



Good Legislation from day one

Clear and workable

Federal Government report on progress in bureaucracy reduction and further development of better regulation for the year 2019

July 2020



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Foreword



While this report was being prepared, the COVID19 pandemic provided a stark example of how (literally) vital it is to have an efficient system of government, with a proactive public administration, to protect citizens and to support businesses in an extraordinarily difficult and desperate situation. To give just a few examples, we have seen the swift expansion of testing capacities and additional ICU beds in hospitals, the provision of comprehensive aid packages for companies of all sizes and decisive parliamentary action.

At the same time, this crisis has been like a crucible, testing the structures, facilities and normative rules of our communities and showing up where they are less than ideal. We should therefore take it as an opportunity to instigate necessary changes. It is absolutely key here to offer and to conduct all public-sector services and processes online. In doing so, we must systematically examine the relevant legal provisions to identify where we can simplify them and cut red tape.

With this in mind, the Federal Government produces an annual report for the German Bundestag and the general public outlining progress in bureaucracy reduction, as well as findings and further developments in work to achieve better regulation.

The primary trends observed in 2019 can be summarised easily. People in Germany continue to report primarily positive experiences with their administration. That said, in its 'life events' survey the Federal Statistical Office once again found that the more complex the legal provisions and responsibilities, the more critical people are of their contact with the administration. These experiences are also reflected in the visual feedback collected at the Federal Government's open day, as you can see from the front page of this report. The survey findings and personal experiences of those affected give us a good idea of the issues we need to look at in greater detail. This report contains a raft of examples of how proposals for better – and generally simpler – regulation emerge from close working partnerships between government experts and those affected.

I am also delighted to report that the index of regular bureaucracy costs for business has reached its lowest point since its launch in 2012. Expenses involved in adjusting to new regulations have also declined compared with previous years. Where ongoing regulatory burdens are concerned, the Federal Government is saving businesses 1.1 billion euro per year with the 13 measures laid down in the Bureaucracy Reduction Act III alone.

There are nonetheless still too many regulations that, although well meant, require a great deal of time and effort to implement. If those affected feel that the associated burdens are disproportionately high, we must do all that we can to make it easier to achieve our goals. That is why I, too, will do my utmost before the end of the current legislative term to get a new package of legislation off the ground that will relieve regulatory burdens across a broad front. I will also work where possible to permanently codify the mostly temporary simplifications that have been put in place during the COVID19 pandemic.



Dr Hendrik Hoppenstedt, Member of the German Bundestag
Minister of State to the Federal Chancellor

The essentials at a glance

Citizens and businesses are largely satisfied with the administration

For the third time, after its 2015 and 2017 studies, the Federal Statistical Office conducted a survey on behalf of the Federal Government in which citizens and businesses were asked about their experiences with the public administration. Respondents remain largely satisfied, with a slight increase in levels compared with prior surveys. The Federal Government will continue to feed the detailed findings into expert workshops to identify shortcomings and draw up improvement proposals.

Bureaucracy brake is working – even without the EU exception

During the 19th legislative term, the Federal Government reduced business compliance costs which fall under the bureaucracy brake by around 1.3 billion euro. Even without the EU exception – in which the direct transposition of the provisions of EU law into German law takes precedence over the bureaucracy brake – savings for the German economy are still some 1.1 billion euro. More than 3.1 billion euro has been saved by cutting red tape since the bureaucracy brake was introduced in 2015.

Third Bureaucracy Reduction Act means huge relief for businesses and citizens alike

The Bureaucracy Reduction Act III, which was adopted by the Federal Government on 18 September 2019 and entered into force for the most part on 1 January 2020, reduces annual business compliance costs by more than 1.1 billion euro. This makes it the largest single relief measure since compliance cost records began in 2011. Citizens, too, will benefit from the new Act, saving over 78 million euro and some 20 million hours each year.

Implementation of the 2018 Work Programme for Bureaucracy Reduction and Better Regulation on track

The State Secretaries Committee on Bureaucracy Reduction has made significant progress on implementing the 2018 Work Programme. It adopted three significant instruments: a policy to limit adjustment costs, the further development

of the 2013 evaluation concept and a policy to identify and present the benefits of regulatory proposals.

Business adjustment costs low; policy should limit them still further

The policy adopted by the Federal Government gives its ministries 45 specific qualitative levers which they can use to keep adjustment costs as low as possible. The Federal Government's careful analysis of how adjustment costs might be reduced is reflected in the figures, with costs for this legislative term to date standing at 1.9 billion euro. That is less than two-fifths of the figure for the 18th legislative term.

Bureaucracy Cost Index at all-time low

In 2019 the Bureaucracy Cost Index shrank by more than a full percentage point to 98.63, thus sinking to an all-time low. The Bureaucracy Reduction Act III was the biggest factor in lightening this cost burden.

European Commission introduces 'one in, one out' as one of its core working methods

The Federal Government has repeatedly urged for the European Commission to apply the 'one in, one out' rule at European level. In September 2019, the new President of the European Commission, Ursula von der Leyen, determined the 'one in, one out' rule to be one of the Commission's core working methods: each regulatory initiative from the Commission that results in new burdens should simultaneously relieve citizens and businesses of an equivalent weight of burdens in the same policy area.

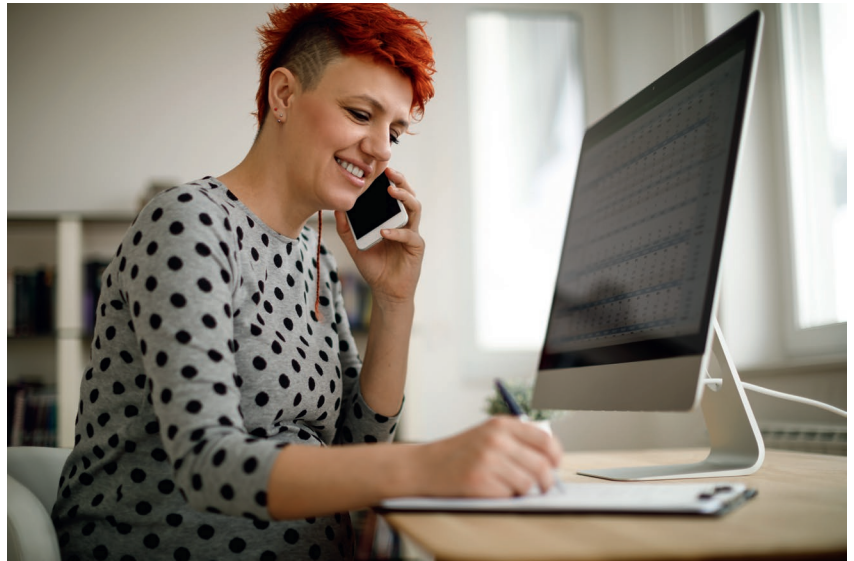
International cooperation

There is a growing need for effective international rules and regulations. This demands closer cooperation between international organisations and their member states. The Organisation for Economic Co-operation and Development (OECD) supports improvements in the quality of international law by taking on a consultative role and by collating examples of good practice.

A The 2019 'life events' survey

'Life events' survey an important means of analysing cooperation between authorities and citizens/businesses

People mainly experience bureaucracy when they come into contact with the public administration. That is why the Federal Government has set itself the aim of significantly improving the ways in which authorities cooperate with citizens and businesses. The 'life events' surveys are an important analytical instrument here.



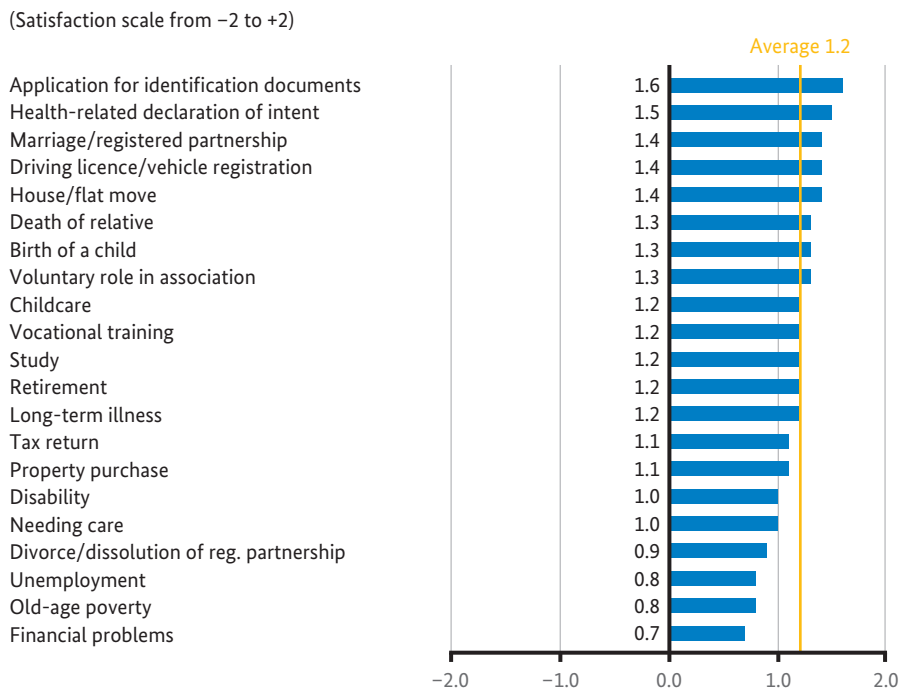
Typical life events include the birth of a child, gaining a degree or starting a business

Special events such as the birth of a child, gaining a degree or starting a business, as well as situations such as completing a tax return, have one thing in common: they involve contact with the authorities. The 'life events' surveys look into cooperation between citizens and businesses and the various competent agencies in connection with specific situations or events at different stages of life. In 2019, the Federal Statistical Office asked a total of 6016 citizens and 2679 businesses about their satisfaction with the public administration. This was the third such survey, carrying on from those conducted in 2015 and 2017.

Citizens slightly more satisfied on average than 2015 and 2017

Citizens reported positive experiences overall, with average satisfaction coming in at +1.2 on a scale of 'highly dissatisfied' (-2) to 'highly satisfied' (+2). This was only marginally higher than in 2015 and 2017, when both surveys reported the figure as +1.1. However, as in previous years there were some clear differences between the 21 selected life events. Contact with the authorities in connection with applications for identity documents such as ID cards and passports, and health-related declarations of intent in the form of an enduring power of attorney or advance health-care directive was rated best, while dealings with the competent authorities in the case of financial problems, old-age poverty and unemployment scored worst (Figure 1).

Figure 1: Citizens' satisfaction with official services, by life event

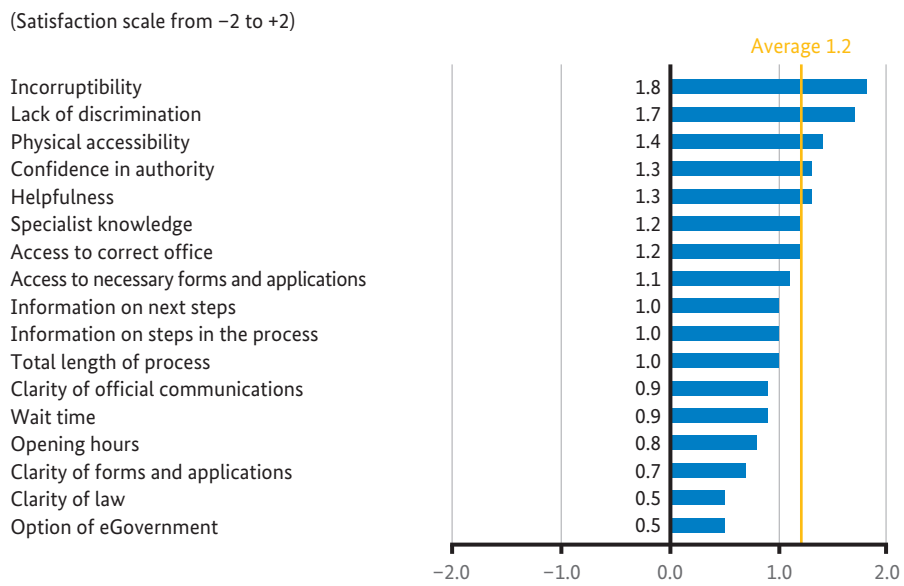


The respondents assessed the authorities in connection with 17 factors, such as opening hours, waiting times and the comprehensibility of forms and application procedures. As was the case in 2015 and 2017, the 2019 survey confirmed that citizens are highly satisfied with the incorruptibility and lack of discrimination displayed by public officials. The figures here are 1.8 and 1.7 respectively, and thus close to the maximum of 2 (Figure 2). Physical accessibility, confidence in the authority and helpfulness also received good marks. Citizens identify the greatest challenges in connection with online services. The lowest scorer here was the option of e-government, at 0.5. The clarity of laws, as well as forms and applications, was also judged as below average, with scores of 0.5 and 0.7 respectively. Citizens thus see substantial room for improvement here

Incorruptibility and lack of discrimination positive; online services, clarity of legislation and forms and applications greatest challenges



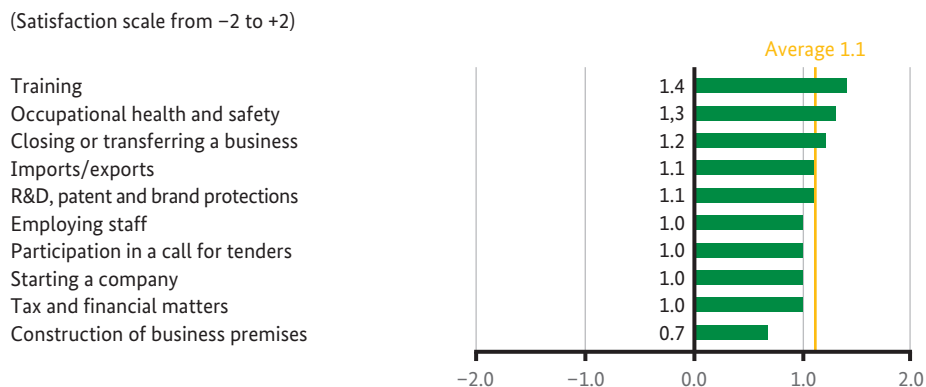
Figure 2: Citizens' satisfaction with properties of official services



Businesses also slightly more satisfied on average than 2015 and 2017

Businesses, too, are satisfied with the public administration. The authorities score an average of 1.1, which is slightly higher than the 0.9 figure for both 2015 and 2017. As in the survey of individual citizens, the findings reveal considerable differences between the selected events. While businesses rate the authorities best on contact relating to training (1.4) and occupational health and safety (1.3), the lowest scores were given in connection with the construction of business premises (0.7) and tax and financial matters (1.0) (Figure 3).

Figure 3: Businesses' satisfaction with official services, by event

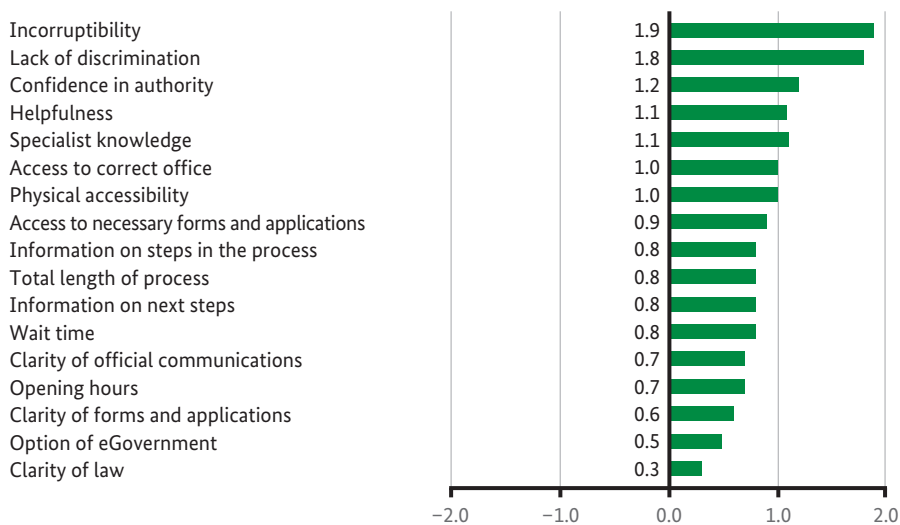


Just like individual citizens, businesses gave the authorities very good marks – of 1.9 and 1.8 respectively – for incorruptibility and lack of discrimination. Confidence in the authority concerned was also given an above-average rating of 1.2 (Figure 4). Companies identify the clarity of legislation, at 0.3, and the option of e-government, at 0.5, as the greatest challenges. Both the clarity of forms and applications, and that of official correspondence, score a below-average 0.6 and 0.7 respectively. Making administrative language more comprehensible is thus one of the priorities to emerge from the survey.

Incorruptibility and lack of discrimination positive; online services, clarity of legislation and forms and applications greatest challenges

Figure 4: Businesses' satisfaction with properties of official services

(Satisfaction scale from -2 to +2)



The 2017 survey findings prompted the Federal Chancellery together, with the Federal Statistical Office, to conduct workshops on the areas in which respondent satisfaction was below average. Held in the Federal Chancellery, these brought citizens and businesses together with experts from the Länder, municipalities, authorities, academic institutions, associations and the competent federal ministries. The participants began by identifying the areas in which action was most urgent, before drawing up specific proposals to improve the services provided by the public authorities. The ideas that emerged at this stage ranged from remedying selected fields on forms and digitalising certain contacts with the authorities to amending current legislation. The Federal Government then subjected the proposed improvements from the workshops to detailed examination, discussion and evaluation. Numerous proposals were incorporated in the 2018 Work Programme for Bureaucracy Reduction and Better Regulation. These also included a project on possible simplifications to social insurance and tax law as they apply to short-term employment.

Where short-term appointments are concerned, employers are able to employ one person a year for up to three months, or 70 working days, without having to pay social insurance contributions. The project aims to create transparency about the relevance in practice of existing social insurance and tax law provisions and to assess the impact of possible alternative regulations. Particular attention will be paid to the compliance costs incurred by employers when engaging short-term workers, the difficulties that arise and whether or not alternative legal regulations might simplify this process. Consultations in this regard were held with representatives of the competent authorities and employers' associations, with an emphasis on the survey of employers and tax consultants that was conducted between August and November 2019. Possible conclusions are to be discussed with the government departments concerned once the data has been analysed and prepared for presentation.

B The bureaucracy brake (the 'one in, one out' rule)



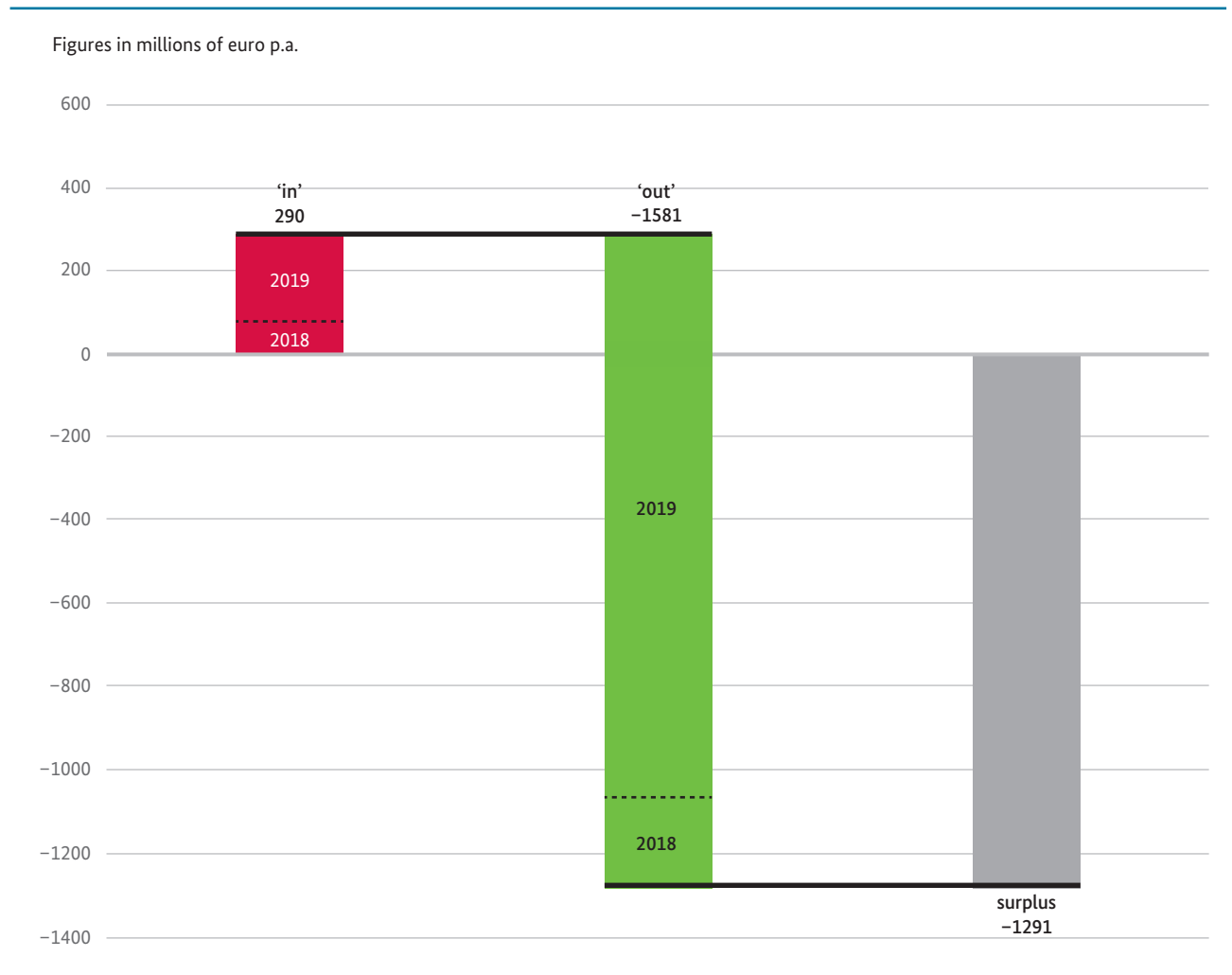
Since 2015, the Federal Government has deployed the bureaucracy brake to ensure that regular business compliance costs covered by the 'one in, one out' rule do not increase. The principle is that, when a new regulation increases regular compliance costs, they must be reduced elsewhere by the end of the legislative term at the latest.

