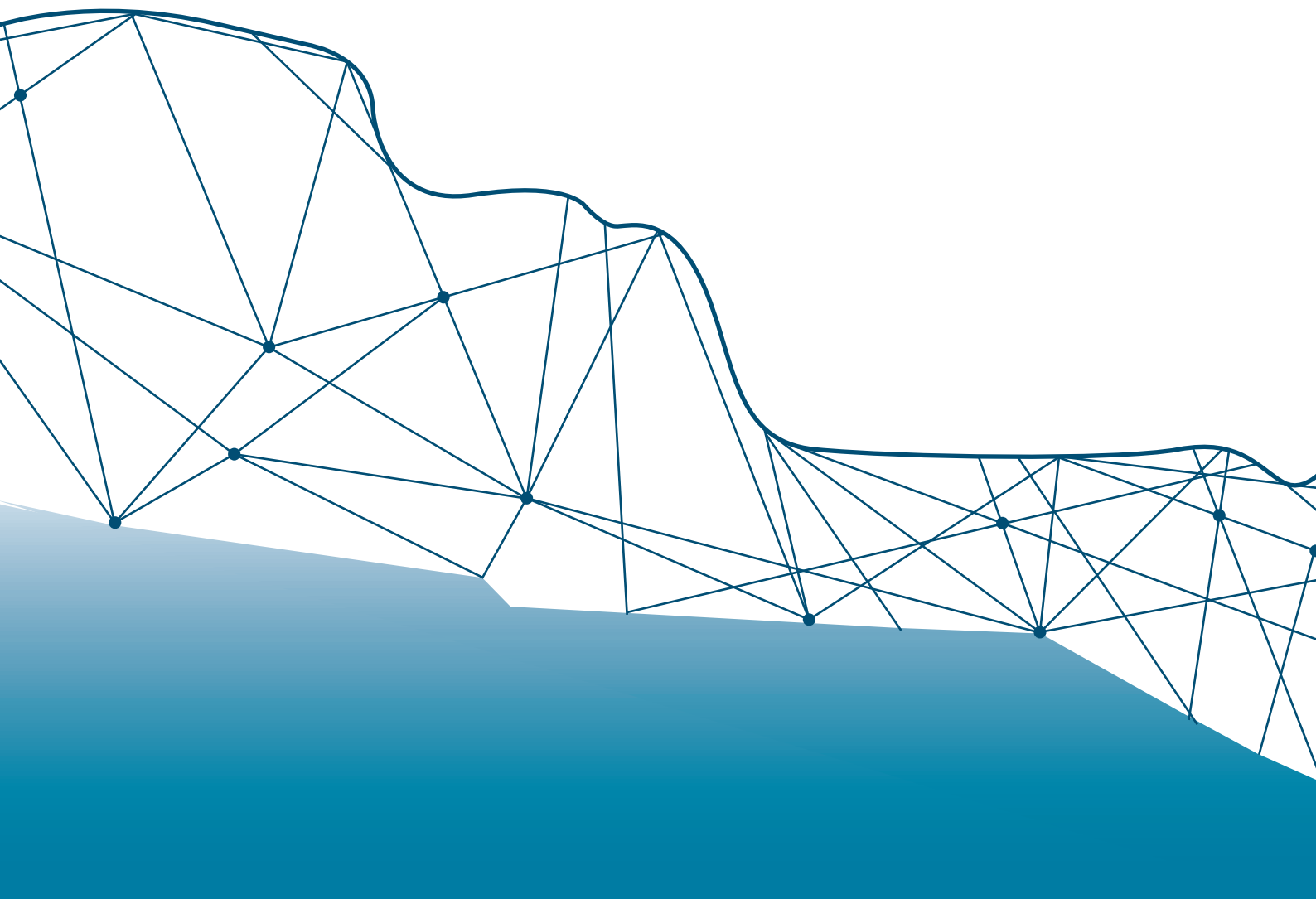




Nationaler  
Normenkontrollrat

# Germany: Less Bureaucracy, More Digital Services, Better Regulation. Let's get to it!

**ANNUAL REPORT 2018**  
**of the National Regulatory Control Council**





**Annual Report 2018**  
**of the**  
**Nationaler Normenkontrollrat**  
**(National Regulatory Control Council)**  
**pursuant to Section 6 (2) of the Act to Institute a**  
**National Regulatory Control Council (NKRK)**

**October 2018**

# Key Messages

## **Less Additional Cost Burdens Since mid-2017**

Falling compliance costs for businesses and public administrations, hardly any increases plus lower one-off costs to citizens - encouraging tendencies indeed. In order to keep this up, costs must remain at the focus.

### **1. What About the Digital State?**

Both citizens and the business sector expect simple digital public services, and they do not want to enter their data more than once ('once-only'-principle). Therefore, user friendliness has to be given priority in the implementation of the Online Access Act (Onlinezugangsgesetz - OZG). This, in turn, requires modern registers and a reliable data exchange between authorities. Proposals for a flexible and transparent data management are on the table - when will they be implemented?

### **2. Federal Chancellery, Minister Presidents and Federal Interior Ministry Have to Take Action**

It requires tremendous efforts to make 575 public services covered by the OZG digitally accessible for citizens and businesses by the year 2022. This demands great political perseverance as well as additional staff. Without an efficient implementing organisation, the success of the OZG will be jeopardised! The digitalisation and modernisation of public services must therefore become a signature issue at all levels of government - and an agenda item in all conferences of the Federal Chancellor and the Minister Presidents.

### **3. The Online Access Act is a Joint Project in Which all Federal States Have to Participate!**

The OZG can be successful only if digital public services are made available throughout Germany - from the North Sea Coast to the Bavarian Alps. This can only be achieved through a joint effort. However, Baden-Württemberg, North Rhine-Westphalia and Bavaria - i.e., three of the strongest and largest federal states - have been strikingly reluctant so far. What is needed is a digital compact between the federal government, the states and the local authorities - a compact that keeps everyone on the same track and is backed up by sufficient budgetary and human resources.

### **4. Closing the Reality Gap by Refining the 'One-In, One-Out'-Rule**

With net cost reductions for companies by EUR 1.8 billion since 2015, the 'one-in, one-out'-record is rather impressive - and yet, the businesses are dissatisfied. This is because additional costs of EUR 435 million resulting from the implementation of EU legislation have not been included in this calculation, even though these costs are felt keenly by businesses. Thus, EU legislation has to be included so that political stocktakes can be reconciled with entrepreneurial reality.

### **5. Introduction of Quality Standards for Evaluations**

The Federal government has committed to evaluate the effectiveness and target achievement of legislation after a period of 3 to 5 years. In order to achieve this, we need binding standards as well as effective quality assurance measures; and in the end, we also need concrete recommendations for action - the latter, however, are frequently still lacking. After all, we want to learn from experience and do things better as a result!

## 6. Costs Incurred by EU legislation - a Matter for Businesses and Parliament

Since 2016, legislative proposals by the European Commission have been examined in terms of their cost-generating effect in Germany (so-called EU ex-ante procedure) - however, this procedure is conducted internally by the federal government. Businesses, associations and enforcement authorities are not involved in the procedure, and neither *Bundestag* nor *Bundesrat* are informed. This has to change. Those directly affected are equipped with know-how and experience, and they are better able than ministries to realistically quantify compliance costs. Parliament, on the other hand, has a right to be informed. All of this should go without saying!

## 7. So When are we Going to Get Started? Let us Get the Third Bureaucracy Relief Act Underway!

The coalition agreement announces a Third Bureaucracy Relief Act. And the business associations have made concrete suggestions for simplification as early as spring. So what's next? When will the Federal Economics Ministry put its proposal - in the form of a key issues paper, please, and not some convoluted legal text - on the table so that content-based discussions can finally begin? After all, 360 out of a total of 1,440 days constituting the legislative period have already lapsed.

## 8. Law-Making has to be Reconsidered: Contents First, Legal Drafts Second

What is the problem? What is the objective? How do we get there? So far, these questions are not asked often enough with regard to new legislative proposals. Instead, wordy legal documents are drawn up from the very beginning - texts that no one understands and that do not encourage new contents or innovative procedures. What we need are key issues papers that facilitate a broad public debate on objectives and alternative courses of action - like the one recently proposed for the labour migration law. This procedure must become the rule.

## 9. Good legislation Relies on Practicality and Implementation Experience

In Germany, federal states and local governments implement laws by communicating with citizens and businesses. In the preparation of federal legislation, this important practical experience frequently goes to waste, as federal ministries are remote from the practical reality and the States do not provide sufficient insight into their administrative costs. With a view to making practical experience more available in the law-making process, all parties involved had thus agreed on a testing procedure across all levels of government in 2017. This testing procedure has to be launched now.

## 10. One Crisis Follows Another - Audit and Stress Test for Federal Agencies

The refugee crisis has shown that public authorities are not prepared for extraordinary burdens or even crises. Yet, an efficient administration is indispensable for the proper functioning of the state, the economy and society. The agencies in charge must therefore undergo stress tests and audits at regular intervals. And this testing has to start now, before the next crisis emerges.

