

# The Swedish Government's Action Plan to reduce administrative burden for enterprises





# The Swedish Government's work on regulatory reform during 2003/2004 and ahead

## INTRODUCTION

In the Budget Bill for 2004 the Swedish Government sets out the most important initiatives in its coming action plan to reduce administration for enterprises. In this context the administrative burden has been defined as costs to enterprises for drawing up, storing or transferring information or data stemming from requirements in laws, government ordinances and public authority regulations or instructions contained in general advice. The communication *Government communication on regulatory reform focusing especially on small enterprises* describes the Government's work in more detail. It also states that the Government will present an action plan for reducing the administrative burden on enterprises. Further, it reports the ambition of making a first measurement of the administrative burden in the light of the views expressed by the Riksdag, the Swedish Parliament. Since then work on regulatory reform has been carried forward forcefully by the Government.

This communication constitutes the Government's concerted action plan to reduce administration for enterprises.

## SWEDISH NATIONAL AUDIT OFFICE REPORT IN REGULATORY REFORM WORK

The Swedish National Audit Office presented its audit report *Regulatory Reform for Enterprises RIR 2004:23* to the Government on 18 October 2004. The audit by the National Audit Office was carried out against the background of the Riksdag's announcement calling for increased efforts in work on regulatory reform. In brief, the five recommendations in the report addressed to the Government entail the following:

- Action to amend existing regulations primarily to achieve simplifications for enterprises must increase, and a review should be carried out of work by the Government Offices on regulatory reform to bring about this change.
- The Government should find out more about where the regulatory burden arises, at the level of laws, government ordinances or agency regulations.
- The division of responsibilities between the Swedish Business Development Agency and the National Financial Management Authority as regards supervision of agency work on regulatory reform should be clarified.
- As regards the measurement of administrative burdens the Government should also look more closely at the scope for starting development work intended to also take other regulatory burdens into account.
- The annual communication to the Riksdag should place more focus on how the total flow of amended laws and ordinances impacts on enterprises, what laws and ordinances have been amended during the year mainly to achieve regulatory reform and the difficulties encountered in work on amending the existing regulatory framework.

## CONDITIONS FOR WORK ON REGULATORY REFORM AND STARTING POINTS FOR FURTHER WORK

Swedish regulations and bureaucracy are better than they sometimes are made to appear in the domestic debate. The World Bank report *Doing Business in 2005 – Removing Obstacles to Growth* puts Sweden ninth of 145 countries studied on a combination of seven indicators of how simple it is to do business.

Work to reduce administration in enterprises – regulatory reform – can be pursued from two fundamentally different starting points. In one case the aim is to improve regulations without any material change in their content. The original objectives of the regulations are fulfilled in this case in all essential respects even after they have been amended in order to reduce the administrative burden. In the other case, in contrast, the intention is also to make significant alterations to the material content of the regulations. Such changes are possible if the objective of reducing administration for enterprises is given higher priority than one of the other objectives the regulations may have. These other objectives can, for example, relate to environmental, health, criminal or redistribution policy or they may have to do with the need for effective control. Neither the Government nor its agencies have been given a mandate within the framework of the work reported in this communication to give the objective of reducing administration for enterprises higher priority than any other objective that has high priority. Therefore the proposals for regulatory reform reported mainly belong to the first category of regulatory improvements.

Regulatory reforms carried out with some specific unchanged material content are important. In purely theoretical terms there may be a limit to how far this

approach can be taken, but the current action plan shows that that limit is still far away. In the short term, therefore, it is important to follow up results, and in the longer term it is also essential to establish stable forms for this kind of regulatory reform and to conduct it in a highly effective manner.

In the case of regulatory reform carried out when priorities are set between conflicting objectives working methods and instruments need to be developed further. The method commissioned by the Government for measurements of administration in enterprises is the kind of instrument that can turn out to be very useful in this context. For example, better identification of special regulatory areas will make it possible to both identify and isolate the relevant conflicts between objectives. Ultimately the method will probably also make it easier to solve these conflicts more frequently than today and to do so in a way that favours the regulatory reform aspect. The Government does not rule out the possibility of developing the method in the future on the lines suggested by the National Audit Office in its report to include other costs in addition to purely administrative costs. In this context it is also worth drawing attention to another important instrument in work on more substantial regulatory improvement. This is the impact assessment that are currently carried out under a number of statutes and that are included in the review of the Government Agencies and Institutes Ordinance. These impact assessments have been criticized as often being of low quality, done at too late a stage and even not done at all. In connection with the continued preparation of the review the Government – which takes a very serious view of this criticism – will consider how the impact assessment method can and should be improved. The review will

start from the need mentioned above and pointed out by the National Audit Ofce to further develop the working methods and instruments for work or regulatory improvement.

A general starting point for further work by the Government on regulatory improvement will be the broader perspective that has been adopted in regulatory improvement in recent years, not least in international contexts.

### **The process of drawing up an action plan**

Adopting a broad approach in the process for drawing up an action plan was seen as an important means of ensuring sufficient reform to have a major impact on the regulations that enterprises must comply. On 2 October 2003 the Government therefore instructed all ministries to examine the laws and ordinances affecting enterprise that the ministry was responsible for. A total of 45 agencies under the Government were instructed to examine their own regulations and general advice. Both ministries and agencies were instructed to report all action to be taken during the term of office to improve service and reduce the administrative costs of enterprises. The Government decisions stated that consultations should be held with representatives of business. After the instructions had been issued to agencies the Ministry of Industry, Employment and Communications held information meetings with the agencies on several occasions during the autumn of 2003. At these the detailed content of the instructions was described and a discussion was held on the purpose and procedure to be followed. In cooperation with the agencies the Ministry drafted instructions to facilitate inventories of regulations. The instructions were distributed at the end of 2003. On 14 January 2004 the Minister for Industry and

Trade invited all the Directors-General affected to a discussion on the action plan. On the same day a conference was held for agency officials.

