

**More leeway for businesses  
thanks to fewer burdens**

**From producing burdens to reducing burdens**

**The Hague, 8 April 2004**

## Summary

During the past few decades, the Dutch Government has tried single-handedly to find solutions for all the problems, be they large or small, arising from our increasingly complex society. The resulting volume of legislation and regulations has had enormous implications for society, particularly with regard to the freedom of movement for private individuals and businesses. This Cabinet advocates a different approach, whereby the Government is more critical and detached with respect to the steps it takes and how it takes them.

The reduction of administrative burdens (“red tape”) for businesses is part of a more comprehensive approach. During this term of office, the Cabinet aims to reduce administrative burdens by 25%. This involves both the reduction of administrative burdens arising from existing regulations as well as an attempt to limit the number of new administrative burdens resulting from proposed new regulations. This is an urgent requirement as the full extent of these burdens, at some 16.4 billion euros, constitutes 3.6% of the GDP. Reducing the burdens would boost our economy and restore the Dutch competitive position.

During the past few months, all the Ministries have been looking into various ways of reducing administrative burdens. This letter contains a summary of the Cabinet’s plans: unnecessary regulations will be scrapped and the remaining rules will be tightened up where possible, thereby enabling businesses to spend less time and money complying with certain regulations. Although the last three Cabinets managed to reduce the burdens by 1 billion euros, the measures now being proposed will result in a total reduction of 3 billion euros. The table below shows the prognoses per year:

Gross reduction in billion euros (cumulative)	2003	2004	2005	2006	2007
	0.3	0.8	1.2	2.5	3.0

The corporate sector was closely involved in drawing up the plans. Numerous possible ways of reducing burdens were discussed in great detail in the so-called Mixed Commissions or other groups involving members of the corporate sector.

The current proposals will bring about a reduction of 18%. The plans being presented in this letter constitute the first major step. The Cabinet is carrying out an inventory of extra means of reduction in order to achieve the remainder of the total target. This is also made necessary by the imminent emergence of new burdens, for example as a result of the new Financial Services Act and new European directives on food safety and chemicals (REACH). These new administrative burdens will also need to be compensated. Ministries have been looking into their own areas and across the fence into each other’s territory in order to address the problem of mounting administrative burdens in a number of areas. For example, the Cabinet is reconsidering the regulations covering dangerous substances and monitoring. The possibilities with regard to ICT-use are also being worked out at (inter-) Ministerial level. The corporate sector will of course continue to be involved.

It is essential that we concentrate our efforts on Europe, as more than 40% of administrative burdens are the direct result of international (mainly European) regulations. These regulations do of course serve a purpose: generally speaking, the harmonisation of rules within Europe is beneficial to businesses and they often replace national regulations. However, it is also important that new European regulations are designed to generate as few burdens as possible and that the problem of unnecessary burdens arising from existing regulations should be addressed. The Dutch Presidency of the EU in the second half of 2004 will provide the Cabinet with the opportunity of using the European platform to make headway with the reduction of administrative burdens for the corporate sector. The support of the corporate sector is also vital to the success of this European approach.

Coordination of this ambitious Cabinet objective is in the hands of the Ministry of Finance in close collaboration with Economic Affairs. Progress will be monitored via the budgetary cycle. The realisation of the proposals presented in this letter forms the first step. The Cabinet will report on the progress of the implementation and the inventory of additional plans in the 2005 Budget Memorandum. In the spring of next year, once an idea has been formed of the inevitable increases and an inventory made of additional proposals, the Cabinet will lay down Ministerial upper limits for administrative burdens as a means of bolstering the realisation of the reduction objective.

The lightening of administrative burdens will create more leeway for businesses. The Dutch Bureau for Economic Policy Analysis (*CPB*) estimations indicate that the reduction in burdens will have positive effects on productivity in the market sector, competitiveness, output in the market sector and economic growth. In the long term, the GDP will increase by 1.5%. Pushing back bureaucracy in the collective sector will free 24,000 workers to be redeployed for the primary process ("hands-on"), which will in turn contribute to increasing output and improving the quality of service provision in the collective sector. Moreover, pushing back bureaucracy will enable employers to respond more swiftly to changing market situations. This will subsequently aid a faster recovery in economic growth.

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# 1. Introduction

A complaint frequently vented by employers is that they spend too much time and energy on complying with Government requests for information. Employers are not always clear about why these requests for information are made, why they are made so often or why they need to be repeated. They would rather spend the time and effort that this entails working for their businesses.

## 1.1 From producing burdens ....

It is the Cabinet's aim to reduce bureaucracy and stem the current mania for regulations. And not before time. During the past few decades, influenced by numerous developments and incidents, the Government has assumed the role of problem solver and has tried to find solutions for all the problems, both small and large, arising from a society that is becoming more and more complex by the day. These solutions usually take the shape of new laws and regulations. This has meant that the regulatory system has steadily become more complex and bureaucratic. The increasing number of European regulations with which we are now being confronted is another contributing factor.

The ensuing mass of legislation and regulations has had a serious effect on society, restricting freedom of movement for private individuals and businesses. Both private individuals and employers sometimes have difficulty understanding the coherence and logic of these regulations. The Government has overshot its mark. As concluded by both the RMO<sup>1</sup> (*Dutch Social Development Council*) and the WRR<sup>2</sup> (*Dutch Scientific Council for Government Policy*), social problems cannot be solved simply by applying more of the same (more regulations, instructions and monitors). A different approach is needed, whereby the Government adopts a more critical and detached attitude with respect to *what* it organises and *how* this is organised. The Government should not and must not take on all the responsibility. The recent Cabinet position on an Alternative Public Service explores this issue.<sup>3</sup>

Tackling administrative burdens ("red tape") for businesses is part of broader Cabinet policy aimed at boosting the economy and aiding the recovery of the Dutch competitive position.

Support for this approach will be increased by:

- reinforcement of the existing assessment of the effects on the corporate sector, the environment and feasibility and enforceability of the intended regulations, introduced in 2003;
- initiatives with respect to advancing economic dynamics by, for example, stimulating innovation;
- addressing conflicting regulations.

Improving the quality of regulations is also receiving a great deal of attention at international level. For example, an EU Action Plan on Better Regulation was recently

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<sup>1</sup> RMO advice; frameworks for relief; responsibility-based management, 2002

<sup>2</sup> WRR advice: the future of the national state under the rule of law, 2002

<sup>3</sup> Cabinet position 'An Alternative Public Service' December 2003 (Parliamentary Documents II, 2003-2004, 29362, no. 1)

drawn up by the European Commission. This plan is a worked-out version of the Lisbon Strategy which aims to make Europe the world's most competitive and prosperous region.

## **1.2 ..... to reducing burdens**

In its Outline Agreement (*Hoofdlijnenakkoord*), the Cabinet stated its ambition of reducing the balance of administrative burdens during the coming Cabinet term by 25% in relation to 31 December 2002. This involves reducing both the administrative burdens arising from existing regulations, as well as seeking to limit any new administrative burdens resulting from intended regulations.

The last three Cabinets have all tried to limit requests for information on the part of the Government. Up until now this has only had limited success, as reflected in the results of the last three Cabinet periods. During the period between 1994 and 2002, administrative burdens were reduced by some 1 billion euros<sup>4</sup>.

If the plans being presented in this letter are to be realised, we will need to rely on the concerted efforts of all the parties concerned: the Cabinet, Parliament, the corporate sector and the organisations within society. These efforts should result in the simplification, reduction or even the scrapping of the information obligations relating to many regulations. Although this will create room for new perspectives and opportunities, it may also lead to a certain degree of confusion. For some, it could even be quite painful when the Government stops trying to solve all the problems and starts issuing less-detailed instructions and supplying fewer 'tailor-made' solutions for specific situations or special interests groups. This will require more participation, more self-organisation and therefore more individual responsibility on the part of the corporate sector. The new guiding philosophy instigated by this Cabinet also forms the basis for the Alternative Public Service project.

The Cabinet is therefore opting for a *rigorous* approach, working *together* with the corporate sector. This letter contains a concrete contingency plan on behalf of the Cabinet on how to achieve this target.

### ***Explanation of key terms relating to administrative burdens for businesses***

- In order to safeguard its public interests, the Government imposes various measures on businesses and private individuals obliging them to carry out or avoid certain actions or conduct (*content obligations*). It also imposes obligations concerning the provision of information on actions and conduct (*information obligations*).
- *Administrative burdens are the costs that the corporate sector must make in order to comply with the information obligations resulting from Government-imposed legislation and regulations.* This also includes the obligation to provide information *to third parties* (for example, consumers).
- The term *corporate sector* should be interpreted broadly; it includes care institutions for example.

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<sup>4</sup> Parliamentary Documents II, 2002-2003, 24 036, no. 283

### 1.3 The plans and the direction

During the past few months, all the Ministries have spent a lot of time and energy examining the administrative burdens relating to thousands of rules and regulations and coming up with ways of reducing them. The Ministries included the corporate sector intensively in this process by means of representation on the Mixed Commissions and in various other groups. Complaints, reports and other suggestions made by employers therefore played an important role in the drafting of the proposals.

#### **Fewer burdens...**

This operation restricts itself to reducing administrative burdens for the corporate sector. Administrative burdens are obviously not the only aspect of regulations open for comment. A few examples:

- *Fewer other burdens for businesses:* a number of specialist Ministers have extended the scope of the operation for reducing administrative burdens by taking a critical look at other (compliance) costs faced by the corporate sector, such as the Ministry for Agriculture, Nature and Food Quality (revision of the system of regulations on manure), the Ministry of Transport, Public Works and Water Management, the Ministry of Justice (reduction in transaction costs in contract law; correlating the burdens relating to the laws of procedures), the Ministry of Economic Affairs, the Ministry of Finance (financial markets) and the Ministry of Housing, Spatial Planning and the Environment. The reduction of administrative burdens at the Ministry of Housing, Spatial Planning and the Environment is linked to the re-evaluation operation, the aim of which was to consider the entire range of Ministry of Housing, Spatial Planning and the Environment regulations and ascertain whether the policy targets set by this Ministry could not be better achieved by means of fewer, simpler and more streamlined rules, also serving to benefit the implementation and enforcement of said rules and regulations.
- *Fewer administrative burdens for private individuals:* One of the aims of the Alternative Public Service programme is to reduce administrative burdens for private citizens.
- *Improving the efficiency of official Government bodies:* The Ministry of Education, Culture and Science is tackling the question of burdens for schools.

In this letter, the Cabinet is disclosing the 'current stock' and the (inter)national origins of the administrative burdens (situation at the end of 2002), and an overview of the present plans to reduce these burdens (chapters 2 and 3). This will form an important first step towards a significant reduction in the burdens during this Cabinet term. In the mean time, the Cabinet will make an inventory of ways to further reduce administrative burdens (chapter 4). The Cabinet will make a progress report in the 2005 Budget Memorandum. Next spring, the Cabinet will establish the Ministerial upper limits for administrative burdens.

The Ministry of Finance, in close collaboration with the Ministry of Economic Affairs, is responsible for coordinating this operation. Progress in the reduction of administrative burdens for the corporate sector will be monitored via the annual Budget Memorandum and the Ministerial budgets (September) and the annual reports (May)<sup>5</sup>.

This action plan requires the backing of the entire Cabinet. All Ministers have pledged support for these plans and have made their own contributions. The specialist Ministers are personally responsible for the realisation of their own plans and should therefore submit them to Parliament together with this action plan.

