Chapter 5

The management and rationalisation of existing regulations

This chapter covers two areas of regulatory policy. The first is simplification of regulations. The large stock of regulations and administrative formalities accumulated over time needs regular review and updating to remove obsolete or inefficient material. Approaches vary from consolidation, codification, recasting, repeal, *ad hoc* reviews of the regulations covering specific sectors, and sun setting mechanisms for the automatic review or cancellation of regulations past a certain date.

The second area concerns the reduction of administrative burdens and has gained considerable momentum over the last few years. Government formalities are important tools to support public policies, and can help businesses by setting a level playing field for commercial activity. But they may also represent an administrative burden as well as an irritation factor for business and citizens, and one which tends to grow over time. Difficult areas include employment regulations, environmental standards, tax regulations, and planning regulations. Permits and licences can also be a major potential burden on businesses, especially SMEs. A lack of clear information about the sources of and extent of administrative burdens is the first issue for most countries. Burden measurement has been improved with the application by a growing number of countries of variants on the standard cost model (SCM) analysis to information obligations imposed by laws, which also helps to sustain political momentum for regulatory reform by quantifying the burden.[1]

A number of governments have started to consider the issue of administrative burdens inside government, with the aim of improving the quality and efficiency of internal regulation in order to reduce costs and free up resources for improved public service delivery. Regulation inside government refers to the regulations imposed by the state on its own administrators and public service providers (for example government agencies or local government service providers). Fiscal restraints may preclude the allocation of increased resources to the bureaucracy, and a better approach is to improve the efficiency and effectiveness of the regulations imposed on administrators and public service providers.

The effective deployment of e-Government is of increasing importance as a tool for reducing the costs and burdens of regulation on businesses and citizens, as well as inside government.

Assessment

Simplification of regulations

Sweden has a good track record of deploying processes to clean up the regulatory stock. Over time, Sweden has been active in the use of different processes aimed directly at ensuring that the regulatory stock remains clean and clear, including codification, the enactment of a guillotine rule in the 1980s, through the work of Committees of Inquiry, and most recently, via some of the work which is being taken forward under the Action Plan for Better Regulation.

Recommendation 5.1. Ensure that efforts at codification and spring cleaning of the regulatory stock continue, in support of and alongside the strategy for regulatory simplification.

Regulatory simplification for businesses

Recommendations of the OECD's 2007 report have been largely implemented and there is clear progress. The key recommendations of the last OECD report on administrative burden reduction for business have been acted on. In particular, Sweden has set a quantitative net target for the reduction of burdens on business (25% by end 2010), in line with good international practice, and has integrated *ex ante* burden measurement into its recently updated policy on impact assessment. The latest update measurement (June 2009) shows the good news of a net decrease of 2% in regulatory costs on business compared with the original baseline.

Box 5.1. Recommendations from the 2007 OECD report

Continue efforts on administrative simplification and SME policy, improving the use of ICT mechanisms

Sweden should integrate the assessment of administrative impacts that result from new or amended regulation. Governments are increasingly anchoring simplification strategies on factual evidence of burdens. This work should be oriented not only towards simplification and improved methods, but also quantitative reductions. The use of ICT mechanisms for administrative simplification should be strengthened. Sweden should consider setting a quantitative target for a reduction in the overall administrative burden to indicate strong political commitment to the process.

Reinforce efforts in the measurement of administrative burdens

Sweden is fully embarked on a process to measure administrative burdens, in line with good practice at international level. The challenge is to extend the efforts to those regulations that have not been covered in the initial process. Special emphasis should be put on tax procedures, environmental and labour regulations which can be linked to the promotion of SMEs. But this is not enough. Sweden should consider setting a quantitative target for a reduction in the overall administrative burden, which has been done by other OECD countries, such as the Netherlands and Denmark, to indicate strong political commitment to the process.

This part of the Swedish Better Regulation agenda is benefiting from the institutional framework set up for the agenda as a whole. The establishment of an external body, the Better Regulation Council and the stronger co-ordinating role of the Ministry of Enterprise are particularly important developments. The Ministry of Enterprise now has a prominent co-ordinating role in encouraging efforts to meet the target. It is backed up by a State Secretaries steering group (chaired by the ministry), and the inter-ministerial officials working group to spread best practice and prepare progress reports. The keynote in this context is encouragement and sharing of best practice, rather than "name and shame". The Better Regulation Council strikes an altogether stronger note, at least potentially. This recently established external body scrutinises all proposals for new or amended regulations that could affect business competitiveness and its views are made public. Its role may well be crucial in assuring the overall success of burden reduction.

The institutional framework and resources to drive the programme need, however, to be further strengthened. Sweden recognises that key challenges include consolidating official and political "buy in" to the programme. This will not happen if steering and support capacities are inadequate. Currently, the co-ordinating Ministry of Enterprise deploys a small team of fewer than ten officials (not full time). The ministry is strongly committed to and enthusiastic about the programme but struggles because of capacity constraints. Key implementing ministries may also need to upgrade their resources, especially where it is proving difficult to take forward sufficient proposals to meet their "share" of the target, ensure that goals are translated into concrete measures, and secure timely implementation of the measures. The OECD peer review team were told that in general, there are difficulties of time and resources, and that "people do their best". That said, some ministries are doing better than others.

Recommendation 5.2. Increase the resources available to the Ministry of Enterprise for its co-ordination and support role. Encourage key contributing ministries to review whether they are adequately structured and resourced to make an effective contribution to the Action Plan.

The decision to have a net target is critical to long term success. This is especially the case in a context of likely pressures, post economic crisis, to step up regulation in some areas. It is also important in the specific Swedish context of concern for sustaining high regulatory quality standards. The issue is not to question that concern, but to ensure that regulations do not come with unnecessary burdens attached.

The pressure on participating ministries and agencies to contribute to the target is, however, weak. There are few obvious incentives to encourage a consistently high performance across participating ministries and agencies. The 25% target for 2010 is an overall target for the whole government and there are no individualised targets, which would put greater pressure on individual ministries. This means that a lesser commitment by some has to be compensated by an above average commitment by others. There is a limit to this. Evidence of considerable variability in performance suggests that unless firm action is taken soon, there is a real danger of failing to meet the overall target. Overall commitment and the chances of success would gain a considerable boost from the establishment of individualised targets.

Recommendation 5.3. Individual, or even differentiated targets should be defined for each participating ministry. Alternatively, it should be stated explicitly that every ministry will have to deliver 25% unless stated otherwise and confirmed by the Cabinet. Consider also other measures to encourage buy in, such as a link to the budget setting process for government offices, and acknowledgment of individual contributions to the success of the Action Plan through the performance appraisal system.

The reduction of administrative burdens is technically well supported by the establishment of a zero base measurement and the Malin database. Sources and inspiration for the measures which are being taken forward in the Action Plan are the baseline measurement carried out by *Tillväxtverket* and stored in the *Malin* database, and the simplification proposals made by the business community, which are also loaded into the database. The zero base measurement, completed in February 2008 with a baseline year of 2006, is updated annually by *Tillväxtverket* to take account of new burdens. *Malin* also includes a simulation facility which can be used by government offices and government agencies to calculate the potential administrative costs of new regulations and changes to existing regulations. The success of Sweden's simplification policy rests on an effective use of these instruments. Zero base measurements provide in-depth insight in the government wide composition of administrative burdens – insights which can be used to identify concrete proposals for burden reduction. They are also an essential starting point for effective monitoring of progress.