During the course of the work agencies and ministries have had a dialogue with business. In the spring of 2004 the agencies presented their reports to the ministry responsible. Since then an interministerial working group in the Government Offices has drafted plans for action. Various kinds of actions are involved but they share the aim of reducing administration in enterprises for complying with regulations. Examples of the measures to be taken in the remainder of the term of office include simplification of regulations, reduced requirements to report information, greater possibilities of providing information electronically and better service from government agencies, etc. Each individual measure may not make a crucial contribution to simplifying the day-to-day work of enterprises, but, as a package, the measures mean that the action plan will make a clear impact.

The Ministry of Industry, Employment and Communications will follow up and update the action plan. The Swedish Business Development Agency will assist the Ministry in this work. A central component of such a continuous follow-up is the development and application of a fair method of measuring the administration in enterprises caused by regulations. The Government considers that a reliable measurement method is an important pre-requisite for a decision to set up objectives for the reduction of administration in enterprises.

### **Measurements of administration in enterprises**

In June 2002 the Institute of Growth Policy Studies (ITPS) was commissioned by the Government to

develop a method of measuring the administrative burden. A proposal for such a method was presented to the Government on 31 March 2003. In line with its commission the Institute had studied the countries that had made most progress in the area of measuring administration in enterprises, i.e. the Netherlands, Denmark and Belgium. ITPS found that the method used in the Netherlands was most reliable but also that it was the most complicated and expensive method. This "standard cost model", which is based on an earlier Dutch method, MISTRAL, makes it possible to see exactly what provisions in a law make most administrative demands on enterprises. Today this method is also used in Denmark and Norway.

On 6 November 2003 the Swedish Business Development Agency was commissioned by the Government to carry out trial measurements using the measurement method proposed by ITPS. The results of this trial measurement were reported on 10 May 2004. A proposal for how to carry out further measurements was presented at the same time. The trial measurement, which was conducted in the area of value added tax (VAT), showed that the administrative costs for enterprises to administer this tax amounted to a total of SEK 2.8 billion per year. This corresponds to a cost per employee of SEK 555 per year. The measurement thereby shows that Swedish enterprises have roughly the same cost in this area as enterprises in the Netherlands. The fact that the inter-country difference in administrative costs is so small suggests that the method has good reliability, as almost 90 per cent of regulations in the VAT area are common EU regulations and only some 10 per cent are written at national level.

The actual cost for individual years is less interest-

ing. However, using the measurement method as an instrument it is possible to follow the change in the administrative costs of enterprises over time. As a result of the measurements, potential simplifications for enterprises and agencies can be identified, comparisons can be made with other countries and regulatory reform can be followed up in relation to the objectives set.

In its report to the Government the Swedish Business Development Agency has proposed that the Agency be given the role of coordinator with responsibility for conducting any future measurements. As was done during the trial measurement in the VAT area, the Agency proposes that further measurements are carried out in close cooperation with business and the responsible agency. Cooperation in the development of the measurement method with the Netherlands, Denmark and Norway will continue.

On 1 July 2004 the Government commissioned the Swedish Business Development Agency to move forward in the application of the method and conduct measurements of the Annual Reports Act, the Income Tax Act and associated laws, the Tax Payment Act and the Act on Social Security Contributions and associated laws. According to the commission the measurement of both the above-mentioned acts in the tax area is to be completed no later than 28 February 2005 and the measurement concerning the Annual Reports Act is to be completed no later than 15 May 2005. The selection of these laws has been discussed with business and is also based on experience from the Netherlands and Denmark. It turns out that, in these countries, provisions

concerning income tax, tax payment and annual reports are among the regulatory areas that lead to the largest volume of administrative costs.

The commission to the Swedish Business Development Agency also included an analysis of what areas should be subject to measurements next. Such an analysis was reported to the Government on 15 November 2004. The analysis shows that tax, environmental and labour law regulations, in that order, are the regulations that require the greatest volume of administration in enterprises. Then come the regulations on annual reports. Once the measurements of tax and annual report regulations have been completed, measurements will therefore be made in the areas of environment and labour law. In all, this work will require at least another ten measurements during the remainder of the current term of office, finishing during 2006. The measurements will begin with the environmental law area during 2005. Then, when work has also been completed on the area of labour law, measurement results will be available for the four sets of regulations that give rise to about 65 per cent of all administration for enterprises. Then information will also be available both to set objectives for the reductions that should be made in the size of enterprises' administration for each of these sets of regulations and to set a reasonable level of ambition for what total reduction of this administration should be.

#### **Objectives for work on regulatory reform**

Effective, serious and result-oriented work to reduce the costs of administration for enterprises

due to regulations will benefit from the establishment of clear and measurable objectives for how much these costs should be reduced. This is because such objectives can act as an important driver in this work for every single rule-setting body, including the Government and the Riksdag. There are also examples of how other countries have set such objectives.

The Netherlands and Denmark are among the countries that have longest experience of measuring administrative costs for enterprises. Moreover, as reported above, it is the Netherlands that has developed what we in Sweden, like most other countries, have now accepted is the most reliable method. Measurements in Denmark used to be made with a different method, but have given the country broad experience of the area involved. Today both the Netherlands and Denmark have objectives for the reduction that must or should be made in administrative costs for enterprises due to the total body of regulations. However, work was done before these objectives were established. In the Netherlands this work also took the form of measurements over ten years of the total body of regulations using the same method as is now used to follow up the objectives.

In the Netherlands the objective is to reduce total administrative costs – known as the administrative burden – by 25 per cent in the period 2004–2007. This objective has been combined with targets for parts of the body of regulations that are also subject to measurement. Denmark has set the objective of reducing total costs by up to 25 per cent in the period up to 2010. There are

probably not any examples of countries that have formulated objectives for reducing administrative costs for enterprises without prior experience of work directed towards reducing these costs.