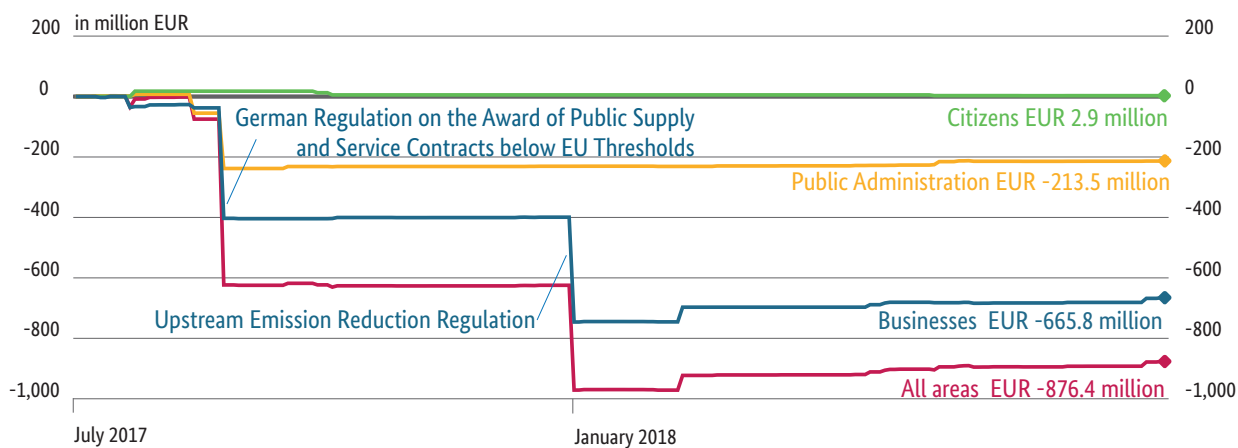


Figure 1: Development of annual compliance costs in the 2017/2018 reporting period

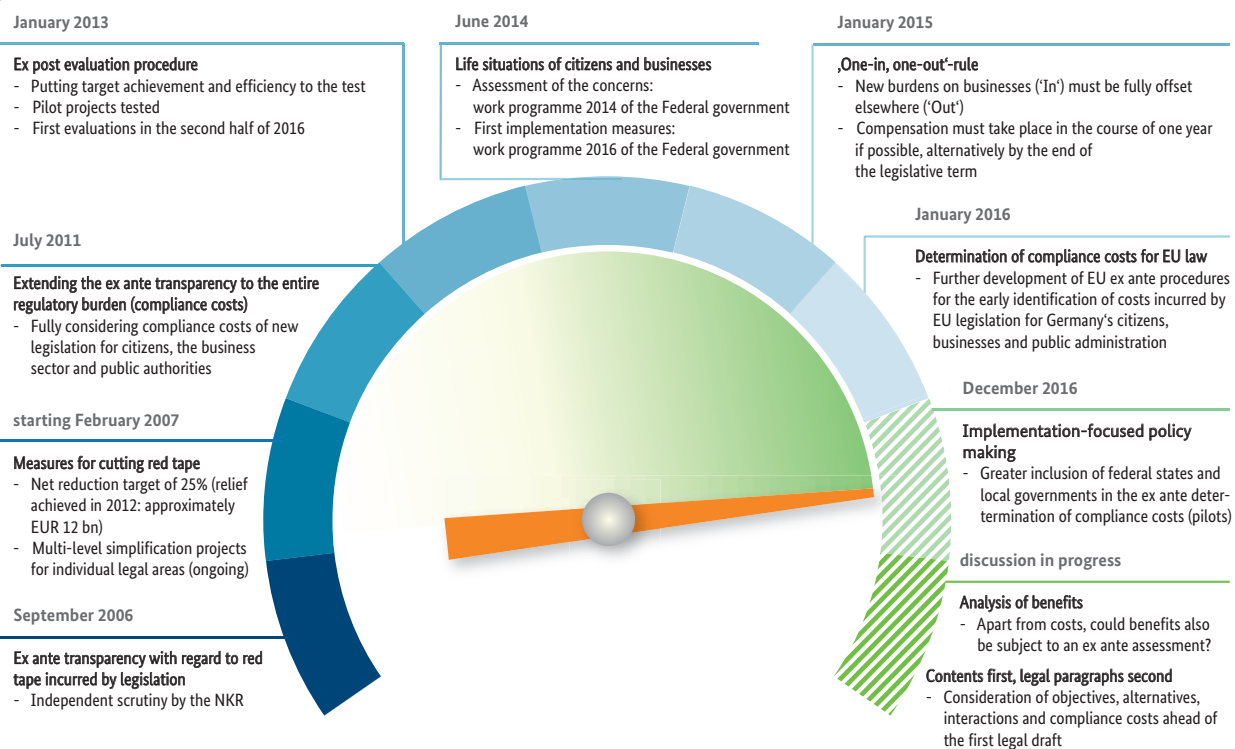


Figure 2: Step changes towards a holistic approach for limiting costs effectively and for better regulation

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## Foreword



*The NKR prior to a regular meeting at the Federal Chancellery in Berlin*

When in the summer of 2018 the national soccer team was eliminated in the preliminary round of the World Cup in a rather humiliating fashion, a huge disappointment was felt everywhere. If the NKR awards a new world championship title to Germany now, namely that of Cost Quantification World Champion, this will not quite make up for the disappointment, of course. However, unlike in football there is reason to be proud of what has been achieved here.

International experience and particularly the exchange with our European colleagues show: There is no other country that is nearly as successful in quantifying statutory compliance costs as Germany. Surely, no one would have expected this 12 years ago, when the Act to Institute a National Regulatory Control Council was passed and the NKR took up its work. Today, no important regulation finds its way into the Cabinet if its associated costs are not identifiable. Each and every member of the federal government is aware of the increase in or saving of compliance costs his or her decision triggers for those affected and must take responsibility for it.

But another truth also applies: Better legislation is a multi-discipline event where transparency as to compliance costs constitutes merely one of several events. When it comes to other areas of legislation or to digital transformation, we cast an envious glance at our neighbours. How about having a modern, digital administration like the one in Denmark, for instance? And wouldn't it be desirable to follow the principle of the EU Commission not to amend any laws before we have evaluated them? Isn't Austria proving that indicator-based impact monitoring can be designed in a simple and clear way so that politics and public

administrations can actually work with it? And doesn't the United Kingdom follow a different, but interesting and progressive approach in discussing regulatory alternatives and in quantifying benefits?

There is no doubt: When it comes to assessing compliance costs, Germany has taken a leading position and certainly deserves a medal in this individual competition. The same is true for cost containment ('one-in, one-out') and transparency in terms of compliance costs of EU regulatory proposals (EU ex-ante procedure). But does Germany also deserve a podium place in the overall ranking of better regulation? As a matter of fact, there are other countries that are very well positioned in important fields and it is worth taking a closer look them. Those who have a strong will to move ahead must remain open for and interested in what others do better.

This Annual Report makes concrete proposals as to what needs to be done in the coming years in order to remain at the forefront in terms of quantifying legal compliance costs and at the same time to gain ground in other fields. As can be expected from an independent consultant and companion, the Regulatory Control Council will provide pertinent advice, show possible solutions and persistently demand the necessary decisions. There is one thing everyone already agrees on: Much remains to be done.



Dr. Johannes Ludewig

(Chairperson)



Prof. Dr. Sabine Kuhlmann

(Deputy Chairperson)



Wolf-Michael Catenhusen



Dr. Thea Dücker



Gudrun Grieser



Dr. Rainer Holtschneider



Prof. Dr. Conny Mayer-Bonde



Hanns-Eberhard Schleyer



Dorothea Störr-Ritter



Prof. Dr. Andrea Versteyl

The background of the slide is a blue-tinted photograph of a library shelf. The shelf is filled with numerous books, their spines visible and slightly angled. The spines have white labels with black text, including numbers and titles. The lighting is soft, and the overall color palette is a monochromatic blue with white and black text on the book labels.

## I. Impact of New Laws and Regulations

# 1. Impact of New Laws and Regulations

Since 2006, the NKR has been examining whether the presentation of bureaucracy costs incurred by information obligations of draft federal legislation has conformed to the applicable transparency and plausibility standards. Since 2011, the NKR has scrutinised the presentation of the entire costs of compliance (compliance costs) of all draft laws and regulations of the federal government.

**Compliance costs** are the “price tag” of federal legislation. The term compliance costs refers to the total measurable time and costs incurred by the citizens, the business sector and public authorities through a new provision. In order to provide decision-makers and the public with a realistic account, both **annually recurrent** and **one-off** burdens or relief must be presented plausibly.

## 1.1 Development of Compliance Costs and Red Tape

The final phase of the last legislative period as well as the protracted government formation process after the 2017 Federal elections have also left their mark on compliance costs. In the 2017/2018 reporting period (01 July 2017 to 30 June 2018), the NKR scrutinised 239 legislative initiatives of the federal government.

This figure is one third lower than the average of the four previous reporting periods. With the exception of the 2006/2007 reporting period, i.e. the first reporting period since the quantification of bureaucracy costs was introduced, this has been the smallest number of initiatives submitted to the NKR for scrutiny.

Of the 239 proposals examined, 154 (64 per cent) caused no or only minor compliance costs. 85 projects (36 per cent), on the other hand, had a significant impact on one-off and/or ongoing compliance costs.