It seems, however that these instruments are under-used and that the user-friendliness of the Malin database needs improvement. An updated version of the *Malin* database was launched in Spring 2009, with some improvements as regards the user friendliness. This is important. The OECD peer review team heard from a number of stakeholders that the *Malin* database tends to be under used for the purpose of identifying simplification actions. The result is that the measurement of burdens on the one hand, and the reduction of burdens on the other hand, are two separate processes in practice, instead of the first adding value to the second. It seems, in short, that the measurements are only loosely linked with the policy. A more user-friendly database would also remove any excuses from reluctant ministries that they are having difficulty identifying burdens. If *Malin* is under used, this also implies that the simulation facility for forecasting burdens in new regulations is not exploited to its full potential. If the facility is not used, then the extent of expected reductions from new regulations will not be known. It will not therefore be possible to identify in a timely manner whether and to what extent the measures are going to be sufficient to meet the target, or whether more will need to be done. A more systematic use of *Malin*, which appears well constructed, would help to identify further possibilities for reductions, as there is some concern at this stage that not enough actions have been identified to meet the target. *Malin* is also especially relevant to the co-ordinating Ministry of Enterprise, which needs to have a detailed understanding of burdens (what burdens, who is responsible etc), not least for monitoring purposes, as well as to back up the efforts of individual ministries to make their contributions to the Action Plan. Work is underway to make *Malin* more user-friendly – this is important. It should noted that an updated version of *Malin* was launched in spring 2009, with some improvements as regards the user-friendliness.

Recommendation 5.4. Require the systematic use by ministries and government agencies of the *Malin* database for identifying simplification actions, and for forecasting burdens in new regulations. Ensure that *Malin* is exploited fully for monitoring purposes.

Agencies are critical to success, and despite excellent work by Tillväxtverket, the framework for securing this needs reinforcement. The serious involvement of government agencies is critical to the success of the Action Plan as the secondary regulations which they produce contain many of the burdens that the government needs to cut. *Tillväxtverket* plays an important and effective central role as co-ordinator and adviser. However, this needs to be systematically backed up by the parent ministries, as the depth of agencies' engagement depends in many cases on the interest of their parent ministry. The OECD peer review team heard that some ministries did not take an especially close interest in the actions of their agencies in this regard. It is important that agencies are given clear instructions on what is expected of them as regards their contribution to the parent ministry's Action Plan.

Recommendation 5.5. Ensure that parent ministries' instruction ordinance and/or the annual appropriation direction to agencies contains clear objectives for a contribution to the Action Plan and what is expected of government agencies in this regard. Back this up with other actions such as regular update meetings based on ongoing and transparent monitoring of activities, where these do not already take place.

Horizontal co-operation between agencies and ministries is also important, for those issues which require shared solutions. More shared working is needed across and between agencies and ministries, in order to identify issues that individual ministries/agencies cannot address alone, to share best practice, to eliminate overlap (for example, multiple requests for the same information), and not least, to prevent the syndrome of expecting someone else to take responsibility for action. Co-operation is happening where ministries and agencies are motivated, but the OECD peer review team heard that it was, overall, a weakness.

Local governments need to be encouraged into making a contribution to the programme. A successful Better Regulation policy requires the involvement of all relevant actors. The municipalities, which are the primary interface for SMEs and responsible for licences and planning, are not sufficiently integrated into the policy. This is a significant weakness. The process is, however, at an early stage, and in the Swedish context of autonomous local government (a situation that is similar to that of several other European countries), making progress is inevitably slow and complicated. An important institutional issue slowing progress is the lack of resources within the Government Offices, and the fact that no government agency has a clear mission to support the process (see also Chapter 8).

Recommendation 5.6. Develop discussions with local government to establish a plan for strengthening their involvement in the efforts at regulatory simplification. Consider, as part of efforts to increase central resources for Better Regulation, how resources could be made available for this work, and whether a government agency could be given a mission to support it. Encourage the involvement of the Ministry of Finance.

The Riksdag is a key source of support as well as an increasingly necessary partner in securing the changes that need to be made. As in other countries, once the low hanging fruit have been picked, progress is likely to depend increasingly on legislative changes. The government already makes annual reports available to the *Riksdag*, albeit with a certain time lag. The parliament seems well disposed to offer support. It was instrumental in encouraging the government to step up work on regulatory simplification in the first place (with public requests in 1999 and 2002). It is aware of the fact that part of the programme requires changes in legislation.

Recommendation 5.7. If possible and subject to resources (see Chapter 2 recommendations) move from annual to bi-annual reports to the *Riksdag*. Ensure that the reports are available quickly. Review the content and presentation of the reports, to ensure that relevant information is presented that distinguishes plans from achievements, and explains clearly what is required of different actors including government agencies. Ensure that the information is clearly set in the broader context of what the government is seeking to achieve for the economy and society.

The government has encouraged regular communication with the business community, and a number of ministries and government agencies have established robust consultation arrangements. In setting up the programme, the government has promoted the development of structures to gather the views of the business community. So called reference groups were set up to help establish the baseline measurement. The Ministry of Enterprise has established a central working group with business representatives and this is flanked by the working groups of a number of ministries and agencies (who have to report on what they have done). A majority of ministries now engage in a "continual dialogue" with the business sector, although approaches differ, and the quality of the interaction appears to vary. Around half of the government agencies now arrange consultation devoted to Better Regulation. The experience of other European countries is that a critical success factor of a well run regulatory simplification programme is effective government-business communication, which instills mutual trust.

Recommendation 5.8. Ensure that all participating ministries and agencies have established robust structures for communicating with the business community, and that the latter is provided with regular feedback on developments.

Securing the continued support of key external stakeholders needs the anchor of an enhanced effort in communication. The timely presentation and communication of developments and results from the Action Plan needs to be boosted. Although the roots

of the current Action Plan go back a number of years, it is only with the current government, from 2006, that the programme has taken serious shape and obtained effective political support. As in other European countries, the results of this kind of programme can be frustratingly slow to take effect. The business community has been quite patient so far. The main current vehicle for communicating results seems to be the annual report to the *Riksdag*. This may not be enough. Perceptions of progress matter. The Better Regulation Council could be helpful in this regard.

Recommendation 5.9. Develop a communication strategy, in order to draw attention to the progress and emerging results of the Action Plan.

The current programme addresses a wide range of issues and is on the right track in its scope. The Action Plan for Better Regulation extends a considerable way beyond measures to reduce administrative burdens, covering issues such as simpler regulations, improved service and accessibility, and shorter processing times. Its scope reflects the feedback from the business community on what is important for them. The next step might be to consider broadening the programme's targets to cover areas other than administrative burdens, against which progress could be more effectively measured and evaluated.

Recommendation 5.10. Consider whether it would make sense to define specific targets for actions, to add to the target already set for administrative burdens, drawing on the experiences of other European countries such as the Netherlands.

Evaluation of the Action Plan is important, to check that it is on course to deliver real benefits in support of competitiveness. The *NNR* has drawn attention to the need for systematic evaluation of progress and results, not least to check that the latter are of real use to business. It plans some evaluation work of its own. The Swedish National Audit Office was pro-active at an early stage, presenting a report to the government in 2004 (Regulatory Reform for Enterprises) in support of the *Riksdag*'s own pressures for government action. Could it be persuaded to do more and to evaluate the programme on a regular basis?