The Government considers that the orientation that work has had in the Netherlands and Denmark is the correct one. Quantitative objectives should be formulated and this should be done in a way that enables them to function as an assignment for ministries and agencies in increasingly result-oriented efforts to improve regulatory frameworks for enterprises. This means that the objectives will be important drivers in this work.

As the areas now undergoing or planned to undergo measurement are reviewed, objectives will therefore be set, area-by-area, for reducing the administrative costs of enterprises for dealing with regulatory frameworks. It is reasonable for it to take no more than three months to set up objectives once the measurements have been completed. As measurements in the tax area will be completed in February 2005, it should be possible to put in place an objective for this area no later than May of the same year. Then it will be possible to set an objective for the Annual Reports Act in August of the same year, following the completion of measurements in May. As regards the environmental area, all necessary measurements should be completed no later than November 2005, so that an objective for this area will have to be set no later than February 2006. Finally, measurements in the labour law area should be completed no later than February 2006, with an objective then to be set no later than May of the same year.

After all the costly sets of regulations have been gone through and clear and specific objectives have been established for the possible reduction of the costs to enterprises of their administration for dealing with these sets of regulations, it will also be possible to formulate an objective that clearly states a level of ambition concerning total costs for these sets of regulations. One starting point is that the objective will be set with a very high level of ambition in international terms. The Dutch and Danish objectives are a good benchmark for this.

This ambition also has bearing on current regulatory reform work, primarily through the action plan. It is also the case that all measurements now being conducted are based on the relevant costs on 1 July 2004. All action taken since that time and all action taken in the future will be deducted from the relevant objective from this date. Rule-setting bodies must already work towards the objectives that will apply to them specifically in the future and they must already further intensify their efforts to achieve the objectives that will be formally established in the near future.

As regards the target date when the objectives must have been achieved, the Government considers that this date should be fixed as mid-2010. The objectives reported above will therefore apply to the period 1 July 2004 – 30 June 2010.

#### **Processing times for business starts**

One pre-condition for the achievement of the Government's objective of more and growing companies is to make it easier to start a business.

In order to reduce processing times the Swedish Business Development Agency was instructed in its appropriation directions for 2004 to report on the most important permit needed to start a business and the average processing time to receive them. The Agency's report is based on information available at the permitissuing authorities. The Agency presented its report to the Government on 1 June 2004. The report describes major differences in processing times for permits between municipalities. The report also points to gaps in the agencies' and municipalities' knowledge of and information about the length of processing times.

In the view of the Government it is important to pay greater attention to work by the permit-granting authorities on formulating concrete objectives for processing times and on following up such objectives. The Government is therefore going to formulate more concrete targets for government agencies in future appropriation directions, for instance. It is important that corresponding action is taken in the municipal sector.

#### **Impact assessments**

All new or amended legislation are examined in a small business perspective. This examination takes place both in the system of government inquiries and in the Government offices, as regards laws and ordinances, and also at agency level, as regards regulations issued by agencies. This examination takes place because a separate impact assessment is made at an early stage of the effect of regulations on small enterprises. This impact assessment is intended to show what

measures a small enterprise must take to comply with the proposed new regulations. This can involve both measures that entail investment costs and measures that result in costs for more administration. The assessment must also report whether the proposal can lead to the distortion of competition. Thus, a well-conducted impact assessment provides a broad basis for a decision on the regulations.

Since 1 May 1999 this examination in the Government Offices makes use of guidelines issued by a state secretary group set up by Government with special responsibility for work on regulatory reform. Under these guidelines every ministry must put in place the organisational conditions and routines needed to carry out the impact assessment in the legislative business it deals with. This means that responsibility for carrying out the necessary assessment in a specific case rests with the ministry that handles the legislative business in question. This procedure guarantees that the assessment is done as early as possible by the officials in the Government Offices who are best equipped to do it well. At the same time the Ministry of Industry, Employment and Communications has special responsibility for the impact assessment method and for regulatory reform matters as such. For instance, the Ministry is responsible for holding courses in the method with officials working on enterprise-related regulations and for giving advice and support in this work.

The quality of impact assessments needs to be improved continuously and regulatory reform work needs to be conducted efficiently. One step the Government has taken against this back-

ground has been to give the Swedish Business Development Agency special responsibility as a regulatory reform agency. The Agency will both receive information on the impact assessments done by other agencies under Ordinance 1998:1820 and provide advice and support in work on such assessments. The intention is for the necessary amendments to the Ordinance to enter into force at the beginning of 2005.

The Inquiry on a Review of the Government Agencies and Institutes Ordinance proposes in its report *From a Government Agencies and Institutes Ordinance to a Government Agencies Ordinance* that the requirements for impact assessments in the Government Agencies and Institutes Ordinance and the requirements for impact assessments in the Ordinance concerning special impact assessments of the effects of regulations on conditions for small enterprises be combined in a free-standing ordinance on impact assessments of regulations. The report has been the subject of consultations and is being considered in the Government Offices.

#### **Training of officials**

To a great extent regulatory reform consists of influencing the attitudes of the officials working on regulation. The training of officials working on enterprise-related regulations continued during 2003 and 2004. A number of courses have been held at the initiative of agencies. The Ministry of Industry, Employment and Communications is planning to hold courses together with the Swedish Business Development for at least 10 half days during 2005 and 2006. The aim is to reach

at least 200 officials working on enterprise-related regulation. This training mainly focuses on the use of impact assessments as a practical tool. Better impact assessments lead to solutions that are better adapted to the situation of enterprises.