During the calculation period from 14 March 2018 to 31 December 2019, the Federal Government for the 19th legislative term reduced compliance costs covered by the bureaucracy brake by just under 1.3 billion euro (Figure 5). More than 3.1 billion euro has been saved by cutting red tape since the bureaucracy brake was introduced in 2015 (Figure 6).

Bureaucracy brake ensures there is no rise in regular compliance costs for business

Business compliance costs under the bureaucracy brake just under 1.3 billion Euro lower in the 19th legislative term

Figure 5: 'One in, one out' – net change for the Federal Government for the 19th legislative term from 14 March 2018 to 31 December 2019



What is the bureaucracy brake?

The bureaucracy brake – rules to limit red tape for business – entered into force on 1 July 2015. The aim is to permanently limit the increase in regulatory burdens on business.

The 'one in, one out' rule applies in principle to all of the Federal Government's regulatory proposals that impact on the business community's regular compliance costs.

Exemptions are provided for only in the case of proposals which:

- directly transpose EU requirements, international agreements or the case law of the Federal Constitutional Court or the Court of Justice of the European Union into national law,
- serve to combat substantial security threats, or
- will have an effect for a limited period (no more than a year).

Under the bureaucracy brake, each federal ministry imposing a burden on business through new provisions is to relieve those burdens by a corresponding amount in another area. The usual time limit for compensatory measures to be presented is one year.

If a ministry is unable to offset new burdens in the 19th legislative term, another ministry may assume responsibility for compensatory measures. Should compensation not be possible by that means either, the ministry, after presenting and plausibly substantiating its case before the State Secretaries Committee on Bureaucracy Reduction, may draw on a credit balance from the preceding legislative term, but only as a last resort.

In 2019, the Federal Government adopted a total of 74 proposals to which the bureaucracy brake applies. Of these, 48 led to an overall rise ('in') of 213 million euro in regular compliance costs. This is set off against 26 proposals that contributed to a total reduction ('out') of 1376 million euro. The business compliance costs to which the brake applies therefore underwent a net reduction of around 1162 million euro in 2019 (Annex 1). The cumulated decline for the legislative term thus stands at 1291 million euro (Figure 6).

At the end of last year, a varied picture emerged of government departments' adherence to the bureaucracy brake. While six ministries achieved a net reduction, five others have not yet fully compensated for new burdens. The necessary measures are to be presented within a year.

Net change 2019: business compliance costs under the bureaucracy brake down by around 1162 billion Euro

Figure 6: 'One in, one out' – summary by department for the period from 14 March 2018 to 31 December 2019

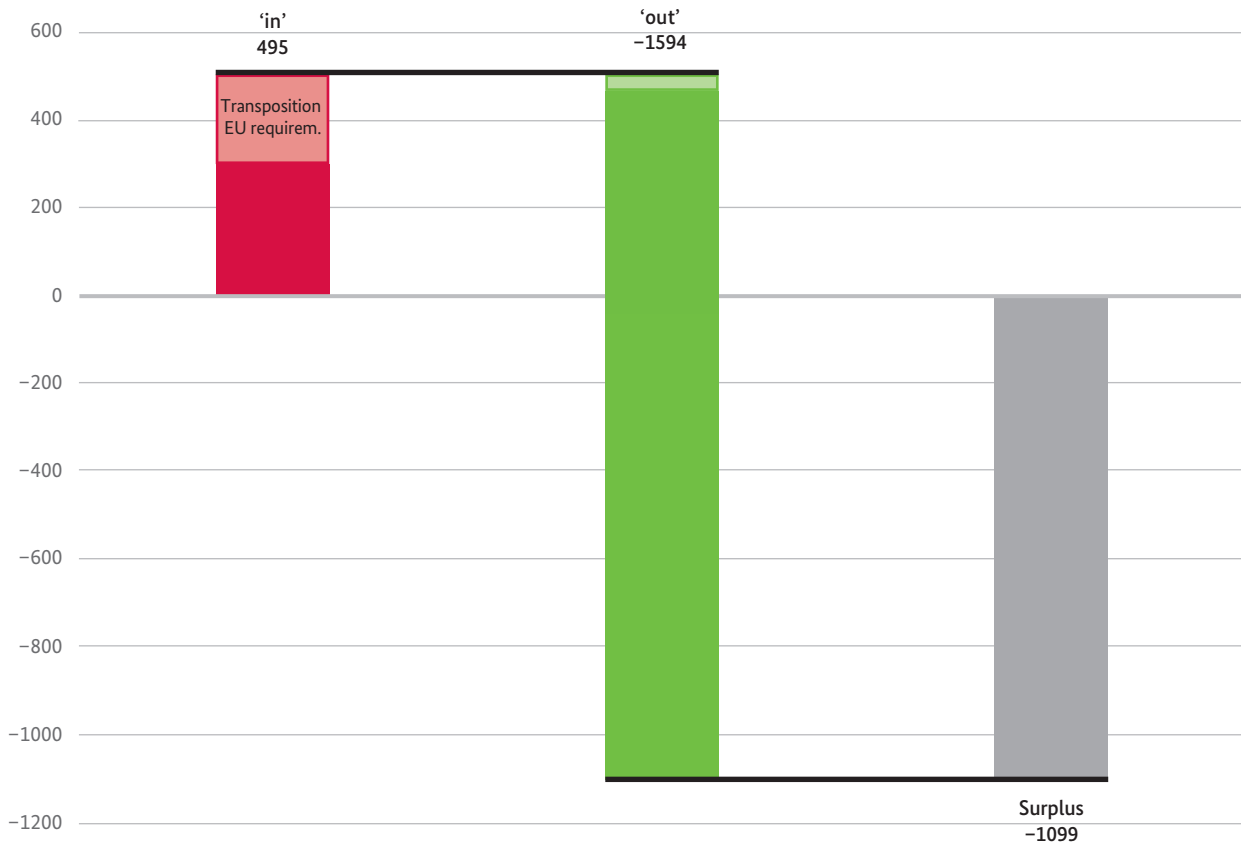
| | Number of relevant regulatory proposals | | 'in' | 'out' | Balance 19th LT | Net 18th LT | Total 18th and 19th LT |
|--|---|-----------|---------------------|---------------|---------------------|----------------|------------------------|
| | increase | reduction | in millions of euro | | | (indicative) | |
| | | | | | in millions of euro | | |
| Federal Foreign Office | | | | | 0 | | |
| Federal Ministry of the Interior, Building and Community | 8 | 1 | 7.9 | 52.0 | -44.1 | -10.1 | -54.2 |
| Federal Ministry of Justice and Consumer Protection | 4 | 5 | 0.5 | 11.3 | -10.7 | -453.2 | -463.9 |
| Federal Ministry of Finance | 12 | 3 | 22.6 | 549.8 | -527.3 | -144.5 | -671.8 |
| Federal Ministry for Economic Affairs and Energy | 10 | 7 | 52.5 | 5.3 | 47.3 | -403.8 | -356.6 |
| Federal Ministry of Labour and Social Affairs | 7 | 4 | 27.8 | 726.5 | -698.7 | -135.9 | -834.7 |
| Federal Ministry of Food and Agriculture | 3 | 4 | 5.4 | 27.8 | -22.4 | -11.6 | -33.9 |
| Federal Ministry of Defence | | | | | | -0.1 | -0.1 |
| Federal Ministry for Family Affairs, Senior Citizens, Women and Youth | 1 | | 0.1 | | 0.1 | 0.0 | 0.1 |
| Federal Ministry of Health | 9 | 5 | 73.8 | 5.4 | 68.4 | -39.7 | 28.7 |
| Federal Ministry of Transport and Digital Infrastructure | 6 | 5 | 13.9 | 9.4 | 4.5 | -74.5 | -69.9 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 1 | 4 | 31.0 | 192.4 | -161.4 | -596.0 | -757.5 |
| Federal Ministry of Education and Research | 6 | 3 | 53.9 | 0.6 | 53.3 | -0.6 | 52.7 |
| Federal Ministry for Economic Cooperation and Development | | | | | | | |
| Federal Government Commissioner for Culture and the Media | | | | | | 1.9 | 1.9 |
| Total | 67 | 41 | 289.5 | 1580.5 | -1291.0 | -1868.2 | -3159.2 |

At some 1.1 billion euro, net change excluding EU exception still positive

Exemptions from the bureaucracy brake are almost exclusively those concerning the direct transposition of EU law into national law. During this legislative term, the Federal Government adopted 35 regulatory proposals that are based at least in part on the implementation of EU requirements (Figure 7). Of these proposals, 32 created regular compliance costs totalling 205 million euro per year, while the other three reduced such costs by an aggregate annual amount of 13.5 million euro. As a result, around 191.5 million euro in regular business compliance costs was attributable to the direct transposition of EU requirements during the present legislative term. Even without this exceptional factor, bureaucracy brake savings for German businesses still amount to some 1.1 billion euro (Annex 2).

Figure 7: 'One in, one out', factoring in increases and reductions in burdens resulting from the direct transposition of EU requirements; net change for the Federal Government for the 19th legislative term from 14 March 2018 to 31 December 2019

Figures in millions of euro p.a.



C Bureaucracy Reduction Act III



Bureaucracy Reduction Act III implements principal initiative of coalition agreement; annual reduction in costs to business of around 1.1 billion euro

On 18 September 2019, the Federal Government adopted the Bureaucracy Reduction Act III, thereby implementing one of the principal initiatives of the coalition agreement. The great majority of the Act's provisions have been in force since 1 January 2020, while the remainder will become effective gradually up to 1 January 2022. All in all, the measures provided for in the draft legislation will save businesses 1172 million euro annually.

Central elements of the Bureaucracy Reduction Act III:

Inclusion of employers in the electronic dispatch process for certificates of incapacity to work

The yellow slips submitted by employees to employers as evidence of being signed off sick are being replaced by an electronic incapacity report. The electronic process by which doctors can send information on incapacity to health insurers, which will be introduced on 1 January 2021 under the Medical Appointments Service and Health Care Act,

will be expanded from 1 January 2022 to include employers. The doctor reports the information about their patient's incapacity to work to the health insurer. In the future, the employer will then be able to call up information about the beginning and end of that incapacity from the insurer. This digitalises the submission of the yellow slip. There is no change to the information that is provided, and the employee continues to be handed the yellow slip from their doctor for their records. Seventy-seven million such certificates were issued in 2017. Employers previously had to process and archive these paper reports. Digitalising them is estimated to relieve the burden on businesses to the tune of around 549 million euro per year.

Easier archiving of electronic tax documents

Businesses have to be able to make digitally archived tax documents available for audit for ten years after the period to which they relate. In the event of an external audit, the federal revenue administration has the right to inspect the tax data that a taxpayer has produced with the aid of an IT system, as well as the use of that IT system. The revenue administration can also require the automated evaluation of this data, or a data carrier containing the stored documents. In the past, IT systems have had to be maintained for the whole of the ten-year retention period, even if that system has been changed or data storage has been moved off site.

In the future, if they change their system or move data storage off site, businesses will only have to continue operating their old computer system for five years. For the following five years, they need only to archive a data carrier containing the stored documents. Current estimates indicate that this will save businesses more than 532 million euro per year. In addition to relieving the burden on the corporate sector, this also provides the federal revenue administration with an incentive to conduct business audits promptly.

Digital hotel check-in

At present, guests must complete and sign a registration form by hand when they arrive at their hotel. Accommodation providers must store these registration forms for a year before destroying them. It is estimated that around 129 million registration forms are used each year, resulting in significant costs. These could be reduced considerably by moving to a digital registration process that does not require a personal signature. In the future, it will be sufficient for hotel guests to be identified electronically. Two existing, secure electronic procedures can be used for this.

If an overnight stay has been booked and paid for electronically (by credit card, for example), guests can be identified in connection with the secure customer authentication requirements of the EU Payment Services Directive. Without requiring a new procedure, payment by card therefore replaces the old registration form. Alternatively, the electronic functions of personal identification documents can also be used for identification purposes. In both cases, paper-based hotel



registration forms will no longer be required, although they will remain an option, especially where a hotel bill is paid in cash. It is estimated that the digital registration process will save accommodation providers three or four minutes in each case. With some 50 million registration forms per year being replaced by the new digital procedure in future, the annual saving will be of the order of 50 million euro. Meanwhile, guests will save approximately 1.2 million hours per year.

Relieving the burden on start-ups

Currently, regardless of their turnover, start-up founders must generally submit an advance VAT return each month for the first two years of operation. This measure was introduced in 2001 to prevent VAT fraud.

The Bureaucracy Reduction Act III changes this rule. As of 2021, start-ups will be treated just like all other companies where advance VAT returns are concerned. This implements an important undertaking under the coalition agreement. It also sends the signal that start-up founders should not be burdened with additional red tape.

The obligation for start-ups to submit a monthly advance VAT return will be suspended for six years up to 2026. By the end of 2024, the Federal Government will evaluate the suspension and specifically its impact on start-up activity in Germany, the burden of bureaucracy faced by entrepreneurs and efforts to combat VAT fraud.

The Bureaucracy Reduction Act III contains a further measure that provides relief for companies at the start-up stage specifically. Entrepreneurs who have submitted an application for a business licence will not be required to take out accident insurance, thereby relieving them of additional reporting obligations from 1 July 2020 onwards.

Simplification of statistics obligations; modernisation of register system

By enacting the Bureaucracy Reduction Act III, the Federal Government is also honouring its pledge to reduce statistics-related burdens on businesses. The Interministerial Federation-Länder Working Group on Reducing Statistics Obligations, which has its origins in an accord in the coalition agreement, presented its final report in September 2019. The Bureaucracy Reduction Act III implements key recommendations from this report by simplifying both the Insolvency Statistics Act and the Act on Statistics in the Manufacturing Industry. The Working Group's findings nonetheless also show that there is little potential for any further reduction in statistics-related obligations, partly – indeed especially – because the business sector uses official statistics as an important basis for decision-making.

By contrast, enormous potential is to be found in modernising Germany's system of more than 200 individual and largely autonomous registers. The Federal Ministry for Economic Affairs and Energy is therefore planning to create a basic register for master company data in connection with a uniform national business identification number. This would result in registers being linked and digitalised, substantially reducing reporting obligations for businesses by avoiding the same questions being asked twice. The Federation-Länder Working Group has drawn up a blueprint for the introduction of a basic register and the details are now being worked out quickly. Once this basic register is fully networked with other registers, the annual savings to business could be in the triple-digit millions range.

D 2018 Work Programme for Bureaucracy Reduction and Better Regulation

D.1 Policy to limit adjustment costs

Adjustment costs can be a particularly heavy burden on SMEs

In addition to recurring annual costs, new legal regulations can also trigger oneoff adjustment costs. Examples here include the need to retrofit production plants, expand the software products used by the company or inform customers about the changes in the law. These adjustment costs can be a particularly heavy burden on small and medium-sized enterprises. One of the Federal Government's core concerns is therefore to keep the business adjustment costs from new legal regulations as low as possible.



In its 2018 Work Programme for Bureaucracy Reduction and Better Regulation, the Federal Government thus agreed to limit adjustment costs for businesses as much as possible and to draw up a policy to this end. In doing so, the Federal Government is also examining whether and how to support this goal by applying indicators to elucidate both quality and quantity. In the interests of greater transparency, the Federal Statistical Office has systematically analysed and structured business adjustment costs since 2012. The findings indicate six typical categories.

Workshop at the Federal Chancellery provided valuable input on how to keep adjustment costs low

These categories were verified by the Federal Chancellery in a workshop attended by representatives of the individual ministries, German business umbrella organisations and the Bundessteuerberaterkammer (federal chamber of tax consultants). As a next step,

the workshop participants developed levers to keep adjustment costs as low as possible. To do this, they shared their knowledge and experience at individual work stations, then used this knowledge to craft new qualitative approaches to designing legal requirements in such a way that they can be implemented at low cost.

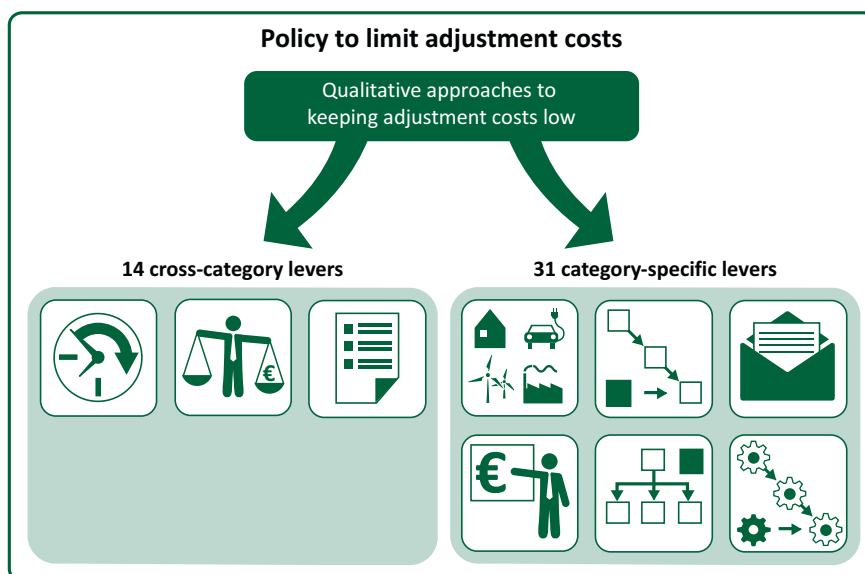
Drawing on the findings of the workshop, the Federal Government drafted a policy to increase transparency on adjustment costs for business and their effective and proportionate limitation. The State Secretaries Committee on Bureaucracy Reduction adopted the policy on behalf of the Federal Government on 26 November 2019. It entered into force at the beginning of 2020 and is attached to this report as Appendix 1.

Drawing on workshop findings, the Federal Government drafted a policy to limit adjustment costs

The policy is a statement by the Federal Government that it will focus in particular on adjustment costs when discussing regulatory proposals with the Länder, municipal umbrella organisations, experts and associations. It perceives limiting adjustment costs to be a cost-effective simplification measure that still preserves existing protection standards. This means that the level of adjustment costs is always an important criterion in political decision-making, without obstructing or preventing politically desirable measures.

The policy provides federal ministries with 45 specific qualitative levers (Figure 8) that they can use when preparing regulatory proposals to examine how adjustment costs can be kept as low as possible.

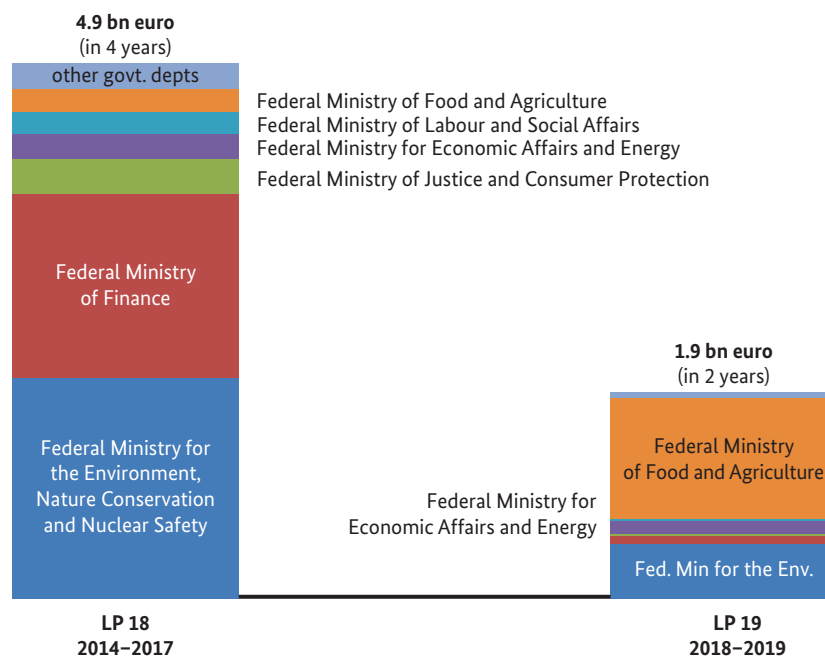
Figure 8: Policy to limit adjustment costs



Some of these levers are described as category-specific, as they apply to the categories that have been defined. For example, legal regulations often state that businesses must notify their customers of changes in the law. The costs involved in this could be reduced by the legal requirement permitting flexibility as to when this obligation must be fulfilled. This would allow businesses to send out information about the changes along with other customer information that is due to be dispatched anyway, such as an annual account statement. There would then be no need for separate notification letters.

In contrast to the category-specific levers, the policy provides for a whole series of levers that can be deployed across categories to limit adjustment costs. For example, longer implementation periods could help significantly to keep adjustment costs down because new legal requirements can be implemented at less cost in connection with subsequent replacement acquisitions than they can by converting older equipment. The length of the implementation period can also impact on the effectiveness of new legal regulations, however. The Federal Government will thus consider even more carefully when a new regulation should start to apply, and what impact this has on the level of adjustment costs. It is advisable here to describe effectiveness for various implementation periods and to identify the respective adjustment costs. This means that, alongside questions of entry into force, the level of the resulting adjustment costs becomes a fundamental political decision-making criterion.

Figure 9: Development of business adjustment costs



Up to the end of 2019, the adjustment costs resulting from all of the regulatory proposals adopted by the Federal Government stood at around 1.9 billion euro for this legislative term (Figure 9). That is less than two-fifths of the figure for the 18th legislative term. One factor in this drop is likely to have been that, when drawing up the policy, the federal ministries focused intensively on ways of limiting adjustment costs. By applying the aforementioned levers, the Federal Government expects to continue tangibly to reduce adjustment costs in the current legislative term compared to the one before.

Significant drop in adjustment costs in 19th legislative term

At the latest when ten years of adjustment cost data are available, the Federal Government will examine whether or not additional quantitative approaches can be used to limit such costs further.

D.2 Evaluation

Are laws and regulatory instruments working as planned? Are they having the desired effect? Are there any unintended side-effects? Are the associated costs within an acceptable range? Such questions are addressed in the evaluation reports that the Federal Government generally produces for major regulatory proposals three to five years after their entry into force. In this way, it checks that laws are achieving what they are supposed to achieve.