Recommendation 5.11. Consider how the programme could be evaluated (objectively), and by whom, on a regular basis. Use the results to guide adjustments to the programme in order to maximise its impact.

The EU dimension is important. About 50% of the administrative burdens are of EU origin. Swedish efforts (as in other EU countries) depend in large part on corresponding efforts at the EU level and the EU's own administrative burden reduction programme. Burdens stemming from EU origin regulations may take longer to unwind than ones generated entirely within Sweden.

Administrative burden reduction for citizens

So far, the Swedish regulatory simplification programme only covers business needs. There was no evidence picked up by the OECD peer review team that Swedes are demanding more. The effective deployment of e-Government may be a reason for

this. Area 4 of the e-Government project aims to produce visible results for citizens as well as businesses in terms of simplified contact with the public administration, and Sweden ranks well in international comparisons. Nevertheless, some other European countries have set up specific programmes aimed at simplifying life for citizens. Should one be considered for Sweden?

Administrative burden reduction for the administration

There is no specific programme for the reduction of administrative burdens inside government, although there are several initiatives. Sweden might usefully consider strengthening its work on regulation inside government, given the public policy challenge of sustaining high levels of social welfare against the background of an ageing population, and the significant role of the state in the economy. Consideration might be given to developing a specific programme, as several other European countries have done (such as the United Kingdom). A stronger policy in this area could release public sector employees from unnecessary tasks so that they can focus on service delivery. This may be an issue of interest at the local government level.

Background

Simplification of regulations

Simplification of regulations has been pursued through a variety of routes, mainly aimed at the regulations produced by government agencies (which are the most numerous):

- *Codification*. From the late 1970s onwards, there have been efforts at rationalising the regulations issued by government agencies into codes of statutes, improving accessibility to citizens and businesses. There are now 65 codes of statutes covering 104 agencies. In addition, each of the County Administrative Boards (*länsstyrelse*) has its own regional code of statutes.

- *Guillotine rule*. In the 1980s, Sweden enacted the "guillotine rule", nullifying hundreds of agency regulations that were not centrally registered by a due date, after the government found that it was unable to compile a list of regulations in force due to the accumulation over time of regulations issued by agencies. To establish a clear and accountable legal structure, the government and the *Riksdag* decided to take action. The government instructed all government agencies to establish registries of their regulations by a certain date (July 1986). The process of doing this enabled agencies to cut out unnecessary regulations. Any regulation that was not registered by the due date was automatically cancelled. Once this registry had been established, all new regulations and amendments to existing regulations had to be entered within a day of adoption. The "guillotine rule" was a success. The government had, for the first time, a comprehensive picture of the Swedish regulatory structure that could be used to organise and target a reform programme. The registry also had the indirect effect of slowing the rate of growth in new regulations, and by 1996 the net number of regulations had dropped substantially.

- *Committees of Inquiry.* Committees of Inquiry have been used to carry out comprehensive reviews of regulatory frameworks such as the field of taxation. Committees are often used to review whole areas of policy including their regulatory frameworks.[2] Commissions may also be asked to follow developments in a specific field.

- *Action Plan for Better Regulation.* The Swedish Action Plan includes some measures which are leading to a simplification of important areas of the regulatory stock (a similar process is at work in many other EU countries with regulatory simplification programmes).

Administrative burden reduction for businesses

Early policy steps

Regulatory simplification has been on the agenda in Sweden for more than three decades. Since the 1970s the aim has been to limit the cost-generating effects of regulations in both the public and the private sectors. During the 1980s, the problems generated by regulations for business came into sharper focus. In the 1990s different government commissions tackled the issue. The parliament stepped in at the end of the decade. In 1999 and 2002, the *Riksdag* publicly requested the government to step up its work on regulatory simplification. It passed resolutions asking the government to review business regulations in their entirety so as to eliminate unnecessary and burdensome regulations, and to set a quantitative target to reduce administrative costs, with a view to creating better working conditions for small businesses and hence to promote economic growth.

In 2004, the National Audit Office presented a report, Regulatory Reform for Enterprises, in support of the *Riksdag*'s requests.[3] The report made five recommendations to the government:

- step up the work to amend existing regulations in order to simplify the business environment – a review of the regulatory reform work undertaken by the government offices should be carried out to bring about this change;

- investigate more closely the roots of regulatory burdens and whether they arise at the level of laws, government ordinances or agency regulations;

- clarify the division of responsibilities between the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*) and the Swedish National Financial Management Authority (*ESV*) as regards supervision of agency work on regulatory reform;

- consider the scope for starting development work on the measurement of administrative burdens, taking other regulatory burdens into account; and

- highlight in the annual communication to the *Riksdag* how the total flow of amended laws and ordinances impacts on enterprises, what laws and ordinances have been amended during the year in support of regulatory reform, and the difficulties encountered in work on amending the existing regulatory framework.

The 2004 Action Plan

A first Action Plan to tackle business administrative burdens started to emerge in 2003, when the government instructed ministries to examine their laws and ordinances affecting enterprises. 46 agencies were also instructed to examine their regulations. Ministries and agencies were instructed to consult business in the process. Based on these findings, an Action Plan was presented in 2004. The Ministry of Industry, Employment and Communications led the process. The Action Plan contained 310 actions from eight ministries and 46 agencies, to be implemented between 2004 and 2006, and including general actions affecting all businesses, as well as actions for specific sectors.

Current policy: Regulatory simplification and the rolling Action Plan for Better regulation

When it took office in 2006, the current Government reviewed the policy in order to intensify Better Regulation work. The Government's overall stated aim is "to bring about a noticeable, positive change in the day-to-day operations of businesses including reducing administrative cost". As a core part of its policy the government announced a national net reduction target of 25% by 2010 of business administrative costs stemming from compliance with Information Obligations (IOs) in legislation, as defined by application of the Standard Cost Model for measuring administrative burdens. This was given effect in November 2006, when the government decided that the Government Offices and 53 government agencies should contribute to a rolling Action Plan for Better Regulation to be updated annually until 2010 (the aim being to track the measures planned, underway and implemented). The updated Action Plan is presented annually in a written communication to the *Riksdag*. Responsibility for identifying the proposals for inclusion in the Action Plan rests with the ministries and their agencies. The 2009 update comprises some 940 actions (460 of which have been implemented), involving 12 ministries and 44 government agencies (Box 5.2). The fourth step in the Action Plan, which was launched in August 2009, comprises the ministries and 39 agencies.

The basic aim of the policy extends well beyond the reduction of administrative costs (Box 5.2). It is to design rules, processes and procedures so that they are better adapted to business conditions and reality. Waiting and processing times as well as service to and treatment of businesses at authorities constitute key components of the work. Rules that irritate businesses are also addressed.

The approach to identifying actions for regulatory simplification is two pronged:

- Proposals for regulatory simplification are collected from the business community and other stakeholders.
- As regards information obligations, a zero base measurement has been established, which is updated annually to take account of new administrative burdens, and which serves as a key source of ideas for actions (Box 5.3).

Business proposals for simplification cover three broad areas:

- *Tax regulations, financial market statistics.* Most of the tax proposals related to VAT, income tax and corporation tax. Company law, auditing and accounting.

- *Agricultural industry (fishing, farming, forestry).* There is a broad range of concerns but the recurring theme is information reporting in accordance with EU Common Agricultural Policy (CAP) regulations.

- *Labour market related regulations*. The working environment and documentation feature strongly, as well as working hours, leave and employment protection.