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<sup>5</sup> Please refer to the 'Spelregels Administratieve Lasten' (*Rules for Administrative Burdens*); appendix 10 of the 2004 Budget Memorandum (Parliamentary Documents II, 2003-2004, 29 200, no. 1)

The realisation of this ambition to reduce administrative burdens means that the Cabinet, Parliament, the corporate sector and other organisations within society should afford the issue of administrative burdening serious attention when considering related matters. The reduction of administrative burdens is not an 'isolated' operation; it is closely associated with the way in which the Cabinet defines and substantiates its ambitions in all areas. In order to fulfil this ambition, Parliament must always consider the aim of reducing administrative burdens while weighing up interests for any other decisions it may make.

### **Macro-economic effects of reducing administrative burdens**

In response to the Cabinet's request, the Dutch Bureau for Economic Policy Analysis (*CPB*) has made an estimation of the macro-economic effects of reducing administrative burdens by 25%. As a result of the measures, the Dutch Bureau anticipates a rise in productivity of 1.7% and an increase in the GDP of 1.5%. There will also be a positive effect on the labour market. This will lead to an increase in employment and a reduction in the equilibrium rate of unemployment.

In the collective sector, the reduction in administrative burdens will lead to a drop in bureaucracy. 24,000 employees who currently carry out administrative work will become available for the primary process. More people will be working hands-on instead of sitting at a desk. This will help to increase output and improve the quality of service provision in the collective sector. For statistical reasons, this growth in productivity in the collective sector will not result in a higher GDP so the prosperity-linked profit is actually larger than the increase in GDP would suggest.

The private sector will also benefit. In the long term, as a result of the reduction in bureaucracy the corporate sector will see an increase in productivity, an increase in employment, an improvement in its competitive position and an increase in export and production. These positive effects will take some years to achieve. In the short and mid-term, unemployment will increase as it will take the economy several years (5 to 10 years) to adapt to the new situation.

The Cabinet hopes that the decrease in the pressure of administrative burdening will also increase the ability of the economy to adapt. Less bureaucracy makes it easier for employers to respond swiftly to altered (labour-) market situations. Pushing back the level of bureaucracy will therefore also contribute to a swift recovery of economic growth.

## 2. Starting point

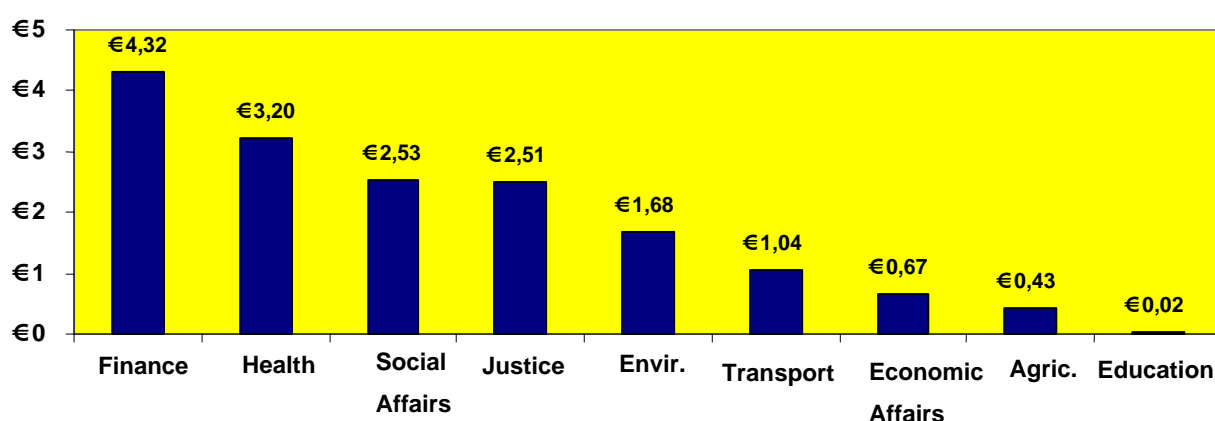
### 2.1 State of affairs regarding administrative burdens as of 31 December 2002

#### *Size of administrative burdens*

Administrative burdens are the costs that the corporate sector must make in order to comply with information obligations as the result of Government-imposed legislation and regulations. An inventory was made of the total extent of these burdens for the whole Cabinet as of 31 December 2002. This inventory ('zero measurement') forms the starting point for this operation. Figure 2.1 provides an overview. The estimated total of all administrative burdens as of 31 December 2002 comes to 16.4 billion euros. This is the equivalent of 3.6% of the GDP.

The zero measurement makes it possible to (1) obtain detailed insight into the administrative burdens per law, (2) obtain insight into the points of departure and the basic data by means of which (the effects of) reduction proposals can be adequately quantified, (3) easily calculate alternatives for intended legislation and regulations and the effects of these proposals and (4) make swift, reliable reports (at law level) on the development of administrative burdens during a given Cabinet term of office. A calculation method explained in appendix 3 is used to determine the size of the administrative burdens. The extent of the administrative burdens per Ministry varies greatly. The administrative burdens for the Ministries of Finance, Health, Welfare and Sports, Social Affairs and Employment and Justice appear to account for more than three-quarters of the total amount. More than half of the administrative burdens seem to be the result of just ten laws.

**Figure 2.1: division of administrative burdens between Ministries in billions of euros**



The administrative burdens resulting from Ministry of the Interior and Kingdom Relations legislation and regulations have not yet been included in this overview, but they are not

expected to be extensive<sup>6</sup>. In consultation with ACTAL (*Dutch Advisory Board on Administrative Burdens*), the Ministry of the Interior and Kingdom Relations is taking a closer look at the size of the administrative burdens in a number of areas of legislation. The 2005 Budget Memorandum will contain a report on this subject.

### **Top 10: legislation resulting in the highest level of administrative burdens**

The following laws cause the most administrative burdens for the corporate sector. This list should be regarded as a list of the laws producing the largest administrative burdens, and not as a representation of the total administrative burdens in any specific policy area.

<b>Legislation</b>	<b>Ministry</b>	<b>Amount (billion euros)</b>	<b>Information obligation</b>
Annual Accounts Act	Justice	1.5	Drawing up annual accounts and providing the resultant information
Turnover Tax Act	Finance	1.4	Stating VAT number on invoices, VAT returns, payments to Tax Administration
Commodities Act	Health	1.2	Quality and safety regulations, including labelling and packaging regulations
Environmental Management Act	Environment	1.0	Information obligation relating to environmental permits, reporting, etc.
Wages and Salaries Tax Act	Finance	0.7	Salary administration and ensuring payment of wage tax
Compulsory Health Insurance Act	Health	0.7	Compulsory practices for the purposes of financing medical treatment for employees (declarations)
Social Security (Coordination) Act	Social Affairs	0.6	Maintaining salary administration and payment of employee insurance premiums (including disability insurance, unemployment insurance)
Income Tax Act	Finance	0.6	Drawing up income tax returns
Prices Act	Economic Affairs	0.5	Compulsory pricing of articles
Working Conditions Act	Social Affairs	0.5	Informing employees, risk inventory including action plan for risks in working conditions
<b>Total</b>		<b>8.7</b>	

#### *Origins of administrative burdens*

Figure 2.2 shows the origins of the administrative burdens. This differentiation shows where and how administrative burdens can best be tackled. It would appear that more than 40% (7 billion euros) of the administrative burdens are a direct result of international regulations. The proportion resulting from national regulations is approximately the same. The remaining 13% relates to legislation regulated at international level, but implemented at national level. The table shows that here too, there are enormous differences between the various Ministries. However, it should also be stated that the European harmonisation of regulations is generally very beneficial, and these regulations often replace national rules. Of course it remains essential that regulations are designed to cause as few burdens as possible.

<sup>6</sup> As previously announced to the Lower House in a letter in November 2002 (Parliamentary Documents II, 2002-2003, 24036, no. 267)

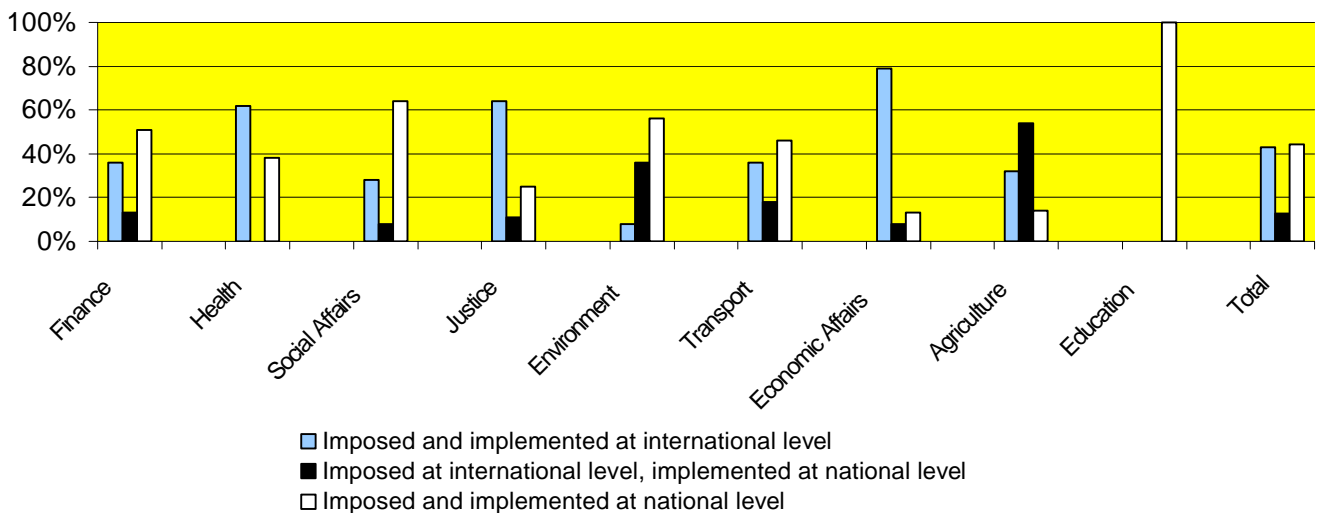
The differentiation of administrative burdens by origin is used when drawing up Ministerial reduction plans and compiling the EU agenda. A more detailed explanation of this differentiation is contained in appendix 3.

### Examples of irritating red tape for the corporate sector

Not only is the size of the administrative burdens relevant, but also the way in which these burdens are perceived by employers. Although some information obligations may not be large in terms of the size of the administrative burden they generate, it is possible that employers perceive them as a huge burden on account of their apparent pointlessness. This is an overview of the most irritating administrative red tape. The list was correlated from reports made via the website [www.administratievelasten.nl](http://www.administratievelasten.nl) and other sources emanating from the corporate sector.

- The Personal Data Protection Act comprises an abundance of regulations relating to the use of personal data and compels employers to report all data files containing potentially sensitive information to a monitoring authority.
- Whenever a business files its annual statement with the Chamber of Commerce, this must also be published in the Dutch Government Gazette (*Staatscourant*). The relevant copy of the Dutch Government Gazette is also sent to the business. The business is not only charged for the announcement itself, but also for the cost of the copy in which it was published and the postage.
- In practice, the obligation to draw up an inventory and evaluation of risks relating to working conditions gives rise to extensive, detailed questionnaires. For example, according to the legislation, a risk inventory and evaluation must be carried out for every theatre production. This means that the theatre sector alone produces some 20,000 (= number of touring productions) of these evaluations per year. A whole list of points must be checked for each visit.
- Every time a proprietor in the catering sector appoints a new manager, he must apply for a new catering establishment licence and a new operating permit.
- Businesses are sometimes asked (and are obliged) to fill in a Central Bureau of Statistics questionnaire five times per year. For example, businesses must complete a 'Statistic Industry Production 2002' questionnaire, which is so complex that they sometimes need to consult an accountant.
- Keeping the current manure accounts up-to-date costs a farmer some 3,800 euros per year. It also involves an enormous number of regulations.
- Businesses are continuously faced with a variety of definitions, for example the definition of the wage concept (*loonbegrip*). Many company pension funds, for example, have their own methods for calculating premiums, which are based on various different guiding principles.
- Meat-producing companies are obliged to use the label to state the country of origin of the animal concerned and where it was slaughtered, even if the animal originated from within the EU.