Evaluation reports investigate whether legislation is achieving its aims

In 2013, the State Secretaries Committee on Bureaucracy Reduction adopted an evaluation framework that requires all government departments to assess major regulatory proposals. A major proposal is one which, prior to its entry into force, is expected to trigger more than a million euro a year in compliance costs for businesses or the administration. Similarly, if an initiative will entail annual compliance costs for citizens of at least one million euro or annual compliance time of 100,000 hours or more, it also counts as a major proposal. In the coming years, the Federal Government will evaluate some 300 regulatory proposals on the basis of this framework.

Key Federal Government regulatory proposals must be evaluated

On 26 November 2019, the State Secretaries Committee on Bureaucracy Reduction decided that the existing 2013 policy should be developed further (Appendix 2). The points that were agreed include the following:

Federal Government evaluation framework has evolved substantially

- Government departments are to outline succinctly in the explanatory memorandum for each regulatory proposal what objectives are to be used for the evaluation and what criteria are expected to be used for attainment;
- The Federal Government will draw up a practical guide to the steps and methods of an evaluation;
- Prior to being published, the quality of internal evaluation reports – i.e. those produced by the ministries themselves – will generally be reviewed by an independent body;
- The lead ministries will issue a statement about the conclusions and/or next steps which they draw from the evaluation findings;

- Ministries should involve the Länder, municipal umbrella organisations, experts and associations (where affected) in a suitable way in the question of attainment and, where appropriate, the further assessment criteria mentioned in the evaluation framework.

D.3 Benefits

Presentation of benefits improves information on the positive effects of a regulatory proposal

Presenting the benefits of planned legal regulations is common practice internationally, and reflects the recommendations of the Organisation for Economic Cooperation and Development (OECD). Depending on the kind of regulatory proposal involved, presenting its benefits can be extremely useful. It enables the legislator to provide better information on the positive impact of planned regulations and offers an improved basis for decision-making and increased clarity on the regulatory objectives. In some cases it may also facilitate better preparation for a subsequent evaluation of actual impact, and whether or not the regulation has achieved its objectives.

The State Secretaries Committee on Bureaucracy Reduction supports the presentation of benefits in draft legislation and recommends that details of these benefits be included in the introductory page to the draft under “B. Solution; benefits” (Appendix 3). Quantified benefits are not set off against compliance costs.

D.4 Participation

In suitable cases, Federal Government discusses need for action, understanding of underlying problems and planned solutions with those affected prior to drafting

In suitable cases, the Federal Government discusses the need for action, its understanding of the underlying problems and possible solutions with those affected before draft regulatory proposals are drawn up and their wording refined. The focus here is on the practical aspects of implementation and enforcement, as well as on ensuring that the measures envisaged are the best fit for the target groups in question.

The Federal Government has analysed experience with the various approaches to stakeholder participation at the early stages of political and regulatory initiatives and identified good practices. Furthermore, the Federal Chancellery offers a forum for knowledge and experience-sharing between ministries, as well as consultation slots enabling interested parties to ask questions.

D.5 Quarterly entry into force for legislation

In its 2018 Work Programme for Bureaucracy Reduction and Better Regulation, the Federal Government adopted a series of measures to limit the costs of adjusting to new or revised legislation as much as possible. These determine that, where appropriate, regulatory proposals are to be presented in packages to increase user-friend-

liness. In addition, where possible and practicable, the legal framework for interrelated spheres of life should not be amended several times in the same calendar year. By its own account, in its draft legislation the Federal Government ultimately aims to propose that the law enters into force at the beginning of a new quarter wherever possible – unless other considerations militate against this in an individual case.

To date there have been few opportunities to examine the effects of these decisions empirically. One of the reasons for this is that the number and specific form of regulatory proposals depend more on current political issues than on abstract rules.

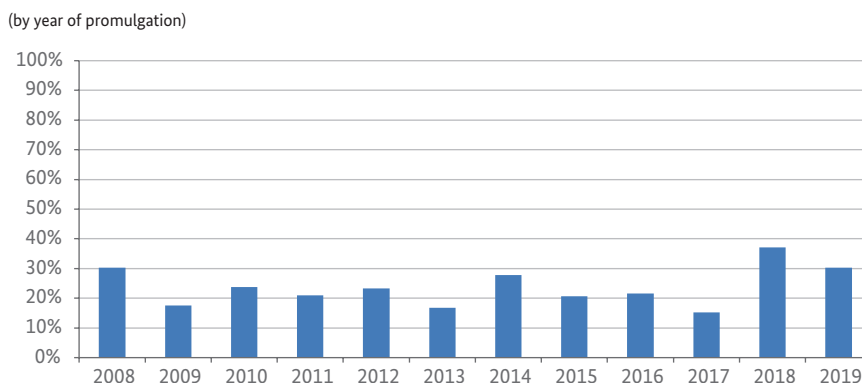
Certain trends and patterns can nonetheless be observed in a long-term comparison. It is normal for the number of regulatory proposals (draft legislation and regulatory instruments) issued by the Federal Government to fluctuate in the course of a legislative term (Figure 10). Since it is usual in Germany to bundle regulations on related matters systematically, the number of core statutes does not change to the same degree as the number of proposals. What matters to addressees is the frequency with which they change. Concentrating the entry into force of new and revised regulations on as few dates as possible is intended to reduce their perceived burden. This is also reflected in media releases from the Press and Information Office of the Federal Government on key dates such as the first day of the quarter. France and Denmark, for example, have similar arrangements. Viewed long term, the decision of the Federal Government has not yet had any appreciable overall effect on the distribution of dates on which legislation enters into force. A positive picture emerges at the individual ministry level, however. In particular, more than half of the proposals for which the Federal Ministry of Health and the Federal Ministry for Economic Affairs and Energy are responsible enter into force on the first day of a quarter.

At drafting stage, Federal Government proposes that legislation enters into force at the beginning of a new quarter whenever possible – unless other considerations militate against in an individual case

Rule not yet had any appreciable effect, but many ministries putting regulatory proposals into force at beginning of a quarter



Figure 10: Share of federal-level legal regulations entering into force at the start of a quarter



E *The digital transformation*



Digital transformation a priority for the Federal Government

In 2019, the Federal Government began to turn its attention to digital policy, as a priority for all government departments. The ministries collaborated to configure rapid digital transformation around citizens' needs and the common good, rooted in the values of our liberal democratic order. The decision to focus coordination of the Federal Government's digital policy within the Federal Chancellery, with strategic priorities and new structures, was central here. Digitalisation is motivating the Federal Government itself to work in a more responsive, streamlined and efficient way.

Digitalisation priority of committee work

The committees worked together within the Cabinet Committee for Digital Affairs, with the Digital Council and finally at the special cabinet meeting in Meseberg on a comprehensive understanding of and road map for the digital transformation. The Digital Council is the Federal Government's external body of experts on digitalisation matters. In 2019, the focus was on data in the digital society, changes in the working world and new concepts for teaching and learning. The Cabinet Committee for Digital Affairs tracks the Federal Government's progress as it implements digital initiatives and discusses the potential problems and solutions in its meetings. The cornerstones of a shared Federal Government data strategy were agreed at the special cabinet meeting in Meseberg in November 2019.

Data strategy to present a vision for the data age

The Federal Government adopted the cornerstones of the data strategy as a first step towards a shared data strategy and a European vision for the data age. The aim is to achieve a significant increase in the provision and responsible use of data in Germany and to secure a fair share of the opportunities afforded by data use, while working resolutely to combat data misuse. The Federal Government's data strategy is intended to promote data-driven innovation in society and is aimed at civil society, businesses, academia and the public sector alike. The findings of the expert bodies, including the Data Ethics Commission and the Commission of Experts on Competition Law 4.0, were published in 2019. These will feed into the data strategy drafting process.

First steps towards measurable, evidence-based digital policy

The Federal Government took the first steps towards measurability in its digital policy by developing a Digital Policy dashboard. It undertook to make target attainment measurable in its Implementation Strategy on Shaping Digital Change. Designed in 2019, the dashboard is intended to highlight progress with the implementation of the 120 digital policy priorities. It is designed to present the data underlying the implementation strategy graphically and to track progress visually. The implementation of the artificial intelligence strategy has now advanced past key, measurable milestones. In addition to the expansion of teaching and research, including doubling the number of AI centres of excellence, 33 AI trainers took up their positions at the Mittelstand 4.0 centres of excellence for SMEs in 2019. Furthermore, March 2020 brought the opening of the Observatory for Artificial Intelligence in Work and Society.

Administrative services to go digital by end-2022

Contact with the authorities must be as straightforward as possible for citizens and companies alike. Under the requirements of the Act to Improve Online Access to Administrative Services (Online Access Act), by the end of 2022 all administrative services should be offered in both conventional and electronic form, aligned with three principles: simple, swift and secure. It makes sense in this context to review existing administrative processes and to cut bureaucracy where possible. Achieving seamless application processing by eliminating those formal requirements and evidence obligations that are not strictly necessary is a major aspect of this work. The aim is to generate efficiency gains for companies, citizens and the administration itself. High national and European data protection standards must be upheld at the same time, however, otherwise it may not be possible fully to realise these target gains. Many citizens will only use digital administrative services if they know that their data are secure.

Communications within the administration should also become increasingly digital, especially where different authorities have to make decisions about mutually dependent services. Social security is

one such area, in which complementary claims are frequently set off against each other. Child-related benefits are linked to an existing entitlement such as child benefit. Electronic procedures should be put in place for data transmission within the administration in order to phase out paper-based information transfer. This will save time when approving benefits, an advantage for citizens and the administration in equal measure.

Digital portal

Digital portal links portals at all levels of the administration

Under the requirements of the Online Access Act, digital administrative services should be offered via digital portals. Although there will still be various federal, Länder and local authority service portals in the future, they will be linked in a way that takes federal structures into account. This will allow users to access quickly and securely the administrative service they want – and the information that is provided about it – regardless of which administrative portal they use to enter the system.

User accounts for identification and authentication

Citizens and businesses wishing to use an administrative service online must generally identify and authenticate themselves. User accounts for the digital portal are provided for this purpose. In the future, it should be possible for users to authenticate themselves securely via one user account for all of the digital administrative services that are available via the digital portal. In September 2019, the Federal Ministry of the Interior, Building and Community offered the Federation user account as the basis for online services provided by the Federal Government. Authorities using the Federation user account reduce their own costs because they do not need any identification components of their own.

User-friendliness the supreme principle governing digitalisation of administrative services

Digitalising the administration involves more than simply digitalising existing procedures and old structures, however. The Online Access Act can only succeed if electronic administrative services are actually used. This is why user-friendliness is the supreme principle governing the digitalisation of these services. This demands a process of transformation and a new form of cooperation that transcends organisational boundaries. With the Federal Government eGovernment digital portal, and what is referred to as the production line, the Federal Ministry of the Interior, Building and Community provides a digitalisation platform which all direct federal authorities can use to have their application processes digitalised and run at minimal cost. It is thus no longer necessary for them to set up new specialist portals. A case-by-case evaluation and cost commitment is required in the case of the indirect elements of the federal administration.

Digital processing of property purchase agreements

Processing property purchase agreements involves a great deal of paper

Around one million property purchase agreements are signed in Germany each year. The red tape created in processing them in an analogue administration is considerable. The requisite data is entered and processed first by the individual notary's offices and then several times by a variety of government agencies. In the contract execution

process, it is typical that a total actual processing time of just a few hours across all of the government agencies involved takes several weeks. At the same time, the data situation for one of Germany's most important business sectors is less than satisfactory. For example, there are no official statistics on current trends on property markets, which the German Bundesbank needs for its analyses monitoring the country's financial stability.

The Federal Statistical Office teamed up with the Federal Chancellery, the Federal Chamber of German Civil Law Notaries and the National Regulatory Control Council to develop a comprehensive digitalisation strategy for processing property transactions. In workshops with those actually executing those transactions, they worked out the optimum process and drew up a bespoke IT portal concept (eNoVA). eNoVA facilitates end-to-end electronic information exchange between notary's offices and the authorities concerned. Bearing in mind the authorities' need for data on the execution of property agreements and the interests of data users such as official statistics, a decision was also made on exactly which data should be exchanged via eNoVA in standardised form.

The introduction of eNoVA would considerably simplify the administrative work involved in executing property contracts. Administrative processes could then be handled seamlessly, and oneoff data entry, as well as central data provision according to the 'once-only' principle would generate significant time savings across the administration. Moreover, having a suitable regulatory framework in place makes it easier to provide more comprehensive data of a higher quality.

Federal Statistical Office, Federal Chancellery, Federal Chamber of Notaries and National Regulatory Control Council conducted project to digitalise process

Information exchange between notary's offices and authorities concerned could be completely digital via eNoVA portal

Central Register of Foreigners

There are two stages to the further development of the Central Register of Foreigners.

The first involved changes to the law and action that was particularly urgent to help the Länder cope with the workload associated with asylum seekers and those required to leave Germany. For example, the Central Register number can now be used by all public-sector agencies as an identifier at all stages of the process through to the granting of a permanent right of residence, thereby allowing data to be assigned to the right person even where those data are shared between agencies. Automatic data access authorisation has been extended to additional authorities. The necessary changes in the law were implemented in the form of the Second Data Sharing Improvement Act (Federal Law Gazette I p. 1131), thereby facilitating the provision of more reliable information, straightforward access to all relevant authorities and the use of the Central Register of Foreigners to manage repatriation and voluntary returns more successfully.

Under the terms of the coalition agreement, in a second stage the Central Register of Foreigners is to be developed in cooperation with the Länder into a modern central foreigners information system that permits data to be shared seamlessly and in real time with the competent authorities. The February 2020 report on the evaluation of

Further development of Central Register of Foreigners improves data quality and efficiency of proceedings under asylum and aliens law



the Data Sharing Improvement Act, issued by the Federal Ministry of the Interior, Building and Community, also identifies a need for further review or action in certain areas.

The benefits of this are manifold: improved data quality, efficiency, speed and standard of proceedings under asylum and aliens law, integration measures and repatriations, a reliable basis of data for political decisions, and increased public security.

eLegislation

By mid 2023, eLegislation should make it possible for all constitutional organs and institutions involved to conduct the entire federal legislative process electronically through a single interface

Legislation is a core element of the political system and a complex process that involves many political and administrative stakeholders. This makes it an ideal candidate for digital support which greatly simplifies processes and structures. The Electronic Legislative Process (eLegislation) project run by the Federal Ministry of the Interior, Building and Community is pursuing this very aim. By mid-2023, it should be possible for all constitutional organs and institutions involved to conduct the entire federal legislative process electronically through a single interface. Here, the latest technological developments should be harnessed to establish a modern and forward-looking approach to lawmaking.

From small beginnings to major achievements

eLegislation applications are being developed in response to needs and rolled out gradually. In 2019, this process resulted in the first-ever completed applications for day-to-day work. Alongside familiar modules such as the eNAP electronic sustainability assessment tool, new modules such as an electronic assistant supporting the legislative process, the electronic preparation of draft legislation and a library containing 37 digitalised support documents, manuals and handbooks have been consolidated into a single cockpit. Together, the eLegislation modules support work on regulatory initiatives. The final stage of expansion – electronic regulatory impact assessments – will offer a convenient, system-supported way of fulfilling regulatory impact assessment requirements.

2020 – new functions and a standard data exchange format

The project partners have put together pioneering implementation packages for 2020. A shared data exchange format is intended to support legislative work across several constitutional organs. A pilot version of the new German data content standard, LegalDocML.de should be made available before the end of this year. Other eLegislation functions include a user login allowing users to authenticate themselves for all of the applications shown in the eLegislation cockpit. Further systems of relevance in a legislative context are to be added step by step. Once implemented, process management will make the coordination process easier. The needs of users and the various constitutional organs play a key role in all of this. As a key user group, they will be involved continually in the future. Further information is available at <http://egesetzgebung.bund.de>.

Online vehicle registration (i-Kfz)

Almost everyone in Germany is familiar with the tedious visit to the registration authority when a vehicle has to be registered or deregistered. Internet-based vehicle registration (i-Kfz) means this can be avoided more and more. The Federal Ministry of Transport and Digital Infrastructure has completed the practical design and legislative process for the first three stages of a four-stage project. For example, online vehicle deregistration (stage 1) has been available since the beginning of 2015. Online reregistration (stage 2) has been available since October 2017, provided the keeper and the registration district remain unchanged and the vehicle retains the same registration number which was reserved at the time of deregulation.

The regulations on first-time vehicle registrations and changes of keeper have been in force since 1 October 2019. They allow the relevant processes to be completed electronically on the licensing authorities' local communal portals. The competent Land authorities now have the legal framework required to set up the necessary portals. Furthermore, the Federal Ministry of Transport and Digital Infrastructure has conducted an extensive training programme in the Länder so that, wherever possible, citizens receive the same range of services wherever they are in Germany. The relevant legal provisions were adopted at the beginning of 2019. Under these regulations, anyone buying a used car can enter its new keeper from the comfort of their home computer. Once the data have been entered and checked, applicants registering a change of ownership, for example, will receive a licensing notice on the i-Kfz portal with which they can immediately drive the car on public roads, provided they keep the existing registration number. Since 1 October 2019, it has been possible for a vehicle to retain the same registration number throughout Germany following a change of address or keeper. The licensing authority subsequently sends the requisite vehicle documentation (licensing certificates and seal stickers) to the keeper.



i-Kfz makes trip to licensing authority unnecessary

Stage 3, in force since 1 October 2019, allows first-time vehicle registrations and changes of keeper to be completed electronically.

Stage 4 will see the development and design of customised solutions for operators of vehicle fleets, manufacturers and other legal entities. Plans should be in place by the end of 2020, ready for implementation. Here, user accounts for the federal portal will help to ensure a solution that is as secure and user-friendly as possible.

Furthermore, the acknowledged further potential for digitalising the licensing procedure (including eliminating physical documents and linking data stocks) is to be formulated into a strategy and implemented in phases.

Digital applications under the Federal Training Assistance Act

Better, more user-friendly online training assistance applications

As part of the implementation of the Online Access Act, the Federal Government and the Länder are currently working on improving the online application process under the Federal Training Assistance Act and making it more user-friendly. The aim is a seamless process resulting in a fully electronic administrative procedure.

A digital target version (known as a click dummy) of an online Federal Training Assistance Act application has been developed in an agile, user-friendly approach in a virtual digitalisation lab. In addition to representatives of the Federal Ministry of Education and Research, this work included experts from the lead Land, Saxony-Anhalt, from selected training assistance agencies, IT experts and users. The lab work was completed in July 2019.

The Federal Ministry of Education and Research is now consulting with the Länder about how a standard nationwide online application can be implemented within the individual state administrations. The aim is to have a single national solution for digital Federal Training Assistance Act applications that covers all Länder.

The application software will be tested in live operations in several Länder in a 2020 pilot phase, before being rolled out across Germany.

Portal for citizens and business customers

Customs' portal for citizens and business customers enables applications and business processes to be handled online

On 1 October 2019, the customs administration expanded its range of services by adding a portal for citizens and business customers at www.zoll-portal.de. Following a oneoff registration process, application procedures and business processes can be completed simply and efficiently online. In the future, this portal will be integrated as a specialist portal into the eGovernment digital portal.

In the first stage of the portal's expansion, business customers are already able to manage master data and the status of their processes via the internet. Requests for binding customs tariff information have also been answered online only since October 2019. Citizens benefit additionally because it is now easier for them to change their bank details for the collection of motor vehicle tax (by SEPA Direct Debit Mandate). In the interests of convenient communications, identi-

fication is adapted to the user as they enter the portal, showing only existing means of access such as the new ID card or ELSTER certificates.

Further services will be integrated over time. There are already plans to incorporate the energy duty service, industrial property rights and access via the portal to EU applications relating to cross-border goods transport.

Modernisation of excise and transport duty enforcement by the customs administration

If it is to enforce excise and transport duties, the customs administration requires modern, high-performance IT solutions. These must permit operators to submit legally binding applications and declarations electronically and to communicate seamlessly with the customs administration, while offering main customs offices comprehensive electronic support for the entire process.

Customs embraced the opportunity – and the challenge – and embarked on the digital transformation of excise duties with its Modernisation of Excise and Transport Duty Enforcement by the Customs Administration project. In a series of releases, the project is

Modern IT solution – as standardised as possible – to be developed to support enforcement of excise and transport duties



intended to develop a comprehensive, modern IT solution that is as standardised as possible. It is to be used to support work to enforce excise and transport duties, enabling a fully electronic workflow from the operator's application to processing by the main customs offices and the transport operator calling up the resulting decision. Access for operators should be opened up via the customs administration's central portal for citizens and business customers and the first energy duty applications should be available online as early as 2021. Further applications, which will initially concern energy and electricity duty, but thereafter possibly also other excise duties, will follow.

Better healthcare thanks to digitalisation and innovation

Better patient care thanks to digitalisation.

An important insight underlies the assumption that digitalisation and innovation will result in better patient care – that it is digitalisation in their everyday working lives that can give service providers more time to devote to looking after the individual patient. For example, it will be possible in the future to simplify that part of the healthcare provider's role that is not of direct benefit to the patient, such as paperwork. This frees up valuable time for their actual treatment. Furthermore, better data sharing via secure channels avoids the considerable time and cost involved in multiple examinations. Case studies clearly illustrate the breadth of potential that digitalisation brings to the healthcare sector.

The objectives of the Digital Healthcare Act therefore include the following:

- Many patients are already using health apps that they have purchased themselves. Yet the market for these apps is bewildering and doctors find it difficult to recommend suitable products. To enable doctors and psychotherapists transparently to select and prescribe high-quality health apps, a new process will be established at the Federal Institute for Drugs and Medical Devices (BfArM) to examine whether the costs of individual digital health apps can be reimbursed by the statutory health insurance fund. After the app has been tested for safety, functionality, quality, data security and data protection, its costs may be reimbursed under statutory health insurance if it has been proven to the BfArM that it has a positive effect on healthcare. If the manufacturer is not yet able to provide this evidence, the app may be approved for reimbursement provisionally for a period of one year. During this time, the manufacturer must prove that its app is effective. In the future, a directory of digital healthcare apps at the BfArM will give patients and doctors a one-stop-shop where they can find out about health apps that are covered by insurance.
- To enable patients to use digital services such as electronic patient records securely and nationwide as soon as possible, the secure digital network for the healthcare sector, the Telematics Infrastructure, is being expanded to include further professions. This also lays the foundation for service providers to exchange information electronically, without any loss of time.

