presentation during the discussion meeting on the introduction of a Regulatory Control Council at State level ("Die Einführung eines Normenkontrollrates auf Länderebene") of the German Society for Legislation (Deutsche Gesellschaft für Gesetzgebung - DGG) and the Land Parliament of North Rhine-Westphalia, Düsseldorf
10 January 2014	190th meeting of the NKR, Berlin
10 January 2014	Discussion with the Robert Bosch Stiftung GmbH, Berlin
15 January 2014	Discussion with Dr. Buchholz, Deputy CEO of the National Association of Statutory Health Insurance Dentists (KZBV) - project for bureaucracy reduction in doctor's surgeries, Berlin
16 January 2014	Discussion with Christoph Verenkotte (President of the Federal Office of Administration), Berlin
17 January 2014	Laudatory speaker at an award ceremony of the German Society for Legislation, Berlin
24 January 2014	191st meeting of the NKR, Berlin
29 January 2014	Pre-meeting Watchdog Chairs, Brussels
29 January 2014	MEP Working Lunch, Brussels
29 January 2014	Watchdog Chairs' meeting, Brussels
30 January 2014	Meeting of the HLG (High Level Group of Independent Stakeholders on Administrative Burdens), Brussels
10 February 2014	Discussion with State Secretary Cornelia Rogall-Grothe (BMI), Federal Government Commissioner for Information Technology, Berlin
13/14 February 2014	Two-day retreat of the NKR, Berlin
20 February 2014	Meeting of the steering group on the project for bureaucracy reduction in doctor's surgeries, Berlin
24 February 2014	Discussion with the President of the Federal Financial Supervisory Authority, Dr. Elke König, Berlin
24 February 2014	Presentation of the project for bureaucracy reduction in doctor's surgeries on the 5th Rheinische Ärztetag (Assembly of Rhenish delegates of the medical profession), Düsseldorf

13 March 2014	Meeting of the HLG (High Level Group of Independent Stakeholders on Administrative Burdens), Brussels
14 March 2014	192nd meeting of the NKR, Berlin
14 March 2014	Discussion with Torsten Albig, Minister-President of the Federal State of Schleswig-Holstein, Berlin
17 March 2014	Discussion with Minister Hermann Gröhe (Federal Ministry of Health), Berlin
18 March 2014	Discussion with Minister Dr. Barbara Hendricks (Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety), Berlin
24 March 2014	NKR hearing on the draft laws regarding renewable energy sources and statutory minimum wages.
31 March 2014	193rd meeting of the NKR, Berlin
8 April 2014	Discussion with Minister Andrea Nahles (Federal Ministry of Labour and Social Affairs), Berlin
11 April 2014	Discussion with Minister of State Ilse Aigner, Berlin
11 April 2014	194th meeting of the NKR, Berlin
14 April 2014	Discussion with Mr Lasvignes (Secrétaire général du gouvernement), Paris
14to 16 April 2014	Meeting of the Regulatory Policy Committee (RPC) of the OECD, Paris
28 / 29 April 2014	2014 Forum of the Presidents of the Federal Academy of Public Administration, Salzgitter
12 May 2014	Discussion with Mr Lasvignes (Secrétaire général du gouvernement) and Thierry Mandon (Secrétaire d'Etat à la Réforme de l'Etat et à la Simplification), Berlin
13 May 2014	Discussion with Minister Dr. de Maizière (Federal Ministry of the Interior), Berlin
13 May 2014	195th meeting of the NKR, Berlin
13 May 2014	Committee of State Secretaries for the Reduction of Bureaucracy, Berlin
14 May 2014	Presentation on the conference of the presidents of the Federal Audit Office and the Audit Offices of the Federal States, Bad Urach
14 May 2014	Discussion with State Secretary Karl-Josef Laumann (Federal Ministry of Health), Berlin
15 May 2014	Meeting of the HLG (High Level Group of Independent Stakeholders on Administrative Burdens), Brussels
16 May 2014	Discussion with Minister Dr. Wolfgang Schäuble (Federal Ministry of Finance), Berlin
22 May 2014	Conference on "Better Regulation and Bureaucracy Reduction" of the Polish Government, Warsaw
26 May 2014	Meeting of the EU State Secretaries, Berlin
27 May 2014	Discussion with Minister Alexander Dobrindt (Federal Ministry of Transport and Digital Infrastructure), Berlin
28 May 2014	196th meeting of the NKR, Berlin
4 June 2014	Presentation on the Conference of Ministers of Economy, Berlin
18 June 2014	197th meeting of the NKR, Berlin
18 June 2014	Discussion with Secretary General Achim Meyer auf der Heyde (German National Association for Student Affairs (Deutsches Studentenwerk)), Berlin
26 June 2014	Meeting of the HLG (High Level Group of Independent Stakeholders on Administrative Burdens), Brussels

