



Regulatory Reform Group

Better Regulation, better Business

Management Summary

Action Plan Reduction Red Tape for Businesses The Netherlands 2007-2011

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Introduction

The past years a large number of reports concerning conflicting regulations have been resolved, permits abolished or simplified and much red tape has been reduced. The new Dutch cabinet continues to tackle the administrative burden, but has broadened the scope to reducing red tape in general. The recommendations made in the review carried out by the OECD and the World Bank in 2006/2007 with respect to the Dutch approach to dealing with the administrative burden have been implemented that has led to an approach which is improved and extended.

Objective

The problems of businesses are the starting point. The objective is that by 2011 red tape for businesses will have noticeably diminished. In dealing with red tape the Netherlands aims to achieve the following objectives:

- The administrative burden is to be reduced net by 25% in this cabinet period.
- The compliance costs of regulations are to be reduced in those cases where the identified costs turn out to be disproportionately high for the business in relation to the public interest served by these regulations.
- Through the implementation at sector level of risk analyses, better co-operation and exchange of information between supervisory authorities, integrated inspection programmes and, where possible, the transfer of tasks, state supervision is to improve in quality. In consultation with representatives of the business sector a number of regulatory sectors have been selected. The objective is to reduce the burden of state supervision in these sectors by an average of a quarter per sector.
- The procedure of granting permits is to be accelerated by the combining of licences and, where possible, broader application of the *lex silencio positivo* principle.
- All existing subsidies must be designed to be low-burden by the end of the cabinet period, while safeguarding their lawfulness.
- The provision of services to businesses is to become faster and better. The cabinet's goal is to make the provision of services by government agencies more professional and client-oriented.
- The provision of information directed at businesses is to be improved. For instance, by having all information for businesses channelled through a single internet source (Bedrijvenloket), by the implementation of Common Commencement Dates and by the introduction of comprehensible forms.

Much of the burden experienced by businesses also arises as a result of legislation passed by local and regional authorities and Europe. Accordingly, the Dutch government continues to draw the attention of the European Commission and local and regional authorities to the issue of reducing the administrative burden and their contribution towards this end.

The basic principles

The noticeable reduction of administrative burden for businesses requires the resolution of problem areas for entrepreneurs in a manner that is geared as much as possible to the wishes of those entrepreneurs. All measures are incorporated into a work programme. The work programme continues to develop on the basis of suggestions from the business sector and new measures are added each year.

A number of principles provide the underlying basis with regard to the specific details of the work programme.

1. A problem-based approach

The Dutch government aims to focus on resolving problems brought up by the entrepreneurs themselves. In order to be able to noticeably reduce red tape it is essential that the ideas that are of concern to the business sector with respect to this subject are also actually communicated to the political and administrative systems. Accordingly, a single reporting centre on red tape will soon be established on the internet. Entrepreneurs can use this to pass on their complaints and ideas and in this way it will become possible for each entrepreneur to directly contribute to the further reduction of red tape.

The Dutch government also considers it important that the business sector has the opportunity to follow and contribute to the progress of the red tape programme in a continual and critical fashion. To this end, the cabinet is appointing a Businesses' Administrative Burden Commission (Commissie Regeldruk Bedrijven). The commission will comprise representatives from the business sector, the relevant departments, local and regional authorities and implementing organisations.

In conclusion, the Dutch government also aims to maintain direct contact with the entrepreneurs in everyday practice. For this reason a perception monitor will be implemented. Micro-measurements of the burden experienced by a fixed and separate group of entrepreneurs will be made. By following this group of entrepreneurs over a long period and analysing the experienced burden by means of periodic measurements and interviews, the cabinet plans to monitor whether the administrative burden experienced by entrepreneurs is undergoing a noticeable reduction.

2. Quantifiable objectives

Where possible, the Dutch government works with quantifiable objectives for the various aspects of the programme. This increases transparency and accountability and facilitates the monitoring of progress. In any event, the cabinet works with quantifiable objectives where the aspects of administrative burden and supervisory burden are concerned. With regard to compliance costs, in the cases in which it has been determined in consultation with the business sector that the compliance costs are disproportionately high, the intention is to formulate a quantifiable target for reducing the compliance costs.

3. Not only to tackle the burden caused by existing legislation and regulations, but also to avoid new burden by means of effective new legislation and regulations

In order to reduce the administrative burden it is extremely important that the burden arising as a result of new legislation and regulatory measures is minimal. Accordingly, the aim is to boost the ex ante assessment of the proposed policy and regulatory measures made by the ministries themselves. To this purpose a comprehensive integral review framework will be implemented, in which the most important parameters indicating red tape – for instance, administrative burden and compliance costs – will be recorded.

4. External watchdog

The independent advisory body Actal will continue, as in the past, to safeguard the adequate assessment of the administrative burden for businesses (including the burden of subsidies) and the administrative burden for citizens.

Besides this assessing role, the cabinet wants Actal to boost its provision of strategic advice to the cabinet concerning red tape (in particular administrative burden and compliance costs). As in the past Actal will be able to advise the cabinet on general subjects relating to the administrative burden, on request or otherwise. To a greater degree than in the past, the advice provided is to contribute to the resolution of problems in existing legislative areas or practical implementation.

The cabinet also wants Actal to offer advice on a periodic basis regarding the development and application of the integral review framework. In this context, the cabinet considers it important that the external advisory body also examines carefully whether the effects have been analysed correctly, how their assessment has been carried out within the interdepartmental process and what the results of this have been. In other words, whether the proper application of the framework has been adequately safeguarded. This will be reported to the co-ordinating and responsible members of the government. The objective of this is that at the end of this cabinet period the analysis and assessment of aspects of new legislation concerning the administrative burden will be structurally incorporated into the departmental organisations and processes.