#### **The Swedish Business Development Agency as a regulatory reform agency**

Work is also under way to clarify and define the role of the Swedish Business Development Agency (NUTEK) in work on regulatory reform, both by clarifications in its appropriation directions and instructions and through the continued preparation of the proposals presented in the inquiry report *From a Government Agencies and Institutes Ordinance to a Government Agencies Ordinance*. The Agency is a new resource in the area and will, for instance, be commissioned to carry out the analyses of the total flow of regulations, etc that the Swedish National Audit Office requested in its report.

The Swedish Business Development Agency will be given a clear role as an agency with responsibility for regulatory reform. In cooperation with the relevance agencies and after consultation with business organisations the Agency will build up a service function to which companies and prospective entrepreneurs can present views and proposals concerning the formulation and application of regulations. Given the experience the Swedish Business Development Agency has now built up, partly in connection with work on its telephone service for business starts (Startlinjen), measurements of enterprise administration and a service function for companies the Agency will have a

good overview of both the problems and the solutions. According to its appropriation directions for 2004 the Agency has to identify the regulations of most importance for company growth and new business starts and their effects and has also to hold a dialogue with the Government and relevant agencies on possible action that would lead to simplifications for enterprises.

### **THE GOVERNMENT'S OBJECTIVES FOR THE DEVELOPMENT OF THE 24/7 AGENCY**

The term 24/7 agency is used for ongoing work to modernise and develop central government administration and the development of electronic administration. The aim is to enable citizens and companies to use electronic means to obtain information, the data and carry out business in a simple and rapid way wherever and whenever they want. It must be easy for citizens and companies to collect and use the information of relevance in any specific situation irrespective of how particular public tasks are divided between different agencies or between central government, municipalities and county councils. As far as possible a single contact with a public authority should be sufficient to present a matter. It should be easy for citizens and companies to obtain public information and to convey their views on the operations of public administration and thereby become involved in public decision-making.

The objective set by the Government is that all public authority services that can be delivered

electronically with the same or greater cost-efficiency must be delivered in this way. However, electronic services must not exclude groups of citizens.

#### **Development of public administration**

According to several comparative international studies the use of information and communication technology by the public administration in Sweden is among the most highly developed in the world. Sweden is one of the countries whose population has best access to the Internet. Sweden is a world leader in the provision of advanced public services on the Internet. One example is the Swedish Board of Customs' automated customs operations, which have resulted in a halving of costs for many companies compared with manual procedures. Another example is the joint project for the automatic handling of register data from a number of agencies that is being run by the Stockholm County Administrative Board and that has led to a reduction in the processing time for an application for a commercial traffic permit from 30 days to three days.

#### **The Government's actions for the development of the 24/7 agency**

The development of the 24/7 agency must continue to be based on every agency having independent responsibility for its technical systems and services. At the same time, action is needed to reinforce coordination between agencies so that the dividing lines between agencies do not become an obstacle to communication

between agencies or make it more difficult for citizens to use services.

Firmer forms also need to be established for cooperation between central government, municipalities and county councils to develop services that match the needs of citizens and companies.

Action is also needed to remove legislative obstacles. In recent years the government has taken a number of initiatives to press forward the development of the 24/7 agency.

#### ***The establishment of a Government Interoperability Board***

Electronic administration is intended to offer citizens and enterprises simpler and better services, and to achieve this it must be possible for contacts between agencies to take place in a simple and uniform way. If the 24/7 agency is to have a broad impact and agencies are to be able to live up to the Government's objective – one matter to deal with, one contact – which requires cooperation between agencies, then information must also be structured in a uniform way.

To provide better conditions for agencies to live up to the Government's objective for the 24/7 agency, the Government set up the Government Interoperability Board in 1 January 2004. The tasks of the Board include establishing common standards for electronic information exchange between agencies and between agencies, citizens and enterprises. The exchange of information between agencies is facilitated, and this is also a pre-condition for improving service for citizens and enterprises. The work of the Board is also intended to improve government agency websites to make them simple

for everyone to use for public e-services. Initially work is focusing on four areas: effective information exchange, accessibility, electronic signatures and information security. The work of the Board establishes both standards and de facto standards, which enables market actors to develop solutions more quickly and companies to apply them more quickly.

#### ***The delegation for the Development of Public e-Services***

The Government has appointed a Delegation with the task of stimulating the development and use of electronic services in the public sector (ToR 2003:81). The Delegation consists of representatives of central government, the municipal and county council sector, business and the research sector. The Delegation is to focus particularly on electronic services that can be of great benefit to citizens and companies and increase the efficiency of the public sector. The remit of the Delegation includes testing new ways of increasing cooperation between central government, municipalities and county councils and between the public and private sectors in the development and delivery of e-services. The Delegation also has to promote the transfer of knowledge between research and development, on the one hand, and the development of value-generating e-services, on the other. Another central part of its remit is to assess the need and forms for special measures to support development. The Delegation is to present its findings to the Government no later than 1 November 2006. It is to make half-yearly progress reports. On 3 May 2004 the Delegation presented an interim report *e-Services for all* in which it set out opera-

tional objectives for its work. Its starting point is that individual people and the individual company are to steer the provision of e-services. Public activities must function on the terms of the individual.

#### ***Service dialogues and service pledges***

The Government has commissioned a two-year trial of service dialogues and service pledges at 16 government agencies and 6 social insurance offices. The commission has been to draft and announce a service pledge that provides clear, relevant and binding information about the services provided by the agency. Another part of the commission has been to conduct a dialogue on service with individuals and companies, i.e. to gather in, take account of and benefit from user comments on services in the development of agency operations. All the agencies and social insurance offices involved have reported the outcome of their work to the Government. In addition, the Swedish Agency for Public Management presented an overall report on and evaluation of the trial as a commission for the government and after consultations with the National Council for Quality and Development. The Agency's synthesis report and evaluation of the service dialogue and service pledge trial shows that during the trial period 5 000-7 000 individuals and companies had the opportunity to present their views on agency services via postal questionnaires, group interviews and dialogues on the Internet. The agencies have announced a total of 34 separate service commitments. The trial has had positive effects for the agencies' services, mainly as regards accessibility and infor-

mation to users but also in the areas of shorter processing times and initiatives for joint working with new actors. The trial has also had positive effects on the opportunities for individuals to have insight and exert influence. On the basis of the trials that had been conducted the Government presented the assessment in the Budget Bill for 2004 that service dialogues and service pledges are effective working methods for achieving the objectives on administrative policy. The work should therefore continue and be integrated into the broader action taken to orient activities towards citizens. All agencies should work actively to develop their activities based on the needs of individuals and companies. This is particularly important for agencies that have extensive close contacts with individuals and companies. The Government has therefore given a number of agencies that took part in the trials renewed commissions to work on service pledges and service dialogues on the basis of their specific activities and it has also commissioned a number of additional agencies to apply the working methods.