4. List of Selected Dates of other NKR Members

2013*	
9 September 2013	Committee meeting of the Forum for small and medium-sized companies of the German Association of Chambers of Commerce Offenbach, Mühlheim am Main
10 September 2013	Presentation and discussion with participants from industry, politics and the cultural sector, Freiburg
20 September 2013	Discussion with the Association of Chambers of Commerce Cottbus, Cottbus
24 September 2013	Legal and Constitutional Committee of the German Assembly of Rural Districts, Stuttgart
4 November 2013	eGovernment Symposium of the Association of Chambers of Commerce North, Schwerin
13 November 2013	Presentation and discussion at the Rotary Club Schweinfurt-Peterstirn, Schweinfurt
14 November 2013	Panel discussion at the regional conference "Trade and industry meet Administration" of the metropolitan region Rhine-Neckar (MRN), Worms
19 November 2013	Interview for TV Südbaden, Freiburg
4 December 2013	Presentation on bureaucracy reduction in the new legislative period - Meeting of the Economic Council of the Federal Commission for family, small and medium-sized enterprises
10 December 2013	Meeting with Indonesia's State Minister for Administrative Reforms (delegation), Berlin
12 December 2013	Meeting of the jury of the competition on eGovernment model municipalities, which was initiated by the Federal Ministry of the Interior, Berlin
2014	
16 January 2014	Presentation with exchange of ideas on general topics in the framework of bureaucracy reduction at the Chemical Industry Association (VCI), Berlin
7 April 2014	Participation in the panel discussion of the specialist congress of the IT Planning Council, Stuttgart
9 April 2014	Presentation at the event of the Naumann Foundation: "Wie krumm darf die Gurke sein? – Über Sinn und Unsinn der europäischen Bürokratie" (How curvy may a cucumber be? About sense and nonsense of European Bureaucracy), Berlin
29 April 2014	Presentation on the Congress of the VBW Bavarian Business Association - Bureaucracy Reduction, Munich
21 May 2014	Discussion with Head of the Legal Division of the Bavarian State Chancellery, Munich
4 June 2014	Presentation about the role of the NKR in the Federal legislation, held at Freie Universität Berlin
18 June 2014	Discussion with Annelie Buntenbach, member of the board of the Federation of German Trade Unions (DGB), Berlin
19 Jun 2014	Discussion with Hildegard Müller (Chairwoman of the General Executive Management Board of the Association of the Energy and Water Industry (BDEW)), Berlin

* This table includes events and dates conducted between the publication of the 2013 Annual Report on 2 July 2013 and 30 June 2014.

5. List of Abbreviations and Acronyms

AA	Auswärtiges Amt (Federal Foreign Office)
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority)
BakÖV	Bundesakademie für öffentliche Verwaltung (Federal Academy of Public Administration)
BK	Bundeskanzleramt (Federal Chancellery)
BKI	Bürokratiekosten-Index (Index of Bureaucracy Costs)
BMAS	Bundesministerium für Arbeit und Soziales (Federal Ministry of Labour and Social Affairs)
BMBF	Bundesministerium für Bildung und Forschung (Federal Ministry of Education and Research)
BMEL	Bundesministerium für Ernährung und Landwirtschaft (Federal Ministry of Food and Agriculture)
BMF	Bundesministerium der Finanzen (Federal Ministry of Finance)
BMFSFJ	Bundesministerium für Familie, Senioren, Frauen und Jugend (Federal Ministry of Families, Senior Citizens, Women and Youth)
BMG	Bundesministerium für Gesundheit (Federal Ministry for Health)
BMI	Bundesministerium des Innern (Federal Ministry of the Interior)
BMJV	Bundesministerium der Justiz und für Verbraucherschutz (Federal Ministry of Justice and Consumer Protection)
BMUB	Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety)
BMVI	Bundesministerium für Verkehr und digitale Infrastruktur (Federal Ministry of Transport and Digital Infrastructure)
BMVg	Bundesministerium der Verteidigung (Federal Ministry of Defence)
BMWi	Bundesministerium für Wirtschaft und Energie (Federal Ministry for Economic Affairs and Energy)
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development)
BDEW	Bundesverband der Energie- und Wasserwirtschaft e.V. (Association of the Energy and Water Industry)
BVA	Bundesverwaltungsamt (Federal Office of Administration)
DIHK	Deutscher Industrie- und Handelskammertag (Association of German Chambers of Industry and Commerce)
DIW	Deutsches Institut für Wirtschaftsforschung (German Institute for Economic Research)
DGB	Deutscher Gewerkschaftsbund (Federation of German Trade Unions)
EA	Einheitlicher Ansprechpartner (Single point of contact)

EEG	Erneuerbare-Energien-Gesetz (Renewable Energy Sources Act)
G-BA	Gemeinsamer Bundesausschuss (Federal Joint Committee)
GGO	Gemeinsame Geschäftsordnung der Bundesministerien (Joint Rules of Procedure of the Federal Ministries)
GKV	Gesetzliche Krankenversicherung (Statutory Health Insurance)
HLG	High Level Group on Administrative Burdens
IKT	Informations- und Kommunikationstechnologie (Information and Communications Technology)
KBV	Kassenärztliche Bundesvereinigung (National Association of Statutory Health Insurance Physicians)
KfW	Kreditanstalt für Wiederaufbau (Reconstruction Credit Institute)
KMU	Kleine und mittlere Unternehmen (Small and medium-sized enterprises)
KZBV	Kassenzahnärztliche Bundesvereinigung (National Association of Statutory Health Insurance Dentists)
NKR	Nationaler Normenkontrollrat (National Regulatory Control Council)
NKRG	Gesetz zur Einrichtung eines Nationalen Normenkontrollrates (Act on the Establishment of a National Regulatory Control Council)
StBA	Statistisches Bundesamt (Federal Statistical Office)
VCI	Verband der Chemischen Industrie e.V. (German Chemical Industry Association)
vbw	Vereinigung der Bayerischen Wirtschaft e. V. (Bavarian Business Association)
ZDH	Zentralverband des Deutschen Handwerks (German Confederation of Skilled Crafts)

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D-10557 Berlin
www.normenkontrollrat.bund.de
E-Mail: nkr@bk.bund.de

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