Progress towards achieving the 25% reduction target is monitored with the support of the annual baseline measurement updates. The team were told that the first update of the baseline measurement (which showed that burdens had in fact increased by 2%) acted as a "wake up" call, and gave ministries a clear signal that they had work to do. The measurement results are logged into a database (*Malin*) run by *Tillväxtverket*, so that ministries and agencies can consider where and how to target their efforts in support of the 25% reduction target. Based on this analysis and on discussions with the business community, the government offices and agencies identify actions as contributions to the overall Action Plan, and report on progress.

Box 5.2. Definition of regulatory costs

The Swedish Government Communication on Better Regulation (2008/06:206) notes that regulatory costs can be divided into three main types:

- Material costs as a result of demands on companies to make investments in facilities or personnel, adapt their products or costs to implement different measures, such as rehabilitation.

- Financial costs as a result of having to pay taxes and charges.

- Administrative costs, which primarily relate to costs for generating, storing or transferring information required by acts and ordinances and by regulations or guidelines issued by central agencies.

An example cited is the compliance costs for business in the field of taxation, where compliance costs can involved finding out which rules apply, the time it takes to fill in tax returns and other forms and finding, organising and saving information needed to be able to fill in the returns, possible compensation to tax advisers, unexpected costs such as travel to visit a tax lawyer or the Swedish Tax Agency, costs generated as a result of various enquiries or audits by the tax authorities, etc. The concept of compliance costs can be said to include administrative costs in the wide sense and material costs, though not financial costs.

Government Offices and government agencies are annually through decisions by the government (in November 2006, May 2007, July 2008 and August 2009) commissioned to prepare contributions to the overall Action Plan. Action plan reports must include an account of the direction of activities, ongoing and planned simplification measures (including a clear description of the measure, aim, effects and date of implementation), identification of regulations at EU level that might be simplified, and a report on consultations with the business sector. Important sources for the proposed actions are the baseline measurement of administrative costs and business proposals. The co-ordinating Ministry of Enterprise aggregates the reports into a common Action Plan which is rolled over on an annual basis.

Agencies play a crucial role in the Action Plan, and are of central importance to achieve targets and results. They are more familiar with day-to-day business operations, have regular contact with businesses and can therefore identify concrete options for simplifications and the reduction of administrative burdens. In certain regulatory areas, for example agriculture, food and statistics, the legislation requires many simplification measures to be implemented at the agency level.

ICT is a key support tool for regulatory simplification, linked to the government's policy on ICT for the public sector. The Action Plan implies an extensive deployment of ICT, for example electronic filing of documents, one-stop shops, and forms for downloading from agency homepages.

There are resource issues, and there appear to be some issues of commitment to the programme. The OECD peer review team were told that although regulatory simplification is high on the agenda, other priorities often prevail when a simplification proposal clashes with these priorities. Ministries are not always fully engaged, and government agencies themselves vary in their enthusiasm (they need encouragement). Project leaders within ministries are often only part time on the programme (it comes on top of other tasks).

Box 5.3. Action Plan for Better Regulation

An action plan for better regulation is one of the main tools used by the government to promote regulatory simplification for business (see also Box 1.2 in Chapter 1). The work of regulatory simplification is being carried forward through a rolling action plan, which is updated annually. The action plan specifies completed, ongoing and planned regulatory simplification measures.

Steps in the Action Plan so far

2006: Government decision that the ministries within the Government Offices and 53 government agencies should contribute to the regulatory simplification policy with actions as part of a rolling Action Plan, to be updated annually.

Government sets net overall target to reduce administrative costs for businesses by 25% by 2010.

Government decision to carry out baseline measurements of the administrative costs for businesses in all legal areas that are deemed to be most relevant for businesses.

2007: Presentation by the government of the first step in the Action Plan end May 2007. This contained a list of 167 actions to be taken (out of a total of several hundred actions proposed).

Launch of the second step of the Action Plan. Ministries and 52 government agencies commissioned to provide new actions to update the Action Plan.

2008: Presentation by the government of the second step of the Action Plan in April 2008. This contained some 600 actions to be taken.

Launch of the third step of the Action Plan in July 2008. Ministries and 44 government agencies commissioned to provide new actions to update the Action Plan.

2009: Presentation of the third step of the Action Plan in June 2009. This contained 940 actions, 460 of which had been implemented during 2007 and 2008, with the remaining 480 to be implemented or subject to further enquiry.

Launch of the fourth step of the Action Plan in August 2009. Ministries and 39 government agencies commissioned to contribute with further measures.

The fourth step will be presented by the end of spring 2010.

The Action Plan and EU origin regulations

The government notes that Swedish efforts partly depend on the EU's own administrative burden reduction programme (25% reduction by 2012 in priority areas). In many areas, ministries and agencies have no direct influence over administrative costs, since these stem from legislation based on EU legal requirements. These burdens take longer to "unwind" than if only national legislation were involved. The *Riksdag* echoed this concern to the OECD peer review team, noting that the rise in regulations appears to come largely from the EU. It underlined that the issue required joint working of the government and the parliament, and a concerted effort to work with the EU institutions. As of January 2008, 100 measures involved the simplification of EU origin regulations. Some EU regulatory developments have not helped (tax regulations). However the government also notes that the EU target offers new opportunities to influence developments which will help to achieve the Swedish target. *Tillväxtverket* points out that there is a need in the negotiating context to look closely at the possibility of exemptions for very small enterprises from some requirements. The government is also seeking to establish the principle of EU "primacy" in cases where there is a higher Swedish standard as well as the EU standard, so that Swedish business is not disadvantaged.[4] There is an interest in benchmarking Sweden with the performance and practices of other EU member states, including how transposition is done, and whether goldplating is an issue elsewhere.

Institutional framework

Government Offices

As in other European countries, the responsibility for practical implementation of the Action Plan (identifying issues and implementing them) is with the individual ministries. A network of responsible officials has been established across the ministries which have business related regulations. Participating ministries are collectively responsible for meeting the target. There are no targets for individual ministries. This raises issues for meeting the target overall and may also make it difficult for individual ministries to know where they stand.

The Ministry for Enterprise, Energy and Communications is the co-ordinating ministry for the Action Plan. It supports and monitors progress. It collects data on progress in each ministry and prepares an annual report. It notes that there is a need for balance between collecting data to measure progress and putting over burdensome reporting requirements on ministries. It has drawn up detailed advice and instructions for ministries and government agencies which are engaged in the Action Plan.

To support the Action Plan at political level, a State Secretaries steering group chaired by a State Secretary at the Ministry of Enterprise was established in April 2007, with members from the relevant ministries (see Chapter 2). From the middle of 2008 all 12 ministries have been represented by a State Secretary. The current State Secretary Group has meetings on a continuous basis. The State Secretaries that are members of the group also deal 'hands on' with Better Regulation issues on a regular basis in their ministries. They are continuously updated on and informed about progress and the results of the Better Regulation work in their own ministries and overall.[5] Political support appears to be strong (the Enterprise minister is one of the four key members of the coalition). The State Secretaries Group is supported by an inter ministerial officials group, also chaired by the Ministry of Enterprise, which

prepares progress reports for the political group, and which comprises one to four officials from each ministry.