Figure 2.2: origins of administrative burdens as of 31 December 2002



### **3. Step one: concrete measures so far**

#### **3.1 Introduction**

On the basis of the zero measurements, the various Ministries have compiled inventories of proposals to reduce the administrative burdens that result from the legislation and regulations within their Ministries. All the Ministries did this with the cooperation of the corporate sector. Public servants and members of the corporate sector issued joint advice to the specialist Ministers on how the administrative burdens for businesses relating to each individual Ministry could be reduced during the coming Cabinet term. Paragraph 3.2 and 3.3 provide an explanation of these first proposals. Paragraph 3.4 describes the process for monitoring the implementation of the proposals and how any future increases in administrative burdens arising from new legislation will be dealt with.

#### **3.2 Reducing administrative burdens, the first step**

Table 3.1 provides an overview of the current Ministerial proposals for reducing administrative burdens and an indication of the year in this Cabinet period in which these proposals will be realised. These proposals add up to a saving on administrative burdens of some 3 billion euros. The amounts in the table are the gross reductions. This means that any possible future increases in administrative burdens as a result of new regulations have been disregarded for the purposes of the overview, because they have not yet been calculated.

The balance of the increases and decreases in administrative burdens during 2003 is soon due to be published in the Government financial annual statement.

The actual detail and implementation of the plans vary greatly. They differ in terms of the scrapping of regulations, differences in design and the harmonisation of concepts and/or licences and efficiency improvement in the implementation of regulations, often facilitated by the use of ICT. It also appears that most of the reductions will be achieved in the years 2006 and 2007. One of the reasons for this is the length of the time needed for legislation processes.

Efficiency improvement is proposed for the implementation of a number of information obligations that ensue directly from European regulations. This is entirely different from proposing an amendment to the actual European regulations (paragraph 4.5). There is less certainty about the outcome of such a process, in view of the fact that all member states would have to give their approval. One part of the 'EU Action Plan on Better Regulation', the so-called simplification programme, provides appropriate points of departure in this respect.

**Table 3.1: Overview of expected reductions per Ministry per year<sup>7</sup>**

	Gross reduction in mln. €	Gross reduction percentage 2003 - 2007	Reductions divided into years in mln. € (cumulative)				
			2003	2004	2005	2006	2007
<b>Finance</b>	<b>€633</b>	15%	€ 146	€ 285	€ 408	€ 619	€ 633
<b>Health</b>	<b>€310</b>	10%	€ 34	€ 50	€ 135	€ 310	€ 310
<b>Social Affairs</b>	<b>€472</b>	19%	€ 42	€ 224	€ 237	€ 454	€ 472
<b>Justice</b>	<b>€505</b>	20%	€ 58	€ 63	€ 72	€ 202	€ 505
<b>Environment</b>	<b>€527</b>	31%	€ 11	€ 78	€ 117	€ 358	€ 527
<b>Transport</b>	<b>€273</b>	26%	€ 11	€ 53	€ 81	€ 273	€ 273
<b>Economic Aff.</b>	<b>€126</b>	19%	€ 7	€ 39	€ 53	€ 126	€ 126
<b>Agriculture</b>	<b>€106</b>	25%	€ 37	€ 39	€ 57	€ 106	€ 106
<b>Education</b>	<b>€5</b>	28%	€ 0,2	€ 0,3	€ 0,4	€ 5	€ 5
<b>Total</b>	<b>€2.957</b>	18%	€ 347	€ 831	€ 1.161	€ 2.453	€ 2.957

### 3.3 Outline of the reduction proposals contained in the inventory

The following paragraphs provide a brief explanation of the differences that employers will experience as a result of the most important proposals involved in step one of reducing administrative burdens. Appendix 1 contains a systematic overview of the reduction measures that will result in a reduction of more than 1 million euros and the effects for employers. A more detailed representation of the action plans in their specific Ministerial context can be found in the Ministerial action plans that are being submitted to Parliament along with this letter.

#### *Finance (633 million euros)*

The administrative burdens at the Ministry of Finance can be divided into burdens arising from taxation and burdens from monitoring the financial markets. The largest reductions in the area of taxation will be achieved by means of the bill proposing the reduction of administrative burdens and simplification of social security legislation (*WALVIS*) and the proposal to combine the levying of wage tax with the levying of premiums for employee insurance. The so-called Fiscal Package 2004<sup>8</sup> (*Fiscaal Pakket 2004*) makes an end to the complicated system of bookkeeping relating to commuter travel and makes it possible to submit tax returns electronically. In the financial markets area, one of the proposals involves the introduction of a simpler and more efficient manner of organising monitoring processes. Credit institutions, for example, will not be expected to draw up and submit as many solvency requirement reports as in the past. This will save them both time and

<sup>7</sup> This table (and others) makes use of the original figures submitted to the Lower House for Walvis/sub (price level 2000). More recent figures will soon be presented to the Lower House.

<sup>8</sup> Parliamentary Documents II, 2003-2004, 29035 and 29210

money. Another reduction can be achieved by adapting the form of the Financial Statement and the way it is made available.

#### **WALVIS/ SUB: solving wage irritations**

A large-scale operation known as WALVIS/SUB has been set up in the area of fiscal regulations and employee insurance (the tax and social insurance domain). This operation aims to harmonise wage concepts, re-use data by developing a single central policy administration and streamline the way in which the deducted premiums are transferred to the Tax Administration ('SUB' = *the partnership between the social security organisation UWV and the Tax Administration*). This means that in future, an employer will no longer have to supply wage data to several different organisations, such as the social security organisation UWV, the Tax Administration, health insurance funds and the Central Bureau of Statistics. This former obligation gave rise to a great deal of irritation. From now on, it is only necessary to provide the information once. These two operations will result in a saving of 276 million euros for the tax and social insurance domain (the Ministries of Social Affairs and Employment and Finance).

#### *Health, Welfare and Sports (310 million euros)*

The largest reduction at the Ministry of Health, Welfare and Sports will be realised by automating the declaration data exchange between the health care insurance companies and the bodies providing health care. Alongside this, the Ministry is scrapping the authorisation needed to be allowed to provide care, which is currently defined in the Compulsory Health Insurance Act. The compulsory payment of individual contributions under the terms of the Exceptional Medical Expenses Act (*AWBZ*) is also being simplified. The aim is to ensure that the reduction of administrative burdens is linked with further improvement in the provision of information within the health care system in order to increase transparency within the sector.

#### **Commuter traffic**

The complicated system of recording journeys between the home and the place of work caused much friction within the corporate sector. This is now being tackled together with the plans to simplify the levying of taxes. This will lead to much less, easier registration for employers.

#### *Social Affairs and Employment (472 million euros)*

The largest reductions at the Ministry of Social Affairs and Employment will involve employee insurance and working conditions. A large-scale operation (WALVIS/SUB) is underway in the area of employee insurance. The Cabinet is also considering scrapping social insurance notification, in combination with the introduction of first day notification. Incapacity for work legislation will soon require less information due to the lengthening of the extended period of continued wage payment and the abolition of the Invalidity Insurance (Self-employed Persons) Act (*WAZ*). The method of levying premiums has also been simplified (including commuter traffic), along with the simplification of the tax levying system.

In the working conditions area, where the regulations are a constant source of irritation to the Dutch Federation of Small and Medium-Sized Businesses (*MKB*), the Lower House has approved a bill for abolishing compulsory work progress meetings and a number of proposals aimed at simplifying legislation and regulations have been submitted in the form of a contingency plan. Digitalisation, the low-threshold provision of an evaluation and inventory of risks per branch and the simplification of certification regulations will lead to a further reduction of administrative burdens. Finally, the process of providing information to the Dutch Federation of Small and Medium-Sized Businesses is to be

improved by making reliable, accessible information available via [www.arbo.nl](http://www.arbo.nl) and via other trusted parties (branch organisations and administration offices).

### ***Digital branch-oriented risk inventory and evaluation***

In practice, the obligation to carry out an inventory and evaluation of risks pertaining to the working conditions means filling in extensive, detailed questionnaires. An employer will soon be able to complete one single tailor-made digital risk inventory and evaluation, designed in consultation with the branch and similar to the floppy disk used for filling in tax returns.

#### *Justice (505 million euros)*

The most significant contribution as a result of the reduction proposals at the Ministry of Justice will be achieved by applying the XBRL-system (eXtensible Business Reporting Language) in order to standardise the input of the basic data needed for annual statements. This open standard for administrative software and data transmission will simplify communication between the Government and businesses. Apart from being used for corporate annual statements of businesses, the data that is entered can also be used for other purposes including tax returns, statistical obligations, levying employee insurance premiums, etc. The standardisation of as many concepts as possible will lead to less frequent requests for data to employers. This will result in better links with financial business records and therefore considerable time-saving for employers. See also paragraph 4.4. The full benefit of this proposal (currently estimated at some 420 million euros) is not expected to be realised during this Cabinet term. It is expected that the savings will be phased; savings of 50 million in 2006, 300 million in 2007 and 70 million in 2008 will be realised. This estimate will be adjusted where necessary on the basis of interim results during the course of the project.

The programme also contains proposals to introduce electronic communication for convening general meetings of share-holders and the digitalisation of reports for the purposes of the Central Register of Wills.

#### *Housing, Spatial Planning and the Environment (527 million euros)*

The most important measures announced by the Ministry of Housing, Spatial Planning and the Environment are the Housing, Spatial Planning and the Environment permit, the move to allow general regulations to apply to those businesses obliged to have permits and the simplification of the general regulations by making a distinction between small, medium-sized and large businesses.

This will mean that fewer businesses will need to apply for permits. Those businesses still needing to apply for a permit will only have to apply for one permit which will cover the entire Housing, Spatial Planning and the Environment policy area (an integral Housing, Spatial Planning and the Environment permit). The data will therefore only have to be supplied once. Businesses with reporting obligations will only have to provide the information that is strictly necessary.