- Video consultations should become commonplace, saving time and travel without losing doctor-patient contact.
- Less paper chaos: alongside the electronic prescription for medication, in the future it will be possible to prescribe all other medically mandated benefits such as remedies and aids, as well as home nursing services, electronically. In addition, going forward doctors will have more options for exchanging with colleagues through electronic channels, and anyone wishing to become a voluntary member of a statutory health insurance fund will be able to do so electronically.

F Specific projects



Housing Benefit Reform Act raises housing benefit payments

Digital housing benefit application being developed in a housing benefit digitalisation lab

Pilot integration assistance project aims to identify necessary corrections before new regulations enter into force

As in previous years, the Federal Government pressed ahead with numerous individual projects in 2019, thus contributing to better regulation and simpler administrative processes.

Housing benefit

The Housing Benefit Reform Act, which came into force on 1 January 2020, brought in a general increase in benefits which also factors in an adjustment to developments in rents and incomes since housing benefit was last revised in 2016.

The Act also provides for a more dynamic system, meaning regular adjustment to housing benefits. Under this regulatory instrument, these benefits are to be brought into line with changes in rents and incomes at two-year intervals, thereby maintaining the burden-reducing effect of the 2020 housing benefit reform.

Connected to the implementation of the Online Access Act, a housing benefit digitalisation lab involving some of the Länder responsible for carrying out the provisions of the Housing Benefit Reform Act has been developing a model layout for a digital housing benefit application since mid-2018. Particular attention has been paid to user-friendliness. The Länder are planning to implement the new online process together.

There were also discussions with the Länder about simplifying applications for continuing benefits and benefit increases. One Land uses a much shorter application form for this, based on recording the actual changes in the personal circumstances on which housing benefit is assessed. This Land reports that experience with the shorter application form has been entirely positive. In view of the ongoing process of digitalising the regular online housing benefit application, it was agreed with the other Länder that a project for a shorter continuing benefits/benefit increase application form will be discussed in due course as digitalisation progresses.

Pilot project under Art. 25 (3) Federal Participation Act

As part of measures to support the implementation of the reforms to integration assistance, legislators codified a framework for pilot projects in Art. 25 (3) of the Federal Participation Act. With 29 projects running with providers of integration assistance throughout Germany, these pilots aim where possible to identify any necessary corrections before the new regulation enters into force, and to enable legislators to track the change of system and adjust course if necessary.

Experience to date with pilot projects has prompted corrections of a technical nature to certain regulations. These were implemented with the Act Amending Book IX and Book XII of the German Social Code. For example, clarification was included as to the allowances applicable to personal contributions where income is not earned primarily from employment that is subject/not subject to social insurance contributions or from pensions, i.e. from capital yields or rental income.

Simplification of trade tax

If a business maintains premises in several local authority areas, the trade tax that is due is broken down using a special algorithm. Participants at the Workshop on Simplifying Trade Tax, one of the follow-up processes to the 2017 'life events' survey (see also Section A), criticised the current process for allocating trade tax and its link to pay. This was based on the fact that, often, wage information has to be calculated separately and analysed extensively before it can be used for allocation purposes. Participants identified the number of employees as an easier way of allocating tax. There were also complaints that construction sites have to be reported as premises and included in the breakdown of trade tax once they have existed for six months. There were calls for this period to be extended to 12 months.

Breaking trade tax down across several premises time-consuming; suggested improvements from Federal Chancellery workshop

The Federal Statistical Office was charged with setting up a project to examine the effects of these proposals focusing on the burden of red tape for companies. Comparing the status quo and an alternative scenario enabled the potential reduction in each case to be calculated. To date, telephone interviews have been conducted with a total of 194 randomly selected companies.

Federal Statistical Office conducted project to examine effects of proposals

Existing surveys indicate that breaking trade tax down across several premises generates business compliance costs of the order of 81.5 million euro annually. That is an average of 451.83 euro per business (time 111 minutes; material costs 388 euro). Of the businesses surveyed, 37 percent expect tax allocation by number of staff to result in lower costs, while 56 percent believe that they will stay the same, and 7 percent anticipate an increase. Overall, they forecast a median reduction in time invested of 36 minutes because the necessary data can be obtained and calculations made more quickly.

Were the qualifying period for construction sites to be extended to 12 months, 73 percent of those interviewed from the construction sector said that costs would fall, with a potential saving of 25.90 euro per case.

The Federal Statistical Office has not yet completed its review.

Farm work not paperwork – marked simplification of information obligations in agriculture

In partnership with the Federal Ministry of Food and Agriculture, the Federal Statistical Office and the National Regulatory Control Council, the Federal Government is conducting a project entitled Farm work



Federal Ministry of Food and Agriculture, Federal Statistical Office and National Regulatory Control Council examining burden of information obligations on farming sector

Federal Statistical Office analysing existing data and conducting interviews

not paperwork – marked simplification of information obligations in agriculture’ to investigate the burden that duties to provide information place on agricultural operations. The outcomes will be specific action areas and approaches to reducing bureaucracy in the farming sector. The specialist knowledge and practical experience offered by farmers and experts from various levels of government and agricultural associations will be tapped at all stages of the project.

To achieve the aims of the study, the Federal Statistical Office is analysing existing data on what bureaucracy is costing farmers who will also be surveyed by telephone or on site. The focus here is on optimising and simplifying information flows and their inter play. This includes possible improvements to reporting procedures, for example by digitalisation with the move to online processes or better data exchange between government agencies. The project will also look into the extent to which deadlines for meeting information obligations can be set so that they do not coincide with the recurring annual peaks in the agricultural workload. Furthermore, it will seek out successful models in operation in which data exchange between farms and recipients is particularly efficient. Since administrative responsibility for agriculture is highly decentralised, these models may well be procedures that are already established in individual regions of Germany and could be implemented as best practice nationwide. The target publication date for the project findings is spring 2021.

User-friendly language in the revenue administration

At the annual conference of finance ministers on 25 May 2018, the Länder expressed their desire that the federal revenue administration should become more service-oriented and user-friendly. In view of its importance for the future, the Länder finance ministers are pursuing this task as a policy priority and issuing ongoing bulletins about the progress they have achieved.

The overall planning and management of joint action on the part of the Federal Government and the Länder to ensure the use of plain language going forward is the responsibility of the User-Friendly Language working group, headed by the Federal Ministry of Finance and the Finance Ministry of North Rhine-Westphalia.

The working group has identified and prioritised eight action areas:

1. Rules and regulations (guidelines and recommendations for action)
2. Letter templates and text modules (approx. 2000 relevant texts)
3. Tax notices and explanatory texts
4. Federal Ministry of Finance letters (templates and recommendations for action)
5. Information brochures and factsheets
6. Training policy and ongoing implementation
7. Electronic tax return forms via the Mein ELSTER tax portal (incl. instructions)
8. Computer-generated communications

Sub working groups have been set up to handle the action areas. With academic and scientific support, they are to draw up detailed recommendations and measures.

The Federal Government supports this initiative.

Clear legislation and regulation

The 2018 Work Programme for Bureaucracy Reduction and Better Regulation has found that citizens, businesses and the administration alike want legal provisions to be clear and comprehensible. Given that the clarity of the first draft of a legal text has a decisive impact on consultations and the ultimate quality of regulations, federal ministries should collaborate at an early stage with the independent Unit for Legal Drafting Support at the Federal Ministry of Justice and Consumer Protection. This element of the Work Programme is being implemen-

User-Friendly Language working group ensuring more user-friendly revenue administration

In the interests of clearer provisions in law, federal ministries should work closely with the Legal Drafting Support unit at an early stage

ted with increasing success. For example, in 2019 a total of 275 regulatory proposals (legislation and regulations) were checked for correctness and clarity by Legal Drafting Support in their initial stages, i.e. before the involvement of other government departments, Länder and associations. In 2018 – the year before the cabinet decision – the figure was just 185.

Pensions law regulations on leaves of absence spent with intergovernmental and supranational institutions

Reforms to Salary Structure Modernisation Act create legal clarity and reduce bureaucracy for civil servants' leaves of absence with intergovernmental or supranational institutions

The new Salary Structures Modernisation Act passed by the Bundestag on 24 October 2019 resulted in the reformulation of sections 6a and 56 of the Act Governing Civil Servants' Pensions and Benefits, simplifying and improving the pension law regulations that apply to leaves of absence with intergovernmental and supranational institutions.

Changes are being made to how time spent in the public service of an intergovernmental institution is treated under civil servants' pension legislation in order to simplify the legal framework, create legal clarity and help to reduce bureaucracy. The new regulations give civil servants greater freedom of action. They are in a stronger position under applicable law because they can now decide for themselves whether or not earnings during their placement should be treated as pensionable under the German pension system – providing the period in question is deemed under German law to be prior to retirement. The new regulations are designed to ensure that an assignment in the public service of an intergovernmental or supranational institution also retains its appeal when the pension rules are factored in.

Where a civil servant is entitled to a oneoff pension payment in the form of a lump sum from the institution concerned, this lump sum is not notionally converted into a pension or index-linked and is therefore not set off against pension payments. If the civil servant is entitled to regular pension payments, the application will be approved without further conditions. The regular pension payment that is received from the institution is then set off against the amount due from the primary pension scheme.

Modernisation of the public service of documents in the customs administration (ÖFFIZUS)

Public document announcements from customs going online in future

In cases in which it is not possible to serve a document to the recipient, service may take the form of a public announcement (section 10 Act on the Administrative Service of Documents). This will generally be a paper notification posted on the notice board in the publicly accessible entrance area of the office concerned. There are approximately 86,000 such cases annually.

To reduce the time and cost of posting a paper notice as described above, the customs administration will take this public service of documents online in the future. To this end, there will be the option of triggering notifications of public document service from the system to a webpage under *www.zoll.de*.

Planning for the project to modernise public document service began in 2016, leading in 2018 to the specialist requirements specification for the future ÖFFIZUS IT process.

Since mid2019, its technical implementation has been in the hands of the Federal Information Technology Centre. Rollout for the IT process is planned for the summer of 2020.

G Cooperation with strategic partners

G.1 Länder and municipalities



Federal Chancellor and heads of Länder governments taking steps to reduce bureaucracy and modernise administration

In 2019, the Federal Government raised cooperation with Länder and municipalities on better regulation to a new level. The Federal Chancellor and the heads of government of the Länder have joined forces to draw up a plan of action to reduce bureaucracy and modernise the administration.

It is intended to help clear obstacles to a streamlined, user-friendly application of federal law and to give the shared legislative work of the Federal Government and the Länder a more practical focus.

This decision by the Federal Government and the Länder, made on 5 December 2019, follows on from vigorous exchange of knowledge and experience, as well as the partnership of trust that has existed since 2007. It should also be seen as building on the many bureaucracy reduction and better regulation initiatives launched by Land governments. For example, Baden-Württemberg and Saxony each have their own regulatory control council. In Bavaria, the Land government is supported by the Commissioner for Bureaucracy Reduction. In addition, many Länder have instituted measures to promote SMEs, such as the Clearingstelle Mittelstand at the chamber of industry and trade for North Rhine-Westphalia, which collates position papers from chambers and associations and formulates a vote on behalf of all SMEs on the content of regulatory proposals. All Land governments continued to appoint appropriate agencies to systematically review the quality of their legal provisions.

The colloquium of federal, Land and municipal authorities on better regulation met in July 2019. It focused primarily on developments towards better regulation at European Union level and within the Organisation for Economic Co-operation and Development (OECD). Land governments and municipal umbrella organisations were also invited to participate in public consultations on the OECD's cornerstones of good governance. Discussions included current issues such as the modernisation of Germany's system of registers, the need for employees to apply for or present the A1 certificate of social security coverage in other European countries and the burdens generated by technical norms and standards.



G.2 National Regulatory Control Council

The National Regulatory Control Council (NKR) is an independent advisory body that was created in 2006. Its mandate is to assist the Federal Government with its measures to reduce bureaucracy and improve regulation.

The NKR's primary task is to review the presentation of compliance costs in the Federal Government's regulatory drafts and to deliver its opinion on them. These opinions are then appended to the draft and submitted to the Bundestag and the Bundesrat. In addition to its reviewing function, however, the NKR also regularly enhances discussions with its own initiatives and clear statements of opinion on bureaucracy reduction and better regulation. The NKR and the Federal Government cooperate closely on many specific matters, such as the application of the methodology for assessing compliance costs.

In accordance with Section 6 (2) of the Act on the Establishment of a National Regulatory Control Council, the NKR presents an annual report of its activities to the Federal Chancellor. The current annual report, entitled *Less Bureaucracy, Better Legislation – Consider Practical Implementation, Make Results Tangible, Demand Progress*, recognises the progress that the Federal Government has made on bureaucracy reduction and better regulation. The NKR has particular praise for the unbroken transparency displayed in the consistent disclosure of the follow-on costs of each law and each regulatory

National Regulatory Control Council supporting Federal Government with measures towards bureaucracy reduction and better regulation

NKR praises Federal Government progress on bureaucracy reduction and better regulation

instrument, the effectiveness of the ‘one in, one out’ rule (although the NKR believes that this should also include the transposition of EU law) and the systematic evaluation of legislation.

The NKR also pays tribute to progress towards a digital administration and, specifically, the implementation of the Act to Improve Online Access to Administrative Services (Online Services Act). At the same time, the Council reiterated that time is of the essence concluding that binding interim targets are required.

Period permitted for coordinating Federal Government’s regulatory drafts is critical

The NKR is much more critical with regard to the periods permitted for coordinating Federal Government regulatory drafts, contending that they are too often drastically shortened. Further critical comments from the NKR report – such as those on limiting adjustment costs, on binding standards and effective quality assurance for evaluations and on the greater attention that is to be paid to the benefits of legal regulations – fed into preparations for the decisions of the State Secretaries Committee on Bureaucracy Reduction on 26 November 2019 (see Appendices).

In addition to the report to the Federal Chancellor, the NKR commissioned an expert report entitled Content First, Legal Text Second. Designing Effective and Practicable Legislation in 2019. The experts proposed that a concept-based preparatory phase which would allow for impact and implementation modelling should be conducted before draft legislation is drawn up.

Further information on the NKR, its activities and all NKR publications can be found at www.normenkontrollrat.bund.de.

H International cooperation



H.1 European Union

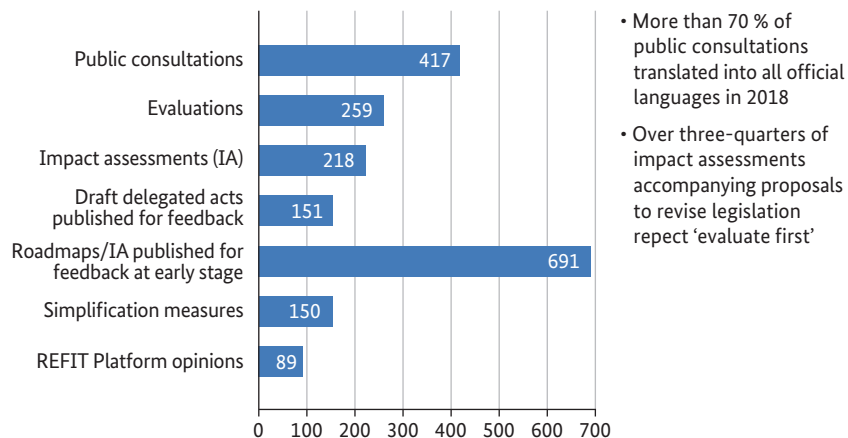
A significant proportion of the laws that apply in Germany are based on European requirements. They are proposed by the European Commission and adopted by the European Parliament and national governments in the various configurations of the Council of Ministers.

In April 2019, the Juncker Commission used the end of its mandate as an opportunity to look back at its efforts to promote better regulation (Figure 11). In particular, it emphasised that the instruments and procedures of better regulation should support but not replace political decision-making. Otherwise, it said, regulation can only improve if it has the backing of all stakeholders at European level. The European Commission believes that the need for evidence-based policy-making is growing stronger.

Significant proportion of laws applicable in Germany based on European requirements

Juncker Commission reviews efforts to promote better regulation

Figure 11: Overview of European Commission better regulation activities (2015-2018)



© European Commission, 2019 (source: https://ec.europa.eu/info/sites/info/files/better-regulation-taking-stock_en.pdf)

- More than 70 % of public consultations translated into all official languages in 2018
- Over three-quarters of impact assessments accompanying proposals to revise legislation repeat 'evaluate first'

Better regulation is increasingly an integral part of the institutional culture of the Commission, it was reported. Those representing national and specialist interests also approved the better regulation policy, and pressed for even closer and more specific involvement in shaping European policy. Outcomes with regard to bureaucracy reduction are described as insufficient, however.

While the Federal Government recognises the efforts of the Commission, along with other member states on the Council of the European Union, it continues to push for significant improvements. The main reason for this is that efforts to dismantle bureaucracy have not yet borne sufficient fruit, in particular because in the past few years there has been no targeted structure to support the systematic reduction of unnecessary compliance costs at EU level.

No impact assessments for around a third of all important legislative proposals by the Commission

In the view of the Council and the European Parliament, there continues to be considerable room for improvement with regard to the Commission including impact assessments with the legislative proposals it presents. Once again, no impact assessments were submitted for around a third of all important proposals from the Commission last year.

Federal Government calling for all proposals in the Commission work programme, and all with a significant impact, to be subject to an impact assessment.

The Federal Government and the Council of the European Union believe that the Commission should adhere fully to the undertaking it made in the Interinstitutional Agreement on Better Law-Making of 13 April 2016 and subject all proposals contained in the Commission work programme, as well as all of those with a significant impact, to a rigorous impact assessment. All other legislative proposals should at least undergo a brief, transparent analysis of possible effects to exclude significant unexpected impacts. To satisfy calls for evidence-based legislation, it is important for the European Commission to use impact assessments as a sound foundation for legislative work in the European Parliament and in the Council of the European Union.

Based on its own favourable experience with the National Regulatory Control Council, the Federal Government continues to advocate further improvements in the independence, mandate and structures of the European Commission’s Regulatory Scrutiny Board (RSB). It is important to have a strong RSB to achieve the high quality of Commission impact assessments referred to above and to provide a lasting boost to the better regulation movement at EU level overall. All seven members of the RSB should therefore be recruited externally (at present, four of the seven including the Chair are Commission officials) and should not subsequently hold posts in the Commission. The RSB should oversee the production of impact assessments in accordance with the Interinstitutional Agreement on Better Law-Making and verify adherence to the ‘evaluate first’ principle. In addition, as the European Court of Auditors has recommended the RSB should be given its own secretariat so that it can perform its tasks efficiently.

Independent control body important



The Organisation for Economic Co-operation and Development (OECD) also comes to mixed conclusions in a comparative study of better regulation at EU level. It remarks that, although the European Union and its member states have created the basis for a framework for better regulation, in practice implementation in many areas lags behind the stated objectives.

H.2 ‘One in, one out’ at EU level

In September 2019, the new President of the European Commission, Ursula von der Leyen, determined the ‘one in, one out’ rule as one of the Commission’s core working methods. This fulfils one of the stipulations of the German coalition agreement.

European Commission adopts ‘one in, one out’ as core working method

According to von der Leyen, each regulatory initiative from the Commission that results in new burdens should simultaneously relieve citizens and businesses of an equivalent weight of burdens in the same policy area. All of the European Commission’s regulatory initiatives should be based on fact, undergo wide-ranging consultations with those affected and be reviewed by the Regulatory Scrutiny Board. Vice-President of the Commission, Maroš Šefčovič, has been tasked with developing the necessary methods and procedures. The Federal Government, the National Regulatory Control Council (NKR), as well as governments and advisory bodies in many other member states, support the Commission with this work. An expert report commissioned in 2019 by the Federal Ministry for Economic Affairs and Energy from the Centre for European Policy Studies concluded that an ambitious introduction of the ‘one in, one out’ rule was both possible and advisable. The recommendations of this report include the ‘one in, one out’ rule covering all of the Commission’s legislative proposals from all policy fields, and compliance costs being taken into account in regulation rather than the much less onerous reporting obligations alone. Existing protection standards must be preserved, it continues, and it must still be possible for laws to be amended.

Each regulatory initiative from the Commission that results in new burdens should simultaneously relieve citizens and businesses of an equivalent weight of burdens in the same policy area

H.3 Organisation for Economic Co-operation and Development

Cooperation between states themselves, and between states and international organisations, crucial to overcoming challenges

The Organisation for Economic Co-operation and Development (OECD) Regulatory Policy Committee's sixth annual meeting of the partnership of international organisations was unanimous in its statement that climate change, pandemics and other current challenges cannot be resolved by either individual states or international organisations alone.

The meeting in New York in April 2019 was attended by 22 international organisations, many OECD member states, diplomatic missions to the United Nations and interested researchers. It concluded that, instead of unilateral national action, international rules are required that would then be applied at the national level and adhered to by governments, businesses and consumers alike. It also agreed on the need to make international agreements more effective, with national and regional concerns given greater consideration in consultations, decision-making and implementation.

That said, some international organisations do not include the public in their decision-making processes themselves. Instead, they rely on their member states involving the public and those affected in their own decisions. Many international organisations are determined to coordinate their legislative work more closely. To support this, the OECD is developing a collection of methods and good practices for these organisations' legislative activities.

OECD discussing effectiveness of legislation amid ongoing digitalisation

In its two routine meetings, the Regulatory Policy Committee examined in detail what requirements legislation must fulfil in the light of ongoing digitalisation. It concluded that, more than ever before, there is a need for interdisciplinary cooperation within governments, a closely coordinated international approach and the inclusion of those affected at an early stage. This, it believes, is the only way of focusing on the future in consultations about how policy and law should successfully deal with the opportunities and risks of advancing digitalisation. To achieve this, many OECD member states have formed advisory bodies, such as the Federal Government's Digital Council.

A large number of governments are determined to set more binding targets in their legislation, instead of prohibiting or prescribing specific actions, business models or technologies. In practice, for example, this would mean defining more effective, general and verifiable rules for passenger transport, rather than enacting legal provisions that favour or discriminate against individual models such as those of the taxi business or ride sharing apps.