Whilst the Ministry of Enterprise officials lead, there is considerable input from the other ministries. Individual ministries prepare reports for their State Secretaries, which are also used to put together the joint reports. For example, the Ministry of Health and Social Affairs prepares a weekly report for its State Secretary, and holds meetings with the latter to prepare the inter-ministerial group meetings. The OECD peer review team were told that there is also considerable co-ordination between ministries and with the Ministry of Enterprise on an informal basis. Ministries with good experiences are keen to share these with others. The keynote is encouragement rather than "name and shame". The Ministry of Enterprise uses ministry "champions" to promote Better Regulation with other ministries. At the same time the team were told that there is a need to be "stronger with action" to follow up the political lead. Although the momentum is positive and awareness of the burden issue when developing new regulations is high, ministries now need to be more specific about proposed reductions. For example, the ministries should make better use of the *Malin* database for identification of measures to reduce the administrative burdens.

Government agencies

Tillväxtverket works in close partnership with the Ministry of Enterprise to oversee, advise on and co-ordinate the input of government agencies to the Action Plan. It is also responsible for the measurement of burdens (see below).

Participating agencies develop their own action/working plan as input to the action/working plan of their parent ministry. Their action plan is reported to their parent ministry with a copy to the Ministry of Enterprise and is a public document that usually published. There are no specific burden reduction targets for each agency. However some government agencies has set their own targets in certain areas, for example targets for reducing the processing times for obtaining permits.

The OECD peer review team was told that the relationship between a ministry and its agencies was the key to a good overall Better Regulation performance. The *NNR* has drawn attention to this, and the importance of clear and comprehensive government instructions to agencies on contributions to the Action Plan.[6]

Better Regulation Council

This internal framework is now supported by an external watchdog, the Better Regulation Council, which has the task of scrutinising all proposals for new or amended regulations (laws, ordinances and other regulations) from both ministries and agencies that could affect the working conditions, competitiveness or other issues relevant to businesses. The Council thus takes a view (which is made public) on potential burdens for business contained in the flow of new regulations.

Interviewed government agencies confirm that they follow the new Regulatory Impact Assessment Ordinance (SFS 2007:1244) which requires *ex ante* measurement of burdens. They note that the focus is on measurable burdens, and that it is important for the simplification objective to guide the earliest stages of drafting, as influence may be lost at the "political stage".

Methodology

Measurement of administrative costs

A large part of the programme addresses information obligations. These have been measured and are being followed up using the Standard Cost Model. Information obligations can include cancelling regulations, or using alternatives such as voluntary agreements or standards. Simplification may also be achieved by merging information streams to different government agencies (data re-use), rewriting complicated regulations, improving the design of forms, the development of electronic services, and improvements in processing times (especially, as *Tillväxtverket* points out, for decisions which companies need to know about sooner rather than later).

The OECD peer review team heard, however, from several stakeholders that the *Malin* database was "not user-friendly" and tends to be underused for the purpose of identifying simplification actions. The Ministry of Enterprise is aware of the need for all ministries to use their baseline measurements.

The *NNR* notes extensive information reporting to government ("please can companies not have to submit the same information twice"). In 2006, it published a summary of the extent of companies' information submission to government. This showed that 90 government agencies demand 94 million forms from companies annually (there are just over one million registered companies), 29% up on 1999.

It is estimated that 90-95% of the total administrative burdens for businesses have been measured) by using the Standard Cost Model (SCM).

The Government has stated that the development of indicators or other monitoring instruments for the remainder of the programme is a priority. The lack of adequate indicators or other instruments for this part of the policy have made it difficult to highlight other costs (*e.g.* compliance costs) and systematically capture irritating regulatory burdens.

Box 5.4. Baseline measurement of administrative costs

First steps

In June 2002, the government commissioned the Institute of Growth Policy Studies (*Institutet för Tillväxtpolitiska Studier*, ITPS) to develop a method of measuring administrative burdens. A proposal was presented to the government in March 2003. The ITPS found that the method used in the Netherlands (SCM) was the most reliable, but also the most challenging and expensive. In November 2003, the government commissioned *Nutek* (the predecessor to *Tillväxtverket*) to carry out trial measurements using the SCM measurement method**.** *Nutek* produced a report in May 2004. The trial measurement, in the area of value added tax (VAT), showed that the administrative costs of this tax for enterprises totaled SEK 2.8 billion annually.

Development of the baseline

The current government decided in 2006 to extend the measurement to all key areas of importance for business. This was completed by *Nutek* in February 2008, with a baseline year of 2006. Some 90-95% of total administrative burdens for businesses were measured, focusing on 17 key areas of business regulations. The baseline includes Business As Usual (BAU) costs, that is, the costs of actions that businesses would carry out whether or not there is a requirement (accounting is a good example). An extensive analysis of the BAU costs on Swedish business has yet to be carried out.

Table 5.1 below shows the 2006 baseline to be approximately SEK 97 billion, and that (as in other countries) a few sectors/regulations account for most of the burdens.

Use of the SCM methodology

The measurement process involved setting up a reference group in each of the 17 selected focus areas, headed by *Nutek* (now *Tillväxtverket*), and including consultants, business organisations, ministries and agencies.[7] The approach only covers administrative costs.[8] The measurement follows the SCM format: the time needed to carry out the activity, the cost of doing so (staff and consultancy costs), and the frequency with which the activity has to be carried out.

Baseline updates[9]

The original measurement will be updated annually until autumn 2010, based on developments in the previous year. [10] New or changed requirements adopted during the year will be measured. For example, in 2009, the government will assess costs associated with regulatory changes in 2008. The first stage of updating is to identify the new or amended information requirements. Interviews are then carried out with companies, which provide information on how they perceive and manage the new obligations. Quality assurance is carried out via consultations with government agencies, ministries and business organisations. An update report is established, and changes are registered in *Tillväxtverket's Malin* database.

With effect from 2007, the baseline measurements are updated annually. Since the original measurement, there have been two *ex post* update measurements, showing the change in regulations in 2007 and in 2008. The latest update measurement, presented in June 2009, shows a net decrease of 2% in the zero baseline (4% decrease in total). The decrease was mainly the result of a change in the area of food safety. The next update measurement is scheduled for spring 2010, when an *ex ante* measurement will also be performed in order to show the results for changes implemented in 2010, in time for the end of the current government's term of office.

The full baseline measurement was completed in February 2008 taking account of 973 laws, ordinances and agency regulations, and 4,600 information obligations. It was based on 2958 interviews with business representatives and experts.[11] The first update measurement was completed in June 2008 and showed that costs had increased by SEK 2 billion compared with the 2006 baseline. The main increases are in the areas of tax, VAT and financial services, and communication. Small decreases are recorded for costs related to changes in agriculture and in the Annual Accounts Act.

The *Malin* database

The measurements are fed into a database run by *Tillväxtverket*, called *Malin*.[12] The database also includes all the proposals for simplification collected during interviews. The aim is to help ministries and agencies identify key areas for reduction and specific measures to reduce administrative costs. It does not include data on local administrative burdens.

Malin includes a simulation facility which can be used by government offices and government agencies to calculate the potential administrative costs of new regulations and changes to existing regulations, as well as to determine how many companies are subject to a given requirement. The simulation function thus allows the authority to test changes in the key variables (time, cost, frequency and population) and hence obtain a picture of how changes to a draft regulation would affect administrative costs.