### Most important reduction proposals

This is an overview of the most important proposals for reducing administrative burdens for businesses. A more detailed overview can also be found in appendix 1

Reduction proposal	Ministry	Size (million euros)
A simple method for businesses to enter data and supply information for drawing up and submitting annual statements by the multiple use of information and where possible, the harmonisation of concepts (application of XBRL)	Justice	350
Introducing uniform wage concepts and amalgamating the process of levying income tax with that of levying employee insurance premiums. Setting up one central administration for data on labour relationships (Walvis/Sub bill) <sup>8</sup>	Finance and Social Affairs	276
Including businesses obliged to have permits in the 8.40 regulations by order in council (AMvB). This would mean fewer businesses would need to apply for permits, as a notification would suffice. Amongst other things, this will lead to fewer information queries.	Environment	161
Scrapping certain procedures in the implementation of health care, including an end to the contracting obligation and the discontinuance of official authorisation between health care insurers and health care providers.	Health	150
Fewer requests for information and a reduction in the costs of consultation with authorised bodies by introducing the Housing, Spatial Planning and the Environment permit.	Environment	143
Simplification of procedures in healthcare implementation by automation of data traffic between health insurance companies and the providers of health care (claims)	Health	90
Abolition of compulsory work progress meetings	Social Affairs	89
Reduction and simplification of the requests for information (consignment notes) by scaling-down the consignment note obligation for road traffic	Transport	79
Simplification of the process of recording and registering manure by introducing a new manure legislation system	Agriculture	78
Meetings of share-holders in limited companies (BVs and NVs) to be convened electronically instead of by post	Justice	69
<b>Total</b>		<b>1,485 million euros</b>

#### *Transport, Public Works and Water Management (273 million euros)*

The most substantial reduction at the Ministry of Transport, Public Works and Water Management will be achieved in the policy areas of road traffic legislation, transport of

goods by road and maritime transport. The proposals for road transport legislation, for example, include simplifying the methods of book-keeping and the procedures involved in the registration of cars. Approved vehicle companies will be able to register the vehicles they sell via their own company instead of registration at the Post Office. There are also plans to authorise approved garages to print MOT certificates and to become more automated. In respect of goods transport by road, economising on and digitalising consignment notes referred to in the Road Haulage Act form the biggest reductions in administrative burdens. The pressure in terms of enquiries is also to be reduced. This reduction will be beneficial to those loading and transporting goods by road. In the area of maritime transport the Ministry is scrapping outmoded information obligations with regard to ships and crews. This reduction will benefit the maritime branch.

#### ***Only one request for data on entering ports***

A single electronic Government control point for making official reports when entering the ports. This, together with a number of other modernisation measures, will result in a drop in the administrative burdens for monitoring sea freight of some 3.7 million euros.

#### ***Economic Affairs (126 million euros)***

Reductions at the Ministry of Economic Affairs will be achieved by measures including the introduction of ICT applications into the Commercial Registers Act and the scrapping of translation and certification obligations in patenting legislation. Businesses will soon be able to register and amend their company data with the Chamber of Commerce on-line. Reductions will also be achieved by various measures relating to power and telecommunications legislation.

Although the administrative burdens connected with the Central Bureau of Statistics have already been drastically reduced, having to cooperate with Central Bureau of Statistics enquiries is a factor that leads to a great deal of irritation amongst employers. Economic Affairs will continue to work on reducing the pressure of taking part in these enquiries. Another source of irritation for employers is the obligation to publish information in the Dutch Government Gazette (*Staatscourant*) to announce the filing of annual reports. This obligation will be scrapped and replaced by electronic publication. Efficiency measures with regard to the Prices Act will ensure further reductions in administrative burdens. It is essential that the corporate sector participates in this.

#### ***Fewer, less complicated enquiries***

During the years to come, the Central Bureau of Statistics will try to make as much use as possible of information available from other Government agencies. Small and medium-sized businesses in particular will benefit from having to complete fewer, less complicated enquiry forms. The Central Bureau of Statistics also plans to simplify the filling in of enquiry forms by making use of ICT.

#### ***Agriculture, Nature and Food Quality (106 million euros)***

The most significant reduction within the Ministry of Agriculture, Nature and Food Quality will be achieved by the drastic revision of the legislation relating to manure. The main differences to businesses between the old and the new systems will be the solidity of the system (less 'tailor-made'), a liability-based approach (fewer information obligations for land dependent businesses) and no accumulation of regulations. Other important reductions will be realised within the area of legislation relating to animals, including the

abolition of the compulsory registration of people visiting livestock businesses. The Ministry will also scrap a number of regulations including rules on the Government trade marks for butter and cheese. This means that the corporate sector will have to take more responsibility for issuing its own guarantees for quality.

#### **Legislation on manure: a step towards a more robust system**

Maintaining the manure accounts currently costs a livestock business approximately 3,800 euros per year. This process involves a large number of different, detailed regulations. Revision of the legislation on manure will lead to a more robust system which will result in a reduction in administrative burdens.

#### *Education, Culture and Science (5 million euros)*

More than 90% of the administrative burdens for businesses caused by the Ministry of Education, Culture and Science<sup>9</sup> stem from the Adult and Vocational Education Act within the practical training domain. The reduction here will almost entirely be the result of amending the procedures for recognising so-called training businesses. If a business wants to be considered as a place of training for a vocational training programme, it must first seek recognition from the designated centre of knowledge. According to the proposal, compulsory recognition per training course is to be changed into a generic recognition per sector. The period for which this recognition is valid will increase from 2 to 4 years.

#### **Parallel inter-Ministerial projects: subsidies and tendering**

A separate project has been started to address the issue of Government subsidies and tenders, which is to run parallel to the objective of reducing administrative burdens.

*Subsidies:* last year, an investigation was carried out with the purpose of making an inventory of the total size of administrative burdens for businesses connected with applying for and receiving Government subsidies. The size of the administrative burdens relating to the regulations governing subsidies that were examined during this investigation varied greatly. On average, the administrative burdens accounted for 8% of the actual subsidy that had been issued. The total amount of administrative burdens estimated in this investigation amounts to 108 million euros, based on the subsidies included in the overview of Government subsidies (SOR)<sup>10</sup>. A measuring instrument will become available for all Ministries this spring, which can be used in the development of new subsidy regulations or during the periodical evaluations to form an overall picture of which administrative burdens are arising and which less burdensome alternatives are available.

*Government tenders:* concerning the tender regulations, a number of changes are in the pipeline. The burdens caused to businesses by these regulations could be reduced by standardising the information needed by the Government from those tendering for work. As a result, details will probably need to be laid down in legislation and regulations, which, according to the definition, will result in new administrative burdens. A new project headed by the Ministry of Economic Affairs has been started to bring about substantial reductions in material burdens for the corporate sector.

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<sup>9</sup> Funded education institutions are not taken to be part of the corporate sector and do not therefore count in terms of the definition of administrative burdens.

<sup>10</sup> Government subsidies not included in the Overview of Government Subsidies (SOR) (such as the European agricultural subsidies and the labour market subsidies), have not been included here.

### **3.4 Monitoring the implementation**

It will be necessary to implement the proposals contained in this chapter in order to achieve the Cabinet's aim of reducing administrative burdens by 25% by 2007. Some of these proposals were put into operation in 2003 and early 2004. Within the framework of the budgetary cycle, the Cabinet has undertaken to inform the Lower House about the progress of the reduction measures.

Ministerial upper limits for burdens are to be established in 2005. Appendix 10 of the 2004 Budget Memorandum (Rules for administrative burdens) defined the starting points for laying down these upper limits. Net upper limits will be established and these limits will be monitored. This implies that the Ministry responsible must apply compensatory measures for any administrative burdens exceeding the upper limit. The agreements on monitoring are contained in appendix 2.

When establishing the net upper limits per Ministry, one of the things to be taken into consideration is the effect of the introduction of unavoidable new regulations. Information on the actual increase in unavoidable new regulations is currently only available for a number of areas; it will be possible to form a more detailed picture of this increase towards the end of 2004. This is one of the reasons for postponing the establishment of Ministerial (net) upper limits until the spring of 2005. Until then, the Ministerial (gross) reduction estimate, as stated in this letter, will be used as the upper limit.

The Cabinet aims to avoid administrative burdens relating to new regulations as much as possible; in cases where this is not possible, they will be kept to a minimum and any new burdens will be compensated by extra reductions on existing regulations. New regulations will therefore be assessed during the inter-Ministerial preparation phase with regard to their effects on businesses and the environment and the quality of the legislation. ACTAL (*Dutch Advisory Board on Administrative Burdens*) will carry out a specific assessment of the potential administrative burdens.

This awareness of the effects of new regulations on administrative burdens is also necessary in Brussels. Examples of new administrative burdens can be found in the new European Directives currently being prepared in the area of food safety and chemicals (REACH). The Dutch Government wants to restrict the level of administrative burdens resulting from new European regulations such as REACH as much as possible. Supplementary national legislation on top of new EU regulations should be avoided at all costs. In the Netherlands, new proposals from the European Commission are evaluated in an inter-Ministerial partnership before being submitted to Parliament. In this way, special attention can be paid to the administrative burdens aspect of new proposals. In order to be able to obtain a good overall picture, it is necessary to improve the organisation of 'impact assessments' by the European Commission (see paragraph 4.5 for more detailed information).

## 4 Step two: more measures

### 4.1 Introduction

The Cabinet is looking into extra proposals to reduce administrative burdens, the so-called step two of the plans. The main reason for this is that the total amount saved by the reduction proposals mentioned so far does not add up to the amount the Cabinet aims to achieve. We must also be prepared for the emergence of new administrative burdens during the course of this process. The Cabinet has designed a four-pronged approach:

- additional Ministerial activities (4.2)
- inter-Ministerial themes (4.3)
- improvement of efficiency by the use of ICT (4.4)
- reducing administrative burdens from Europe (4.5)

These four paths will be further developed during the next few months, making it possible to calculate the potential amount that can be saved as a result of these proposed reductions in administrative burdens. A progress report will be included in the 2005 Budget Memorandum. This is another reason for the Cabinet to wait until the spring of 2005 to establish the Ministerial upper limits needed to achieve the objective of reducing administrative burdens by 25%.

Now that the scope of activities allotted to ACTAL (*Dutch Advisory Board on Administrative Burdens*) has been extended to include existing regulations, this board will also be able to offer advice with regard to extra reduction proposals in this area.

### 4.2 Additional Ministerial activities

The Cabinet is exploring the possibilities with regard to additional Ministerial activities in order to reduce the administrative burdens. The most important activities are listed below. These activities are explained in more detail in the Ministerial letters.

- The *Minister of Social Affairs and Employment* is examining various possibilities including extra proposals to simplify the regulations on the risk inventory and evaluation and the provision of services by the industrial health and safety service, particularly with respect to small businesses. An investigation is being carried out into the possibilities of reducing the supplementary national legislation on top of certain international legislation and regulations. Finally, the Minister of Social Affairs and Employment has asked the Joint Industrial Labour Council (*Stichting van de Arbeid*) to look into the possibility of reducing administrative burdens by applying the WALVIS wage perception to supplementary pensions.
- The *Minister of Justice* expects to be able to achieve further reductions in administrative burdens by simplifying company law. In November 2003, a commission comprising representatives from the Ministries of Justice and Economic Affairs and external specialists was set up. This commission will make its report in April 2004. There will also be a wide-scale investigation looking into revising the system of monitoring companies (certificate of no objection when founding a private company with limited liability or *BV*), aimed at reducing administrative burdens.

- The *Minister of Housing, Spatial Planning and the Environment* has been exploring the possibilities of reducing administrative burdens by means of the implementation side of legislation and regulations. The Mixed Commission looking into this has made a number of concrete suggestions for additional measures. These suggestions are currently being developed.
- The *Minister of Health, Welfare and Sports* will also be looking into administrative burdens during the coming months in order to map out the reduction possibilities.

**Parallel project: tackling administrative burdens at joint Government bodies**

A number of activities aimed at reducing the administrative burdens in the municipal and provincial authorities, the water authorities and the public professional organisations (PBOs) are running parallel with the other projects contributing towards the general Cabinet-wide objective.