Part of this is a discussion about whether or not the established, accepted framework for legislation and its enforcement still applies. For example, the use by states and administrations of big data (whole-sale use of digital data) would permit controls to be undertaken and, where necessary, sanctions imposed in real time. Vehicle speeds could technically be monitored online at any time, for instance. At the same time, an acceptable probability of accidents could be defined. In networked systems, traffic monitoring could respond in fractions of a second to accidents or speeding motorists to prevent more accidents happening.

The Regulatory Policy Committee also presented and discussed good practices for regulatory impact assessments, the use of insights from behavioural science and one-stop shops. The latter are generally referred to collectively as ‘online portals’ or ‘centralised digital services’.

Does the established, accepted framework for legislation and its enforcement still apply?

I Identification and presentation of compliance costs

I.1 General

The Federal Government reports annually to the German Bundestag on its experience applying methods for calculating compliance costs. Broken down by federal ministry responsible, it also reports on how these costs have changed in response to regulations in federal law.

Methodology used to calculate compliance costs

Government departments estimate change in compliance costs

Complying with the provisions of federal law can generate costs for citizens, businesses and the public administration. These expenses might be for installing smoke detectors required by law or for monitoring compliance with hygiene standards, for example. Classified as compliance costs, they are calculated by the federal ministries for all new and amended regulations under federal law, in accordance with the Guidelines on the Identification and Presentation of Compliance Costs in Legislative Proposals by the Federal Government. A methodological distinction is made between regular and oneoff costs. In the case of businesses, bureaucracy costs arising from information obligations are presented as a separate element of compliance costs (Figure 12). By requiring data and other information to be obtained for authorities or third parties, kept available or forwarded to them, these duties to provide information involve both cost and time.

Figure 12: Categories of compliance costs

| Regular compliance costs (annual) | | |
|---|---|---|
| ... for citizens • compliance time in hours • costs in euro | ... for businesses • costs in euro ... information obligations • costs in euro | ... for the administration • costs in euro |
| Oneoff compliance costs (adjustment costs) | | |
| ... for citizens • compliance time in hours • costs in euro | ... for businesses • costs in euro • costs in euro | ... for the administration • costs in euro |

Even before the Federal Government brings a regulatory proposal before the Bundestag, the government department responsible will estimate the related compliance costs and consider how it can keep them as low as possible. Before they vote, parliamentarians are given an overview of projected aggregate compliance costs on the introductory page to the legislation. The explanatory memorandum on the law gives a detailed breakdown of these costs.

Better decision-making basis for parliamentarians

The expected costs of each regulation passed by the Bundestag are stored in a public database, known as WebSKM. Approximately two years after a regulation has entered into force, the Federal Statistical Office measures whether or not the compliance costs estimated in advance (ex ante) actually match those incurred in reality. Federal ministries may ask the Federal Statistical Office for support in producing their ex ante estimate.

Reassessment two years after entry into force using actual compliance costs

1.2 Development of compliance costs

Each federal ministry is responsible for calculating – and effectively limiting – the compliance costs associated with its draft regulations that the Federal Cabinet has adopted. Annexes 3 to 5 show the development of compliance costs associated with regulatory proposals in 2019 (the reporting period).

Development of compliance costs presented down to department level

I.2.1 General trend

197 out of 291 regulatory proposals impact on compliance costs

For 2019, the Federal Statistical Office logged 291 regulatory proposals adopted by the Federal Government in its database. Of these, 94 had no impact on compliance costs. Meanwhile, the other 197 proposals contained 1376 individual requirements that did have an impact (Figure 13). The Federal Government therefore adopted a total of 77 drafts more than the 2018 figure of 214. These drafts go hand in hand with a sharp increase in individual requirements (up from 653 the previous year). Just over half of all requirements were directed at the administration, with 513 aimed at business and only 173 at citizens (Figure 14).

The Federal Statistical Office supported federal ministries with their estimates in 95 cases, corresponding to around 48 percent of the 197 regulations adopted by the Federal Government that impact on compliance costs. These concerned, for example, ex ante estimates for the Bureaucracy Reduction Act III, and the Animal Welfare Labelling Act.

Figure 13: Number of regulatory proposals adopted in 2019

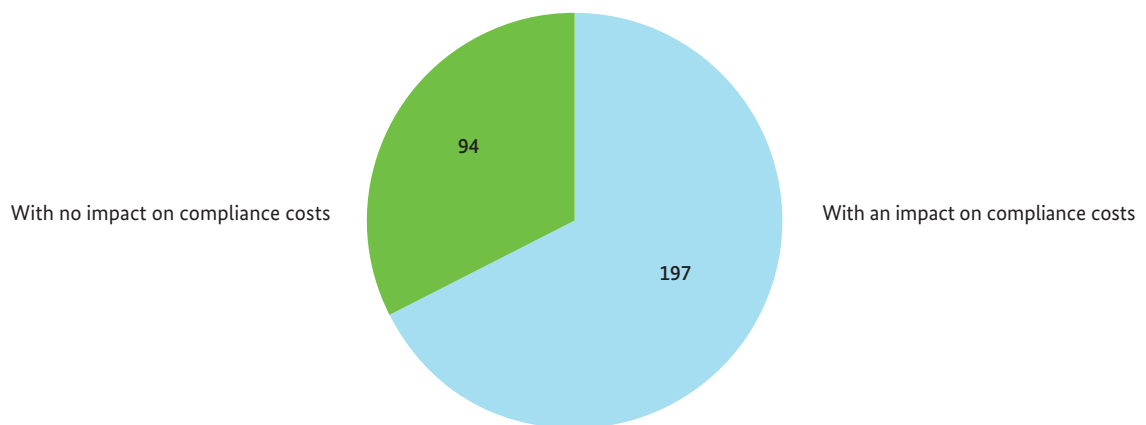
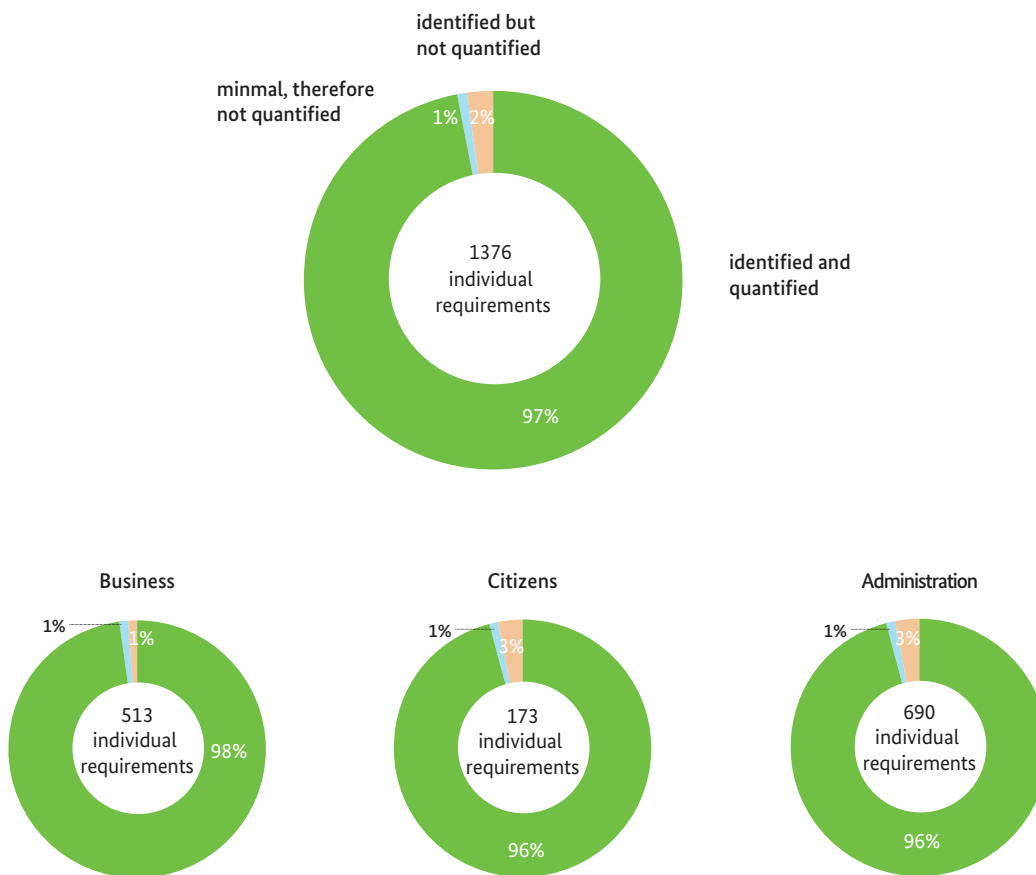


Figure 14: Quantification of changes in compliance costs arising from individual requirements in 2019 (including figures for businesses, citizens and the administration)



The federal ministries quantified compliance costs for 1328 of the individual requirements. In eleven cases (1%), the expected costs were so low that they were quantified any more precisely. In two percent of proposals, although the government departments determined that compliance costs would change, they did not believe they were able to estimate the impact on those costs. Most of the requirements that were identified but could not be quantified (23) affected the administration. This process is explained in more detail in the individual legislative drafts.

Compliance costs quantified for 97 percent of all proposals

I.2.2 Compliance cost trends for each group of addressees

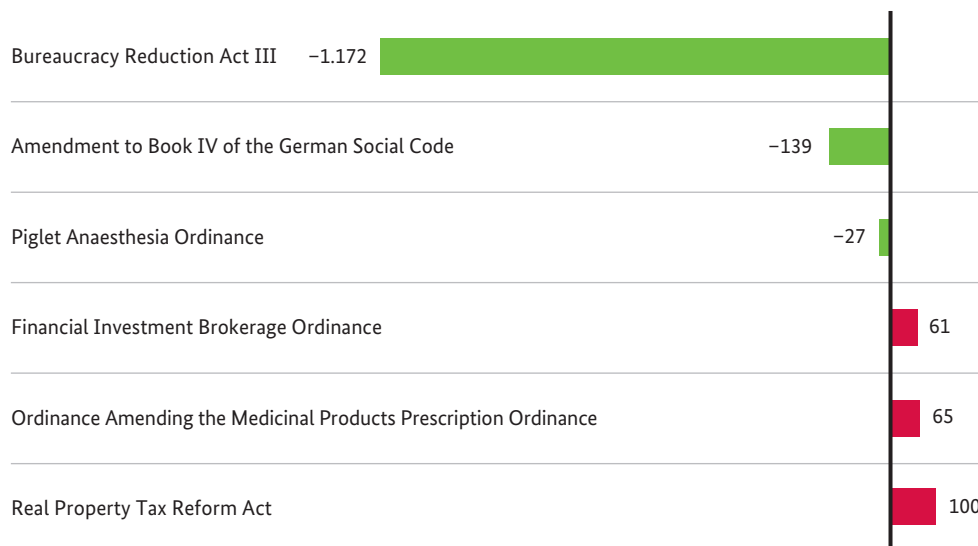
Development of business compliance costs

Regular business compliance costs 943 million euro lower

Regular business compliance costs contracted by 943 million euro per year in 2019 (Annex 3). This figure breaks down into 63 regulatory proposals that increased compliance costs by 436 million euro and 26 proposals that reduced them by 1378 million euro. This is the second-highest fall since the concept of compliance costs was introduced in 2012 (Annex 7). The following regulations had the greatest impact on these changes:

Figure 15: Regulatory proposals resulting in the greatest increases and reductions in regular business compliance costs in 2019

Change in regular compliance costs per year
in millions of euro



Bureaucracy Reduction Act III biggest contributor to reduction

At 1172 million euro for the year, the Bureaucracy Reduction Act III did most to ease the burden on German businesses. The Act amended several existing laws at the same time. For example, including employers in the electronic dispatch process for certificates of incapacity to work saves 549 million euro in compliance costs. Instead of working with yellow paper incapacity certificates, employers are now able to call up the relevant information digitally, via health insurers. A further key element of the Bureaucracy Reduction Act III is simplified archiving for electronic tax documents through a change to the Fiscal Code of Germany. In the past, companies had to keep data processing

systems operational for ten years even if they had changed IT system or moved data storage off site. This period has now been reduced to five years, resulting in annual savings of 532 million euro.

Annual compliance costs of 139 million euro will be saved with the Seventh Act Amending Book IV of the German Social Code and other legislation. One of the outcomes of this law is that health insurers will send employers electronic membership confirmations for their staff. Not having to process membership certificates on paper will save employers 105 million euro annually. Provisions introduced during parliamentary proceedings govern access to information on incapacity to work in connection with employees' stays in hospital, and on the Federal Employment Agency accessing data on incapacity to work in general. According to initial estimates from the Federal Ministry of Labour and Social Affairs, being able to call up the dates of an inpatient stay in hospital will result in a further saving of around 114 million euro each year. This legislative project is therefore responsible for an aggregate reduction in compliance costs of around 253 million euro. Since these further savings were not introduced until the parliamentary stage, they are not reflected in the net figures recorded by the Federal Government.

The Act Reforming Real Property Tax and Valuation Legislation (Real Property Tax Reform Act), large sections of which entered into force at the end of 2019, ensures that tax discrimination is eliminated and that, from 2025, real property tax will be calculated in a way that is compatible with the constitution (the previous system having been ruled unconstitutional). From 2022 to 2028, property owners will face additional regular costs of some 100 million euro per year, mainly for the principal assessment as at 1 January 2022 and the initial determination of taxable value as at 1 January 2025 using the (electronic) tax return (Figure 15).

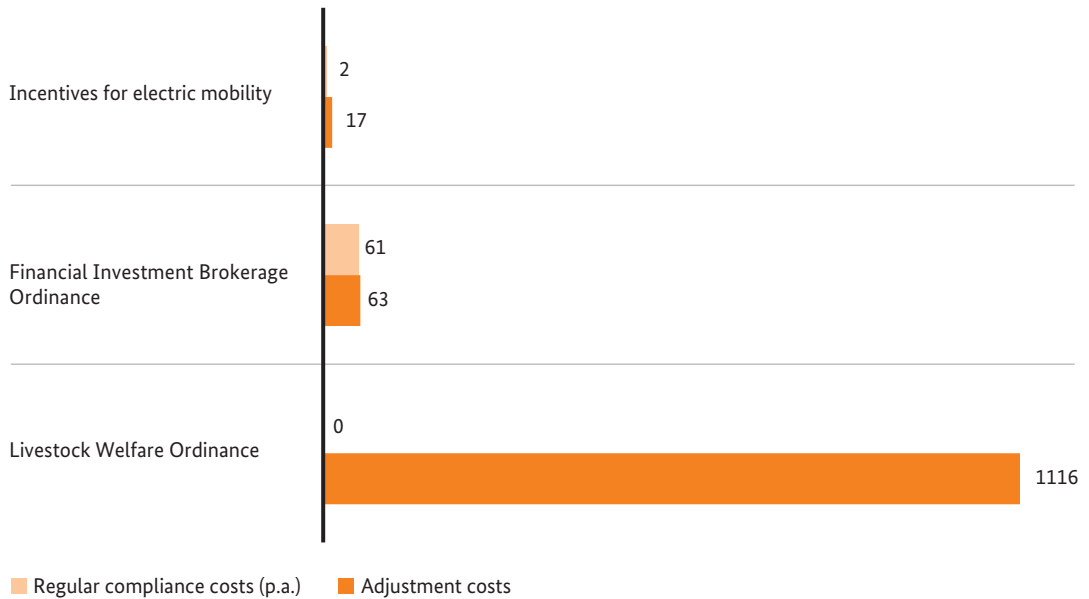
In 2019, business adjustment costs came to 1301 million euro, spread across 49 regulatory proposals. The Livestock Welfare Ordinance results in oneoff costs of 1116 million euro, accounting for 86 percent of total oneoff costs. The Ordinance provides, among other things, for a change in the interests of animal welfare in the way that sows are kept in farrowing pens. To satisfy the new space requirements, livestock owners will have to expand their byres, resulting in building costs. The Ordinance does not result in any additional recurring annual compliance costs, however.

Adjustment costs of 1301 million euro higher than 2018; Livestock Welfare Ordinance accounts for majority

In the case of the Financial Investment Brokerage Ordinance, both the adjustment costs involved in setting up the technical equipment needed to record telephone advisory sessions and the regular costs of actually recording those conversations will be around 60 million euro (Figure 16).

Figure 16: Regulatory proposals resulting in the highest business adjustment costs in 2019

Regular compliance costs and adjustment costs
in millions of euro

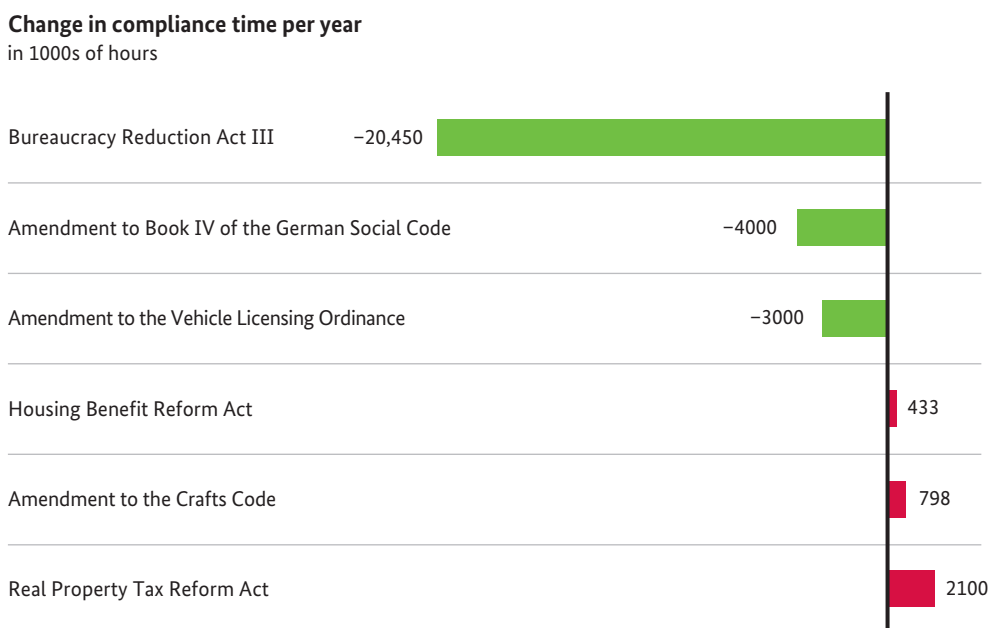


Development of compliance costs for citizens

Regular compliance costs for citizens down by 23.7 million hours and 133 million euro

Citizens also feel the effects when new laws and regulations are adopted or old ones are amended. The 42 regulatory proposals impacting on time spent by citizens on compliance that were passed in 2019 reduce this time by 23.7 million hours per year. This is the second-highest reduction in the compliance burden since the concept was introduced in 2012 (Annex 9). Furthermore, annual compliance costs were cut by 133 million euro (Annex 10).

Figure 17: Regulatory proposals resulting in the greatest increases and reductions in regular compliance costs for citizens in 2019



Citizens' compliance burden is decreasing primarily as a result of the changes adopted in the Bureaucracy Reduction Act III. This law, which puts new legislation in place and stipulates the resulting amendments to existing laws, provides for changes to Book IV of the German Social Code. From 2022 onwards, employees no longer have to submit the yellow paper certificates of incapacity to work to their employers. Instead, employers can call up the relevant information electronically, via health insurers. Employees will thus save around 15 minutes in each case, reducing their compliance burden by around 19.3 million hours per year from January 2022. There will be other savings, too, because citizens will no longer have to pay the one-euro postage cost for each certificate sent. The Bureaucracy Reduction Act III also amends the Federal Act on Registration. In the future, it will be possible to fill out registration forms in hotels and other forms of accommodation digitally, without the guest's signature. This represents a time saving for citizens of 1.2 million hours annually. Furthermore, since January 2020 the increase in the thresholds laid down in the Tax Consultancy Act will allow more citizens to use the services of income tax support organisations, rather than having to go to a tax consultant. Lower consultancy expenses for those concerned will cut their compliance costs by a total of 1.2 million euro per year.

Bureaucracy Reduction Act III also brings greatest relief for citizens



Alongside the Bureaucracy Reduction Act III, the Seventh Act Amending Book IV of the German Social Code and other legislation represents another time saving for citizens. The various changes to the Social Code mean that citizens no longer have to report their membership of a statutory health insurance fund to their employer, employment agency or job centre. This will be handled by the health insurers electronically, saving ten minutes' travel time and one euro in postage in each case. This adds up to two million hours and 12.2 million euro. Furthermore, employees will be spared an additional 1.9 million hours or so per year from August 2020 thanks to the electronic transfer of employment certificates. Further reductions will be generated by the option of accessing information on incapacity to work in connection with employees' stays in hospital and by the Federal Employment Agency accessing data on incapacity to work in general. According to the initial estimates of the Federal Ministry of Labour and Social Affairs, this will result in an overall saving to citizens of 4.2 million hours and a further 16.7 million euro in compliance costs. This amendment was introduced during parliamentary proceedings on the Seventh Act Amending Book IV of the German Social Code and other legislation and is not part of the net figures recorded by the Federal Government.

Under the Real Property Tax Reform Act, the federal revenue administration must calculate and manage real property values and taxable values for the main assessment period between 2022 and 2028. This will be done on the basis of the (electronic) tax returns submitted by property owners, representing an additional time saving for citizens of around 2.1 million hours annually and compliance costs associated with paper tax returns of 445,000 euro per year. Furthermore, the Fourth Act Amending the Crafts Code and other provisions of crafts and trades law re-introduces mandatory authorisation for 12 trades, meaning that business owners and managers will have to hold the title of master craftsman/woman to receive a trading licence. The number of those taking masters' preparation courses will therefore increase, resulting in 773,000 more hours being spent per year, as well as an

increase in compliance costs of approximately 2.6 million euro annually. An additional change is that, since January 2020, additional households have been eligible for support under the Housing Benefit Reform Act. This has increased the number of applications, raising the time spent by around 433,000 hours (Figure 17).

Development of administration compliance costs

While regular compliance costs for both citizens and businesses fell in 2019, 153 of the regulations that were adopted resulted in a significantly above-average increase in the burden on public administrations at federal, Land and municipality levels. This totalled 922 million euro per year (Annexes 4 and 11).

