

Ladies and gentlemen,

I would like to thank you for the opportunity to give you a short presentation about the activities carried out in the Netherlands to assess and reduce administrative burdens and the special position of Actal, the Dutch Advisory Board on Administrative Burden.

I am working for Actal as a senior policy advisor. Within Actal I have been responsible for handling national legislation in the areas of transportation, environmental affairs, agriculture and education. Lately I have been focussing on European legislation and relations with other member states in the EU.

I believe I have 20 minutes to give you a general introduction to the Dutch approach to administrative burden reduction and the way in which Actal carries out its tasks, followed by a discussion. Of course, if you have any questions during my presentation, please feel free to interrupt me at any time.

The topics I wish to talk about this morning are the way in which the regulatory process is being carried out in the Netherlands, in what phase and in which way interventions are made to reduce the administrative burden on enterprises and how different players, including Actal, try to move the agenda on reducing administrative burdens in the Netherlands.

I also would like to talk about the results that have been achieved up till now, what obstacles we have faced and how these obstacles can be overcome.

To be very clear: my organisation Actal is only and exclusively concerned with making sure that the Dutch government carries out its own commitment to significantly lower administrative burdens for companies. We define administrative burdens as all costs that enterprises have to make to meet information obligations by the government. We are not dealing with investment or financial obligations such as building requirements and insurance obligations, although these requirements can of course result in a lot of bureaucratic hassle for companies.

In the Netherlands, the topic of regulatory reform and especially the topic of administrative burden reduction has been a hot political item for many years. It has been calculated that companies in the Netherlands spend 2 to 3% of gross national product to meet information obligations from the government.

It will of course not be possible to eliminate all information obligations, but the government is convinced that even if just a small percentage of the total administrative burden can be cut, this will relieve companies from a source of enormous irritation and free up time and money to pursue real company activities. It was therefore decided in that the administrative burden should be cut by 25%, to be achieved in the year 2002.

To reach this goal, the Dutch government started developing a strategy almost nine years ago. This strategy now consists of four elements:

First: a policy to reduce bureaucracy in the public sector.

Second: a policy to reduce administrative burdens in existing legislation and regulations.

Third: a policy to reduce administrative burdens in proposed legislation and regulations.

And finally: a policy to use information and communication technology to reduce bureaucracy and administrative burdens.

The policy to reduce bureaucracy in the public sector is not only geared towards enterprises, but also towards citizens. The focus of this policy is to improve the quality of service of the public sector and reduce unnecessary bureaucracy. This is done by starting up projects in response to specific problems of citizens and enterprises. An example is helping solve conflicting regulations from different government agencies. Many industrial companies, as well as bars and restaurants

have to deal with mutually conflicting regulations regarding working conditions, health and safety. The Dutch Ministry of Economic Affairs has now set up an information desk where enterprises can lodge complaints regarding these conflicting regulations. On the basis of the complaints, the Ministry will set up project teams consisting of civil servants and company representatives to look for practical solutions. This can mean simplifying, streamlining or withdrawing regulations. Solutions can be found in combined inspections, for instance to check environmental, fire safety and working conditions situations during one visit.

The policy to reduce administrative burdens in existing legislation and regulations is geared towards ministries. Each ministry in the Netherlands is required to carry out a so-called zero base measurement for all regulations under its responsibility.

Zero base measurements are basically an inventory of all information obligations and administrative activities in the legislation of one ministry. These obligations are then quantified. The result is a cost overview of the administrative burdens created by legislation under that ministry.

We know, for example, that the Dutch Ministry of Transport is the source of 1.3 billion Euro in administrative burdens on enterprises and that the tax department of the Ministry of Finance creates 2 billion Euro in administrative burdens.

We also know exactly which division within each ministry or which piece of legislation creates which amount of administrative burdens.

A zero base measurement serves a number of purposes.