- *Municipal authorities*: A joint project between the Government and the Association of Dutch Municipalities (VNG) is taking a close look at the administrative burdens of 10 municipal authorities. As part of this project, the development of an instrument to assess, analyse and reduce administrative burdens at local level is being considered. In accordance with urban policy, it will be offered to the 30 largest Dutch municipalities, and targets with regard to the reduction of administrative burdens will be set (Urban Policy 2005-2009). The Minister of the Interior and Kingdom Relations is responsible for introducing the instrument into other municipalities.
- *Provinces*: The Government is to initiate a project with the Inter-Provincial Platform, similar to the approach being taken in the municipalities.
- *Water boards*: The extent of administrative burdens for the *water boards* is limited (6 million euros). Reducing these burdens is not, as yet, a priority for the water boards.
- *Public professional organisations (PBOs)*: An initial inventory shows that administrative burdens for businesses amount to some 75 million euros. These burdens are concentrated in a number of commodity boards and are mainly related to bye-laws in the area of quality management and sickness prevention. The commodity and industry boards are carrying out a detailed examination of these bye-laws, coordinated by the Social Economic Council (SER). This investigation will be completed by 1 July, and an inventory of reduction possibilities will be completed by 31 December 2004 at the latest.

#### **4.3 Inter-Ministerial themes**

Important problem areas in the information obligations for businesses cannot always be directly ascribed to any one Ministry, as their origins are often to be found 'in between' the various Government agencies and Ministries, for example due to an accumulation of information obligations, multiple provision of data or a lack of clarity regarding the legislation in question. This does not only result in unnecessarily high administrative burdens for employers, but it also gives rise to a great deal of irritation.

Tackling these problem areas requires a close working relationship between the Ministries, obviously including as much consultation with employers as possible. The specialist Ministry concerned is responsible for tackling these problem areas. The Ministry most closely involved should take the lead. A number of projects have been identified on the basis of complaints and reports from the corporate sector. Table 4.1 provides a current overview of the concrete cooperation projects that have been proposed. Paragraph 4.4 looks into the inter-Ministerial cooperation projects using ICT.

### Sounding board group of employers

The Ministries of Economic Affairs and Finance are to set up a sounding board group of employers to monitor Government policy on regulations and competitiveness in the wider context. This sounding board group will be entitled to make suggestions on issues including Ministerial and inter-Ministerial projects for far-reaching reductions in administrative burdens, and it will also be invited to generate ideas and assess the prospects of reducing other costs related to complying with regulations.

Inventories of more new cooperation projects will be made by means of the model business approach and analyses of the zero measurements. Part of this process is a method to examine the steering methods within a certain policy area. This process is to be aligned with the Alternative Public Service project, which also focuses on this theme.

### Model businesses

The model business approach entails using the actual situation within a real business, which is representative of an average business within a certain sector, as the starting point. The administrative burdens during the various phases in the life of that business are then analysed. This results in practical insight into the accumulation, overlap and possible contradictions in the administrative burdens (during the various phases) at a business level. This will in turn provide input for new inter-Ministerial themes and Ministerial proposals which could possibly be realised in cooperation with Government partners and the branch organisations where necessary. Discussions on this subject have already started with the hospital and theatre sectors. 5 or 6 sectors will be examined during the course of 2004. Information will be obtained from the administrative burdens reporting centre, amongst other sources.

**Table 4.1 Concrete cooperation projects**

<b>Project</b>	<b>Aim</b>	<b>Leader/team</b>	<b>Timing</b>
Dangerous substances	Efficient and effective policy for the dangerous substances area by making clearer distinctions between the responsibilities of the various Government parties and the responsibilities of the Government and the corporate sector.	<i>Agriculture</i> in partnership with <i>Transport</i> . Other Ministries involved: <i>Economic Affairs, Defence, Environment, Social Affairs, Health, Interior</i>	2005
Chain reversal and the supervision of monitoring	<ul style="list-style-type: none"> <li>• Exploring the possibilities of making better Government use of information provided by the corporate sector (including the agricultural sector)</li> <li>• Exploring the possibilities of more effective deployment of public and private control and enforcement system (including in the agricultural sector)</li> </ul>	<i>Agriculture</i> in partnership with <i>Justice, Government Reform, Economic Affairs, Finance, Social Affairs</i> and the <i>corporate sector</i>	Final establishment of concrete plans in mid- 2004 and progress report in late 2004
Further simplification of wage concept	Further simplification of the administrative burden side of the wage concept for wage levies and employee insurance.	<i>Finance</i> and <i>Social Affairs</i>	Spring 2005

Permits	Reducing administrative burdens, restricting periods and streamlining various permits.	<i>Economic Affairs</i> , in partnership with <i>other relevant Ministries</i>	Action plan mid-2004
Integration of legislation on meat industry (Livestock Act, Meat Inspection Act, Agricultural Act and the Commodities Act)	Increasing transparency and abolishing duplication, thereby reducing administrative burdens, partly in the light of EU regulations regarding food hygiene.	<i>Health and Agriculture</i>	Action plan late 2004
Streamlining applications for permits under the Buildings Decree and Monuments and Historic Buildings Act	Linking permit applications for alteration of a monument to the procedure for applying for a building permit (Housing, Spatial Planning and the Environment regulations).	<i>Education in Environment</i> in partnership with	2005

### ***Entertainers and professional sportsmen and sportswomen***

Those employing entertainers and sportsmen and women on short-term contracts are confronted with relatively high administrative burdens. A large number of new regulations have been drafted to cover entertainers and sportsmen and women during the past three years. These new rules were introduced to cope with the various practical problems that had arisen. Discussions with the Lower House on an evaluation of these problems are planned for May 2004. The regulation is one of the examples whereby an inter-Ministerial approach might produce results in step two of the plan.

#### **4.4 Improving efficiency by the use of ICT**

The deployment of ICT can achieve a reduction in administrative burdens in various ways. The use of one central ICT infrastructure for (the streamlining of) various information flows has a good chance of success. The ICT and administrative burden reduction programme (*ICTAL*) has been set up to develop this ICT infrastructure. The programme is being implemented by the Ministry of Economic Affairs in close collaboration with the corporate sector (including the Confederation of Netherlands Industries and Employers (*VNO-NCW*) and the Dutch Federation of Small and Medium-Sized Businesses (*MKB*)). The Minister of Economic Affairs will provide separate, detailed information to the Lower House about the progress and further plans with regard to the development of the ICT infrastructure. An important condition for the success of the programme is the harmonisation of the various terms and definitions. Table 4.2 explains a number of concrete ICT projects.

#### ***ICTAL programme***

The key elements involved in the ICT infrastructure are the Government Transaction Portal (*OTP*), the Business Counter and the Register of Enterprises and Companies<sup>11</sup>. The infrastructure in itself will not lead to a reduction in administrative burdens. Burdens will only be reduced if the infrastructure is *put into use*. In order to increase deployment of the infrastructure, an inventory is being compiled of the information flows that can be linked to the

<sup>11</sup> See letter: Parliamentary Documents II, 2002-2003, 24 036, no. 275

infrastructure in the long term and the organisational and administrative conditions that will need to be met. Potential users will be provided with as much support as possible by means of the ICTAL programme.

**Table 4.2 Concrete ICT projects**

<b>Project</b>	<b>Aim</b>	<b>Leader/ team</b>	<b>Timing</b>
Comprehensive approach to digital information between private individuals & Government and between businesses & Government.	A statutory regulation for a once-only exchange of data using basic registrations and identification numbers (Citizen service number and Business service number). If private individuals and businesses can communicate clearly with all areas of Government services, the administrative burdens can be reduced and the quality of those services can be improved	<i>Interior and Economic Affairs in partnership with specialist Ministers</i>	Approach and planning before Summer 2004
Once-only data input (XBRL)	<ul style="list-style-type: none"> <li>• Drawing up project plan</li> <li>• Compiling a taxonomy (data dictionary) to enable once-only data input</li> <li>• Developing tools for implementation</li> </ul>	<i>Justice, Finance, Economic Affairs (Central Bureau for Statistics)</i>	<ul style="list-style-type: none"> <li>• Before 1 June 2004</li> <li>• Mid-2005</li> <li>• 2005-2006</li> </ul>

#### **4.5 Reducing administrative burdens from Europe**

The inventory of administrative burdens shows that a number of sizeable complexes of administrative burdens, including VAT, rules on accounting and reporting, the Commodities Act, the Prices Act and the Working Conditions Act originate from Europe. The harmonisation of regulations relating to cross-border issues could be very important to the corporate sector. The complex decision-making procedures in Brussels sometimes lead to unnecessary information obligations being imposed by the Commission, the Member States or the European Parliament.

The European regulations that apply in increasingly more areas mean that the approach to administrative burdens in the Netherlands has an unmistakably European component. The Cabinet wishes to focus more attention in the area of European policy on the consequences of regulations for the corporate sector in general and for the (reduction of) administrative burdens in particular. The EU Action Plan on Better Regulation provides real possibilities in this respect, but needs to concentrate more specifically on the issue of administrative burdens.

The Cabinet, together with the other EU Presidencies in 2004 and 2005 (Ireland, Luxemburg and the United Kingdom), has devised three ways of doing this<sup>12</sup>:

- 1) More emphasis on administrative burdens on the EU agenda;
- 2) Prevention of new European administrative burdens;
- 3) Tackling administrative burdens in existing European regulations

<sup>12</sup> The approach described below also gives substance to the Fierens motion, submitted on 19 February 2004, which called for a step-by-step plan to be drawn up involving the European angle.

### ***'The administrative burden declaration'***

During a meeting of the Directors for Better Regulation (19 and 20 February 2004, The Hague) a number of countries expressed their interest in the standard cost model used for measuring administrative burdens in the Netherlands. Norway, Sweden and Denmark announced their intention to use the model to carry out zero measurements. The Ministry of Finance<sup>14</sup> provides workshops to acquaint interested countries with the methodology. In view of the interest, it is possible that the group of countries interested in using this system to measure the size of administrative burdens could grow during the next few years.

The more countries that take part, the easier it will become to learn from each other's experiences by for example benchmarking the way in which European regulations have been implemented.

### *More emphasis on administrative burdens on the EU agenda*

Reducing administrative burdens ('red tape for economic operators') is one of the priorities in the Lisbon strategy. After all, the reduction of administrative burdens contributes to improving the competitiveness of the European corporate sector and advancing sustainable growth within the EU. The aforementioned presidencies will urge Member States and the Commission to reduce administrative burdens both at European and national level. The possibility of making the Lisbon strategy more operational will be discussed during Council meetings (at Ministerial level), for instance by quantifying the administrative burdens as an indicator for this strategy as much as possible in an European context too<sup>13</sup>.

### *Prevention of new European administrative burdens*

Regulatory Impact Assessments (or RIAs, which assess the effects of proposed regulations in advance) are an important part of the aforementioned Action Plan. The Netherlands and other EU Presidencies have asked for administrative burdens to be quantified within these RIAs<sup>15</sup>. This would make it possible to take the subject of administrative burdens seriously during the decision-making processes on new regulations in Brussels. The European Commission has responded positively.<sup>16</sup> Within the framework of the European Council on 26 March 2004, it was confirmed that the Commission is looking into the question of whether administrative burdens could be quantified within the context of RIAs, and it was also confirmed that this subject will be discussed further in November during the Dutch Presidency. Administrative burdens will be given more specific attention during negotiations on new EU regulations. In the Netherlands, a strong emphasis will be put on the issue of administrative burdens during the preparation phase of the decision-making process on new commission proposals.