Since July 2019, the Act to Combat Unlawful Employment and Benefit Fraud has expanded the powers of German customs to fight undeclared work, and those of the Family Benefits Office to check up on those claiming child benefit. This results in an additional 462 million euro in regular staff and compliance costs. Also since July 2019, the Strong Families Act has gradually been increasing the number of families eligible to claim child supplement, resulting in more applications to Family Benefits Offices and a total increase in compliance costs for 2019–2021 of approximately 154.6 million euro. At the same time, simplifications concerning benefits promoting education and participation reduce the burden on Länder by some 13.7 million euro per year meaning the Act has cut the administration's costs by around 141 million euro per year. Furthermore, in particular by including employers in the electronic dispatch process for certificates of incapacity to work from 2022, the Bureaucracy Reduction Act III will cause additional regular compliance costs of 144 million euro annually. These will be borne primarily by the statutory health insurance funds (Figure 18).

The Act Providing Further Tax Incentives for Electric Mobility and amending other tax regulations will save 93 million euro in regular compliance costs. The Seventh Act Amending Book IV of the German Social Code and other legislation will cut the administration's regular compliance costs by approximately a further 54 million euro. Since statutory health insurance funds will now have to report information on membership to employers, employment agencies and job centres electronically, rather than on paper, regular compliance costs will fall. This accounts for much of the saving generated by the Act. Additional relief from administrative burdens results from the option of electronic access to information on incapacity to work in connection with employees' stays in hospital and from the Federal Employment Agency's being able to access information on incapacity to work, as well as direct access to incapacity information on the marginally employed from health insurers directly, rather than via the Minijob hub. According to the initial estimates of the Federal Ministry of Labour and Social Affairs, these measures will achieve a net reduction of around 43.6 million euro per year. This amendment was introduced during parliamentary proceedings on the Seventh Act Amending Book IV of the German Social Code and other legislation and is not part of the net figures recorded by the Federal Government.

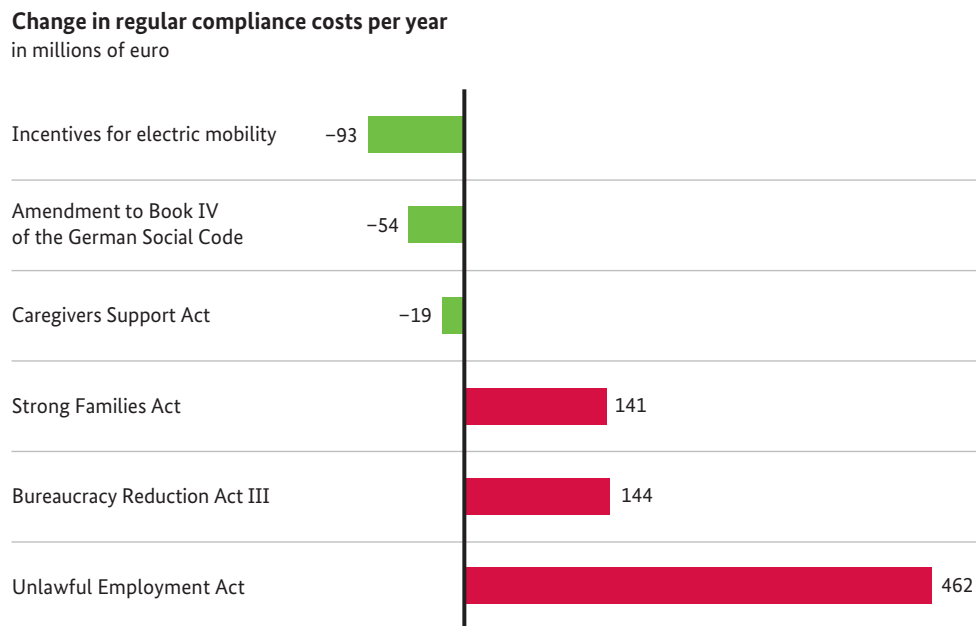
At 922 million euro, rise in regular compliance costs for the administration is markedly above average

Greatest increase due to Unlawful Employment Act



From 2020 onwards, the Caregiver Support Act will generate savings of approximately 19 million euro for Länder and municipalities. This is because means testing has been dropped for new and existing cases in which a parent or child is liable to pay maintenance. Without this reform, under social insurance law the authorities would still be able to reclaim some or all of the benefits paid for the care of the dependent family member.

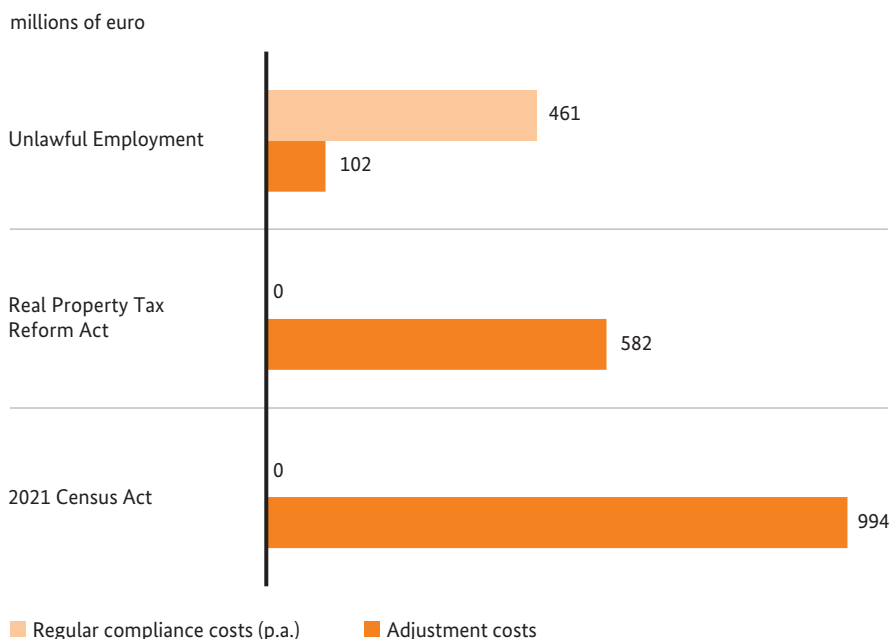
Figure 18: Regulatory proposals resulting in the greatest increases and reductions in regular administration compliance costs in 2019



Adjustment costs of some 2 billion euro highest since records began; 2021 Census Act responsible for around half

More than half of all regulatory proposals affecting regular compliance costs also generate adjustment costs. These came to approximately two billion euro for the year under review (Figure 19), the highest figure since the concept of compliance costs was introduced in 2012. At around one billion euro, just under half of this figure was incurred in connection with the 2021 Census Act, and is borne mainly by the agencies responsible for conducting it: the Federal Government and Länder statistical offices. The Real Property Tax Reform Act results in oneoff costs for the federal revenue administration of more than half a billion euro to ensure that revised property values and taxable values can be processed electronically and automatically in the future. In addition, the Act to Combat Unlawful Employment and Benefit Fraud necessitates adjustment costs of 102 million euro, which will be borne principally by customs as it expands its premises, operating resources, training courses and IT networks.

Figure 19: Regulatory proposals resulting in the highest administration adjustment costs in 2019



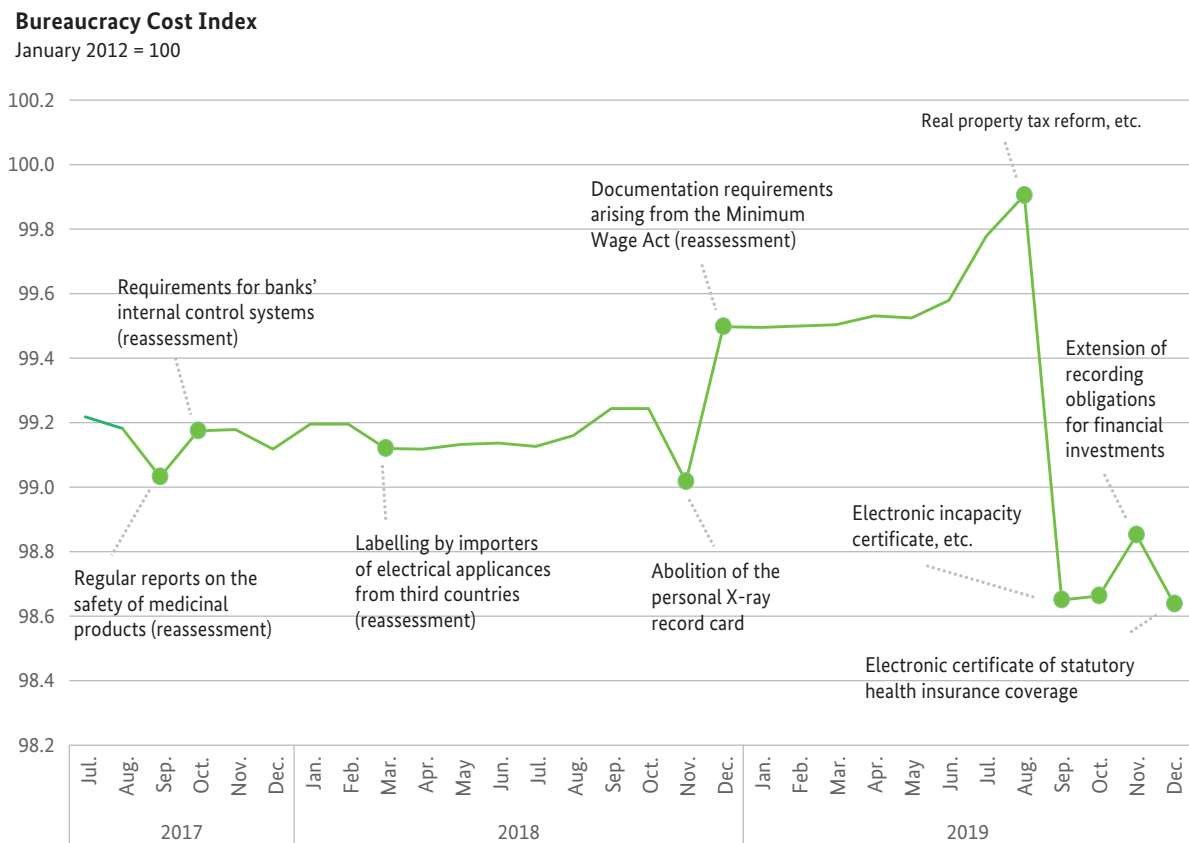
I.2.3 Development of the Bureaucracy Cost Index

Bureaucracy costs, as part of compliance costs, are calculated and presented separately for businesses. These costs arise from information obligations, in other words legal requirements to obtain data and other information for authorities or third parties, to keep it available for them or to forward it to them. Examples of these obligations include companies’ cooperation with audits (e.g. an external audit of pension cover), or documentation and reporting obligations (e.g. employers reporting employees who are subject to social insurance contributions).

Since 2012, the trend in bureaucracy costs has been tracked using the Bureaucracy Cost Index and made transparent for the public. The index was launched on 1 January 2012 with a base of 100. It replicates changes in business information obligations over time as a result of legal regulations enacted by the Federal Government (Figure 20). Reassessments of compliance costs (see subsection I.2.4 below) also affect the Bureaucracy Cost Index if the findings differ from bureaucracy costs estimated ex ante. The Federal Statistical Office publishes updated Bureaucracy Cost Index figures quarterly (www.destatis.de).

Bureaucracy costs for business resulting from information obligations reported separately and reflected in the Bureaucracy Cost Index

Figure 20: Bureaucracy Cost Index over time



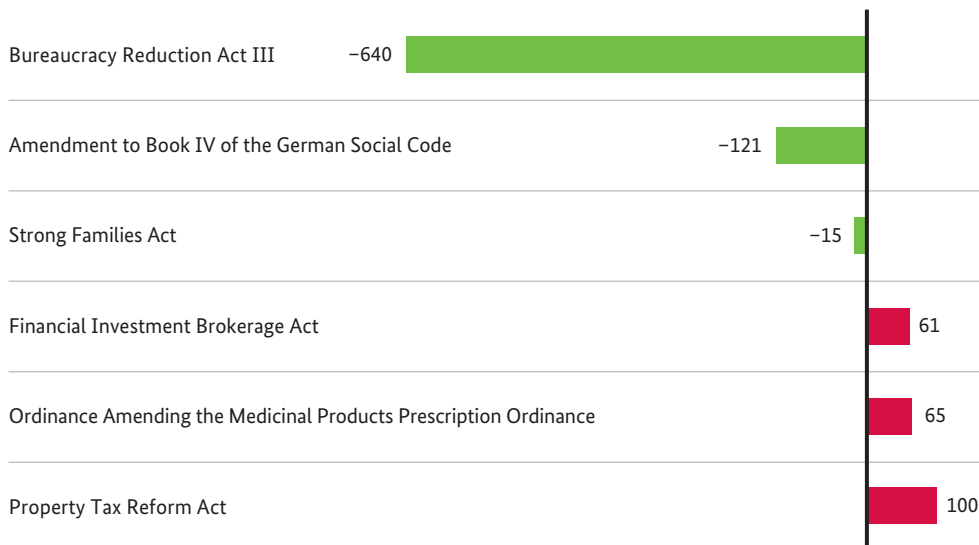
Bureaucracy Cost Index falls to all-time low

Starting from a figure of 99.49 in December 2018, the Bureaucracy Cost Index sank to 98.63 over the course of 2019 to fall to its lowest point since its introduction in 2012. During this time, the Federal Government adopted 40 new regulatory proposals that impact on businesses' information obligations. Of these, 30 generated costs of 298 million euro, causing the Index to rise. Ten proposals reduced costs by 786 million euro, however. The reassessments of compliance costs conducted by the Federal Statistical Office identified changes relevant to the Bureaucracy Cost Index in the case of 21 regulations. All in all, reassessments increased the Index by 24 million euro. The regulatory proposals which produced the greatest change in burdens can be seen in Figure 21.

Figure 21: Bureaucracy costs for business

Change in regular bureaucracy costs per year

in millions of euro



While the Bureaucracy Reduction Act III led to an aggregate 1172 million euro fall in compliance costs, around 640 million of this figure is accounted for by bureaucracy costs arising from information obligations. The majority is attributable to the introduction of electronic incapacity to work notices in Book IV of the Social Code, as described above. It was a similar picture with the Seventh Act Amending Book IV of the German Social Code and other legislation: all in all, regulatory proposals reduced compliance costs by 139 million euro, 121 million of which was associated with information obligations. Employers' bureaucracy costs are falling primarily owing to the introduction of electronic health insurance membership certificates.

The Eighteenth Ordinance Amending the Medicinal Products Prescription Ordinance obliges medical staff to write the dose of the prescribed medication on the prescription to safeguard more effectively against patients taking the wrong dose. This regulation is associated with a rise in bureaucracy costs of 65 million euro annually. As described above in subsection I.2.2, the Act Reforming Real Property Tax and Valuation Legislation generates around 100 million euro in regular compliance costs from information obligations. The reform is aimed at making the calculation of real property tax fairer so that very similar properties will be valued in the same way. Information obligations are also the sole reason for the 61 million euro in compliance costs created by the Financial Investment Brokerage Ordinance that are referred to above.

Bureaucracy Reduction Act III
greatest factor in Index fall

I.2.4 Reassessment of compliance costs

Reassessment an important part of regulatory impact assessment

Before they enter into force, the consequences of new regulations can only be estimated. The bureaucratic burdens they bring with them are therefore analysed in greater detail once the full effect of the legislation and regulations has been felt in practice. The Federal Statistical Office surveys affected companies, citizens and government agencies on their real-life experience and costs. In consultation with the federal ministry concerned, the survey is conducted no earlier than two years after the legal instrument has entered into effect.

Ex post cost calculations sometimes differ from those done in advance

The reassessment involves a review of the individual parameters for calculating compliance costs – number of cases, time taken and material costs. In many instances, only a rough estimate can be given in advance of how frequently a service will be used. In addition, when a legal regulation is adopted by the Federal Cabinet, it is too early to predict downstream processes accurately. Länder and municipalities are generally charged with implementation and often also have a degree of scope here. That is why certain deviations between ex ante estimates and reassessed figures for all three groups of addressees are unsurprising. In addition to validating estimated figures, the review determines whether or not there are any additional tasks and obligations in the process as a whole that could not have been foreseen at the ex ante stage.

No trend towards higher or lower ex ante estimates

Annexes 7 and 9 to 11 compare the compliance costs estimated ex ante by government departments with the findings of the reassessment and the changes made as the bill passed through Parliament. Overall, it can be seen that there is no systematic deviation between the ex post findings and the ex ante estimates. In other words, there are cases in which actual compliance costs were over-estimated in advance, and cases in which they were under-estimated. In 2019, 73 regulatory proposals containing 1366 individual requirements underwent a conclusive reassessment. These included the Ordinance Regulating Job-Related German Language Courses, and the Swine Fever Monitoring Ordinance.

Administration costs for Ordinance Regulating Job-Related German Language Courses actually lower than estimated

The Ordinance Regulating Job-Related German language Courses entered into force on 1 July 2016. Such courses are intended to improve a person's chances of becoming permanently integrated into the labour market and securing employment appropriate to the level of their qualifications. It should also make it easier to access basic and further training programmes and encourage recognition of foreign vocational qualifications and the acquiring of practice licenses and professional permits. Language courses are aimed at non-Germans and German citizens with migration backgrounds who live in Germany and require support to gain the language skills they need for their (prospective) job.

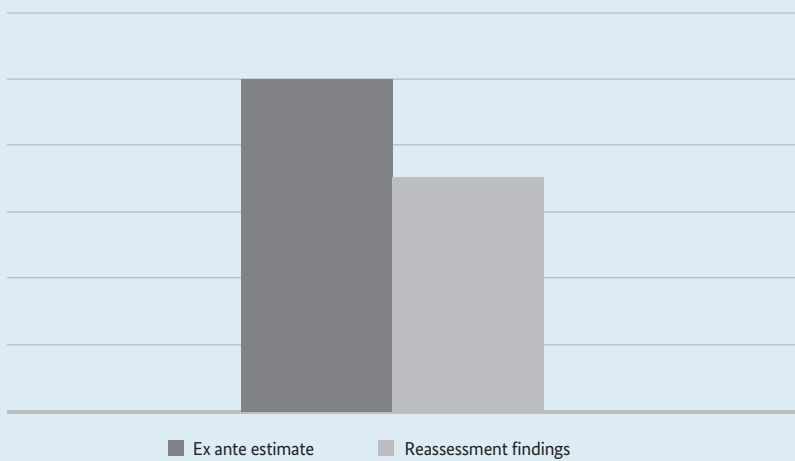
Greater transparency about reassessment findings

The Federal Government is improving transparency about the impacts of regulatory proposals. It now reports for the first time systematically on the findings of the Federal Statistical Office's reassessment of compliance costs.

In the past, reassessment findings were published in the Federal Statistical Office's publicly accessible WebSKM database and factored into the Bureaucracy Cost Index.

For the first time, the cumulated reassessment findings for 2013 to 2016 are shown for each calendar year in a separate column in Annexes 7 and 9 to 11.

Model presentation of cumulated change in compliance costs for one calendar year



The left-hand column corresponds to the existing presentation of how compliance costs are likely to change as a result of the regulatory proposals adopted by the Federal Government in one calendar year (ex ante estimate).

The right-hand column shows the impacts that the Federal Statistical Office has reassessed at least two years after entry into force. If the regulatory proposal adopted by the Federal Government was amended during parliamentary proceedings, the resulting impacts on compliance costs are determined as part of the reassessment and presented along with the other changes in the right-hand column.

Reassessment findings are available for regulatory proposals adopted up to the end of 2016. Regulatory proposals from 2017 cannot be reassessed until they have been in force for a minimum of two years. They will be the focus of the 2020 reassessment programme.

The Federal Office for Migration and Refugees is tasked with organising job-related German language courses. Job centres and branches of the Federal Employment Agency grant authorisation to attend these courses in more than 90 percent of cases. The Federal Statistical Office conducted the employee survey either in person or by telephone. At 8.7 million euro, the ex ante estimate of administrative costs was higher than the actual figure of around 6.3 million euro in total.

Job-related German language courses as defined in the Ordinance are offered by private or public-sector providers which, upon application, are accredited by the Federal Office for Migration and Refugees for a maximum of five years at a time. These providers must fulfil many reporting obligations to the Office, beginning when they publish a course in the KURSNET database and lasting through to when students graduate. In all, 26 course providers agreed to participate in a personal or telephone interview. It became clear from the assessment that the take-up rate for these language courses is very high. The surveys also gave rise to a large number of comments and proposed improvements. These were collated for the ministry in charge.

Administration costs for Swine Fever Monitoring Ordinance lower than expected but reassessment revealed compliance costs for citizens and businesses

The Ordinance on the Implementation of Monitoring of the Virus of Classical and African Swine Fever in Wild and Domestic Pigs (Swine Fever Monitoring Ordinance) entered into force on 17 November 2016. It falls within the responsibility of the Federal Ministry of Food and Agriculture. The Ordinance was introduced to promote the early detection of classical and African swine fever and essentially governs sample taking and analysis for wild pigs that have been shot or found dead and show clear signs of disease. The aim of the Ordinance is to continue to keep German pig meat processing and exports free of animal disease, in particular in view of the rapid spread of African swine fever in Europe. Before the Ordinance entered into force, compliance costs were estimated at a maximum of around two million euro per year for the administration alone.

The Federal Statistical Office surveyed the Land laboratories responsible for analysing the samples to establish the actual cost. It emerged here that, after the Ordinance entered into force, laboratories observed a difference between the ex ante estimate and the actual number of samples analysed using the three types of test. The greatest burden was expected to be from virological sample analysis (evidence of viruses, antigens or genomes) for wild pigs (25,000 cases). Only 995 cases were analysed, however. Given that it takes 37 minutes to conduct a test and materials costs (testing kits and consumables) are 29 euro per case, the costs of approximately 46,000 euro were well below the projected 1.8 million euro. By contrast, more cases were analysed where the two serological sample tests to detect antibodies against classical swine fever were concerned (41,550 instead of 25,000 for wild pigs, and 41,219 rather than 13,640 cases for domestic pigs). The tests take between four and six minutes each, with materials costs of around three euro. Added to this are the time and cost incurred by veterinary offices in managing and coordinating the samples: they must issue and explain the materials, and forward samples to laboratories, for example. The Ordinance generates total annual compliance

costs of approximately 1.1 million euro for the administration, or some 900,000 euro less than the ex ante estimate.