#### ***Review of forms prescribed in laws and ordinances***

In 2002 the Government decided to conduct a concerted review of regulations in laws and ordinances concerning legally prescribed forms in order to remove unnecessary obstacles to electronic communication and processing of business. Legally prescribed refer to requirements for written documentation and written signatures, etc. This work has been led by a working group consisting of the Director-General for Legal Affairs

in the ministries. On 15 April 2003 the working group presented the report *Formula – Prescribed forms and electronic communication* as a basis for the Government's decisions on further work. The report sets out results and conclusions of the reviews made in all ministry areas, covering around 2 000 places in statutes where various legally prescribed forms are found. In around 1 200 of these instances the group takes the view that the provisions are not an obstacle to electronic procedures. In the view of the group around 190 provisions prevent electronic communication and should therefore be adjusted. In around 650 instances more analysis is required before a position can be taken on the need for change. The report has been circulated for comments. In general the report has been well received. The consultation bodies that make general comments on the initiative and the work done are consistently positive. A strategy for the continued work is currently being prepared in the Government Offices.

#### **Support and guidance**

The Swedish Agency for Public Management has been commissioned by the Government to contribute to efficient administration through the development of the 24/7 agency. The Agency supports the work of other agencies by preparing guidance on issues like investment appraisal and by signing framework agreements with vendors against which sub-orders may be made in the public sector. The Agency has, for instance, recently procured infra services that will assist public administration, especially small agencies and municipalities, to develop

advanced services. Instead of developing and running certain infrastructure in-house the agencies and municipalities can subscribe to a number of functions. Examples of these infra services are verification of electronic identification/signatures and electronic reception and distribution of applications and decisions.

### **REGULATORY REFORM IN AN INTERNATIONAL PERSPECTIVE**

Regulatory reform is an area that has attracted increasing attention in recent years. The OECD has chosen to work on the issue in various ways and from various starting points. In some countries regulatory reform is an important part of administrative policy with the main aim of increasing the efficiency of public activities in the service of citizens and enterprises. In other countries regulatory reform is part of industry policy and aims to improve the conditions for growth and employment. Whatever the overall aim of regulatory reform, countries have very substantial opportunities and a very strong will to learn from one another. In addition to cooperation in the EU, OECD and the informal network Directors for Better Regulation, DBR, direct bilateral contacts are an important means of transferring experience to the Swedish Government Offices.

#### **Regulatory reform in the EU**

##### ***The Lisbon process***

Sweden has given priority to regulatory reform and related issues as part of the modernisation of

the EU. The European Council in Lisbon in 2000 asked the Commission and Member States, each in accordance with their respective powers, "to set out by 2001 a strategy for further coordinated action to simplify the regulatory environment." The Commission presented its package for better regulation in June 2002 in response to the call from Lisbon. The package includes an action plan for simplifying and improving the regulatory environment. The package is closely linked to the White Paper on European Governance and adopts a broad approach aimed at all community legislation and the entire legislative process.

As a direct result of the Commission's better regulation package a method for a new extended impact assessment was drawn up. The analysis reports the effects of the regulatory proposals on all three dimensions (economic, social and ecological) of sustainable development and the analysis replaces the sectoral analyses previously used. In its annual work plan the Commission announces what proposals will be preceded by this new type of analysis. According to the Commission, 2003 is to be regarded as a trial year and the Commission considers that it will only be possible to live up to its ambitions in 2004. An evaluation of work on impact assessments will be presented by the Commission at the late autumn of 2004.

Certain issues in the package have been included in an inter-institutional agreement ratified during the Italian Presidency. At the same time, other issues have been followed up in regular Council work. For instance, the Competitiveness Council has stated that a special council

working group should be appointed to follow up the Commission's action plan. A discussion is currently under way on how the Council can deal with the Commission's impact assessments in a better way and how the Council, and in the future the European Parliament, too, are to conduct impact assessments of important amendments and additions to Commission proposals. To test whether the latter part could work in practice the Council has started a pilot project. The Battery directive has been chosen as the pilot project and the Dutch Presidency has presented an impact assessment of the Council's changes and amendments to the Commission's proposal.

#### ***Initiatives to simplify legislation in force***

The initiatives in the Commission's action plan are about how to improve new legislation at Community level. However, the major cost of administration for enterprises originates from legislation in force. It is therefore important to simplify and modernise this legislation. The following initiatives at EU level can be mentioned.

Simpler Legislation in the Internal Market, SLIM, is a programme for the simplification of legislation in force that started in 1996. Everything from the directives on ornamental plants to directives on value added tax have been considered in small working groups that have then proposed simplifications which the Commission has presented, after revision, to the Council and the Parliament. This method has turned out to consume both time and resources. For example, the amendments have to be seen as new propo-

sals that must, of course, be considered by the Council and Parliament according to the usual procedure. SLIM has now been supplemented by a multi-annual programme for the simplification of legislation in force. This programme, which was presented in February 2003, is intended to result in a reduction of the number of pages of legislation, which is currently 97 000. The measures in the programme are intended to reduce the volume by 25 per cent. Before the proposals are presented it is also important to conduct an editorial and linguistic review. Substantive amendments can also be expected, but not as deep-going as the SLIM proposals. This is because the intention is that it will be possible to take decisions on the simplifications more rapidly than on new regulations. This means that the core of the legislation must be left untouched so that no negotiations are required in the Council and Parliament in order to adopt these simplified acts. One aim of the inter-institutional agreement is to create conditions for the fast track in the legislative process.