### *Tackling administrative burdens in existing European regulations*

A second important component of the Action Plan is the simplification programme, in which measures have been introduced to reduce administrative burdens in a number of areas. In the meantime, the Commission and the European Council have decided that

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<sup>13</sup> See conclusions of the 2004 Spring Council presidency of the 25-26 March

<sup>14</sup> Inter-Ministerial project directorate administrative burdens

<sup>15</sup> See previously the 'joint initiative on regulatory reform' of 26 January 2004, sent to fellow Ministers of Finance in respect of the ECOFIN Council

<sup>16</sup> Letter from Commission president Prodi to the authors of the 'joint initiative on regulatory reform' of 8 March 2004.

the simplification programme should relate more closely to the consequences for businesses, including with regard to administrative burdens<sup>17</sup>. At the same time, Member States like the Netherlands should make use of the opportunity of spotlighting subjects that obviously create burdens for the corporate sector.

While carrying out the zero measurements, the Dutch Ministries also drew up an inventory of the administrative burdens with international (often European) origins (refer also to chapter 2). This information will be used during the coming months to formulate the Dutch standpoint in terms of putting administrative burdens resulting from existing EU regulations on the agenda. Putting this subject on the agenda and then tackling the issue of administrative burdens in existing regulations will have to take place within the various joint committees. It goes without saying that the support of the European Commission and the other Member States is essential in terms of concrete results. The matter of whether the introduction of ICT will lead to advancements in efficiency in the application of EU regulations will also need to be looked into. The 2005 Budget Memorandum will contain more information on the Dutch intention to place administrative burdens on the European agenda.

***Examples of administrative burdens in the joint committee: Commodities Act and more efficient labelling in Europe***

The Minister of Health, Welfare and Sports expects to be able to reduce the administrative burdens relating to the protection of healthcare even further by improving efficiency in the area of labelling obligations in the Commodities Act. The Commodities Act is largely determined by European policy and current developments within the European Union would seem to indicate that the obligations involved will only increase. A reduction in administrative burdens could be achieved by, for example, bundling the changes in labelling regulations (e.g. once every 3 to 5 years) in the Commodities Act and making use of ICT (for example, central databank, via a barcode on the label) when reproducing obligatory information for consumers. Government, the corporate sector and consumer organisations will be making a joint concrete proposal on labelling regulations for foods before 1 July 2004. On the basis of this proposal, the possibility of a wider scope of application (non-food) will also be explored. In view of the fact that the labelling regulations are prescribed in great detail, the matter of which strategy should be employed in Europe will also be examined.

The Ministries of Finance, Justice and Economic Affairs, along with the other interested Ministries, are using the occasion of the Dutch presidency to organise in October 2004 a conference on 'better regulation' and administrative burdens. During this conference, aspects of the aforementioned red tape agenda, namely the quality of EU regulations in general and the administrative burdens agenda in particular, will be discussed with the aim of widening support for the approach.

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<sup>17</sup> See letter from Commission president Prodi and the conclusions of the 2004 Spring Council of the Presidency

## Appendix 1: overview of reduction plans

This is an overview of all (some of which have already been realised) the reduction plans involving more than 1 million euros.

OVERVIEW OF ACTIVITIES AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction (in million euros)	Who?
<b>Target group: all businesses</b>			
From now on, business can register with the Chamber of Commerce electronically	More efficient implementation of Commercial Registers Act	1.6	<u>Economic Affairs</u>
From now on, business can submit changes to business data to Chamber of Commerce electronically	More efficient implementation of Commercial Registers Act	4.7	Economic Affairs
Business can complete other transaction with Chamber of Commerce electronically	More efficient implementation of Commercial Registers Act	1.8	Economic Affairs
Lifting compulsory announcement of changes to statutes, dissolution etc. in Dutch Government Gazette.	Amending Commercial Registers Act	0.7	Economic Affairs
Fewer forms to be sent, particularly to small and medium-sized businesses, for annual and short-term statistics and labour market statistics by making more use of existing sources (Walvis)	More efficient implementation of Central Bureau of Statistics Act and underlying regulations.	3.3	Economic Affairs
Advancement of electronic pricing and use of ICT	More efficient implementation of Prices Act	60.8	Economic Affairs
Removing the requirement for an accountant's statement for random depreciation and the environmental investment allowance, end of issuing bicycle declaration and end of control on bicycle traffic	Via Tax Plan for 2003, amending of income tax and corporation tax	21.5	<u>Finance</u>
Electronic statement of profits for businesses instead of on paper, end of allowance for schooling and end of film measures package	Via Tax Plan for 2004, amending income tax and corporation tax	27.3	Finance
Removing of remittance reductions, removing of premium savings schemes, removing of public holiday regulations (partially re-introduced as from 2004)	Via Tax Plan for 2003, amending income tax and the Salaries tax and Social Security Contributions (Reduced Remittances) Act	51.0	Finance
Simplification procedures on commuter travel and end of remittance reductions for schooling non-profit	Tax Plan for 2004, amending income tax and the Salaries tax and Social Security Contributions (Reduced Remittances) Act	27.5	Finance
Introduction of electronic returns for VAT	Tax Plan for 2004, turnover tax	25.0	Finance

OVERVIEW OF ACTIVITIES AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who?
End of tax contributions for electronic services to third countries	Implementation of e-commerce guideline (turnover tax)	16.0	Finance
End of certain bunker declarations for excise duty, tightening up of incentive schemes for cogeneration and removing of mandatory legal representation	Tax Plan for 2003, other fiscal legislation	2.1	Finance
End of incentive schemes for low-sulphur fuel and conversion of fuel tax into tariff measures	Tax Plan for 2004, other fiscal legislation	2.0	Finance
WALVIS legislative proposal (uniform wage perception) and joint levying of income wage tax and employee insurance premiums	Walvis/SUB legislative proposal	180.0	Finance
Withdrawal of employer's burdens by removing of remittance reduction for childcare	Basic service for legislative proposal on childcare	2.9	Finance
Fewer wage levy returns by reduction in the number of people obliged to make contributions (via the fiscal entity)	Amending Wages and salaries tax Act 1964	2.0	Finance
Fewer administrative procedures by a collective instead of an individual approach to staff services provision	Simplification of the decision on exclusion of turnover tax deduction 1968	10.0	Finance
Simplification of customs procedures by using electronic data exchange and through cancellation of statements	Amending the Customs decision and Customs arrangement	24.5	Finance
Simplification of the collection process, annual returns involving advance payments and streamlining of procedures under the Environment-based taxes Act (WBM)	Amending the State Taxes Act and Collection Act and review of the WBM	4.4	Finance
Simplification of the Real Estate Appraisal Act (WOZ)	Legislative proposal on improving WOZ	3.4	Finance
Accelerating procedures and simplification of forms	Remainder of implementation measures Parliamentary Documents II, 2001-2002, 28346	10.0	Finance
Presenting modified income tax returns for the purpose of inheritance tax obligations	Amending implementation practice through inheritance tax statement pilot using F-form	10.0	Finance
Submitting modified inheritance tax returns for the purpose of an assessment of inheritance tax levied but not collected (so-called <i>conserverende aanslag</i> )	Amending implementation practice through <i>conserverende aanslag</i> pilot (Inheritance tax Act)	2.0	Finance
Removing motor vehicle tax exception by introducing corporate tax for companies running coaches	Amending motor vehicle tax for coaches	1.0	Finance
Simplification of reports required under the foreign financial relationships Act ( <i>Wfbb</i> )	New reporting framework set by the <i>Nederlandse Bank</i> for the <i>Wfbb</i>	37.7	Finance

OVERVIEW OF ACTIVITIES AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who?
Simplified data entry and information supply by businesses for drawing up and presenting annual accounts	Introduction of the <i>xbrl</i> application for drawing up and presenting annual accounts	350.0	<u>Justice</u>
Fees for reproduction rights are collected and granted via a system of fixed amounts agreed in advance ( <i>Stichting Reprerecht</i> )	Replacement of the former organisation by <i>Stichting Reprerecht</i>	57.0	Justice
Businesses may henceforth submit annual statement of accounts to Chamber of Commerce per e-mail instead of by post	New working method on the basis of first corporate tax Directive	7.0	Justice
Businesses are permitted to supply fewer details less frequently on the application of the Personal Data Protection Act	Amending the Personal Data Protection Act and its implementation	3.0	Justice
Convocation of shareholders by e-mail instead of by post	Electronic convocation of shareholders' meetings for private limited companies ( <i>BV</i> and <i>NV</i> (Book 2 Civil Code [BW]))	69.0	Justice
Simplification of the procedure for setting up legal entities	Applying ICT for the issue of 'no objection statement' ( <i>verklaring van geen bezwaar</i> ) under Art 2: 179 BW)	9.0	Justice
Less time-consuming and reduced number of forms for companies providing vocational training	Standardising and extending the Education and Vocational Training Act procedures	4.6	<u>Education</u>
Simplification of the supply of information to intermediaries.	Simplification of the Workforce Allocation by Intermediaries Act ( <i>WAADI</i> )	1.4	<u>Social Affairs</u>
Simplified supply of information on the engagement of aliens in employment	Simplification of the Aliens Employment Act ( <i>WAV</i> )	2.0	Social Affairs
Cancelling reports on ethnic minority workforce percentages	Expiration of Stimulating Participation of Ethnic Minorities in Employment Act ( <i>SAMEN</i> )	7.5	Social Affairs
Cancelling information costs incurred in re-employment of job-seekers	Revoking Re-employment of job-seekers Act ( <i>Wiw</i> )	1.6	Social Affairs
Cancellation of employer's obligation to announce duty roster to employees promptly	Amending the Working Hours Act ( <i>ATW</i> )	15.6	Social Affairs
Standardisation of data required for verification of the need for dismissal on business-economic grounds	Amending Labour Relations Special Decree ( <i>BBAV</i> )	3.7	Social Affairs
Cancellation of obligation to hold work progress meetings	Removing compulsory work progress meeting stipulation from the Working Conditions Act	89.0	Social Affairs
Saving costs incurred in testing pressure equipment through free market system	Commodities Act Decree concerning Pressure Equipment (usage phase)	1.0	Social Affairs
Directly and indirectly (administrative offices and branch offices) opening Occupational Health & Safety ( <i>Arbo</i> ) sources with the help of request-based information transfer	Changing method of operation	55.0	Social Affairs
More efficient implementation of the Risk Inventory and Evaluation (RI&E) by means of providing swifter and more accessible information on the RI&E to employers	Opening a special RI&E website	7.0	Social Affairs