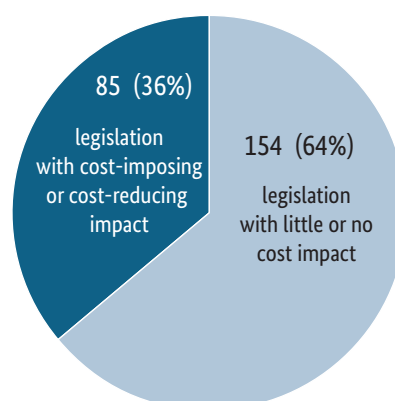


Figure 3: Overview of legislative proposals scrutinised by the NKR in the 2017/2018 reporting period

### 1.1.1 Annual Compliance Costs – Longer-Term Analysis

In June 2018, i.e. at the end of the current reporting period, annual compliance costs were EUR 7.8 billion higher than in January 2011 when the federal government first started to estimate and assess them. At around EUR 8.7 billion, compliance costs last peaked in May 2017; since then, they have been decreasing slightly.

A comparison of the individual regulatory addressees in terms of financial burdens shows that the increase in compliance costs has been distributed rather unequally over the past seven years: Totalling EUR 7.9 billion, almost 90 per cent of the annual compliance costs were borne by businesses alone, and another EUR 620 million (8 per cent) were accounted for by the public public administration. The citizens, on the other hand, had to bear only a slight increase of about EUR 261 million (3 per cent).

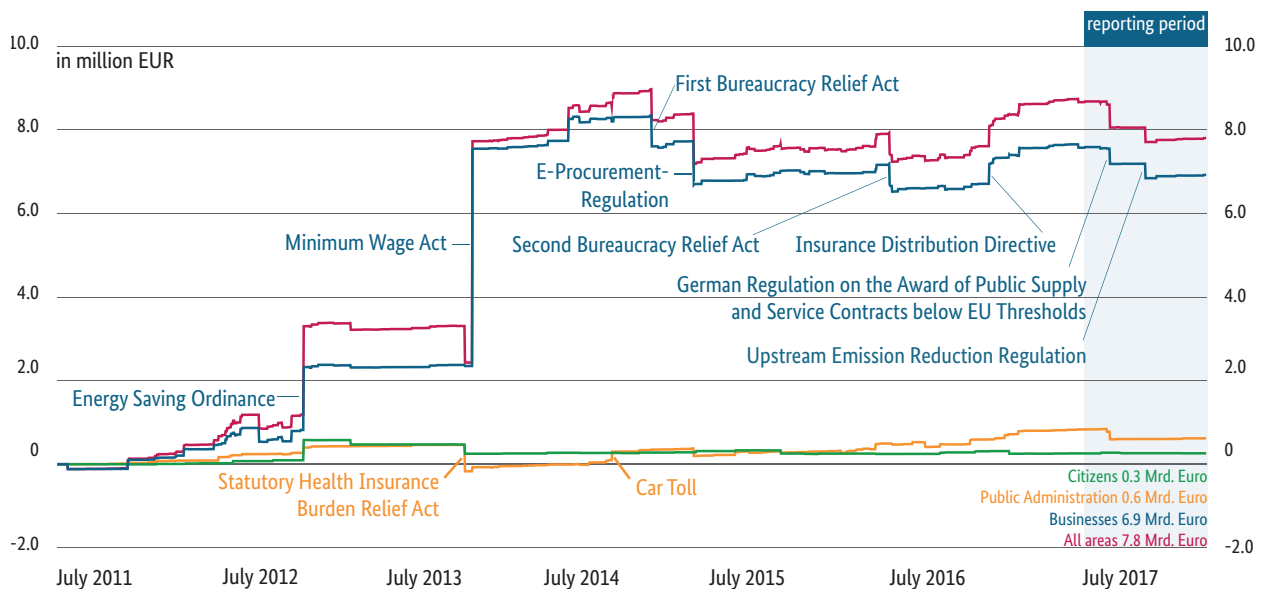


Figure 4: Compliance Cost Monitor

#### Methodical description and Accounting of Wage Differential Costs in the Future

The introduction of the statutory minimum wage (EUR 8.50 per hour) in January 2015 led to expenses for businesses which can be classified methodically as recurring compliance costs. The classification of wage differential costs as recurring compliance costs to businesses also concerns future increases in wage floors, the amount of which is determined by the federal government on its own initiative in the form of legislative amendments.

To be distinguished from the above are minimum wage increases that - different from the statutory minimum wage introduced on 01 January 2015 - are based exclusively on the conclusion of a collective agreement or a decision by the social partners in the Minimum Wage Commission.

As regards the determination of the amount of the minimum wage, the Minimum Wage Commission is obliged to follow the developments in the area of collective bargaining. The recommendation of the Minimum Wage Commission is made binding by the federal government in the form of an ordinance. As a matter of fact, the government cannot set an hourly wage that deviates from the recommendation, as there is no basis for authorisation. The Minimum Wage Commission is not bound by any instructions in its activities.

As regards sector-specific minimum wages, the regulation fixing the respective minimum wages is based on a collective agreement between the parties in the respective sector. In the case of sector-specific minimum wages, too, the Federal Labour Ministry can only declare the existing collective agreement to be generally binding. The government is not entitled to set deviating minimum wages.

Hence, the minimum wages described in the two above constellations are not based on a decision by the federal government or the Federal Labour Ministry, but on the decision of an independent commission or a collective bargaining agreement, respectively.

As the federal government has no influence on these decisions, the NKR, together with the federal government, has agreed to make comments on the wage differential costs in these cases under the heading of „other costs“ without losing transparency. This has been taken into account in all figures stated in this report and the related graphics.

### 1.1.2 Annual Compliance Costs – Analysis of the Current Reporting Period

In the course of the current reporting period, annual compliance costs went down by EUR 876.4 million (-9 percent), which marks the first decline since the 2014/2015 reporting period.

Seeing that the largest share of the compliance costs by far is borne by businesses, it is not surprising that the largest relief - to be precise, almost EUR 665.8 million - also occurs in **businesses** (76 per cent of the total relief). With EUR 213.5 million (24 per cent of the total volume), **public administrations** had a disproportionately high share of the relief granted by the Cabinet. **Citizens**, on the other hand, incurred additional compliance costs of net EUR 2.9 million in the reporting period if we assume an hourly rate of EUR 25.

Experience shows that major changes in compliance costs are caused by a comparatively small number of regulatory initiatives. In the period under review, almost 94 per cent of the total relief of EUR 1.03 billion resulted from only three regulatory initiatives. The **major share of the relief** resulted from the German Regulation on the Award of Public Supply and Service Contracts below EU Thresholds (EUR -548.6 million), the Upstream Emission Reduction Regulation (EUR -346.7 million) and the E-Invoicing Regulation (EUR -73.3 million).

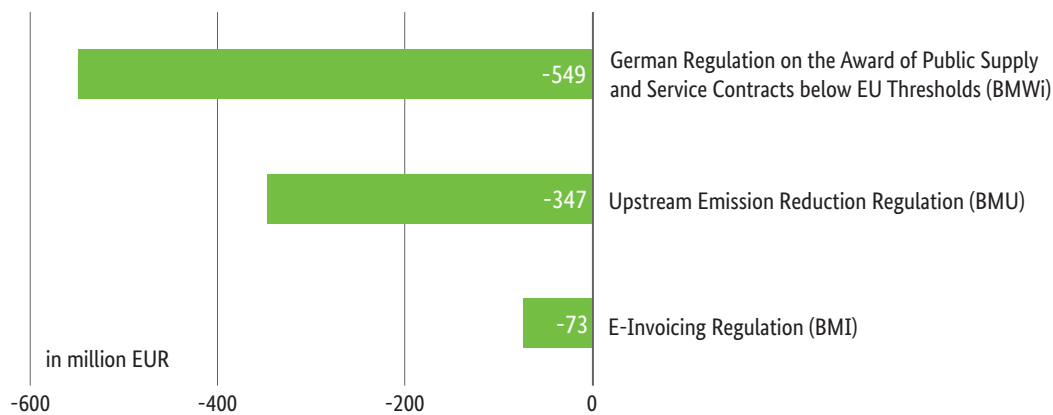


Figure 5: Legislative initiatives generating the largest recurring relief during the 2017/2018 reporting period

With the Regulation on the Award of Public Supply and Service Contracts below EU Thresholds, the use of electronic means of communication will become mandatory for all public supply and service contracts awarded by Federal authorities, even those below the EU thresholds, from the year 2020 on. This will result in cost reductions to each bidder by around EUR 125 and to the public administration by around EUR 340 per procedure. The NKR had proposed this further-reaching “digital transformation” as early as during the preparation of the Public Procurement Modernisation Act (2015) in order to be able to exploit the burden-reducing potential of electronic procurement also for the large number of awards below the EU thresholds. Substantial annual relief (up to EUR 3.1 billion) could also be achieved if the Regulation on the Award of Public Supply and Service Contracts was to be implemented by the **federal states**. A lot still remains to be done in this field.

At EUR 156.5 million, the total volume of new **annual burdens** was considerably lower than the relief, which amounted to EUR 1,033 billion. At the same time, the small amount of new burdens was the main reason for the sharp decline in compliance costs in the period under review: While the level of relief remained practically unchanged at the previous year’s level, the additional burdens in 2017/2018 were almost 95 per cent below the burdens of the previous reporting period (EUR 2.8 billion), which probably has to do with the end of the legislative period and the protracted government formation process.