Table 5.1. Administrative costs to the business sector as a result of government legislation by regulatory area (SEK 1000 = ca EUR 103 159 (6 May 2010)

Area	Total costs in 2006 in tSEK	Total costs in 2007 in tSEK	Total costs in 2008 in tSEK	Percentage change	Percentage change
				2007-08	2006-08
Labour law	6 343 100	6 347 000	6 220 800	-1.99%	-1.93%
Right of association	24 631 300	24 689 600	24 691 200	0.01%	0.24%
Accounting	22 894 600	22 931 600	22 931 600	0.00%	0.16%
Building and property	7 229 000	7 229 100	7 228 900	0.00%	0.00%
Energy	1 132 700	1 142 200	1 152 200	0.88%	1.72%
Finance	2 570 900	2 915 500	2 917 000	0.05%	13.46%
Health	1 024 300	1 026 800	1 345 300	31.02%	31.33%
Agriculture, forestry and fishing	623 400	606 600	598 200	-1.40%	-4.04%
Communications	230 100	365 300	354 200	-3.04%	53.95%
Food	8 400 300	8 400 000	5 399 700	-35.72%	-35.72%
Environment	3 640 500	3 622 100	3 548 700	-2.03%	-2.52%
Products and consumers	4 520 300	4 519 300	4 449 800	-1.54%	-1.56%
Taxation	6 346 100	7 815 000	6 840 800	-12.47%	7.80%
Statistics	299 200	299 300	300 100	0.24%	0.30%
Transport	2 976 100	2 975 900	2 975 900	0.00%	-0.01%
Customs and foreign trade	1 929 400	1 929 400	1 929 400	0.00%	0.00%
Annual reporting	1 913 900	1 815 100	1 815 100	0.00%	-5.16%
Total	**96 705 200**	**98 630 000**	**94 699 000**	**-3.99%**	**-2.07%**

Source: Government report to the parliament, RSKR. 2008/09:206, p. 30.

Consultation and communication

Consultation

The government strongly acknowledges the importance of consultation with business. When it entered office it invited the business community to make simplification proposals. More than 400 proposals were handed in by business organisations and an additional 500 proposals came in through a web campaign directly from independent business owners. These proposals were circulated to the relevant ministries for consideration as part of the Action Plan. The reference groups set up to help establish the baseline (see above) provided further opportunities for business input. Interviews are carried out with business for the baseline updates to ensure that the "right" simplification proposals are captured. The consultation carried out by ministries with the business sector and other stakeholders on draft regulations is also used to identify possible measures for simplification.

Swedish business does not wait to be asked for its opinion. A Swedish asset is a proactive business sector, which is putting considerable efforts into simplification proposals and advice. Beyond the *NNR*, other business organisations have also been active. For example an attitude survey was carried out by the Swedish Trade Federation (*Svensk Handel*) representing SMEs in May-June 2008, culminating in a report entitled *Värsta Reglerna* (The Worst Regulations).

The Ministry of Enterprise has established a central working group with business representatives to identify areas of particular concern to business. Four meetings have been held to date. The group is made up of representatives of *Almega* (forum for service companies), the Swedish Association of Free Entrepreneurs, the Board of Swedish Industry and Commerce for Better Regulation (*NNR*), the Swedish Trade Federation, the Confederation of Swedish Enterprise, the Swedish Bankers' Association and the Association of Swedish Engineering Industries.

The Action Plan requires that individual ministries also establish their own working groups with stakeholders (ministries have to provide evidence of what they have done to work with the business community). Beyond this core requirement, ministries are free to choose how they go about consultation, and a range of approaches is deployed. A majority of ministries engage in a "continual dialogue" with industry. The third step of the Action Plan notes that 7 out of 12 ministries have made structured efforts to consult with the business community.

Box 5.5. Public consultations by government agencies on Better Regulation

A more detailed account of agency consultation is given in their own action plans. The following best practice examples are, however, worth mentioning.

The National Food Administration has a special reference group for better regulation that has had two meetings in 2008.

The Swedish Board of Agriculture has implemented a major better regulation project in 2007-08 with 11 sub-groups in which ministries and the business sector were also represented. Examples also include the Swedish Companies Registration Office which keeps up a dialogue via formal contacts (a contact committee meets twice a year, includes its major customers) as well as *ad hoc* initiatives, as well as through its advisory council.

The Swedish Tax Agency consults with special interest organisations in the business sector. The Swedish Environmental Protection Agency has introduced changes in internal procedures aimed at ensuring that simplification is taken into account in all of its work, and more systematic collaboration with stakeholders, as well as providing advice to help companies meet regulatory requirements.

The Swedish Work Environment Authority co-operates with the social partners when drafting regulations, but also sends new regulatory proposals to the Federation of Private Enterprises. The Swedish Social Insurance Agency has a customer council for consultation with the business sector, and proposes to set up additional working groups to discuss different aspects of Better Regulation.

Source: Making a Difference in Day to Day Business - the Government Action Plan for Better Regulation 2008/09.

Around half of the agencies said in the third step of the Action Plan that they arrange consultation devoted to better regulation and just over 40% consult when issues are processed. Less than 10% of the government agencies did not have any consultation at all during this reporting period. As for the ministries, the forms of consultation vary. The ministries are sometimes represented at the agencies' meeting with the business sector. See Box 5.5 and Table 5.2.

This open approach is reflected in official advice on consultation. Thus *Tillväxtverket* advises government agencies that the most suitable form varies from situation to situation. It could take the form of organised meetings with several participants such as reference group meetings, hearings, workshops, or with individual stakeholders. Written consultation may sometimes be appropriate.

Table 5.2. Consultation undertaken by ministries regarding Better Regulation

Ministry	Consultation
Ministry of Employment	Regular consultations with the social partners. Two meetings have been convened during the reporting period devoted especially to better regulation. A broad circle of business sector representatives have participated in these meetings.
Ministry of Finance	The various departments at *Fi* have held three consultation meetings during the period devoted especially to better regulation in *e.g.* the taxation and financial market sector.
Ministry of Defence	Has not arranged consultation meetings on its own. The agencies under De, primarily the Swedish Civil Contingencies Agency, pursue a regular dialogue with the business sector.
Ministry of Integration and Gender Equality	Has not arranged its own consultation specifically on better regulation during the reporting period. Regular meetings with the business sector are held at which better regulation can be discussed should the need arise.
Ministry of Agriculture	The ministry participates in the consultation meetings held by its agencies. The Swedish Board of Agriculture has set up 11 simplification groups in which the business sector and the ministry are represented. In addition to this, the ministry has met representatives of the agricultural sector to discuss separate issues.
Ministry of Justice	Has a regular dialogue with the business sector and holds separate consultation on different regulatory proposals being discussed within the ministry. Two special consultation meetings on better regulation have been arranged during the period.
Ministry of Culture	Has invited the business sector to submit communications to the ministry containing proposals for simplification measures.
Ministry of the Environment	Established two special consultation groups for better regulation in 2007, comprising representatives from business sector organisations and agencies. The environmental consultation group has met on two occasions in 2008, whilst the planning and building group has met once. Meetings in both consultation groups have been held during spring of 2009.

Ministry of Enterprise, Energy and Communications	Responsible for the Central Consultation Group for Better regulation. Has also held consultation meetings especially devoted to better regulation in the energy and transport sector.
Ministry of Education and Research	Has had written consultation with *e.g.* the Swedish Association of Independent Schools. Other representatives of the education sector have also been called upon to submit simplification proposals.
Ministry for Foreign Affairs	Has not arranged consultation focusing especially on better regulation with the business sector during the reporting period. The Ministry's activities require continuous co-operation with the business sector, however.
Ministry of Health and Social Affairs	Has had one consultation meeting during the reporting period and called on the business sector to submit simplification proposals in writing.