At the end of May 2004 the Irish and Dutch Presidencies of the Competitiveness Council called on their ministerial colleagues on the Competitiveness Council to propose EU regulations that can be simplified. The focus of the proposals was to be on regulations that lead to excessive administration for enterprises. Sweden has submitted a list of 32 proposals from a number of agencies and ministries. In all Member States have submitted 330 proposals. At the Council meeting on 25-26 November 2004 the Competitiveness Council adopted a list of 15

simplification proposals to which the Commission was urged to give priority in its rolling simplification programme. The Council has also identified how simplifications can be made without diluting the substance of the regulations. The proposals are based on the simplification proposals submitted by Member States and cover areas of relevance for enterprises such as statistics, internal market, environment and agriculture. The Council is going to produce new lists regularly and Sweden supports the proposals included on this list on this occasion.

#### ***European Business Test Panel***

The European Business Test Panel is an initiative taken by the Commission to improve and simplify community regulations. The Panel will consist of about 3 000 businesses, 126 of which will be Swedish. Participating businesses will regularly (6 to 8 times per year) receive information about proposals for EU legislation and be able to give their views on issues like what administrative burdens and costs the proposals might lead to. Businesses are elected at random to ensure a satisfactory result from the consultations. The panel is still short of about 700 businesses but it has been used on some occasions during 2003.

#### ***Other activities and initiatives***

The senior officials in EU Member States who are responsible for regulatory reform meet regularly within the framework of the informal network Directors and Experts for Better Regulation. These meetings are mainly used for the exchange of experience and the comparison of

results concerning regulatory reform. Two meetings were held in 2003.

The Commission has also initiated another project on indicators of regulatory quality that Sweden is taking part in. The purpose of the project is to identify appropriate quantitative and qualitative indicators to assess and measure the actions taken by the EU and Member States to simplify and improve the regulatory environment. The project report is expected at the beginning of 2005.

Better regulation is expected to be high on the political agenda in coming years. This is because of the initiative taken by the Irish, Dutch, Luxembourg and British Finance Ministers by writing to the Economic and Financial Affairs Council (ECOFIN) about a common measurement method at EU level. Sweden considers that a common measurement method at EU level should build on the standard costs model that is used by the Netherlands and that Sweden has also chosen to use.

#### **Regulatory reform in the OECD**

The value of simpler and better regulations has been highlighted in the OECD for a long time. The OECD Checklist of questions is also the starting point for the Government office checklist. The Government participates actively in OECD work on regulatory reform, for example by taking part in the working groups of the Public Management Committee (PUMA). At present work is in progress on updating two OECD recommendations related to regulatory reform. As in the EU, over time work on regulatory reform in OECD

has broadened in scope and now covers much more than regulatory simplification in a narrow sense. For instance, studies are made of the importance of rule-making and rule-applying institutions for the development of appropriate and efficient regulatory systems.

OECD reviews the regulatory reform work of member countries following an invitation by the country concerned (OECD Regulatory Reform Review). Among the Nordic countries Denmark has already undergone a review and the review of Norway and Finland was completed in 2003. The Swedish Government has made an application to OECD to undergo a review. This was also the substance of a declaration by the Riksdag to the Government on 18 December 2002.

An OECD review places great demands on the Government Offices to make staff and resources available for a period of 18 months. During the year discussions have been held with OECD on a review of regulatory reform work in Sweden. The aim is for this work to begin during the autumn of 2005. The review will involve interviews with 50-100 representatives of the Government Offices, business, the research community, etc. The review is conducted both on a broad, general level and in a couple of selected sectors. These sectors are reviewed in a competition policy perspective and in a regulatory reform and quality perspective as well as in terms of the principles for free and open markets. A number of recommendations will be made by OECD for the Swedish Government and Swedish government agencies to consider. Experience indicates that many OECD proposals, if implemented, will lead to relaxations or increased

efficiency for companies. Another experience is that the country under review itself identifies potential measures in the course of its analysis. The final report is expected to become available in the winter of 2006/2007.

#### **Regulatory reform in the Nordic region**

Exchanges of experience between officials in the Nordic region are particularly important. The progress made by the Nordic countries differs at the same time as there are great similarities in the external conditions for work on regulatory reform. This means that much can be gained from the exchange of experience and the transfer of knowledge among officials.

In view of Sweden's initiative to draw up an action plan for reduced administration for enterprises in a similar way to what was previously done in Denmark and Norway, close cooperation and exchange of experience between Nordic colleagues has been particularly important in the course of this work. Similarly both Norway and Denmark have been deeply involved in work to develop a measurement method for quantifying administrative burdens in order to arrive at a common, applicable measurement method.

Regulatory reform work at agency level also benefits from initiatives in neighbouring countries. One example is Norway's work in the area of health, environment and safety (HES). When it comes to Swedish regulations in the HES area many agencies apply the same philosophy as for safety requirements. It is therefore natural to ask whether there may not be a potential for simplification in this area through cross-sectoral coordi-

nation. To shed light on and discuss this issue the Swedish Emergency Services Agency held an ideas seminar at the Rosenbad Conference Centre on the theme “Can simpler be safer?” The seminar provided an insight into Norwegian work on simpler regulation. Karlstad University was commissioned by the National Centre for Learning from Accidents (NCO) to carry out a study that describes the conditions and experience concerning current legislation in the HES area in Sweden. The study describes the long-term work on regulatory simplification for the HES area that is in progress in Norway. The study also proposes a number of measures to reinforce systematic inter-agency cooperation. It proposes the formation of a Nordic network that can highlight lessons for broader discussions and influence in the EU, where similar work on simpler regulation is underway.