Furthermore, the reassessment revealed that citizens and businesses incur compliance costs from hunting, specifically where samples are taken from wild pigs that have been shot or found dead, and for taking samples to the veterinary office or a courier base. Of the total 42,545 samples in 2017, around 90 percent were taken by citizens holding hunting licences, and approximately 10 percent by commercial hunters, who are counted as businesses. It took 121 minutes to take each sample, resulting in around 77,000 person hours for citizens and some 196,000 euro in compliance costs for businesses (monetised hours). Both groups of addressees had to add on another 44 minutes of journey time for their trips to the veterinary office. This corresponds to some 71,000 euro in monetised hours for businesses and a total of 28,000 hours a year for citizens.

Annexes and appendices

Annex 1: Bureaucracy brake ('one in, one out') summary for 2019

| | Number of relevant regulatory proposals | | 'in' | 'out' | Cap on compensation | Balance before interdepartmental compensation | Interdepartmental compensation | Balance |
|--|---|-----------|--------------|---------------|---------------------|---|--------------------------------|----------------|
| | increase | reduction | | | | | | |
| | in millions of euro | | | | | | | |
| Federal Foreign Office | | | | | | | | |
| Federal Ministry of the Interior, Building and Community | 6 | 1 | 2.2 | 52.0 | | -49.8 | | -49.8 |
| Federal Ministry of Justice and Consumer Protection | 4 | 3 | 0.5 | 9.1 | | -8.6 | | -8.6 |
| Federal Ministry of Finance | 6 | 3 | 8.6 | 549.8 | | -541.2 | | -541.2 |
| Federal Ministry for Economic Affairs and Energy | 7 | 4 | 2.7 | 1.4 | | 1.3 | | 1.3 |
| Federal Ministry of Labour and Social Affairs | 3 | 4 | 24.6 | 726.5 | | -701.9 | | -701.9 |
| Federal Ministry of Food and Agriculture | 2 | 4 | 5.4 | 27.8 | | -22.4 | | -22.4 |
| Federal Ministry of Defence | | | | | | | | |
| Federal Ministry for Family Affairs, Senior Citizens, Women and Youth | 1 | | 0.1 | | | 0.1 | | 0.1 |
| Federal Ministry of Health | 8 | 3 | 73.3 | 2.1 | | 71.2 | | 71.2 |
| Federal Ministry of Transport and Digital Infrastructure | 4 | 4 | 10.8 | 5.8 | | 5.0 | | 5.0 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 1 | 1 | 31.0 | 0.4 | | 30.6 | | 30.6 |
| Federal Ministry of Education and Research | 6 | 3 | 53.9 | 0.6 | | 53.3 | | 53.3 |
| Federal Ministry for Economic Cooperation and Development | | | | | | | | |
| Federal Government Commissioner for Culture and the Media | | | | | | | | |
| Total | 48 | 26 | 213.3 | 1375.5 | | -1162.3 | | -1162.3 |

Annex 2: 'One in, one out' factoring in increases and reductions in burdens resulting from the direct transposition of EU requirements; net change for the Federal Government for the 19th legislative term from 14 March 2018 to 31 December 2019

| Department | 'in' | | | 'out' | | | Balance |
|--|---------------------|---|--------------|---------------|---|---------------|----------------|
| | National | Direct transposition of EU requirements | Total | National | Direct transposition of EU requirements | Total | |
| | in millions of euro | | | | | | |
| Federal Foreign Office | | | | | | | |
| Federal Ministry of the Interior, Building and Community | 7.9 | | 7.9 | 52.0 | | 52.0 | -44.1 |
| Federal Ministry of Justice and Consumer Protection | 0.5 | 6.1 | 6.6 | 11.3 | | 11.3 | -4.6 |
| Federal Ministry of Finance | 22.6 | 46.8 | 69.3 | 549.8 | | 549.8 | -480.5 |
| Federal Ministry for Economic Affairs and Energy | 52.5 | 88.0 | 140.5 | 5.3 | 4.5 | 9.8 | 130.7 |
| Federal Ministry of Labour and Social Affairs | 27.8 | | 27.8 | 726.5 | | 726.5 | -698.7 |
| Federal Ministry of Food and Agriculture | 5.4 | 28.2 | 33.6 | 27.8 | 0.2 | 28.0 | 5.6 |
| Federal Ministry of Defence | | | | | | | |
| Federal Ministry for Family Affairs, Senior Citizens, Women and Youth | 0.1 | | 0.1 | | | | 0.1 |
| Federal Ministry of Health | 73.8 | | 73.9 | 5.4 | | 5.4 | 68.4 |
| Federal Ministry of Transport and Digital Infrastructure | 13.9 | 1.7 | 15.6 | 9.4 | | 9.4 | 6.2 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 31.0 | 34.2 | 65.2 | 192.4 | 8.8 | 201.2 | -135.9 |
| Federal Ministry of Education and Research | 53.9 | | 53.9 | 0.6 | | 0.6 | 53.3 |
| Federal Ministry for Economic Cooperation and Development | | | | | | | |
| Federal Government Commissioner for Culture and the Media | | | | | | | |
| Total | 289.5 | 205.0 | 494.5 | 1580.5 | 13.5 | 1594.0 | -1099.4 |

Annex 3: Development of compliance costs in the period from 1 January to 31 December 2019

Net change in regular business compliance costs in millions of euro per year

| | Annual business compliance costs in millions of euro | | | Of which bureaucracy costs arising from information obligations in millions of euro |
|---|---|---------------|---------------|--|
| | Increase | Reduction | Balance | |
| Federal Foreign Office | | | | |
| Federal Ministry of the Interior, Building and Community | 2.2 | 52.0 | -49.8 | -49.9 |
| Federal Ministry of Justice and Consumer Protection | 6.4 | 9.1 | -2.8 | -2.8 |
| Federal Ministry of Finance | 138.2 | 547.5 | -409.4 | 88.0 |
| Federal Ministry for Economic Affairs and Energy | 85.1 | 6.0 | 79.2 | 59.6 |
| Federal Ministry of Labour and Social Affairs | 27.7 | 726.6 | -698.9 | -695.5 |
| Federal Ministry of Food and Agriculture | 5.4 | 28.0 | -22.6 | 5.4 |
| Federal Ministry of Defence | | | | |
| Federal Ministry for Family Affairs, Senior Citizens, Women and Youth | 0.1 | | 0.1 | 0.1 |
| Federal Ministry of Health | 73.4 | 2.1 | 71.3 | 72.2 |
| Federal Ministry of Transport and Digital Infrastructure | 11.4 | 5.8 | 5.6 | |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 32.1 | 0.4 | 31.7 | 30.6 |
| Federal Ministry of Education and Research | 53.5 | 0.6 | 52.9 | 3.8 |
| Federal Ministry for Economic Cooperation and Development | | | | |
| Federal Government Commissioner for Culture and the Media | | | | |
| Total | 435.5 | 1378.0 | -942.5 | -488.6 |

Annex 4: Development of compliance costs in the period from 1 January to 31 December 2019

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

| | Annual compliance costs for citizens | | | | | | Annual compliance costs for the administration | | |
|--|--------------------------------------|-----------------|------------------|------------------------------|--------------|---------------|---|--------------|--------------|
| | Time input in 1000s of hours | | | Costs in millions of euro | | | in millions of euro | | |
| | Increase | Reduction | Balance | Increase | Reduction | Balance | Increase | Reduction | Balance |
| Federal Foreign Office | 1.1 | | 1.1 | | | | | | |
| Federal Ministry of the Interior, Building and Community | 967.4 | 1200.0 | -232.6 | 3.0 | | 3.0 | 114.2 | | 114.2 |
| Federal Ministry of Justice and Consumer Protection | 3.1 | | 3.1 | | | | 4.6 | | 4.6 |
| Federal Ministry of Finance | 2368.5 | 130.7 | 2237.8 | 0.5 | 1.2 | -0.7 | 495.6 | 97.9 | 397.7 |
| Federal Ministry for Economic Affairs and Energy | 797.8 | | 797.8 | 2.6 | 32.5 | -29.8 | 8.2 | | 8.2 |
| Federal Ministry of Labour and Social Affairs | 15.4 | 24,166.7 | -24,151.3 | | 89.2 | -89.2 | 156.9 | 73.1 | 83.8 |
| Federal Ministry of Food and Agriculture | | | | | | | 2.1 | 0.6 | 1.5 |
| Federal Ministry of Defence | | 0.6 | -0.6 | | | | 1.2 | 4.7 | -3.5 |
| Federal Ministry for Family Affairs, Senior Citizens, Women and Youth | 848.0 | | 848.0 | | | | 144.7 | | 144.7 |
| Federal Ministry of Health | 0.9 | 303.0 | -302.1 | 0.3 | | 0.3 | 93.4 | | 93.4 |
| Federal Ministry of Transport and Digital Infrastructure | 36.5 | 3059.7 | -3023.2 | 4.7 | 21.0 | -16.3 | 21.6 | 3.0 | 18.6 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | | | | | | | 14.6 | 0.3 | 14.3 |
| Federal Ministry of Education and Research | 179.1 | 35.3 | 143.8 | 0.1 | 0.1 | | 44.0 | | 43.9 |
| Federal Ministry for Economic Cooperation and Development | | | | | | | | | |
| Federal Government Commissioner for Culture and the Media | | | | | | | | | |
| Total | 5217.8 | 28,895.9 | -23,678.2 | 11.3 | 143.9 | -132.7 | 1101.1 | 179.6 | 921.5 |

Annex 5: Development of compliance costs in the period from 1 January to 31 December 2019

Adjustment costs for citizens, businesses and the administration

| | Adjustment costs for citizens | | Adjustment costs for businesses | Adjustment costs for the administration |
|--|-------------------------------|---------------------|---------------------------------|---|
| | in 1000s of hours | in millions of euro | in millions of euro | in millions of euro |
| Federal Foreign Office | | | | 0.1 |
| Federal Ministry of the Interior, Building and Community | 8634.8 | 10.7 | 19.1 | 1011.4 |
| Federal Ministry of Justice and Consumer Protection | | | 1.7 | 34.0 |
| Federal Ministry of Finance | 30.0 | 0.4 | 22.9 | 755.4 |
| Federal Ministry for Economic Affairs and Energy | | | 85.0 | 8.6 |
| Federal Ministry of Labour and Social Affairs | 30.3 | | 0.0 | 119.6 |
| Federal Ministry of Food and Agriculture | | | 1121.0 | 3.8 |
| Federal Ministry of Defence | | | | 0.4 |
| Federal Ministry for Family Affairs, Senior Citizens, Women and Youth | | | | 18.0 |
| Federal Ministry of Health | | 10.6 | 21.6 | 65.7 |
| Federal Ministry of Transport and Digital Infrastructure | | | 10.5 | 10.5 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | | | 18.7 | 4.3 |
| Federal Ministry of Education and Research | 139.5 | | 0.3 | 10.3 |
| Federal Ministry for Economic Cooperation and Development | | | | |
| Federal Government Commissioner for Culture and the Media | | | | |
| Total | 8834.6 | 21.6 | 1300.9 | 2042.2 |

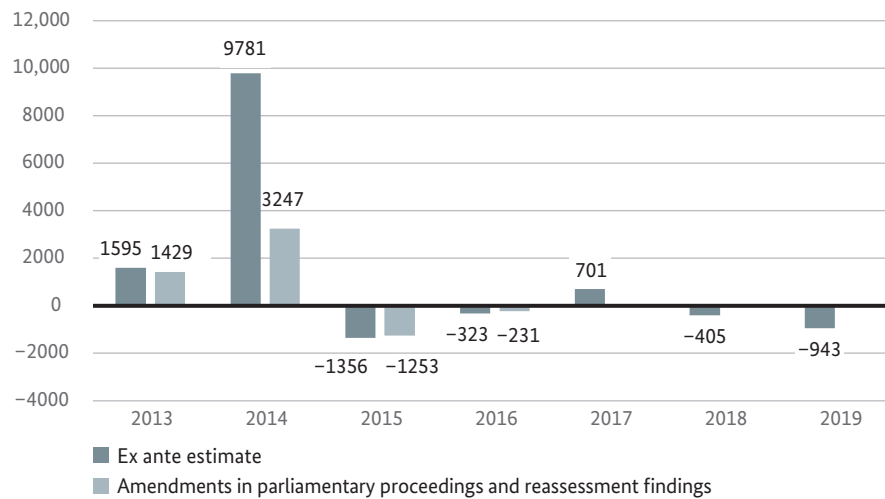
Annex 6: Development of business adjustment costs

| Department | Business adjustment costs in millions of euro | | | | | | | | | |
|--|---|---------------|---------------|--------------|---------------|--------------|---------------|----------|----------|----------------|
| | 18th LT | | | | | 19th LT | | | | |
| | 2014 | 2015 | 2016 | 2017 | Total 18th LT | 2018 | 2019 | 2020 | 2021 | Total 19 th LT |
| Federal Foreign Office | | | | | | | | - | - | |
| Federal Ministry of the Interior, Building and Community | | | | 58.9 | 58.9 | 0.1 | 19.1 | - | - | 19.2 |
| Federal Ministry of Justice and Consumer Protection | | 203.9 | 96.5 | 19.4 | 319.8 | 6.6 | 1.7 | - | - | 8.3 |
| Federal Ministry of Finance | 435.2 | 223.2 | 1043.3 | 4.5 | 1706.2 | 31.1 | 22.9 | - | - | 54.0 |
| Federal Ministry for Economic Affairs and Energy | 83.6 | 20.1 | 55.3 | 71.5 | 230.5 | 31.7 | 85.0 | - | - | 116.7 |
| Federal Ministry of Labour and Social Affairs | 35.6 | 156.4 | 10.2 | | 202.2 | 26.0 | | - | - | 26.0 |
| Federal Ministry of Food and Agriculture | 1.3 | 154.3 | 1.7 | 44.0 | 201.3 | 0.1 | 1121.0 | - | - | 1121.1 |
| Federal Ministry of Defence | | | | | | | | - | - | |
| Federal Ministry for Family Affairs, Senior Citizens, Women and Youth | 0.1 | 0.1 | 64.9 | 0.1 | 65.2 | | | - | - | |
| Federal Ministry of Health | 24.9 | -0.3 | 3.9 | 0.8 | 29.3 | 1.4 | 21.6 | - | - | 23.0 |
| Federal Ministry of Transport and Digital Infrastructure | 28.0 | | 59.4 | 0.6 | 88.0 | 11.1 | 10.5 | - | - | 21.6 |
| Federal Ministry for the Environment, Nature Conservation and Nuclear Safety | 82.5 | 1004.1 | 499.9 | 442.3 | 2028.8 | 502.1 | 18.7 | - | - | 520.8 |
| Federal Ministry of Education and Research | | 1.7 | | | 1.7 | | 0.3 | - | - | 0.3 |
| Federal Ministry for Economic Cooperation and Development | | | | | | | | - | - | |
| Federal Government Commissioner for Culture and the Media | | | 0.2 | | 0.2 | | | - | - | |
| Total | 691.0 | 1764.0 | 1835.0 | 642.6 | 4932.6 | 610.4 | 1300.9 | - | - | 1911.3 |

Annex 7: Regular business compliance costs

Annual balance, 2013-2019

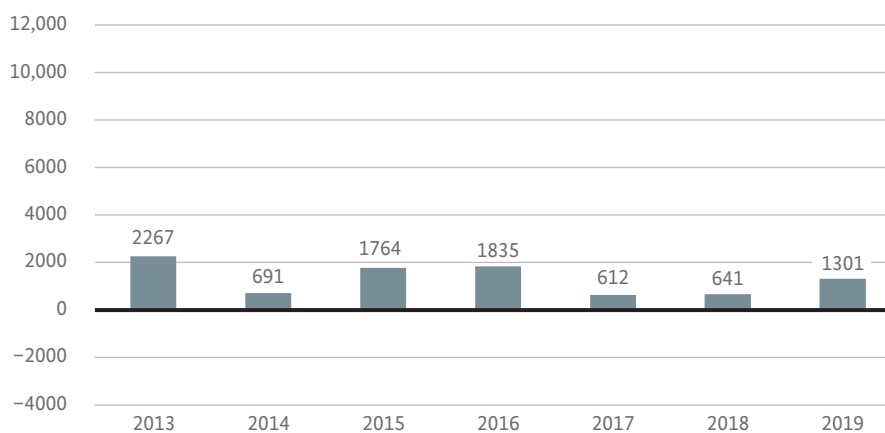
in millions of euro



Annex 8: Adjustment costs for businesses

Adjustment costs 2013-2019

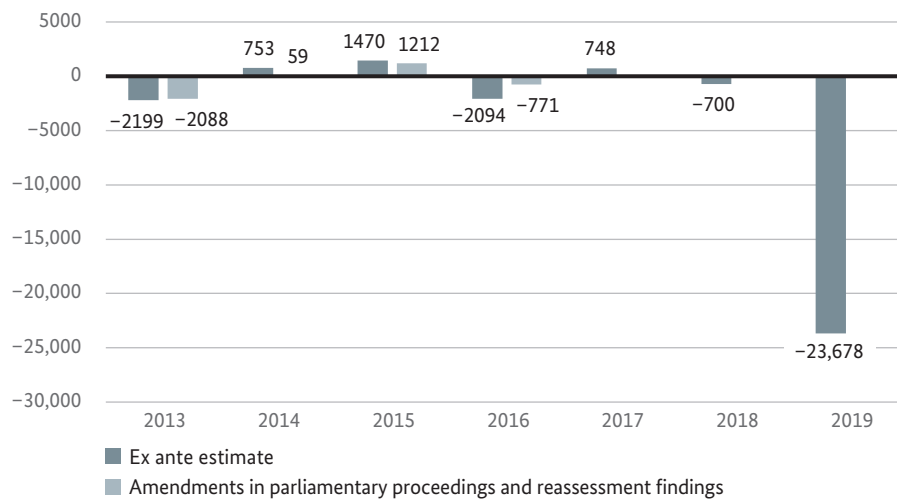
in millions of euro



Annex 9: Regular demands on citizens' time

Annual balance, 2013–2019

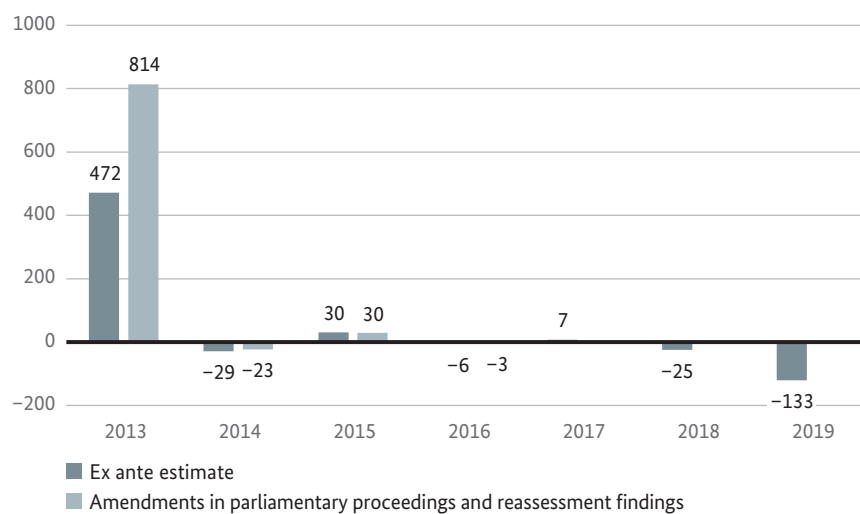
in 1000s of hours



Annex 10: Regular compliance costs for citizens

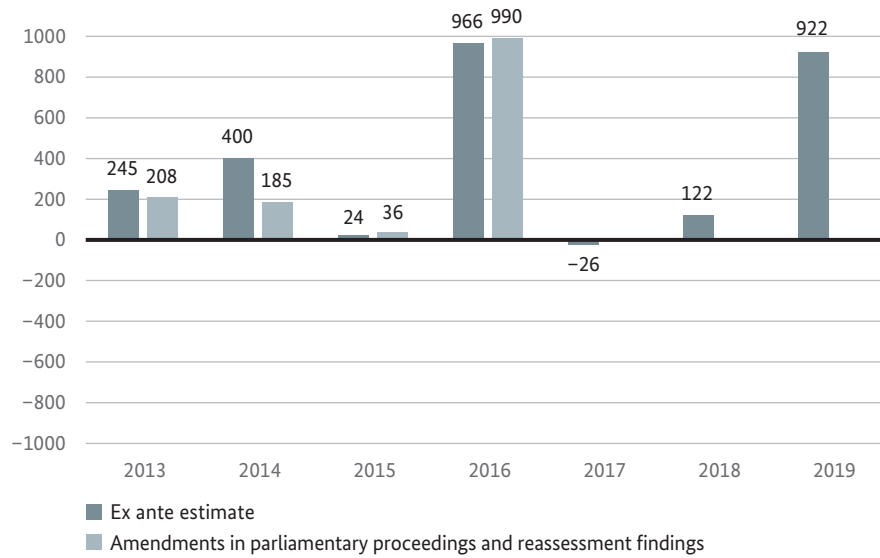
Annual balance, 2013–2019

in millions of euro



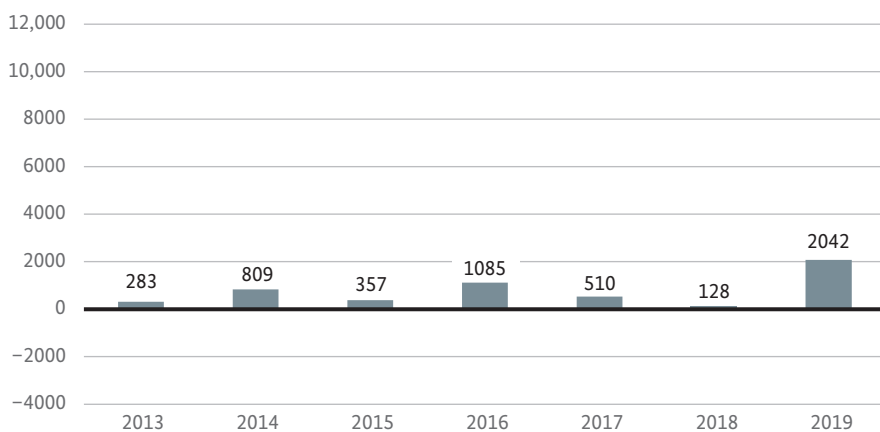
Annex 11: Regular compliance costs for the administration

Annual balance, 2013–2019
in millions of euro



Annex 12: Adjustment costs for the administration

Annual balance, 2013–2019
in millions of euro



Decisions of the State Secretaries Committee on Bureaucracy Reduction of 26 November 2019

Appendix 1: Policy to increase transparency on adjustment costs for business and their effective and proportionate limitation

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1 Preliminary remarks

The bureaucracy brake using the ‘one in, one out’ rule calculates regular compliance costs for business and the Bureaucracy Cost Index depicts how costs for businesses are changing as a result of recurring information and documentation requirements. In addition, regulations can trigger adjustment costs¹ for businesses because the new legislation means structures, products and processes have to be adapted, or provides for a oneoff obligation to provide information.