Source: Government report to the parliament, RSKR. 2008/09:206, p. 21.

As might be expected, ministries and agencies are often building on existing structures for consultation. Some are doing well, others less so. Consultation performance appears to vary. In its 2009 Regulation Indicators report, the *NNR* suggests that despite the government's clear instruction to ministries and agencies to consult business, only about half of all ministries and agencies had invited business to consultation meetings in 2008. The OECD peer review team heard that there were welcome moves to go beyond the restricted circle of the social partners (where this is the usual approach) but that this could be reinforced.

Communication

The Ministry of Enterprise web campaign to prepare the Action Plan was also the first major communication on the programme. From 2007, the ministry has provided annual public reports to the parliament, jointly signed by the Prime Minister and the Minister for Enterprise. These reports explain the government's approach, work in progress, planned measures, and include a big section setting out specific initiatives being taken forward by the relevant ministries.[13] An important incentive for ministries to make progress appears to be the publication of these reports. The team was told that stakeholders are important for putting pressure on ministries. The Ministry of Enterprise has also developed a web portal in which all the measures and proposals for regulatory simplification in the Action Plan are presented, in conjunction with the communication to the *Riksdag*.

Some concerns were expressed to the OECD peer review team about the presentation and communication of results of burden reduction (and other Better Regulation) work, especially where this is qualitative, as the 2010 elections approach, which is also the end date for meeting the target. The reports to the parliament are produced late, do not clearly distinguish between measures already achieved, work in progress measures and those that are planned, and do not cover all the relevant ground (for example what is happening with permits and planning).

The *NNR* notes that feedback on what has been done with proposals submitted is inadequate. It has analysed the "fate" of simplification proposals from business, and

notes that over half of proposals submitted have an "unclear outcome", and only a small proportion of measures being taken forward are based on proposals from business. Feedback is essential if business is to have confidence in the system. The experience of other European countries is that a critical (albeit not the only) success factor of a well run administrative burden reduction programme is effective government-business communication.

Achievements so far

The experience of many European countries that have developed regulatory burden reduction programmes is that results take time to materialise, and Sweden is no exception. Considerable effort has to be put into preparatory work (such as measuring the stock and identifying reduction possibilities) so that the largest results often emerge at the end of a government term of office. The Swedish Action Plan also took some time to put in place. Sweden considers that it will only have a "first proper indication of where we are heading" with the finalisation of the next round of updates in May/June 2009. Nevertheless, some significant issues have already been tackled, which were detailed in the 2007 and 2008 reports (Box 5.5).

The *NNR* is pleased that the government has included many of its reduction proposals in the Action Plan, and considers the actions underway to be promising.[14] The rise in burdens stemming from new legislation is, however, a concern. The *NNR* Regulation Indicators 2009 report notes that costs have risen compared with the baseline.

Box 5.6. Reported results from the rolling Action Plan in 2007, 2008 and 2009

2007 Action Plan

The first results of the Action Plan were presented in June 2007. Just over 50 simplification measures were fully implemented by ministries and agencies recorded 120 completed measures. Examples included: easing of restrictions governing fixed term contracts; easing of notification requirements for environmental permits; clarification of the planning and building act; agency collaboration on new business start ups; and abolition of requirements to keep separate herd records.

2008 Action Plan

The results of the second step of the Action Plan were presented in April 2008. A total of 600 implemented and planned measures were reported (some 200 by ministries, and the remainder by government agencies). They included simplification of the Environmental Code and the Planning and Building Act, simplification of regulations requiring companies to draw up gender equality plans and pay surveys, simplified accounting regulations, abolition of the mandatory auditing requirement for small enterprises, extension of the accounting period for value-added tax, modernisation of customs legislation, a review of the Annual Leave Act with a view to its simplification, simplification of the rules on fixed term employment, simplifying and streamlining information reporting, and a review of current alcohol legislation. They included actions that bear directly on the reduction of administrative costs (such as data reporting, accounting requirements, simplification of permit procedures), others that aimed to improve customer service and accessibility, and shorten processing times, and a number of measures involving electronic services (*e.g.* improving websites, downloading forms etc., together with more fundamental changes such as the filing of reports on the Internet).

2009 Action Plan

The third step in the Action Plan for Better Regulation was reported to the Parliament in June 2009. It includes a total of 940 measures. Around 240 measures have been implemented, are planned or under investigation by the government, and almost 700 measures by the government agencies. Just over 460 were implemented in 2007 and 2008. Of the remaining 480 measures, some can be implemented in the short term, whilst others must be further analysed, investigated and possibly circulated for comments before a final position is adopted and any decision taken. It showed that administrative costs for businesses had been reduced by almost 4 % during the period 1 January 2008 – 31 December 2008, and that the total net reduction in comparison with the baseline measurement (2006) was about 2 %.

Most of the measures focus on reducing administrative costs, but a considerable number could lead to simpler regulations, improved service and accessibility, shorter processing times, and co-ordination of data collection and inter-agency co-operation.

There is a mix of general and specific measures. The measures also differ in terms of their effects, scope and the time it takes to implement them. Some are very limited, whilst others can include a review of a large number of acts, ordinances or regulations. Examples of the latter include a national procurement support programme (which provides practical help and guidance to both public procurers and suppliers). In addition, tools, methods and coherent procurement documents are being developed for a more efficient public procurement. The other proposals simplify the existing Public Procurement Act (SFS 2007:1091). Other measures include simpler accounting provisions in the Annual Reports Act on annual reports and consolidated accounts. The work also includes a review of a large number of acts, ordinances or regulations.

The performance of ministries (and their government agencies) appears to be highly variable. Good performance seems to be linked to a number of factors, some of which may be easier to address than others: the relationship of the parent ministry with its agencies; the enthusiasm and support of external stakeholders (or the reverse); the establishment of structures and tailored action plans to move work forward within ministries and agencies, beyond the general requirements set by the government; strong political support from the minister; and the extent to which new laws and regulations are being generated, including at the EU level.

The Ministry of Agriculture for example, has its own internal structures for taking forward the Action Plan. Keys to its success are that it works closely with its agencies, with the shared purpose of influencing EU regulations which loom large in this sector, that its Better Regulation efforts predate the current Action Plan as the sector is so highly regulated, and the fact that there are clearly identifiable, motivated and united stakeholders (the farmer's organisations). The Swedish Board of Agriculture provides strong support to its parent ministry. It has set up 11 simplification groups to help develop its own action plan, as well its own internal system for *ex ante* impact assessment of burdens. Some issues predate the government's current initiative but the requirement to report on progress in meeting the 25% target is a compelling driver.

The Ministry of Environment has strong political support and again, a close relationship with its five agencies, which are a major source of regulation and close to the realities. It uses the *Malin* database to identify burdens and to measure the expected impact of new proposals. The Environmental Protection Agency has set up its own action plan. The Ministry of Employment has also been active, in dialogue with the social partners. The latter were asked for proposals and the ministry focused work on a few areas (work environment, annual leave). Simplification initiatives predate the current Action Plan. The discussions with the social partners were very controversial,

and the target has generated tensions concerning employee protections. On the positive side, the project has helped to improve co-operation with the government agencies.