The **greatest annual burdens** were caused by the Regulation Amending the Real Estate Agents’ and Property Developers’ Regulation (EUR 48.7 million), the Regulation Amending the Rules Governing Dentist Training (EUR 26 million) and the Tobacco Products Amendment Act (EUR 14 million). These three regulatory initiatives accounted for more than half (57 per cent) of the newly accrued annual burdens. The Regulation Amending the Real Estate Agents’ and Property Developers’ Regulation introduced an obligation for real estate agents and residential property managers to undertake regular further training. The Regulation Amending the Rules Governing Dentist Training restructures dental training, reassesses training contents and improves the student/faculty ratio during training. With a view to including general diseases in dentistry studies as well, the pre-clinical part of human medicine and dentistry are aligned with each other (wherever advisable from a professional point of view). These changes affect students, universities, nursing schools, educational institutions (hospitals, dental offices) as well as academic affairs offices in all federal states offering dental studies.

The Tobacco Products Amendment Act implements EU legislation. Its purpose is to eliminate illicit trade in tobacco products and to guarantee the authenticity of the products. The provisions on cigarettes and hand-rolling tobacco are to take effect from 20 May 2019 and for all remaining tobacco products from May 2024.

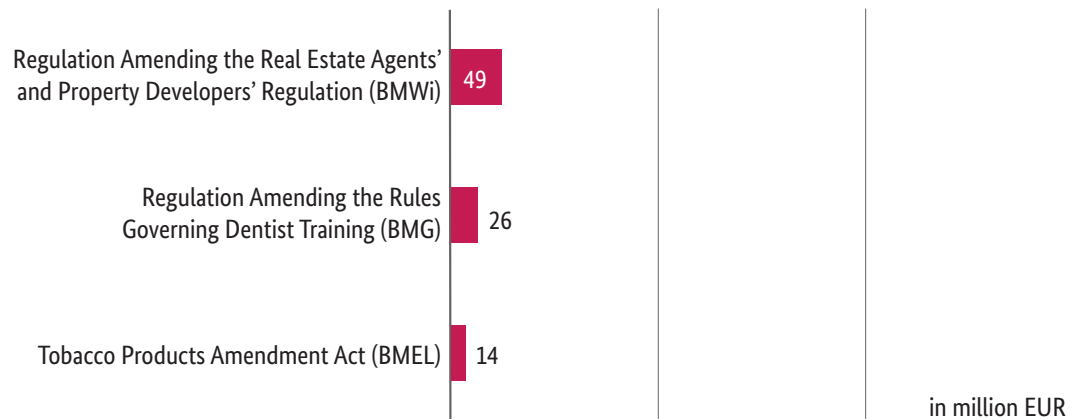


Figure 6: Legislative initiatives imposing the largest recurring burdens during the 2017/2018 reporting period

#### Lack of Transparency Regarding National Regulatory Initiatives Using the Example of the Act Introducing a Professional Licensing Regulation for Commercial Real Estate Agents and Residential Property Managers

The history behind this regulatory initiative is remarkable in many respects: During the initial stage of the legislative process in 2015, the NKR and the Federal Economics Ministry already expressed considerable doubts as to whether there was empirical evidence of the necessity of the intended regulations. The NKR, in coordination with the Federal Economics Ministry, therefore held its own consultation at which these doubts could not be dispelled by the experts. Nevertheless, the draft was prepared by the Federal Economics Ministry on the basis of the coalition agreement and adopted by the Federal government - accompanied by a critical statement of the NKR regarding the plausible explanation of the objective and the need for regulation. These concerns were raised by the NKR chairman during the hearing in the leading Bundestag committee. In the end, the Bundestag even decided to pass yet another resolution requiring property managers to undergo further training, which compared with the original government draft actually resulted in a considerable increase in compliance costs to companies. However, these additional costs (EUR 48.7 million annually) were not quantified until after the conclusion of the parliamentary discussions on the draft regulation amending the Real Estate Agents' and Property Developers' Regulation. This means that at the time of their final parliamentary vote, the decision-makers in the Bundestag had no information about the compliance costs to the businesses concerned resulting from the amendment adopted by them. The Members of Parliament apparently had no discernible interest in creating cost transparency, as this could have been achieved easily at any time by consulting the Federal Economics Ministry or the NKR. The NKR does not perceive this regulatory initiative to be a "showcase example" of better regulation.

### 1.1.3 Red Tape on Businesses

The bureaucracy costs borne by businesses are a subset of recurring compliance costs. The **Bureaucracy Cost Index** (*Bürokratiekosten-Index* - **BKI**) is a tool of the Federal Statistical Office for monitoring compliance with the federal government's target of sustainably reducing by 25 per cent the bureaucracy cost burden on businesses (EUR 48 billion) as measured in 2006. The target to reduce bureaucracy costs by EUR 12 billion was reached in the year 2012. Following a slight increase between 2012 and 2015, bureaucracy costs have been kept consistently below the 2012 reference value since 2015, in line with the target set by the German government.

**Bureaucracy costs** result from the businesses' obligations to obtain, record or transmit data or other information to public authorities or third parties. Examples include social security registration or the requirement to provide customers with the general terms and conditions of the business.

#### Development of the Bureaucracy Cost Index since Reference Measurement

January 2012 = 100 Last updated: July 2018

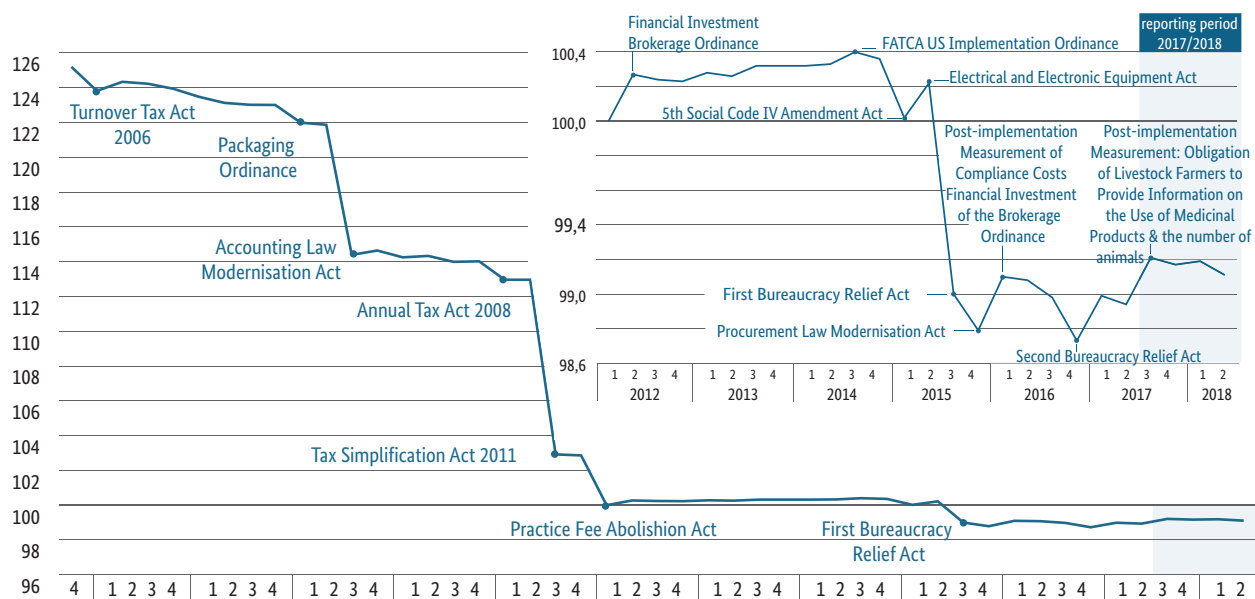


Figure 7: The federal governments' cost of bureaucracy index<sup>1</sup>

During the 2017/2018 reporting period, new reporting obligations were introduced or existing reporting obligations amended by way of 25 draft laws or regulations. Of these 25 regulatory initiatives, 18 had a burdening effect and seven a relieving effect on bureaucracy costs. On balance, the costs of bureaucracy thus decreased by EUR 17.4 million during the reporting period.

<sup>1</sup> Source: Federal Statistical Office. The BKI reflects the quarterly figures for bureaucracy costs on a net basis. The indication of the draft law or regulation serves the purpose of identifying in which quarter the expenses for the law or regulation entailing bureaucracy costs were recorded. Furthermore, the BKI may also include additional bureaucracy costs from other projects.

The largest annual reduction in bureaucracy costs to businesses was a result of the German Regulation on the Award of Public Supply and Service Contracts below EU Thresholds (EUR -27.8 million). The greatest burden was caused by the Regulation Implementing Directive (EU) 2016/97 on Insurance Distribution (EUR 5.6 million).

#### 1.1.4 One-Off Compliance Costs

**One-off compliance costs** are expenses that are incurred only once by the regulatory addressee when a regulation is introduced or amended. In the 2017/2018 reporting period, one-off compliance costs totalled EUR 430.7 million, which means they were more than 90 per cent below the figure for the previous year (EUR 4.4 billion). This marked the second lowest increase in one-off burdens caused by regulatory initiatives of the federal government (2011/2012: EUR 260 million) since the beginning of recording. It is largely due to the low level of legislative activity by the federal government at the end of the legislative period and during the subsequent government formation process.