# Some examples from the Action Plan

*The Government's Action Plan to reduce administration for enterprises contains 291 actions from 8 ministries and 46 agencies. They are for implementation between 2004 and 2006. Some actions are general and affect most entrepreneurs, while others are more specific and only affect certain industries. Here are some examples of five different types of regulatory reform, all intended to simplify day-to-day work in enterprises.*

# Regulation reform

## Work environment regulations

**Purpose:** To make work environment regulations easier to overview and understand.

**Description:** During the period 2004-2006 more than 80 regulations and documents containing advice, instructions and notifications in the work environment field will be covered by the regulatory reform work of the Swedish Work Environment Authority. This entails a review of more than half the Authority's regulations. The annulment of all instructions and notifications is planned. Many regulations will also be annulled or integrated in new higher-level regulations. An effort is being made to simplify the language of the regulations.

**Expected effect:** Fewer regulations that are easier to overview and understand, which provides better opportunities for enterprises to contribute as employers to a better working environment for their employees.

**Timetable:** To be done in 2004-2006.

## High-tension power plants

**Purpose:** To replace detailed regulation with general safety requirements.

**Description:** The first stage that has been carried out in the Swedish National Electrical Safety Board's review of safety regulations has resulted in a reduction in regulations on the design of high tension power installations from 290 pages to 21 pages. Higher-level safety requirements have replaced detailed regulation.

**Expected effect:** A more accessible regulatory framework that is easier to overview. Greater freedom for electrical contractors to make their own decisions on how to meet electricity safety requirements.

**Timetable:** Amendments in phase 1 came into force on 1 July 2004. The remaining amendments are being dealt with in the rolling five-year plan used by the Board for work on regulations.

## Exemption from compulsory pilotage

**Purpose:** To make it easier for the user to find regulations on exemption from compulsory pilotage and also to extend the period of validity of exemptions.

**Description:** At present rules on how to apply for exemption from compulsory pilotage are often found in several different sets of local regulations. It can be difficult to obtain an overview of what is applicable. Under current requirements an exemption applies for two years, this period will be extended to three years. All the rules will be brought together in a single regulation.

**Expected effect:** It will be easier for enterprises to find the rules when they are in the same regulation. The cost of an exemption is reduced because the period of validity is extended. Around 500 exemptions are issued each year. Some 200 are new exemptions and 300 are extensions of existing exemptions. A new exemption costs SEK 5 300 and an extension SEK 1 950.

**Timetable:** The Swedish Maritime Administration will put this into effect in 2005.

# Fewer forms and less reporting of information

## The Accounting Act – simpler annual accounts

**Purpose:** To introduce rules on simpler annual accounts for self-employed persons.

**Description:** The Accounting Act contains provisions on annual accounts. They must be applied by all enterprises that are obliged to close their current recording of transactions with annual accounts instead of an annual report. The provisions on annual accounts can be seen as unnecessarily complicated for the smallest enterprises. So there may be reason to introduce provisions on simplified annual accounts for self-employed persons, for instance. The provisions on simplified annual accounts must be viewed against the background of the work being done by the Swedish Accounting Standards Board on general advice on accounting in self-employed businesses.

**Expected effect:** Simpler and quicker for enterprises to do their annual accounts, not least in combination with the initiative taken by the Swedish Accounting Standards Board.

**Timetable:** A memorandum will be circulated for consultation in the autumn of 2004. Government Bill during 2005.

## The Swedish Competition Authority's regulations on application for negative clearance

**Purpose:** To remove regulations in the Swedish Competition Authority's regulations that are no longer needed following amendments to the Competition Act.

**Description:** Amendments to the Competition Act that entered into force on 1 July 2004 mean that the option of applying for negative clearance is removed and applications for individual exemptions are replaced by a rule on general exemptions. As a result of this several of the Swedish Competition Authority's regulations that contain rules on the formulation of such applications and notifications will be abolished.

**Expected effect:** Enterprises win time and resources due to the disappearance of the application and notification requirement.

**Timetable:** To be completed no later than December 2004.

## Power grid operations

**Purpose:** To facilitate financial reporting concerning power network operations.

**Description:** In connection with a new method for supervision of power network operations the Swedish Energy Agency has developed a system for reporting over the Internet, a programme called Net Declaration. Electronic signatures are a way of simplifying the paper exercise and the Agency will propose the necessary amendments to the regulatory framework.

**Expected effect:** Simpler and quicker reporting for enterprises, as they do not have to provide the same information to the Agency several times.

**Timetable:** Proposal presented to the Electricity and Gas Market Inquiry on an amendment to the Accounting Ordinance that is needed to introduce digital signatures. The Inquiry is to present its final report at the end of 2004.

# Greater cooperation between agencies

## Application for export subsidy

**Purpose:** To simplify the handling of export subsidies for exporters and the agencies involved.

**Description:** At present exporters make paper applications for export subsidy. The Swedish Board of Agriculture and the Swedish Board of Customs have set up a joint project called AX. The project is tasked with presenting a proposal for filing applications via EDIFACT or a web solution.

**Expected effect:** Simpler handling of export subsidy applications, both for exporters and for the Swedish Board of Agriculture. The information will be transferred electronically from the Swedish Board of Customs to the Swedish Board of Agriculture.

**Timetable:** During 2004.

## Regulations on potentially explosive environments in the handling of flammable gases and liquids

**Purpose:** To simplify the application of regulations.

**Description:** The National Rescue Services Agency handbook assists enterprises that handle flammable gases and liquids in such a way that a potentially explosive environment may arise. The Swedish Work Environment Authority and the Swedish National Electrical Safety Board have the right to issue regulations in this area and consultations have therefore been started between the three agencies about issuing a joint handbook on the subject.