First, it gives ministries objective insight into the exact administrative burdens it produces. Second, it makes clear in which areas cuts and improvements can be made. On the basis of the zero base measurement each ministry is obligated to develop annual plans to propose actions that will reduce the administrative burden. These plans as well as their implementation are discussed by Parliament.

Third, the zero base measurement is used to create a standard cost model to calculate the administrative burden of future legislation.

As zero base measurements and standard cost models play a very important role in the overall policy to reduce administrative burdens in the Netherlands, I will come back to the content and impact of the zero base measurements a little bit later in my presentation.

Of course it is not only necessary to fight the administrative burdens that are already in existence, it is also necessary to avoid new burdens and red tape from developing. This is the third element of the Dutch policy system to reduce administrative burdens.

In an early phase of the policy developing process, proposals for laws and regulations are assessed by the ministries themselves. The consistency of these assessments is checked by my organisation. Ministries must clearly show what the quantitative effects of the proposals will be and that they have been searching seriously for alternative policy options that reduce the overall administrative burden that results from the proposals.

The last element in the policy system to reduce administrative burdens is the use of ICT. The Netherlands, unfortunately, is not a front runner in this area in Europe, although the Dutch government has tried to catch up lately. The government is setting up a virtual government information desk for start-up companies, a government transaction portal and an authentic central company register.

By making use of the elementary company information that is stored in the central company register, government agencies do not have to ask companies the same information over and over again.

Now what is the role that Actal plays in this situation and why is it necessary to have an organisation like Actal? First of all let me explain what Actal is.

Actal is an independent government appointed organisation that acts as a watchdog regarding the government's activities in the area of reducing administrative burdens for companies. Actal was established in May 2000. It was fully operational in October 2000. Actal is set up as a temporary organisation: it is supposed to achieve its aims within a limited number of years.

Actal is a small organisation. Its Board consists of 3 members, who are supported by a secretariat of 9 people. The Board Members are appointed by the Dutch Minister of Economic Affairs on behalf of the Council of Ministers and meet once a week. Our Chairman is a former Member of Parliament and deputy minister for Social Affairs and Employment. The other two members have academic and business backgrounds. Actal's staff members are full-time employees of the Ministry of Economic Affairs.

As I mentioned before, the Dutch government had set a target of reducing the administrative burden by 25%, to be achieved in 2002. However, In 2000 actual reduction results only reached 6.4%. To give a real boost to the reduction of administrative burdens, it was decided that an organisation outside of the policy-making process would be given a mandate to monitor the development of new legislation and help departments critically review existing legislation.

Actal aims to achieve a structural, cultural shift among legislators and regulators. It wants them to increase the insight into the effects of laws and regulations on the administrative burden on businesses and find ways to significantly cut these burdens. Actal can choose its own ways and means to help achieve its goals. It can take initiatives and carry out its own research. On the other hand, Actal can not question the stated goal of any particular regulation.

Actal focuses on the Dutch ministries and the Dutch Lower House of Parliament as the primary sources of new legislation and regulations in the Netherlands. In the Netherlands, the ministries develop policies and regulations, whereas public agencies carry out these policies and regulations. The autonomy of public agencies is limited, they only develop regulations for their own day-to-day activities.

We secondarily focus on other sources of regulation. The most important of these are local and regional governments in the Netherlands and the institutions of the European Union.

How does Actal go about its work?

Actal advises on proposed laws and regulations before these laws and regulations reach the Council of Ministers. Actal requires ministries (and if applicable Members of Parliament) to identify and quantify the administrative burden in new legislation and report on alternative policies which may result in a reduced burden on businesses.

Actal checks if this is done consistently and correctly. If Actal feels that the proposals have not been assessed correctly, it may propose improvements, introduce less burdensome alternatives and even call for the withdrawal of the proposed law or regulation. In the end, however, the ministries themselves remain responsible for their proposals and the assessment of their effects. Actal's advice is always short and to the point. Its advice is made available to Parliament and published on internet as soon as the proposal itself is made public. Since September 2000 Actal has handled 600 proposed laws and regulations and produced 150 advice memoranda.