5. Monitoring of the progress linked to the budget cycle

From their co-ordinating role with respect to this subject, the State Secretaries for Finance and Economic Affairs will monitor the overall development of red tape for businesses. Furthermore, they will stimulate departments to focus on the reduction of red tape in a systematic and structured manner. Each year, prior to the budget talks, the State Secretaries for Finance and Economic Affairs will weigh up the development of the red tape. Important developments in the area of red tape can be addressed in the subsequent budget talks.

6. Co-ordinated approach of the Ministries of Finance and Economic Affairs

A single combined department will be formed, which will implement the administrative burden programme for entrepreneurs on behalf of the State Secretaries for Finance and Economic Affairs.

Actions to reduce the red tape

The cabinet will tackle the issue without delay. For instance, this year the cabinet aims to implement all measures that the former cabinet was not able to implement as a consequence of the early elections. The cabinet will also seek solutions for problems which have already been put forward by businesses in an earlier phase, but for which no solutions have been formulated in the past years. Finally, the cabinet will undertake a large number of actions during the coming period in order to further supplement the work programme:

Fundamental surveys

Each year, the cabinet will carry out a number of fundamental surveys. These will be based on, for instance, a sector, subject, stage of existence of a company (for instance, starting up a business), an annoyance factor or an area of legislation. A fundamental survey will be less about examining how a complexity of regulatory measures that has developed over the course of years can be optimised; rather, a sector or a subject will be considered from a 'baseline situation'. What are the issues of public interest? Which instruments (laws, permits etc.) are necessary in order to safeguard these interests properly while simultaneously minimising the administrative burden for entrepreneurs?

Tackling administrative burden and compliance costs

The baseline measurement of the administrative burden will be brought up to date. This measurement will take place with the aid of an improved Standard Cost Model, in which context the experience of the entrepreneur will also be analysed. Those areas in which entrepreneurs have indicated experiencing problem areas will be dealt with first, so that the measurement results can be used as quickly as possible in resolving the problems.

An improved Standard Cost Model

The new Standard Cost Model measures the administrative burden both quantitatively and qualitatively. The interviews held with entrepreneurs in the context of the measurement will also be used for the purpose of collecting information with respect to the experience of this administrative burden, as well as the quantitative information. By adding a number of qualitative questions, input will be generated concerning annoyances factors, the same questions being put more than once and/or possible improvements through the use of ICT.

In addition, assumptions such as 'mixed costs' and 'compliance' have been modified, leading to results that are more in line with the actual situation. By labelling during the measurement process which businesses the legislation or regulation pertains to, it will soon also be possible, by recording the data in a central database, to go beyond the departmental level and obtain a clear idea of the burden per sector. This will subsequently simplify the task of performing tailored analyses on these sectors.

The compliance costs are not suited to a comprehensive baseline measurement, since many substantive compliance costs are unchallenged and the method used to identify business-specific costs is extremely expensive and time-consuming. For this reason a selection will be made of laws and regulations with disproportionately high or obstructive compliance costs, on the basis of signals received from the business sector and parallel to the baseline measurement of administrative burden. The compliance costs of the selected laws are analysed by means of a measurement methodology and quantitative objectives will subsequently be formulated per law or regulation.

From early 2008, problem-orientated commissions consisting of entrepreneurs and officials from responsible departments, local and regional authorities and regulators will work together to formulate solutions. Furthermore, solutions will be sought to issues that were indicated by entrepreneurs as being 'problematic' during the measurement process. The first simplification proposals arising from this activity will be completed in the spring of 2008.

Reduced supervisory burden

The cabinet will deal with the supervisory burden. The goal is to reduce the burden of state supervision in a number of supervisory sectors by an average of a quarter per sector. The choice of supervisory sectors to be measured and dealt with will be determined in consultation with representatives from the business sector.

The cabinet will comprehensively analyse the supervisory burden per supervisory sector by means of the Measurement Model Supervisory Burden (Meetmodel Toezichtslasten, MTL). The MTL is closely related to the Standard Costs Model and analyses both the administrative burden and the burden experienced. The measurements in eight sectors have since been completed.

The measurements were carried out using the expertise of the businesses and supervisory authorities. During the measurement process, qualitative information from the business operations was also collected. Per sector, the inspectorates and the businesses will work together on the basis of the measurement results to formulate proposals for the reduction of the administrative burden. This will result in a series of measures that will reduce the supervision burden by a quarter on average per sector.

An improved quality of service

Much of the annoyance among entrepreneurs is also focused on the degree of customer-orientation and professionalism among government institutions. In this context the issues involved include inconsistencies regarding the interpretation of rules, lack of expertise, the lack of a customer-orientated attitude and the exceeding of decision periods. In order to improve the quality of service the cabinet will undertake the following actions next year:

- Development of a charter for service.
- The improvement of the transparency, uniformity and foreseeability of rules.
- A single digital counter for entrepreneurs.

Specific agreements have also been made with local and regional authorities concerning the improvement of service.

Approach to dealing with permits

The cabinet will continue with the simplification of permits issued by the state and local and regional governments. The cabinet has set itself the goal of having faster permit procedures in the future than is currently the case. In order to be able to realise this, the cabinet is examining whether it is possible to implement a 'lex silencio' for more permits and more permits are being combined.

Reduced costs for obtaining subsidies

The costs for obtaining state subsidies comprise the entire burden connected with the application for and granting of subsidies and accounting for a subsidy or other financial instrument. In 2010 these state subsidies are to be completely low-burden. All existing state subsidy regulations are to be measured alongside a 'yardstick' and it will be considered per regulation whether this has indeed been designed to be low-burden.

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