Unlike in previous years, citizens were hit hardest by one-off compliance costs (additional burden of EUR 229.2 million). Businesses incurred additional one-off compliance costs of EUR 132 million. One-off compliance costs to the public administration amounted to EUR 69.6 million. Compared with the previous year, the burden of one-off compliance costs was thus significantly lower for businesses (-94 per cent) and the public administration (-93 per cent).

The majority (75 per cent) of all one-off compliance costs incurred are a result of three regulatory initiatives. In the event of an outbreak of swine flu, the Third Regulation Amending the Swine Flu Regulation may impose a burden of EUR 263.2 million, of which EUR 228 million would be borne by the citizens. The Swine Flu Regulation transposes European law into national law. As soon as there is a specific risk of disease transmission in Germany from a neighbouring country or if a wild boar is found to have African swine flu, the competent authority may order increased hunting of boars and the collection of virological samples from shot boars. If a case of swine flu were to be detected in Germany, this would be an extraordinary event. Therefore, additional measures would have to be taken to prevent the spread of the disease.

It is exactly for this reason that the Federal Agriculture Ministry (BMEL) has classified the associated compliance costs as a one-off burden. The expenditure would be incurred mainly by those citizens who are entitled to practise hunting and it would be triggered primarily by the administrative order for additional hunting. The BMEL estimates the expenditure in terms of time spent at approximately 380,000 days in total. Assuming an hourly rate of EUR 25 per citizen, this would correspond to a total expenditure of about EUR 228 million.

At EUR 31.6 million in one-off compliance costs to businesses, the Regulation Implementing Directive (EU) 2016/97 on Insurance Distribution was the regulatory initiative entailing the second-largest burden.

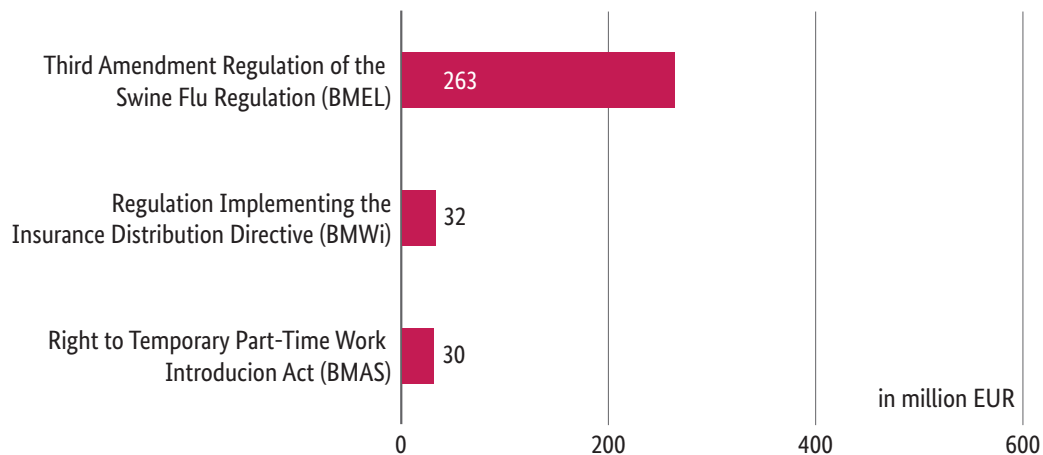


Figure 8: Legislative initiatives imposing the largest one-off burdens in the reporting period 2017/2018

The Act Introducing the Right to Temporary Part-time Work entailed one-off compliance costs amounting to a total of EUR 30.1 million to the three groups of regulatory addressees - businesses, public administrations and citizens - combined.

One-off compliance costs also place a significant burden on businesses. However, they play a rather subordinate role in the compliance costs records due to their separate disclosure. In the last three years alone, businesses have been additionally burdened by one-off compliance costs totalling EUR 3.4 billion.

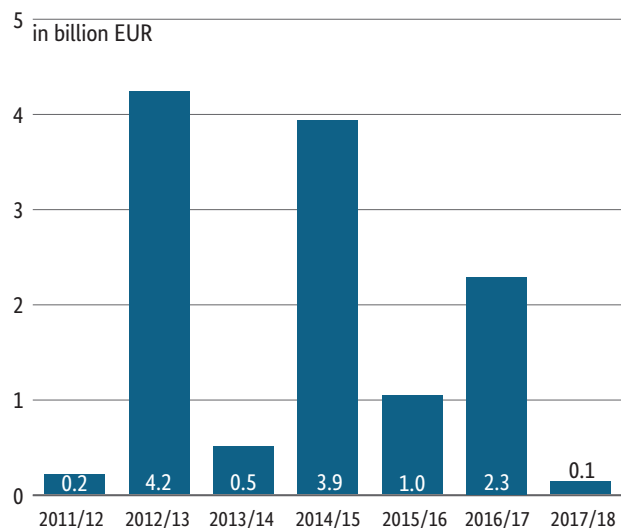


Figure 9: One-off compliance costs for businesses, all reporting periods since 2011/2012

In order to ensure their adequate consideration, one-off compliance costs could be made “equivalent” to the current expenses of businesses in the framework of a “**depreciation model**”. For this purpose, the one-off burdens on businesses would be distributed over equal annual shares for a given period.

This would allow the treatment of one-off burdens as ongoing compliance costs. For instance, the one-off burdens on businesses in a given year could be broken down into ten equal amounts, which would then be treated as annual compliance costs over a period of ten years (based on a depreciation method commonly used in businesses).

The following diagram illustrates the realisation of this idea using the reporting periods scrutinised to date as examples:

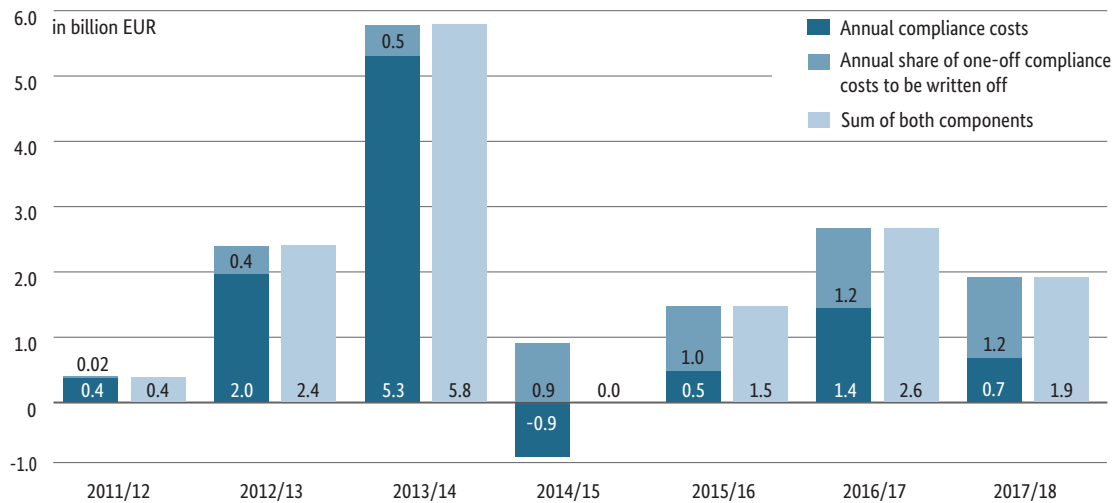


Figure 10: Inclusion of one-off compliance costs in the presentation of recurring compliance costs based on a ten-year “depreciation model”

#### Refining the SME Test Further, Identifying Costs per Average Case

Whether at the EU or the federal level: fundamental changes in society, trade and industry or technology often give rise to new laws and expenditures, for example, as a result of the international financial crisis, the fight against terrorism or climate protection. As a general rule, policymakers take it as a given that everyone concerned should be addressed by the same legal regulation. While it is true that this „one size fits all“ approach makes it easy for the lawmakers, this is not the case for those affected - especially not for small and medium-sized enterprises (SMEs), because the burdens caused by regulations generally have a greater impact on them than on larger companies. For this reason, an SME test for new regulatory initiatives was developed jointly with businesses in 2015.

It has to be said, however, that its effect has been rather limited so far. Since its introduction in 2016, 16 draft laws and regulations have been subjected to the SME test by the ministries in charge. A provision providing relief for SMEs was included in merely half of these cases, however. So far, the test has not had the effect that new regulatory initiatives are systematically developed from the point of view of small and medium-sized enterprises and that special provisions for large enterprises are included if and where required. This applies to each individual law as well as to the cumulative impact of all relevant regulations on SMEs. It should therefore become the rule that compliance costs are clearly presented for the differently sized categories of companies. One possibility would be to use specific examples in order to illustrate the burden on a „small“, a „medium“ and a „large standard enterprise“ and to identify their different cost burdens by means of an index. It is especially with regard to avoiding new burdens on SMEs in connection with the differentiated depiction of compliance costs to differently sized categories of enterprises that the Federal Economics Ministry - the ministry for small and medium-sized enterprises - could become even more involved than in the past.

## 1.2 Burden Reduction Impact of the 'One-In, One-Out'-Rule

At the end of the reporting period, the 'one-in, one-out'-rule had been in force for three and a half years. All in all, an 'in' (burden) of EUR 0.8 billion has been counterbalanced by an 'out' (relief) of EUR 2.6 billion since 2015, which means that on balance there has been a relief for companies of EUR 1.8 billion.