OVERVIEW OF ACTIVITIES AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who?
A tailored RI&E is offered digitally to each industrial branch making filling in the forms easier and faster	Digitalisation of RI&Es per branch of trade and industry	28.0	Social Affairs
Using industrial branch specific RI&Es via the website will allow Health & Safety agencies to apply reduced inspections of the RI&E	Amending the regulation governing the certification of Occupation Health & Safety Agencies	23	Social Affairs
Cancellation of the supply of information on gifts for the determination of the total annual pay ( <i>jaarloon</i> )	Cancellation of the Regulation governing gifts through the Tax Plan for 2003	34.0	Social Affairs
Simplification of the travelling expenses regulations will reduce the requests for information on commuting employees	Replacement of the Regulation governing the commuting expenses by a Regulation governing the expenses and allowances concerning commercial transportation 2004	25.0	Social Affairs
Extending the term of continued wage payments in case of sickness will reduce the number of Disability Benefit (WAO) claims resulting in a reduced supply of information	Extension of Continued Wage Payments in case of Sickness Act ( <i>WVLZ</i> )	8.0	Social Affairs
Cancellation of the request for data concerning the incapacity for work of self-employed persons and cancellation of the contribution levy under the Disability Insurance for Self-Employed Person Act ( <i>WAZ</i> )	Act cancelling the Disability Insurance for Self-Employed Person Act ( <i>WAZ</i> )	19.0	Social Affairs
Harmonisation of wage concept ( <i>loonbegrip</i> ) reduces the registration and reporting duties of employers	Legislative proposal on Reducing Administrative Burdens and Simplifying Social Insurance Legislation ( <i>WALVIS</i> )	76.0	Social Affairs
Reducing supply of information by combining tax and workers insurance contributions levy ( <i>SUB</i> <sup>18</sup> )	Legislative proposal on financing social security schemes ( <i>Wfsv</i> )	20.0	Social Affairs
No more costs for various actions required for reports to be made under the social security schemes	Cancellation of the Social Insurances Reports Decree ( <i>MSV</i> )	27.0	Social Affairs
More businesses may submit a notification instead of applying for a permit. This will result in a reduced supply of required information	Transferring business under obligation to apply for a permit to the 8.40 (general (implementing) regulations ( <i>AMvB</i> ))	161.2	<u>Environment</u>
Businesses only have to hold one preliminary consultation with the competent authorities, provide basic data on their organisation once. Introduction of one appeal and objection procedure for construction permits and environmental permits ( <i>Wm</i> )	Introduction of VROM permit for combining construction permit and <i>Wm</i> permit	142.6	Environment
Request for information and level of inspection better geared towards the size of the business	Amending 8.40 general implementing regulations (Environmental Management Act) by making distinction between small, medium-sized and large	55.0	Environment

<sup>18</sup> SUB = Cooperation between Workers Insurance Authority UWV and the Tax Administration

OVERVIEW OF ACTIVITIES AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who?
	businesses		
Businesses now obliged to draw up an environmental annual report for the government and a public annual report will henceforth only have to draw up one annual report for the government	Amending Decree on Environmental Reports ( <i>Wm</i> )	14,5	Environment
Simplification of <i>Wro</i> results in cost reduction by making the Act and environmental planning information more accessible to businesses	Reform of Environmental Planning Act ( <i>Wro</i> )	6,4	Environment
In future, businesses only have to fill in one standard application form (electronically available) for permits or for making reports	Improving effectiveness of the implementation of 8.40 regulations ( <i>AMvBs</i> ) and the <i>Wm</i> permit	12,8	Environment
Lifting unnecessary information obligations when applying for a <i>Wm</i> permit so that business will have to supply less information when applying for the permit concerned	Review of decision concerning operational organisations and permits (Environmental Management Act)	1,6	Environment
Businesses have to apply for permits less frequently, reducing the need for and supply of required information	Cancelling Adjustment Permits in the framework of the Environmental Planning Act	5,0	Environment
<b>Target group: transport companies</b>			
Barge captains have to enter less data in the ship's log book	Simplifying the implementation of the sailing times and number of crewmembers in shipping Act	1,6	<u>Transport</u>
Less time required to fill in consignment note due to digitalisation and simplification	Reducing consignment note obligations in road transport	79,0	Transport
Cancellation of limitation as regards use of own means of transportation through lifting registration obligation for own transport	Amending Transport of Goods by Road Act	2,2	Transport
Lifting obligation to submit documentary evidence of term of employment	Amending Transport of Goods by Road Act	2,2	Transport
Fewer formalities in cross-border transport by withdrawal of several obligations as a result of EU enlargement	Cancellation of various international bilateral agreements concerning road transport	9,2	Transport
Reduced burden of transport questionnaires concerning transport of goods by road through more efficient supply of required information	Amending Transport of Goods by Road Act	12,7	Transport
Releasing coal and steel transport prices	Revoking coal and steel transport prices Act and Decree and Implementation of Regulation no. 11 Act and Decree	7,2	Transport
Lifting obligation to inspect foodstuff supplies and to make various entries in ship's log book	Amending crewmembers Decree	16,0	Transport
Simplifying reports to shipping safety commission	Amending Shipping Act	1,7	Transport

OVERVIEW OF ACTIONS AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who?
Lifting the obligation of foreign officers sailing on ships under Dutch flag to possess a Dutch muster-book	Amending Shipping Crew Act	1,2	Transport
Cancellation of compulsory national certificate of good quality for ships weighing more than 500 GT	Amending Shipping Act	2,5	Transport
Removing regular coffer dam and caisson soundings requirement	Amending Shipping Act	24,4	Transport
Less compulsory information to be supplied by companies	Modernisation of supervision	11,0	Transport
<b>Target group: Agro-industry, particularly agricultural enterprises</b>			
Reducing double collection of data by combining collection of agricultural census data with collection of data for basic registrations	More efficient method of collecting agricultural census data under the Agricultural Act and data for the basic registration under the Fertilizer Act	2,6	<u>Agriculture</u>
Simplified administrative obligations concerning the use of fertilisers	Introduction of new fertiliser legislation	78,0	Agriculture
Cancellation of "cleaning and disinfecting booklet" and obligation to keep a register of C&D actions	Amending the Regulation governing hygiene instructions concerning infectious animal diseases of the Animal Health and Welfare Act	2,0	Agriculture
Private certificates to replace the government registration obligations for dogs and cats	Modification of the implementation of the Dogs and Cats Decree	2,2	Agriculture
No compulsory government quality test of cheese and butter for businesses	Cancellation of some government quality marks (butter, cheese) as a result of not renewing a number of expired agricultural quality regulations belonging to the Agricultural Quality Act	1,6	Agriculture
No further obligation to keep a register of visitors to dairy farms	Cancelling visitors register in the Regulation governing additional instructions on infectious animal diseases belonging to the Animal Health and Welfare Act	13,0	Agriculture
Dairy farmers may transfer adjustments or data on animals directly to the central database	Simplifying the implementation of the company register instruction in the Regulation governing the Identification and Registration (I&R) of Cows belonging to the Animal Health and Welfare Act	3,6	Agriculture

OVERVIEW OF ACTIONS AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who?
Easier supply of information (through the Internet) and less frequent transfer of data (by multiple use of data) for businesses in the pig farming industry	Integration of data flows concerning the Registration Identification and Registration of Pigs I&R, Regulation governing Pig Deliveries ( <i>RVL</i> ) and the Regulation governing Company Inspection of Animal Diseases ( <i>RBD</i> ) belonging to the Cattle Act	8.0	Agriculture
<b>Target group: financial organisations</b>			
Cancellation of compulsory issue of dividend slips for companies paying dividend	Removed obligation in Article 9, first paragraph of the 1965 Dividend Tax Act	1.3	<u>Finance</u>
Decreasing frequency and possible adjustments of the contribution model (self assessment) for stock brokers' offices	Supervision practices under the securities trade supervision Act	13.7	Finance
Reducing the number of insiders in compliance scheme	General Implementation Regulation ( <i>AMvB</i> ) and further regulations under the securities trade supervision Act	5.5	Finance
Abolishing compulsory submission of offer document	<i>AMvB</i> securities trade supervision Act	2.7	Finance
Limiting frequency of stock exchange transactions reports	<i>AMvB</i> securities trade supervision Act	2.7	Finance
Electronic information gathering	Supervision practices under the securities trade supervision Act	1.4	Finance
Simplification of permit applications for investment institutions	<i>AMvB</i> investment institutions supervision Act	4.1	Finance
Less time required for drawing up and presenting Financial Explanation ( <i>Financiële Bijsluiter</i> )	<i>Financiële Bijsluiter</i> (conditional to the outcome of the evaluation of the <i>Financiële Bijsluiter</i> )	56.4	Finance
Making information on the Decree on Loan Offers available	<i>AMvB</i> Financial Services Act	2.7	Finance
Reducing accountants' compulsory term for retaining documents from 10 to 5 years	<i>Novaa</i> rules and regulations	1.6	Finance
Reticence with regard to new reports and adjustments to reports for lending institutions	Supervision practices under the credit system supervision Act	19.5	Finance
Reducing the number of reports for lending institutions	<i>AMvB</i> Financial supervision Act	13.0	Finance
Developing a new, internet-based reporting tool for the benefit of the lending institutions	Supervision practices under the credit system supervision Act	2.6	Finance
Improving software, electronic signature for insurance companies	Supervision practices under the insurance companies supervision Act and the non-monetary funeral insurance companies supervision Act	1.2	Finance
Fewer investment institutions obliged to file	Investment institutions supervision Act	11.8	Finance

OVERVIEW OF ACTIONS AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who?
reports			
Only reporting evidently unusual/ suspicious transactions	Reporting Unusual Transactions Act (MOT)	21.1	Finance
Relaxing the identification and verification obligation when providing services	Identification when Providing Services Act	1.2	Finance
Restriction of the use of watch list	Sanctions Act	2.0	Finance
DNB tools for financial reporting obligations of money transaction offices	Supervision practices under money transaction offices Act	1.2	Finance
<b>Target group: companies with brands and patents</b>			
Time-saving by allowing electronic applications of brands and models and consulting Brand Register	More efficient implementation of Uniform Benelux Act with regard to the brands and models	3.0	<u>Economic Affairs</u>
Cost reduction through largely cancelling the translation obligation (excl. conclusions) and certifying obligation	Amending Patent Act	8.9	Economic Affairs
<b>Target group: exporters, importers</b>			
Cancellation of trade quota for textile, steel and various products from China results in end to import permit requirement for these goods	Amending import and export Act	9.4	Economic Affairs
Fewer compulsory tests by raising minimum quality requirements in respect of gold and silver goods	Adjustment of Guarantee Act	2.9	Economic Affairs
Small and medium-sized businesses in particular have to fill in fewer questionnaires due to the lowering of the observation thresholds and efficiency improvement in the supply of required information in the international trade statistics	More efficient implementation of the CBS Act and underlying secondary legislation	2.0	Economic Affairs
<b>Target group: electricity companies</b>			
Restricting and more efficiently organising the information obligations for purpose of supervising the electricity and gas market	More efficient implementation of and adjustments to the Electricity Act and Gas Act and underlying secondary legislation	3.3	Economic Affairs
<b>Target group: automobile branch</b>			
Extra actions concerning supply of information to customers to be cancelled in 2004	More efficient implementation of the Decree on labelling motorcars	2.0	Economic Affairs
Making certificate of indemnification data digitally available	Amending Road Traffic Act	1.1	<u>Transport</u>
Digitalising issue of part II vehicle registration certificate	Amending Road Traffic Act	9.8	Transport
Less time required for businesses to keep compulsory records of vehicle registration certificates	Amending Road Traffic Act	20.0	Transport
Cancellation of national type approval and introducing European type approval resulting in fewer compulsory tests	Amending Road Traffic Act	8.6	Transport