Some ministries are now experiencing problems with the fact that the "low hanging fruit" are already picked. Going further, as they see it, implies moving into actions that question the underlying purpose of a regulation. The Ministry of Environment notes that some proposals are politically rejected, and that there are not yet enough projects to meet the target, as it is hard to find areas of simplification without reducing the level of environmental protection. The Ministry of Employment points to looming conflicts with labour laws: the reduction target may not be met without changing the basis of labour law or reforming the "Swedish model".

At the same time, the *NNR* considers that there are serious limitations to confining the programme to information obligations. Other compliance costs to business, including financial regulatory costs due to taxes and charges, and material costs due to investment requirements, are not covered. The 2006 *NNR* survey "The Total Cost of Regulations to Businesses in Sweden", shows that for all companies, administrative regulatory costs were below 30% of the total. The government (like some other governments) does not consider that financial costs should be covered. Measures relating to financial costs are presented in the annual Budget Bill, not in the Action Plan for Better Regulation. The government also notes that financial regulatory costs have been considerably lowered during the current Government's mandate.

Perceptions of progress are an issue, and the time lag between starting the programme and achieving results has not gone unnoticed by the business community. As in other countries with regulatory simplification programmes, Sweden faces a range of different issues, many of them presentational and relating to communication, that need to be actively managed, if business is to remain positive overall to the government's efforts. "Cultural" misunderstandings about how government works and the time it takes to make changes, especially if legislation is required, need to be addressed (the government needs to explain why it cannot work as fast as business). There is a need to ensure that the issues tackled are the ones of most interest to business, which includes irritants. Too much rhetoric is damaging to the government's credibility if this does not match results.

The *NNR* draws attention to the need for systematic evaluation of progress and results, with a view to checking that the outcome is really helpful for businesses and their competitiveness, and to sustaining the credibility of the government's explicit ambition to bring about a "significant change in day to day business operations". The *NNR* itself plans to build on its own evaluation work, with a follow up to its 2006 survey of regulatory costs, and this will also assess whether simplification measures have had noticeable effects.

Other measures for business

Websites and one-stop shops for business formalities

The Swedish Agency for Economic and Regional Growth (*Tillväxtverket*), the Swedish Tax Agency and the Swedish Companies Registration Office, which are involved in the start-up process for businesses, have created a website (*www.verksamt.se*) that make the process more coherent and easier to overview by entrepreneurs. The website provides information and tools, and is an entry point to relevant government agency information for enterprises. Its main focus is to integrate

and co-ordinate the information and e-services provided by government agencies, and to provide an overview for business start up processes, but the site also covers running, developing and closing down a business. The website *verksamt.se* is also the operative place for the Swedish Single Point of Contact and a part of the EUGO network, which gathers all national point of single contacts in accordance with the EU Services Directive.

At the local level, authorities are playing a more active role, and some have started to provide 'one-stop shops', where those who are about to start a business only have to contact one person initially when dealing with the local authority. The website *verksamt.se* is an effective support tool for employees in these local one-stop shops.

The "Entrepreneur's guide" on the website[15] of *Tillväxtverket*s (Swedish Agency for Economic and regional Growth) is aimed at all who run or want to run a company. The guide provides information and tools for starting and developing a company and is an entrance to government agencies relevant information for enterprises. It contains a database of more than 60 of the most important measures that enterprises may need to take. Some are measures which must be taken before start-up, such as applying for permits and required registration, but the database also includes the steps that need to be taken in the running of the business. The database is regularly updated.

Administrative burden reduction for citizens

The main focus of Better Regulation policy at this stage has been on businesses. There is no specific programme addressed to citizens, as is increasingly the case in other EU countries. However Sweden's e-Government initiatives (see Chapter 1) are helpful and relevant.

Administrative burden reduction for the administration

Whilst there is no specific programme for the reduction of administrative burdens inside government, several relevant initiatives and processes are in place.

- The burdens imposed on government agencies related to their management by the government have been picked up in a recent report by a commission of inquiry. This evaluated the performance based government management of agencies. Key findings were that the management system lacked the flexibility to take account of the many differences between agencies, and that the government "sent too many signals" to them. The government responded in its 2008 Budget Law by setting out new directions for a more long term and strategic management of government agencies, which would make fewer detailed reporting demands on them.

- An Action Plan for the development of e-Government is in place, linked to the government's policy to create a more efficient public sector.

- Officials in the Government Offices can get information about administrative internal regulations and governance documents from a range of websites. The Government Offices shared internal website gives access to documents relating to issues such as working methods, guidelines for administrative management, rules of procedure and processes. In addition, each ministry has its own internal

website, accessible to all the ministries, with specific information about that ministry's documents. Similar information can be accessed on agency websites.

Notes

1. Programmes to reduce administrative burdens may include the review and simplification of whole regulatory frameworks or laws, so there can be some overlap with policies aimed at simplification *via* consolidation etc. There may also be some overlap with the previous chapter on the development of new regulations, as administrative burden reduction programmes are often conducted on a net basis, that is, taking account of the impact of new regulations in meeting target reductions.
2. Examples are: the Committee on Public Sector Responsibilities (Fi 2003:02); the Commission on Supervision (Ju 2000:06); and the Regulatory Reform Commission (N 2004:2).
3. RIR 2004:23.
4. An example cited in the most recent Action Plan report is that of farmers required to comply with EU legislation on a range of issues (public health, plant protection etc) in order to qualify for the full amount of EU funding. Under previous Swedish legislation, farmers had their funding reduced when they failed to meet Swedish standards where these were more far reaching than the EU level.
5 The former State Secretary Group established in 1999 was not as operative as the current group and only had meetings when necessary. It did not meet during (at least) 2003-2006 and was not at all active in recent years.
6. A good example is the September 2008 government instruction to the Swedish Companies Registration Office to draft a proposal on how the amount of information that companies are required to submit to central government can be reduced. The SCRO reported on this by end April 2009.
7. Unlike in some other countries, the cost of consultants has not (yet) been an issue.
8. This means that, as in most other European countries, full compliance costs are not covered. Thus material costs (plant and equipment) to comply with the underlying regulatory requirement, and financial costs (taxes and charges) are not covered, nor are irritation factors (what annoys business but is not costly). However, these costs will to some extent be described qualitatively in the report that describes the development of administrative burdens during the year.
9. A number of efforts towards Better Regulation are more difficult to measure when carrying out an *ex post* measurement. This applies for example to efforts such as setting up a test panel for businesses. Information efforts such as new information brochures or a more user friendly website are also difficult to measure. General efforts of this type which cannot be linked to individual information requirements,

are not included in an *ex post* measurement. However, these efforts will be described qualitatively in the report that describes the development of administrative burdens during the year.

10. In other words the updates look at new or changed or removed information obligations. Measurements include all the changes that have come into force that year, so these could be regulations adopted in earlier years.

11. 2001 for the baseline measurement; 439 for the first update; and 318 for the second update.

12. *www.tillväxtverket.se/malin.*

13. For the 2008 report these were: Justice, Foreign Affairs, Defence, Health and Social Affairs, Finance, Education and Research, Agriculture, Environment, Integration and Gender Equality, Enterprise, Energy and Communications, Culture and Employment.

14. Especially burdensome regulatory areas identified by the NNR include Environment (Swedish Environmental Code and waste); health and safety; labour market (Swedish Employment Protection Act); auditing issues; tax regulations; value added tax rules; requirements to draw up plans such as gender equality and salary schedules; and submission of information/reporting obligations, especially statistics.

15. The Entrepreneur's Guide (*Företagarguiden*) has been replaced by *Verksamt.se* (*www.verksamt.se*).

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