The 'one-in, one-out'-rule which has been in effect since 2015 is based on a proposal of the NKR. Its application to generally all new legislation is meant to sustainably limit the compliance cost of governmental legislation. Therefore, the following applies: For new initiatives that incur annual compliance costs to businesses ('in'), a corresponding amount of relief ('out') must be generated by the end of a legislative term at the latest - either within the draft legislation itself or elsewhere.

In the 2017/2018 reporting period, the 'in' amounted to EUR 73.2 million and the 'out' to EUR 384.1 million. Thus, a net relief of EUR 310.9 million has been generated in the 2017/2018 reporting period. The relief achieved as a result of national legislation shows that the 'one-in, one-out'-rule has had a tangible effect so far, as it has resulted - apart from one exception - in a net relief for businesses since its introduction in 2015.

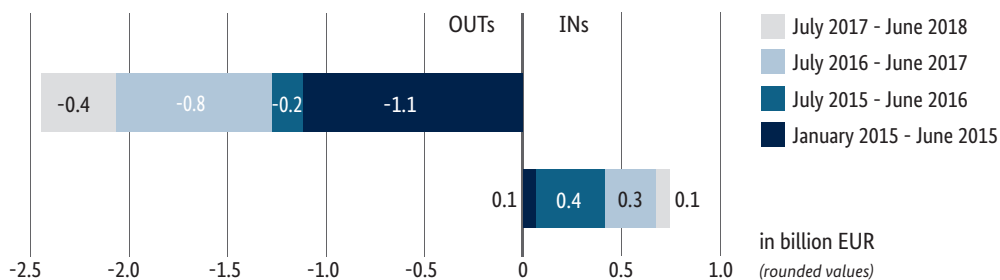


Figure 11: 'One in one out'-stocktake of all reporting periods

Nevertheless, this positive 'one-in, one-out'-record often does not tally with reality as perceived by businesses: Since 2015, an additional annual 'in' of EUR 435 million has not been included in the 'one-in, one-out' balance. This 'in' results from the **implementation of European legislation**, because the burden and relief resulting from the exact implementation of EU legislation are excluded from the 'one-in, one-out'-rule.

The Tobacco Products Amendment Act, the implementation of Directive (EU) 2016/97 on Insurance Distribution and the Regulation on Audit Reports, in particular, entailed burdens that resulted solely from the direct implementation of EU law.

Therefore, the NKR maintains that this is precisely why European burdens and reliefs must also be covered by the application of the 'one-in, one-out'-rule. It is completely irrelevant to companies whether costs are incurred as a result of European or national legislation.

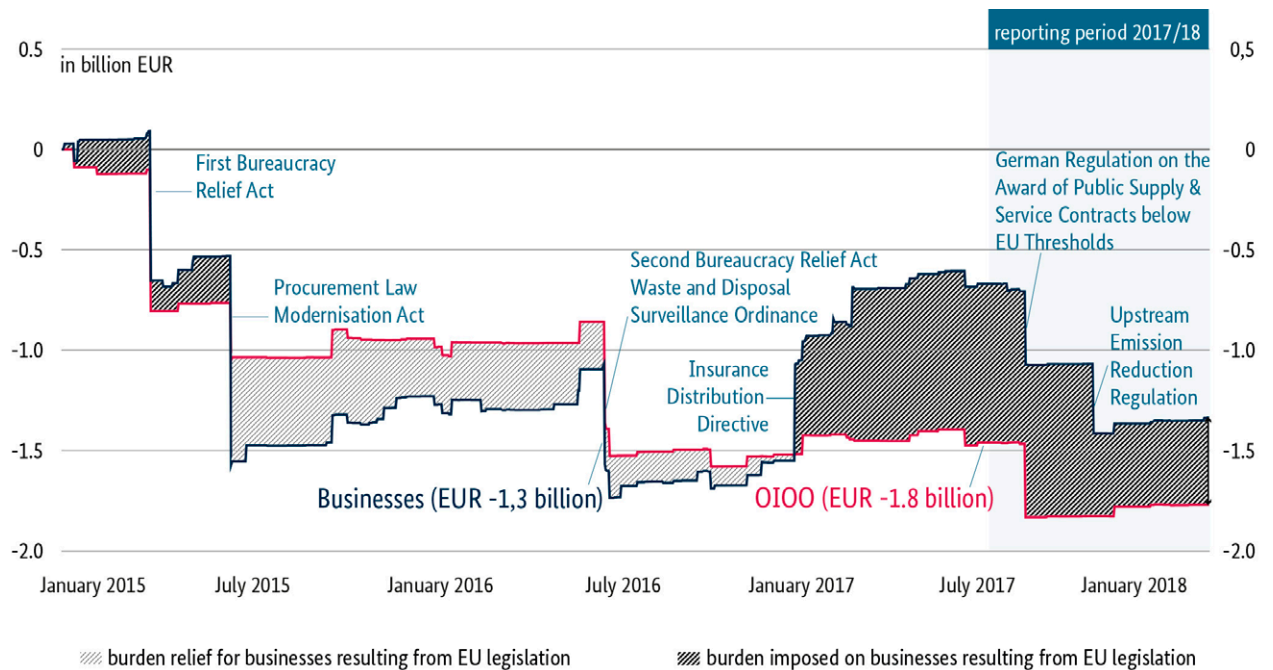


Figure 12: 'One in one out'-monitor, all reporting periods

The chart reveals that the relief arising from national legislation can be partially or completely reversed by burdens resulting from European legislation. This is explained by fact that the burdening (marked in dark grey) and the relieving impact (marked in light grey) of the implementation of EU directives on businesses have not been taken into account in the 'one-in, one-out' records so far.

What is more, pursuant to the National Regulatory Control Council Establishment Act (NKRK), costs have to be disclosed only if an implementing act is required at the national level (in particular for EU directives). This means that compliance costs arising from the exact implementation of EU legislation reflect merely a part of the direct compliance costs arising from EU legislation. The costs arising from directly applicable EU law, on the other hand, are not taken into account and are often even largely unknown - even though these costs can be considerable (e.g. in the area of financial market regulation).



## 2. Better Regulation

## 2. Better Regulation

The NKR's task is to advise the federal government also on simplifying legislation and administration or on all matters of evaluation in addition to the issues in respect of compliance costs. It is in that context in particular that the NKR stands for a sustainable cultural transformation of the regulatory practice.

### 2.1 Quality of Impact Assessments

The working method of the NKR is based on a close and early dialogue with the lead ministry responsible for the respective draft regulation. This enables the NKR to give the respective federal ministry methodological assistance at an early stage and to eliminate possible difficulties already before the ministerial coordination process is terminated.

Due to this working method, the number of negative opinions is relatively small as the ministries discuss and incorporate the NKR's suggestions usually before the cabinet meets. This preventive effect of the work done by the NKR considerably contributes to a better regulation, which is not reflected in the statistics concerning the reduced burden on citizens, businesses and public authorities.

Since 2011, 17 per cent of the NKR's opinions have expressed doubts. The NKR issues a written opinion on regulation projects having a significant effect on the issues to be reviewed by the NKR. During the reporting period of 2017/2018, the NKR expressed its concern in eight of 67 issued opinions.

Most often the **presentation of the compliance costs of public authorities** (five instances) and **provisions for simplifying legislation and administration** (also five instances) were criticised. The NKR raised concerns in a total of three opinions with respect to the **presentation of the compliance costs of businesses**.

#### Subsequent Migration of Family Members

For example, the draft regulation issued by Federal Interior Ministry (BMI) concerning the subsequent migration of family members for "persons with subsidiary protection status" has raised major concern in the NKR. In this case, both gaps in the presentation of the compliance costs and risks for the execution have been found. Simpler and cheaper alternatives have not been properly examined. In addition to that, the BMI did not introduce an evaluation clause although it was obliged to do so in accordance with the decision of the Secretaries of State of 23. January 2013. Although this draft regulation is a negative example according to the criteria established by the National Regulatory Control Council Establishment Act (NKRGG), the NKR was able to help the ministry to subsequently close the gaps in the presentation of the compliance costs after discussions with the Secretaries of State. It was also possible to reach a consensus on the need for a subsequent evaluation according to the State Secretary's decision of 2013).

## 2.2 “Contents First, Legal Paragraphs Second” - New Legislative Culture

Good-quality laws are no products of chance. They are the result of a better regulation based on simple, understandable, target-oriented, cost-effective and efficient rules. In view of the increasing complexity of statutory regulations, there is the fundamental question as to whether it is useful to discuss new legislative initiatives from the very beginning in the form of abstract legal documents.

It would be much more useful to first reach an agreement about objectives, implementation possibilities, interdependencies and compliance costs in the context of a broad public discussion, e.g. in the form of **key issues papers** which are easy-to-understand for everyone. This is already common practice elsewhere (United Kingdom, EU Commission). In addition to the cost analysis, the systematic benefit analysis which is still underdeveloped in Germany, should also be firmly established as already specified in § 44 of the ‘Common Rules of Procedure of the Federal Ministries’ (GGO).

This approach could noticeably facilitate content-related discussions. When all persons concerned, specialists, associations and the Parliament discuss the objectives, the policy options, the associated costs and benefits, analyse the problems and framework conditions and focus on the objectives to be achieved, the best solution can finally be found by means of an objective process of weighing up competing arguments, thus improving the level of acceptance and quality of future regulations. This would lead to more efficient and enforceable laws which are thought out more carefully and discussed at a broader level.