From 2012 to 2018, the Federal Government adopted 287 regulatory proposals which triggered adjustment costs for businesses to the tune of some 10 billion euro. Here, adjustment costs can be triggered at a certain point in time in their entirety or, in the case of longer transition periods, arise gradually over a period of several years. Adjustment costs can also be necessary in order to reduce regular compliance costs.

In its Work Programme for Bureaucracy Reduction and Better Regulation, the Federal Government agreed to limit adjustment costs as much as possible.

For this reason, it has drawn up this Policy to increase transparency on adjustment costs for business and their effective and proportionate limitation. In doing so, the Federal Government examined whether and how to support this goal by applying indicators to elucidate both quality and quantity indicators.

Small and medium-sized companies are particularly affected by adjustment costs. Just like the SME test guidelines, this Policy aims to increase legislators’ awareness of the particular burden and to point to alternative regulations involving lower compliance costs.

All in all, when discussing regulatory proposals with the Länder, municipal umbrella organisations, experts and associations, the Federal Government will focus in particular on adjustment costs.

The Federal Government perceives limiting adjustment cost to be a cost-effective way of simplifying procedures whilst preserving existing protection standards. This means the level of adjustment costs is always an important criterion for political decision-making, without any obstruction or prevention of politically desirable measures.

2 Qualitative approaches to limit adjustment costs

When drawing up regulatory proposals, the Federal Government will, while taking account of all interests, examine the use of the following levers to limit adjustment costs:

2.1 Cross-category levers

2.1.1 Provide for sufficiently long implementation periods/optional implementation/regulations to protect existing standards

¹ The methodology adopted by the Federal Government covers, alongside regular compliance costs, oneoff compliance costs (adjustment costs). The terms oneoff compliance costs and adjustment costs are used interchangeably.

Longer implementation periods can make a key contribution to keeping adjustment costs lower:

new legal requirements can be implemented at less cost in connection with subsequent replacement acquisitions; for example, older technical equipment does not need to be converted,

- implementation options can be tested in living labs or pilot projects meaning functioning implementation options can be offered to businesses at lower cost,
- new legal requirements are initially only to be applied on an optional basis by those affected, who can themselves decide on a suitable time to make the adjustment, or
- implementation periods can be staggered depending on the size of the business.

One special form longer implementation periods can take is to apply new regulatory requirements only to new cases and apply older rules to existing cases. This would mean the cases to which older rules apply would disappear in the course of time and the new legislation would be applied across the board to all new cases.

Implementation periods are often prescribed by European law. In consultations on EU regulatory proposals, the Federal Government, supported by contributions from associations, will draw increased attention to the question of implementation periods.

The length of the implementation period can also have an impact on the effectiveness of the new regulation. The Federal Government will thus consider even more carefully when a new regulation should start to apply, and what impact this has on the level of adjustment costs. In this context, it is advisable to describe the effectiveness of various implementation periods, and to identify the respective adjustment costs. This means that, alongside questions of entry into force, the level of resulting adjustment costs is also an essential political decision-making criterion. This reflects the principle of proportionality and also the demands of the SME test.

2.1.2 Taking more account of adjustment costs in deliberations at expert and political level on regulatory proposals (both at national and EU level)

Ways of keeping the adjustment costs of regulatory proposals as low as possible emerge when legislative proposals are being drafted. No matter what their involvement, all those participating focus particularly on adjustment costs. The associations and experts involved in discussing regulatory proposals are therefore called upon

- to draw on those directly affected and concrete practical experience when assessing the adjustment costs of planned regulations,
- to present an opinion specifically on the resulting adjustment costs of regulatory proposals,
- to present alongside the adjustment costs for business as a whole also the burden for each individual business, and
- where applicable, to propose alternative regulations which can achieve the same objective with lower adjustment costs.

Where necessary, the Federal Government will request an opinion on the adjustment costs in its accompanying letter, include the expertise of those involved in its considerations and document this in the explanatory memorandum on the law (see under point 4).

For this lever to be effective, involvement needs to be initiated in timely fashion and equipped with an adequate time budget. Modern forms of involvement, such as workshops, roundtables or simulation games, can facilitate effective consultation.

In bodies, participation processes or other forums at EU level, all those involved (associations, Federal Government) actively feed in questions regarding adjustment costs with a view to keeping said costs as low as possible.

2.1.3 Helping businesses directly affected with implementation

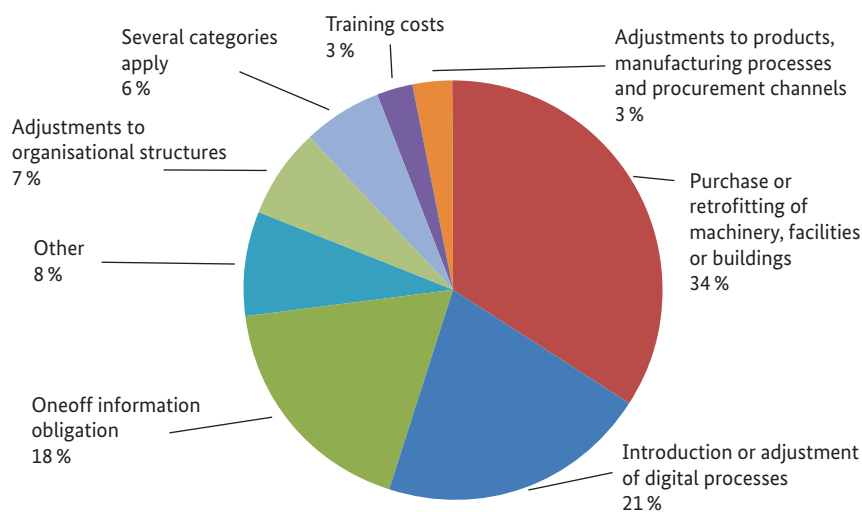
Associations and chambers, but also the administration itself, should better inform those affected of imminent changes at an early stage, promote solution-led exchange in modern participation formats and provide those affected with concrete examples of best practice illustrating how to implement regulations with minimum burdens. Providing checklists, brochures and guidelines can also help those affected with implementation and reduce costs

2.2 Category-specific lever

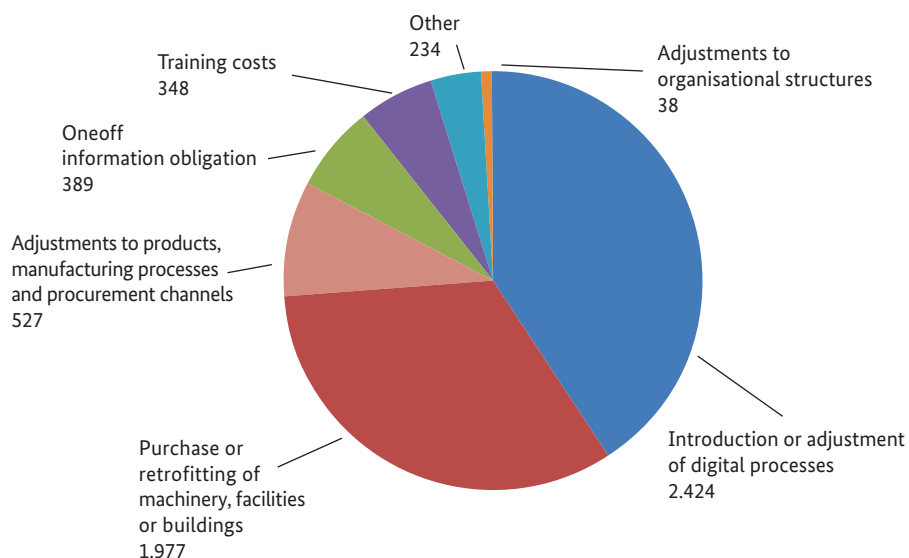
Adjustment costs can roughly be divided into six thematic categories. The analysis of adjustment costs to date shows that regulations are adopted particularly often which necessitate the procurement or retrofitting of machinery and plants, the introduction and adjustment of digital processes, as well as oneoff information obligations.

Analysis by the Federal Statistical Office of 150 selected regulations* from 2012 to 2018 which triggered adjustment costs**; percentages of individual categories:

Percentage frequency per category



Aggregated adjustment costs per category, in millions of euro



© Federal Statistical Office (Destatis) | Assessment of bureaucracy costs

*Analysis was performed on the 100 regulations that triggered the highest adjustment costs, as well as a further 50 regulations chosen at random from those with adjustment costs of more than 200000 euro but less than 1 million euro.
 **Account was not taken of the particular effect triggered by the Repository Site Selection Act for a final disposal site for radioactive waste (oneoff adjustment costs of 2 billion euro).

Alongside the general levers listed under point 2.1, each category has specific ways of limiting the adjustment costs in the category as much as possible.

Below, the various categories are described and the relevant levers outlined:

2.2.1 Procurement or retrofitting of machinery, plants, buildings and infrastructure

Legal amendments can include new requirements for plants, machinery, buildings and other infrastructure components. In order to meet these legal requirements at the time of entry into force, it can be necessary to perform oneoff conversion and retrofitting, building work or early replacement.

Ways of restricting the resulting adjustment costs include::

a) At legislation level:

- formulating requirements in the form of targets and not in the form of distinct measures (for example, prescribe limits and not the use of certain technology),
- introducing regulations for exceptions/cases of hardship,
- staggering requirements based on plant size; for example, formulating specific regulations governing small plants,
- including special regulations for micro and small businesses if the oneoff costs are disproportionate to the size of the business and/or turnover (guided by threshold values), or
- taking account of usual timeframes in business practice for new procurements and decommissionings when setting the implementation period.

b) At law enforcement level:

- making available staff in law enforcement agencies to advise on implementing measures.

2.2.2 Introduction or adjustment of digital processes

It can be necessary to introduce new or adjust existing digital processes and software in order to fulfil legal requirements. Consequently, programmes may need to be developed, interfaces adapted or data transferred, extended or restructured.

Ways of restricting the resulting adjustment costs include:

a) At law enforcement level:

- simplifying and harmonising underlying legislation and procedural provisions,
- securing seamless digital communication with the administration (digital compatibility) using specific regulations which, where applicable, abolish existing formal requirements or obligations to present documentation,
- tapping scope for action under European law and supporting the use of existing digital data ('once only'),
- ensuring uniform implementation (appointing a central agency for implementation or setting of legal standards for implementation),
- admitting certifications for digital processes,
- legally regulating that existing data are adapted automatically to the new legal situation (recoding); for example, general rules or special regulations for existing cases instead of complicated, supposedly more precise conversion of all cases by hand.

b) At law enforcement level:

- bearing in mind the entire process (for example, application procedure) when digitalising individual elements (for example, forms) and where possible making it more efficient,
- reducing errors and inquiries by performing automatic plausibility studies.

2.2.3 Oneoff obligation to provide information

Following a legal amendment, affected parties need to be informed accordingly by businesses. This can concern information provided to customers, licensing procedures, changes to labelling obligations and the switch to a new procedure.

Ways of restricting the resulting adjustment costs include:

- carefully examining who really needs the information, formulating a clearly delineated group of addressees of the legal obligations (that is, no wide distribution),
- in cases where information is actually needed, examining first whether the information required can be gained from existing data sources; where necessary, creating a legal framework for data retrieval,
- flexibility regarding means of transmission so that those obliged to provide information can decide themselves or choose from several suitable transmission options when it comes to providing those affected with information in a suitable fashion (for example, also via email),

- flexibility regarding the exact timing of transmission, that is, as a rule only the naming of a time by which the information must be transmitted at the latest; this would make it possible for businesses to transmit information together with other pieces of customer information that are pending, such as monthly statements (thus saving postage costs),
- to facilitate the provision of information that complies with the law with minimum outlay (for example, for customers), templates published by the Federal Government can be useful; relevant associations should be involved when these are being drafted,
- identifying suitable communication channels and comprehensible content (see also point 7).

2.2.4 Training costs

As a result of legal amendments, employees of businesses affected can require further training. This can be anchored directly in the law (for example, the presentation of proof of expertise) or result indirectly from the legal amendment (for example, if the amendment is so far-reaching that special training courses are needed to introduce the new processes in businesses).

Ways of restricting the resulting adjustment costs at the level of legislation include:

- providing simple legal regulations; the more simply and clearly the legal regulation is formulated, the less work is required to familiarise those affected with the material through training courses,
- carefully examining who really needs further training, formulating a clearly delineated group of addressees of the legal obligations (that is, no wide distribution),
- when different laws within one legal sphere are being amended, providing for simultaneous entry into force (for example, once a year) so that training courses can be combined,
- alongside face-to-face training measures, expressly permitting distance or online courses for self-study,
- including content of further training courses in basic training curricula so that these staff members do not require further training,
- foregoing special documentary proof regarding the specialist knowledge attained through the training course if it is in the interest of the businesses to ensure staff have the necessary expertise.

2.2.5 Adapting organisational structures

Organisational structures are a system of rules which govern actions in the organisation (for example, a business) and/or determine procedures. A legal amendment can require addressees to adapt organisational structures at a certain point in time.

The following steps can help restrict the resulting adjustment costs:

- at the legislation stage ensuring that new/amended procedures are governed in uniform fashion nationwide. This minimises the expense of implementation.
- making available templates (for example, standard statutes, clauses in contracts and regulations) to facilitate rapid implementation within organisational structures, providing legal certainty,
- avoiding legal regulations which dictate how businesses are to fulfil the requirement. For example, when creating the function of a commissioner, do not include regulations on who could perform this function and where it is to be included in the organisational structure.

2.2.6 Adaptation of products, manufacturing processes and procurement methods

If products, manufacturing processes or procurement methods have to be adapted or changed at a certain point in time due to new legal requirements and this adaptation/change is only taking place as a result of the legal amendment, adjustment costs can result.

Ways of restricting the resulting adjustment costs at the level of legislation include:

- prescribing targets and/or protection standards instead of prescribing certain technologies to be used so that the addressees can themselves choose the solution with the lower outlay,
- creating synergy effects by transferring solutions from comparable previous legal regulations or from other legal spheres.

3 *Quantitative limitation of adjustment costs*

In the first two years of the 19th legislative term, adjustment costs triggered by all the regulatory proposals passed by the Federal Government totalled 900 million euro. That is less than a fifth of the total in the 18th legislative term. One factor in this drop is likely to have been that, when drawing up this Policy, the federal ministries focused intensively on ways of limiting adjustment costs.

By using the aforementioned levers, the Federal Government expects to continue tangibly to reduce adjustment costs in the current legislative term.

At the latest when ten years of adjustment cost data are available the Federal Government will examine whether additional quantitative approaches can be used to limit such costs further.

4 *Documentation as part of the proposal*

In the explanatory memorandum to legislative proposals which incur adjustment costs, the Federal Government points out that the present Policy has been applied.

As part of the presentation of compliance costs pursuant to section 44 (4) of the Joint Rules of Procedure of the Federal Ministries, the lead ministry can also outline whether and, if so, which implementation options have been examined to achieve the aim of the regulation (level of adjustment costs and influence on the impact of the proposals, recitals). In the case of regulatory proposals with high adjustment costs, such documentation is appropriate.

5 Monitoring and reporting

As part of the established quarterly monitoring on changes to compliance costs, the Federal Statistical Office will in addition continuously analyse how adjustment costs for ministries and the Federal Government as a whole are developing, and thereby systematically increase transparency.

The obligation of the Federal Government under section 7 of the National Regulatory Control Council Act to report annually to the Bundestag includes these developments. At the assessment and communication stage, the Federal Government will take due account of particular effects, for example by indicating particularly high adjustment costs for individual regulations.

Moreover, transparency on adjustment costs is increased by the fact that the annual report will in future provide differentiated reporting on individual categories of adjustment costs (number of regulations per category, level of compliance costs per category). To this end, the Federal Statistical Office will itemise regulations which cause adjustment costs in the database according to category-specific criteria.

6 Entry into force/evaluation

The present Policy is to apply to regulatory proposals for which the interdepartmental coordination process is started on or after 1 January 2020.

At the end of the 19th legislative term, the Federal Government will assess its experience with applying the Policy and develop it further.

7 Contact persons

- In the case of fundamental questions on the present Policy: Federal Chancellery, Division 613 (Better Regulation and Bureaucracy Reduction), email address referat613@bk.bund.de; Further information on better regulation and bureaucracy reduction: <https://www.bundesregierung.de/breg-en/issues/better-regulation>.
- Further information on the participation of those affected in connection with the assessment of adjustment costs (see point 2.1.2), the development of implementation aids (see point 2.1.3) or the choice of suitable communication channels and comprehensible communication (see point 2.2.3): Federal Chancellery, Division 612 (wirksam regieren), email address referat612@bk.bund.de; Find out more: <https://www.bundesregierung.de/breg-en/issues/wirksam-regieren-with-citizens-for-citizens>.
- Further information on the methodology of identifying adjustment costs and their monitoring: Federal Statistical Office, Group A3, email address erfuellungsaufwand@destatis.de.
- Further information on the presentation of adjustment costs in regulatory proposals: Secretariat of the National Regulatory Control Council; list of contact persons: <https://www.normenkontrollrat.bund.de/nkr-en/about-us/nkr-secretariat>.

Appendix 2: Further development of the Federal Government's evaluation concept

The State Secretaries Committee further defines the concept for the evaluation of new regulatory proposals of 23 January 2013 as follows:

1. Alongside the information pursuant to section 44 (7) of the Joint Rules of Procedure of the Federal Ministries, the explanatory memorandum for each regulatory proposal is to outline succinctly what objectives are to be used for the evaluation and what criteria are expected to be used for achieving objectives. This means that the data necessary to perform the evaluation are available in good time.
2. Insofar as provisions which have been subject to evaluation are amended in new regulatory proposals, the ministries shall in the aforementioned memorandum make due reference to the fact if the results of the evaluation are reflected in the proposal.
3. The Federal Government shall present an auxiliary document outlining the steps and methods of an evaluation (including questions used in the evaluation, data collection and assessment, quality control and preparation of results in the evaluation report.
4. The ministries are to name internally a central unit as contact point for evaluations of regulatory proposals.
5. Prior to being published, the quality of internal evaluation reports shall generally be reviewed by an independent body. In the case of regulatory proposals for which the annual compliance costs exceed 5 million euro, quality assurance will always be performed. This check should focus on whether the evaluation has dealt with the assumptions contained in the regulatory proposals regarding the objectives and impact in a comprehensible and plausible fashion and what data were used for this purpose. The National Regulatory Control Council offers to perform this quality assurance.
6. In the case of evaluations which might focus on compliance costs, the ministries involve the Federal Statistical Office in planning at an early stage to ensure that the reassessment of the compliance costs and the evaluation are dovetailed in appropriate fashion. A Competence Centre is to be set up at the Federal Statistical Office to advise the ministries where necessary on planning and performing evaluations.
7. As part of its further training strategy (Figure I.5 of the 2018 Work Programme for Bureaucracy Reduction and Better Regulation), the Federal Government is providing training for employees of ministries which are performing evaluations.
8. The ministries respond to the question of what conclusions and/or further steps they draw from the results of the evaluation;
9. As part of the evaluation the ministries are to involve in suitable fashion Länder, municipal umbrella organisations, expert bodies and associations insofar as they are affected concerning the question of achieving objectives and, where appropriate, also concerning the further assessment criteria named in the concept. In doing so, they take account of the objective contained in the Second National

Action Plan of the Federal Government as part of the Open Government Partnership to increase the involvement of citizens and representatives of civil society in government work.

10. Evaluations and opinions of the Federal Government pursuant to paragraph 8 shall, as a rule, be published on a central online platform maintained by the Federal Government.

Appendix 3: Identification and presentation of the benefits in Federal Government regulatory proposals

Presenting the benefits of planned legal regulations is a step performed in many different countries and reflects OECD recommendations. Depending on the kind of regulatory proposal involved, presenting the its benefits can be extremely useful: better information provided by the legislator on the positive impact of planned regulations, an improved basis for decision-making and increased clarity on the regulatory objectives and, as the case may be, better preparation for subsequent evaluation of the actual impact and achievement of objectives.

With this in mind, the State Secretaries Committee on Bureaucracy Reduction supports the presentation of benefits in regulatory proposals.

The Federal Government is drawing up a checklist to provide information on how to present benefits. Use can also be made of the methodology toolbox for the quantitative and monetary assessment of the benefits of regulatory proposals created in February 2014 and of current methods and findings provided by social and behavioural sciences (qualitative survey methods, scientific field studies, etc.). Where needed, the Federal Statistical Office advises the federal ministries on the question of what data can be used to calculate benefits. When it comes to questions of monetising benefits and providing examples of good practice, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and the Federal Environment Agency are prepared to lend support and share expertise with the federal ministries.

Further incentives to identify and present benefits fits are to be provided above all using the following measures: integrating an application for benefit presentation in eLegislation, federal ministries exchanging experience regularly on examples of good practice and including the identification and presentation of benefits in the further training programme offered by the Federal Academy of Public Administration.

To bring more uniformity to the way in which this work is performed, the State Secretaries Committee recommends details of benefits to be outlined on the introductory page in section B 'Solution; benefits'.

Benefits are not set off against compliance costs.

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