Actal also advises on existing laws and regulations. It does this indirectly. Each year in May all ministries in the Netherlands send a departmental action programme on the reduction of the administrative burden in the legislation for which they are responsible to Parliament. Actal evaluates these programmes and proposes improvements. Actal's advice is also sent to Parliament and discussed there together with the original action programmes.

On its own initiative, Actal supports the Dutch government in its efforts to reduce the overall administrative burden on businesses. We show possibilities that have not yet been taken up which may result in lower administrative burdens.

In the last 3 years Actal focussed specifically on:

- helping to identify alternative ways of enforcing laws and regulations,
- encouraging the development of measuring instruments, and
- carrying out activities related to ICT to minimize administrative burdens.

In 2003 and 2004, Actal is focussing on:

- creating a cross-ministry approach to the problem of administrative burdens,
- promoting the issue of the immediate compensation of new administrative burdens, and
- monitoring the development of new administrative burdens resulting from proposed European legislation.

It is the opinion of Actal that no reduction in the overall administrative burden can be achieved as long as the instruments to quantify this burden are not available. If it is not clear what the size is of the overall administrative burden that a ministry or a Directorate-General creates, it is impossible to show progress in reducing this burden.

Companies in the EU feel that the administrative burden on their enterprises is growing. This burden reduces their competitiveness in regard to companies in other parts of the world. When asked where these burdens lie and how they can be reduced, institutions on both a national and a European level can hide behind their ignorance of the facts, as instruments to assess the administrative burden of legislation are generally not available.

The Netherlands are fortunate to have these measuring instruments. As I already mentioned before, they consist of zero base measurements and standard cost models. These measuring instruments are developed by professional research institutes such as EIM or Cap Gemini Ernst & Young in co-operation with the ministries and companies involved. The measuring instruments deal with all companies in the Netherlands, not just small and medium sized companies, which may be the practice in other countries.

Actal has found that zero base measurements and standard cost models create their own momentum. These instruments provide both politicians and civil servants with new insights and start them on a new course to reduce the administrative burdens on enterprises.

For example, during the course of a recent zero base measurement by the Dutch Ministry of Agriculture, seven proposals were made to simplify administrative procedures in existing legislation, without changing the stated goal of this legislation. Due to these proposals the administrative burden was reduced by approximately 50 million Euro or 20% of the existing administrative burdens in the legislation under assessment. The same exercise has been carried out by all other ministries.

Actal has been operational for 3 years now. We believe it has been able to achieve a number of important things.

Within this period, the Dutch government has intensified its efforts to reduce the administrative burden on enterprises. Ministers and their departments have become aware that it is their own responsibility to reduce the administrative burden on enterprises. Internal procedures have been updated so that administrative burdens are taken into account from the moment new legislation is being considered. Each ministry has received its own, individual reduction target.

Instruments have been developed to quantify the administrative burdens in both proposed and existing laws and regulations. In the Explanatory Notes that accompany proposals for legislation, ministries report on the consequences of regulation for the administrative burden on enterprises as a standard feature. They also report on alternatives that were considered in order to show

that the administrative burden of the proposed laws and regulations is the lowest that could be achieved.

Dutch ministries have carried out zero base measurements for all policy areas to quantify the administrative burden in existing legislation. On the basis of these measurements, ministries are going through their legislation systematically and are making proposals to scrap unnecessary information obligations.

Co-ordinators have been appointed at each ministry to push the work

And last but not least, the newly installed coalition government has decided to make administrative burden reduction and cutting red tape one of its primary focal points. To this end, the new government will introduce a form a regulatory budgeting under the responsibility of the Ministry of Finance.

We believe that all these developments would not have taken place within the relative short period of three years without the constant pressure of Actal. The establishment of Actal has brought in a strong sense of urgency to addressing the problem of administrative burdens.