Only at the end of this process should the political solution which has been found be transposed into a legal text. First pilot projects such as in the context of the **artificial intelligence strategy** and **skilled labour migration law** may be possible in this parliamentary term.

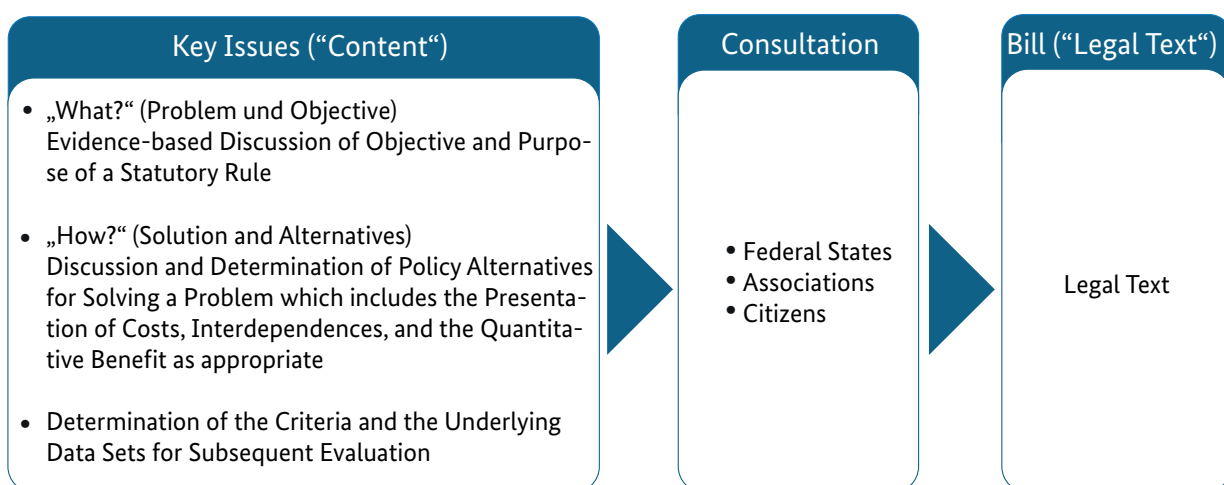


Figure 13: Optimum process of discussion up to the draft bill

### Model Project „Payment with Data“

In cooperation with the ministries of justice of the Federation and interested federal states, the NKR has launched a model project to develop a new legislative culture. It follows a recommendation for action made on the occasion of the Ministers of Justice Conference: The Ministers of Justice Conference has commissioned a study “as to whether the applicable civil law enables the citizens and the enterprises to handle the consequences of digital transformation in an appropriate and legally secure manner”. There exists a need for action, among other things, in the field of liabilities under the law of obligations with regard to the commercial exploitation of personal data by social network providers, the so-called “paying with data”. As a first step, a working group consisting of members of the NKR and the ministries of justice is developing a key issues paper containing alternatives and impact assessments resulting from the recommendation for action in accordance with the principle of „contents first, legal paragraphs second“. This is to be discussed in public in a second step. The third step is then to prepare a draft law.

## 2.3 Evaluation

Following a decision of the Secretaries of State dated 1 March 2013, all regulatory initiatives of the federal government with **expected compliance costs amounting to at least EUR 1 million** shall be evaluated. The NKR shall review the evaluation clauses in the individual draft regulations and ensure that the obligation to evaluate is met.

**Evaluation** is defined as a procedure which compares the originally formulated expectations regarding objectives, benefit and costs with the actual effects, unintended consequences and costs. Evaluation is intended to reveal **whether the new regulation has proven its worth or which corrective actions**, if any, are required. It is based on a systematic methodology, a process that can easily be understood by third parties, and precise empirical data sets.

Until the end of the reporting period of 2017/2018, the NKR has received evaluation reports for 21 initiatives; twenty of them for initiatives having been evaluated according to the 2013 decision of the Secretaries of State. The reports received so far are very different in quality. There had been only few empirical studies to analyse the consequences of the regulation; clear criteria to achieve the objectives were often lacking. Also, precise recommendations for action were not always included.

Until 2023, 236 additional reports are to be expected. 141 reports of them will be evaluated according to the State Secretary’s decision of 2013.

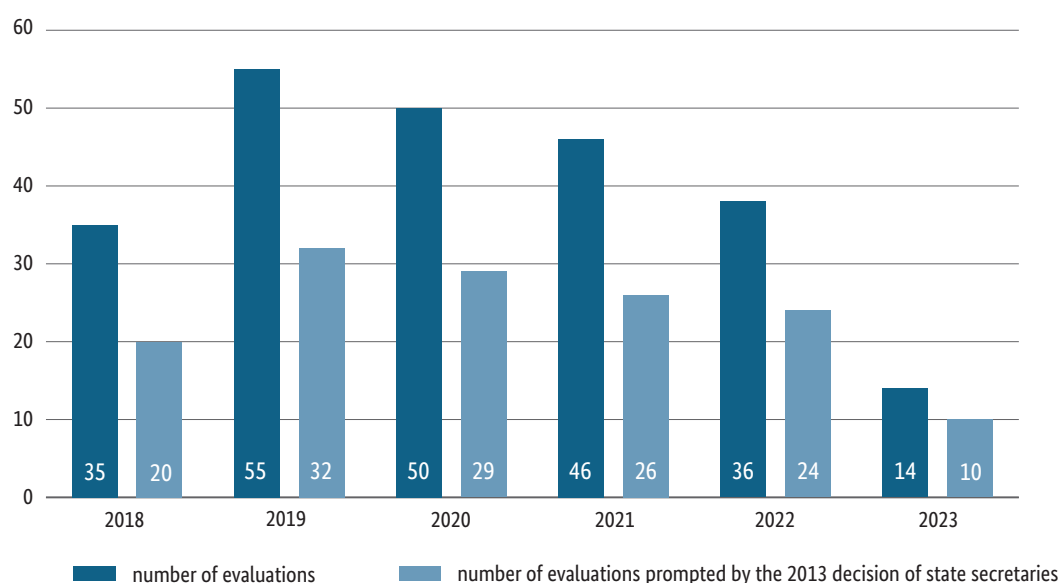


Figure 14: Number of evaluations due from the federal government, by year of evaluation due

The decision of the Secretaries of State offers the federal ministries considerable scope with respect to the extent and the methodology of the evaluation. However, so far the decision has not provided for a regular quality assurance - a fact that naturally qualifies the conclusions from an evaluation. The NKR believes that quality and comparability can be better ensured by:

- establishing priorities for an evaluation already during the legislative procedure and,
- determining uniform standards for the execution of an evaluation.

In the course of the ex-ante review of the evaluation clauses the NKR already reviews whether (1) the government's stated purpose, (2) the indicators and (3) the data sources ("evaluation triad") are presented in a transparent way. Only if these preconditions of an evaluation are already defined in the ex-ante procedure, the federal ministries will be able to prepare for the subsequent evaluation and to plan the required provision of data from the enactment of the law. In 2016, the National Regulatory Control Council has submitted an **evaluation model** for a good evaluation, which could be used as a possible basis for evaluation standards, and provided it to the federal ministries<sup>3</sup>.

Furthermore, an evaluation will make sense only if clear **recommendations for action** can be derived from it. An examination of the evaluation reports submitted up to now shows that the latter do not always contain recommendations for action. In order to strengthen the evaluation practice and to establish a connection between an evaluation and future regulation initiatives, the NKR considers that it is appropriate to substantially change laws or regulations only if an evaluation has already been carried out ("**No amendments without evaluation**"). The EU Commission, for example, has already introduced this essential basic principle to prepare its regulatory suggestions.

3 Cf. 2017 Annual Report of the National Regulatory Control Council, page 31.

A better participation of the associations concerned and other federal ministries in an evaluation process could also contribute to stimulating a dialogue about potential alternative regulations and their impact on future legislative procedures at an early stage and thus to supporting the ex-ante impact assessment.

Synergies between evaluations both at the European level and in Germany can be achieved, whenever EU law is transposed. The principle of proportionality of the former decision of the Secretaries of State concerning evaluations considers comparable reporting obligations of EU institutions and stipulates it to be unnecessary to have a full national evaluation in all cases. The NKR however asserts that evaluation issues concerning Germany necessarily had to be dealt with in such cases especially. If Germany does not evaluate the domestic impacts of EU regulations, how can be ensured that the experiences made in Germany will be taken account of in future revisions of EU regulations? To rely solely on the EU Commission in this respect would not take sufficient account of German interests. This requires the engagement of the competent ministries and a more systematic approach to the national input for the EU Commission. Otherwise, information of importance to Germany with regard to a possible further development or a necessary correction of European regulations will be lacking.

These aspects must be taken into account in the required supplement to the 2013 decision of the Secretaries of State. This is necessary in order to ensure that evaluations will contribute useful results and, in fact, will contribute to better regulation.

## 2.4 Initiatives of the Federal Government to Reduce Bureaucracy

The NKR supports the consistent reduction in bureaucracy insofar as the necessity of the latter is not convincingly demonstrated. The NKR supports the measures to reduce bureaucracy and to limit compliance costs planned to be implemented in the 19th legislative term by the federal government.