OVERVIEW OF ACTIONS AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who ?
<b>Target group: care sector</b>			
Cancelling national stipulations in Commodities Act	Aligning Commodities Act with other (secondary) legislation	10.0	<u>Health</u>
e.g. simplifying own contribution payable under Exceptional Medical Expenses Act (AWBZ) and improving annual cure and care account	Simplifying legislation and secondary legislation, including the Care Sector Prices Act	60.0	Health
e.g. lifting contracting obligation and cancelling authorisations between insurer and care provider	Cancelling actions in implementing the Compulsory Health Insurance Act ( <i>Ziekenfondswet</i> )	150.0	Health
Automating information flows between insurer and care provider (declaration cases)	Simplifying actions in the implementation of the <i>Ziekenfondswet</i> and the Access to the Health Insurance System Act ( <i>WTZ</i> )	90.0	Health
<b>Target group: industry, construction firms and companies subject to compulsory construction permits</b>			
Lowering of compulsory reporting frequency and standardisation of provincial by-laws concerning	Modification of the Groundwater Act	10.0	<u>Transport</u>
Standardising and digitalising granting of permits and lowering compulsory measuring and registration times	Modification of the Surface Water Pollution Act	20.5	Transport
Less soil research required by businesses and the range of building materials to be restricted (e.g. soil and mud are removed).	Simplifying Building Materials Decree	26.0	<u>Environment</u>
Relaxing building permit procedures	Amending Decree on constructions subject to building permit or minor construction permit, building permit procedure	11.3	Environment
<b>Target group: Telecommunications and post</b>			
Relaxing permit obligation, reducing reporting and information obligations, more use of ICT by supervisory authorities	More efficient implementation of, and adjustment to, Telecom Act	17.4	<u>Economic Affairs</u>
Fewer information and reporting obligations to supervisory authority	More efficient implementation of Postal Act	2.5	Economic Affairs
<b>Target group: Others</b>			
Reporting obligations only apply to new and changed mineral extraction activities	Simplification of Mining Act and underlying secondary legislation	1.0	Economic Affairs
Saving of time for civil-law notaries with regard to registering and requesting information, or simplification of the registration obligation of wills by civil-law notaries as a result of self-registration of wills by civil-law notaries	Digital access to Central Register of wills for civil-law notary firms	3.0	<u>Justice</u>
Raising limits for compulsory permits, harmonising permit conditions, simplifying regulations governing slot machines	Gambling Act	1.5	Justice
Cancelling regulations governing the keeping and forwarding of balloon flight registrations	Amending rules and regulations	2.4	<u>Transport</u>

OVERVIEW OF ACTIONS AIMED AT REDUCING ADMINISTRATIVE BURDENS			
What?	How?	Reduction	Who?
Fewer requests for information	Modifying Environmental Effect Reports	1.0	<u>Environ- ment</u>
Simplification of tendering procedures in connection with municipal work reinstatement programmes for benefit of work reinstatement (vocational rehabilitation) agencies	Simplification of tendering regulations governing municipal work reinstatement programmes for benefit of work reinstatement agencies in the Work and Income Support Act (WWB)	18.5	<u>Social Affairs</u>
Standardising the supply of required information with regard to child day-care facilities	Basic child day-care facilities for benefit of child day-care centres Act (WBK)	6.9	Social Affairs
Replacing the occupational health & safety report per installation by a Supplementary Risk Inventory and Evaluation for high-risk companies	Modification of the Working Conditions Act	2.0	Social Affairs
Simplification of professional requirements in the area of radiation protection	Simplification of rules included in the Decree on Radiation Protection	1.0	Social Affairs

## Appendix 2: monitoring agreements and regulations

### *A. Introduction*

Appendix 10 of the 2004 Budget Memorandum (Rules on administrative burdens) states the points of departure on which the Ministerial upper limits for administrative burdens are to be based. Net upper limits will be established and these will be monitored parallel with the budgetary cycle to ascertain whether the planned reductions in burdens are actually realised. The upper limits will be maintained. This implies that the Ministry responsible will have to introduce compensatory measures should the level of administrative burdens exceed the upper limit.

When determining the net upper limits per Ministry, the effects of unavoidable new regulations must be taken into account. The increase in unavoidable new regulations is as yet only known for a small number of areas; a more detailed picture of this increase can be formed towards the end of 2004. There will also be more insight into the effects of the measures from phase two in the latter half of 2004. This is one of the reasons for postponing the establishment of Ministerial (net) upper limits until the spring of 2005. Until then, the Ministerial (gross) reduction estimate stated in this letter will serve as the upper limit.

The rules defined in this appendix should be implemented at inter-Ministerial level in order to monitor the progress of the reduction in burdens and to enforce the upper limits.

### *B. Scope and definition*

- In order to be able to determine the zero situation, the Ministries made an inventory of the administrative burdens arising from their own areas of legislation and regulations (the so-called zero measurement). The result of this zero measurement, as of 31 December 2002, forms the basis for determining the upper limits for administrative burdens per Ministry.
- Decision-making on the administrative burden upper limits will take place in the Council of Ministers. The Ministerial (net) upper limits for administrative burdens will be laid down in the spring of 2005. For the time being, the reduction measures contained in this letter represent the estimated minimum (gross) reduction per Ministry.
- The regulations on administrative burdens apply to the entire range of legislation and regulations for which the Minister in question is the first signatory.

### *C. Decision-making process*

- **Preparation of policy.** There is one main decision-making moment on administrative burdens, which coincides with the decision-making on expenditure frameworks in the spring. This is when agreements will be made on progress and possible further measures regarding administrative burdens. Decisions are made via the Council of Ministers. The way in which these agreements are then developed and take shape

become evident in the Ministerial budgets. Figures that overrun or fall short of the agreed Ministerial (interim) targets will be looked at over a period of years. The compensation of disappointing results will be the subject of decision-making.

- **Accountability.** Accountability to Parliament regarding the reduction in administrative burdens and the agreements that have been made on this subject is due to take place in May. Accountability with regard to administrative burdens will be a part of the Ministerial annual reports.

Detailed descriptions of the above-mentioned processes can be found in the additional notes to the National Budget Regulations for 2004.

#### *D. Realisation and signalling of overruns*

- Reductions and increases in administrative burdens will be considered to have been fully realised as from the date of coming into force. For reductions resulting from amendments to legislation and regulations, the enforcement date is considered to be the date that was published in the Bulletin of Acts and Decrees or the Netherlands Government Gazette. For other (policy) regulations, the enforcement date is the date stated in the formal documentation.
- The level of administrative burdens in the years after 2002 will be frozen for autonomous price development (p) and other autonomous developments such as the number of businesses (q) at the level that applied on 31-12-2002. This will ensure that any changes to p and/or q as the result of reduction measures will be transparent.
- The threat of overruns in relation to the agreed Ministerial intentions should be prevented as far as possible by taking appropriate, prompt action. Overruns and shortfalls should be reported to the Minister of Finance and the Council of Ministers promptly – at the next information exchange moment at the latest (in accordance with the moments in the National Budget Regulations).

#### *E. Compensating overruns on administrative burdens*

- **Every overrun should be compensated, with due regard for the agreements on compensation in the course of the years.** The timing of the phasing of compensatory measures can deviate from the phasing of the problems. In principle, a solution should be sought within the period of the Cabinet term of office.
- **Mutations in respect of estimations** will be disregarded when assessing the actual development of administrative burdens against the agreed upper limits for these burdens, and should not be taken into account in terms of compensation.
- **Overruns will be specifically compensated.** Specific compensation means that the overrun in question should be compensated within the realms of the legislation and regulations of the Minister concerned. The Minister responsible for the legislation and regulations that caused the overrun should make proposals for specific compensation. This compensation should be devised in such a way that it will not give rise to extra administrative burdens in other Ministries.
- **Should the Council of Ministers decide that specific compensation is not forthcoming, it will be replaced by general compensation.** General compensation means that the source of the compensation is extended to include other legislation and regulations for which the Minister concerned is also first signatory. A Minister may submit a reasoned request for general compensation to the Minister of Finance,

and the Council of Ministers may subsequently decide to allow mutual compensation on his recommendation.

- **The reductions in administrative burdens ensuing from inter-Ministerial cooperation projects** will be divided equally amongst the Ministries taking part.

## **Appendix 3: explanation of methodology for determining size and origins of administrative burdens**

### *Methodology for determining the size of administrative burdens*

The Netherlands is a forerunner in Europe in terms of the quantitative measurement and monitoring of the development of administrative burdens. Proper insight into the size of the administrative burdens, particularly with regard to the distribution across the various pieces of legislation and regulations, is the first step towards tackling the problem. This fact is also recognised within Europe and the Netherlands is currently exchanging knowledge on this issue with a growing number of countries and the European Commission.

When measuring administrative burdens, it is impossible to avoid making assumptions. It is important to handle these assumptions in a uniform manner. In 2003, the Ministries, working together with ACTAL (*Advisory Board on Administrative Burdens*) and other research agencies specialised in administrative burdens, laid down a standard to be used for all new measurements (the 'Standard Cost Model'). The assumptions contained in existing measurements have been made explicit. The size and composition of all the administrative burdens are visible and the methods for monitoring progress have been established. Businesses participated in the investigations concerned with measuring the administrative burdens.

The aforementioned means that the quantified administrative burdens are an approximation of the actual burdens.

Two points for special attention:

1. The first point for attention is that the definition of administrative burdens could possibly be too 'narrow'. For example, burdens resulting from tendering do not come under the definition, although they are a source of irritation to the corporate sector. These burdens are being tackled as part of another project running parallel to the programme to reduce administrative burdens, as are the burdens connected with subsidy regulations.
2. The second point for attention concerns administrative burdens with a mixed character. In principle, the administrative burdens that businesses experience as a result of having to keep records that are needed for purposes other than just information obligations arising from legislation and regulations, are apportioned in full to the appropriate legislation or regulations. In these cases, the administrative burdens appear to be higher than they are in reality. In order to keep the costs and the time needed to complete the zero measurements within reasonable limits, it was nevertheless decided to uphold this assumption in the standard for new zero measurements. Administrative burdens and pure business costs are only separated in zero measurements relating to the tax areas where in the past, agreements were made with the corporate sector in the Van Lunteren Commission and where the parties have experience of specifically apportioning the mixed costs.

ACTAL will be asked to make recommendations during the next year on how best to deal with this aspect in the first new integral zero measurement of 2007.

*Methodology for determining the origins of administrative burdens*

All Ministries have established the origins of information obligations (national / international). The information obligations have been divided into three categories:

- Category A: The information obligations and the way they should be implemented were imposed at European or international level. This means that the regulations state which information businesses are obliged to supply, as well as the way in which this should be provided.
- Category B: The information obligations ensue from European and international regulations, but the way in which they should be implemented is left to the Netherlands. This means that the regulations state which information businesses are obliged to supply, but the Netherlands is free to prescribe how this should be provided.
- Category C: The information obligations are purely the result of Dutch legislation and regulations. The Netherlands is free to prescribe both the content of the information obligation and the way in which the information should be provided.

Information obligations were identified on the basis of the zero measurements and the Ministries divided them into the three categories. The policy staff and/or lawyers involved were responsible for doing this and in some cases, an extra check was made on the basis of source texts (International legislation and regulations). The size of the administrative burdens was ascertained using the standard cost model.

The results provide a good indication of the origin of the regulations and form a sound basis for deciding which dossiers are eligible for a European approach.

## **Appendix 4: abbreviations of Dutch Ministries**

*(involved in the red tape operation)*

<b>Agriculture</b>	Agriculture, Nature and Food Quality
<b>Economic Affairs</b>	Economic Affairs
<b>Education</b>	Education, Culture and Science
<b>Environment</b>	Housing, Spatial Planning and the Environment
<b>Finance</b>	Finance
<b>Government Reform</b>	Government Reform and Kingdom Relations (private individuals)
<b>Health</b>	Health, Welfare and Sports
<b>Interior</b>	Interior and Kingdom Relations
<b>Justice</b>	Justice
<b>Social Affairs</b>	Social Affairs and Employment
<b>Transport</b>	Transport, Public Works and Water Management