**Expected effect:** Simpler for enterprises with operations involving potentially explosive environments to obtain an overview of the requirements on documentation of their operations, etc.

**Timetable:** No exact timetable has been fixed for the work, but the intention is to issue a handbook no later than in the autumn of 2006.

## Cooperation between the Board of Supervision of Estate Agents and other agencies

**Purpose:** To make it easier for applicants to file applications and to cut processing times.

**Description:** The Board of Supervision of Estate Agents is considering obtaining some certificates needed to process an application for registration as an estate agent directly through cooperation with other agencies, mainly the Swedish Companies Registration Office. At present the applicant has to do this. An amendment is needed to the Real Estate Agent Ordinance.

**Expected effect:** Simpler for enterprises to file an application. In cases where the Board of Supervision of Estate Agents currently needs to ask an applicant to supplement an application the processing time can be cut by an estimated week, resulting in a cut in the applicant's waiting time.

**Timetable:** The Board intends to look more closely at this possible simplification within the next two years.

# Shorter processing times

## Processing times at the Swedish Export Credits Guarantee Board

**Purpose:** To halve the Swedish Export Credits Guarantee Board's processing times for cases concerning guarantees from enterprises and banks.

**Description:** The Swedish Export Credits Guarantee Board is making a thorough effort to develop its processes. As part of this the Board has given priority to reducing lead times in several processes.

**Expected effect:** Quicker processing and better service from the Board.

**Timetable:** Work is starting in the first quarter of 2005 and is to be completed in the same year. In 2006 enterprises should be able to measure significant effects of this work.

## Mergers in the banking sector

**Purpose:** To simplify the procedure for mergers between savings banks and member banks and the reconstruction of savings banks as limited banking companies.

**Description:** A merger may not be registered at the Swedish Companies Registration Office if it has been prohibited by the Swedish Competition Authority or if a review of the merger is in progress. A notification of a merger and notification of registration of a decision on reconstruction must be accompanied by a statement from the Swedish Competition Authority that the merger has not been prohibited and that a review of the merger is not in progress. Instead of such a statement an application to the Swedish Companies Registration Office for registration should contain a declaration that the merger is not subject to compulsory notification.

**Expected effect:** Reduced administration for enterprises as they only need to contact one agency in the matter when the merger or reconstruction is not subject to compulsory notification under the Competition Act. This will save enterprises time and effort by reducing the total processing time.

**Timetable:** Change no later than 2006.

## Trade Marks Act (1960:644)

**Purpose:** To draft a new Trade Marks Act.

**Description:** The Trade Marks Committee has proposed increasing the efficiency of the processing of registration cases by no longer requiring the Swedish Patent and Registration Office to consider, in its handling of an application, whether a trade mark for which registration is sought can be confused with previous trade marks or company names, etc. It should also be possible to annul a registration without having to raise a court action. These proposals will be considered in the course of the legislative work. The main direction of work is for the Committee's proposals on these points to be implemented. Under current arrangements registration has been refused on several occasions on account of a previously registered sole right, even though use of the mark in the application would not lead to any conflict in practice. For users the change means that both their own resources and the resources of the Swedish Patent and Registration Office can focus on cases where there is a real conflict with a previous sole right.

**Expected effect:** Quicker for companies to register a trade mark as the processing time will be shorter and also easier to annul a trade mark.

**Timetable:** The aim is for the new Trade Mark Act to enter into force on 1 July 2005.

# Improved service and accessibility

## Company Registration web service

**Purpose:** To expand the possibilities for companies to use the Company Registration Service provided jointly by the Swedish Companies Registration Office and the Swedish Tax Agency.

**Description:** The web service for Company Registration makes it possible to register a company with both the Swedish Companies Registration Office and the Swedish Tax Agency via a single notification. The development now to be undertaken of the web service will enable companies to access registered information about their own operations so that they can use the Internet to notify the authorities of changes in this information. An application that enables communication in a case concerning a new company or amendments that are notified through the Company Registration Service to be conducted and administered electronically will also be developed.

**Expected effect:** Simpler, quicker and cheaper procedures for companies' communication with the Swedish Companies Registration Office and the Swedish Tax Agency. Up to and including the third quarter of 2004, 7 045 new company registrations had been filed using the e-service.

**Timetable:** Completed June-July 2005.

## Patent applications

**Purpose:** To make patent applications via the Internet possible

**Description:** Under the Patent Act a patent application must be made in writing to the Swedish Patent and Registration Office. This requirement will be abolished through an amendment to the Act. Initially the Patent and Registration Office plans to offer applications via the Internet for international (PCT) and European patents in cooperation with the European Patent Office. Thereafter the Internet service will also be able to accept applications for Swedish patents. Until the Government amends the Patent Act, patent applications filed via the Internet must be supplemented with paper documents. The prescribed forms for an application will be regulated so that the possibility of applying via the Internet will be specified. The Patent and Registration Office will issue more detailed regulations about data transfer and signature via the Internet.

**Expected effect:** Simpler, quicker and cheaper for enterprises to apply for patents. The period for supplementing applications, and also the processing time, may be reduced by 8-16 weeks.

**Timetable:** Internet applications for international patents ready in the fourth quarter of 2004. Internet applications for Swedish patents ready in the first quarter of 2005.

## Service and accessibility

**Purpose:** To provide and improve access to forms.

**Description:** In several regulations the Swedish Maritime Administration requires that different types of forms be used. To bring these forms together in a simple way they are to be posted on the Administration's website so that they can be filled in electronically.

**Expected effect:** Simpler and quicker for companies to find up-to-date information and fill in the form electronically. The saving of time is estimated at 5-10 minutes per company.

**Timetable:** Ready no later than August 2006.





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REGERINGSKANSLIET

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