With a small staff and limited resources, Actal has been able to achieve its primary goal, namely to help change the mindset of civil servants involved in developing laws and regulations.

We believe that due to the momentum that has developed within the Dutch government to find ways to significantly reduce the overall administrative burden on businesses, the government's 25% reduction target is possible.

The new government in the Netherlands is also convinced that with the infrastructure of measuring instruments, annual progress reports and individual reduction targets monitored through a budgeting system similar to the fiscal budgeting system, it will be possible to reach a 25% reduction in 2006.

We believe that the Dutch government is on the right track – but more needs to be done to really achieve the reduction target by 2006, for example in the area of e-government, a cross-ministry approach to solving the administrative burden problem and assessing EU legislation in a very early phase. The Dutch Ministry of Economic Affairs is doing just that in co-operation with Actal.

Maybe it sounds as if everything has been developing rather smoothly in the Netherlands regarding administrative burden reduction. This is of course not completely the case. We have come across a number of difficulties.

First, lack of commitment by the government to really pursue a policy of administrative burden reduction and provide enough money and people to carry out the process;

Second, non co-operation by some ministers and many civil servants;

Third, difficulties in utilizing the measuring instruments appropriately;

And fourth, new burdens arriving through the backdoor in the form of European legislation.

When we started our work, there was quite a lot of resistance by ministers and civil servants against having to carry out a activity that would make the results of their actions much more transparent. Also, the government's thinking was very much focused on government activities, not so much on the effect that regulations may have on companies. It required a real culture change to put companies in the middle of policy development.

All government representatives involved were also frightened that having to assess their regulations and having these assessments checked by Actal would lead to delays in the regulatory process. Also, to set up instruments necessary to measure administrative burdens, enough time, money and people must be available to carry out the process. This was not always the case.

It has taken us quite a lot of time to overcome these problems, mostly by maintaining direct lines with ministers and top civil servants, working fast, providing short, to the point advice, providing possible solutions, getting exposure through Parliament, the media and last but not least, company associations.

We believe it is absolutely necessary that if you want a system to reduce administrative burdens to succeed, you need a very clear arrangement among all relevant players (for example a Cabinet decision) to commit to a shared goal. The goal itself must be transparent. To monitor the progress towards that goals, appropriate instruments should be used consistently so that the process is objectified. Checks and balances should be installed and the effects of regulations and their alternatives should be assessed in a very early stage.

Be prepared that this is not a process that will be completed within a short period of time, it requires real endurance. It is therefore necessary to focus on number of short term and very visible minor goals, so-called quick wins, as well as on the ultimate big goal.

It is also absolutely necessary to involve the business community in the process of reducing administrative burdens. Companies can give very practical advice regarding the way which problems with information obligations can be solved. This kind of advice is absolutely necessary to keep the process of regulatory reform going. To help the process along, company associations should take their own responsibility. They should not simply stand on the sidelines and complain about the problem of administrative burdens, but offer concrete examples of problem areas and possible solutions.

In the Netherlands the infrastructure of measuring instruments has only developed slowly, in leaps and bounds. Now that the system is almost completely in place, it has become clear that some ministries have not trained enough people to use the instruments on a day to day basis. If a decision is made to carry out zero base measurements, there should be not only sufficient means to actually carry out the research to develop instruments, but also enough means, time and people to implement, carry out and update the infrastructure to measure administrative burdens.

Actal was originally set up for a three year period to realise its aims. As the ultimate goal of significantly reducing the overall administrative burden has not yet been achieved, the Dutch Cabinet has extended Actal's mandate to 2004. As soon as it is possible to do so, Actal will abolish itself, as the ministries themselves and not an outside force as Actal are ultimately responsible for better regulation with low administrative burdens.

We know that Sweden is currently developing an infrastructure to help reduce the administrative burdens on enterprises. We are very interested in learning how your system works and which results can be achieved. And maybe in some small way our experiences can be helpful in developing your policies to reduce the administrative burden on enterprises.

Thank you.