### 2.4.1 Third Bureaucracy Reduction Act

The federal government plans to introduce a third Bureaucracy Relief Act to reduce the burden on businesses and citizens. Experience and expertise from businesses are indispensable to prepare a bill intended to relieve the burden on businesses.

Therefore, the NKR and the Federal Economics Ministry have asked associations and chambers in spring 2018 to submit their estimates and suggestions regarding possible measures to reduce bureaucracy. The responses were numerous and comprehensive. They illustrate that there is a significant simplification potential in many areas, especially in the field of tax and social law. Federal ministries are currently examining the extent to which these and other suggestions are suitable for a third Bureaucracy Relief Act. With this initiative, the federal government could send a strong signal that cutting red tape and limiting compliance costs are key political objectives in this legislative term, too.

The NKR assumes that the Third Bureaucracy Relief Act will follow the two previous projects with a view to the intended relief for businesses. As with the Second Bureaucracy Relief Act, the NKR will provide its ideas to the federal government and gladly support the latter in preparing the key issues paper.

## 2.4.2 Life Situation Survey

For the second time, the Federal Statistical Office has carried out its life situation interviews which were initiated in 2015. This instrument supplements the systematic presentation of costs in statutory regulations. In early 2017, about 2,000 businesses and approximately 6,000 citizens were asked how they perceive the interaction with public authorities in certain life situations.

For the enterprises, the focus was particularly on the procedures for the establishment of enterprises, handling of import and export, the construction of a new plant, closing down or handing over a business as well as for staff recruitment. The lowest satisfaction values concerned the construction of a new plant and the participation in tendering.

### Satisfaction with various aspects of public-sector service provision

satisfaction scale -2 to +2

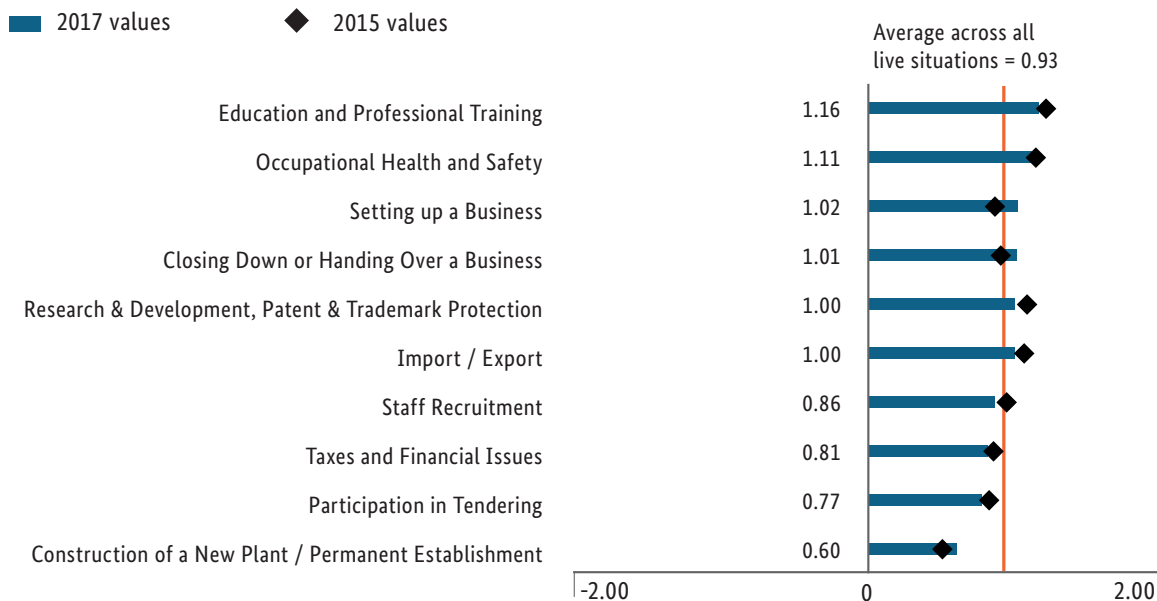


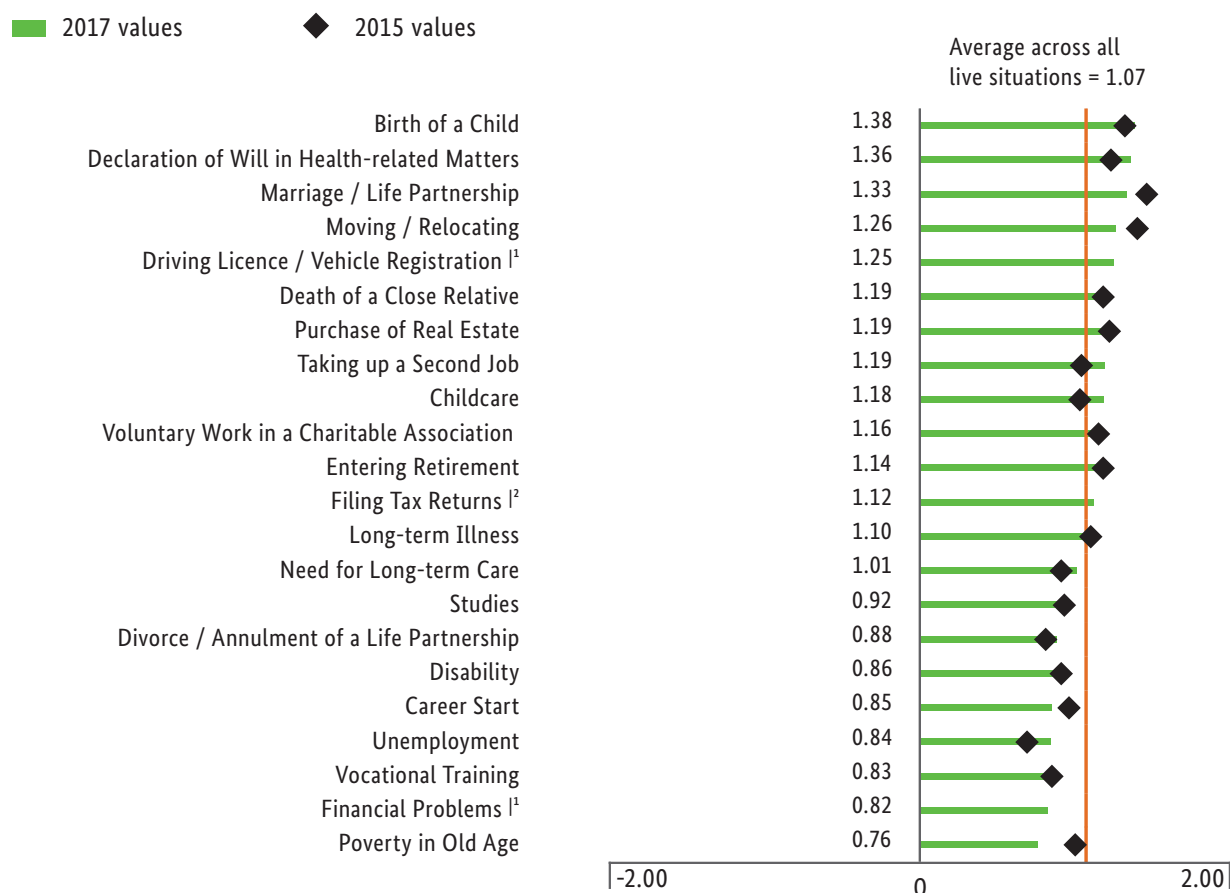
Figure 15: Satisfaction of businesses with various aspects of public sector service provision. Source: Federal Statistical Office 2017<sup>4</sup>

The citizens were asked about their satisfaction with the services of public authorities, for example, in the cases of the birth of a child, relocation, a tax return or loss of employment. Moreover, many citizens and enterprises were very dissatisfied with regard to the comprehensibility of the law.

Some digital offers for dealing with their requests were regarded as not very user-friendly by the citizens and enterprises, other offers were not even known. This can be resolved by expanding the range of information pages on the web as well as of leaflets and by more laws which are easily understood, solutions which also the Federal Statistical Office proposes.

### Satisfaction with public-sector service provision across a selection of life situations

satisfaction scale -2 to +2



<sup>1</sup> 2015 value not specified as statement unclear

<sup>2</sup> no value available for 2105

Figure 16: Satisfaction of citizens with various aspects of public sector service provision. Source: Federal Statistical Office 2017

The satisfaction values have changed little between the first life situation interviews carried out in 2015 and the second life situation interviews carried out in 2017. This is not surprising. For, unfortunately, the federal government did not draw any legal consequences from the first interviews to remedy any weaknesses found. In the context of the second life situation interviews, the federal government has discussed and worked on concrete problems, the resulting options for action and potential solutions in cooperation with representatives of the associations, the competent authorities and ministries as well as with numerous enterprises. It is now a matter of promptly implementing these specific measures by means of a working programme of the federal government or in the Third Bureaucracy Relief Act in order to achieve tangible improvements and simplifications for the individuals / businesses concerned.

An aerial photograph of a river meandering through a rural landscape. The river is dark and winding, surrounded by light-colored fields and patches of trees. Small clusters of buildings are visible along the riverbanks. The entire image has a blue tint.

### 3. Collaboration with Federal States, Local Governments and Associations

## 3. Collaboration with Federal States, Local Governments and Associations

The NKR considers the early participation of federal states, local governments, the business community and representatives of the civil society in the conception phase of a regulatory initiative to be a key element for better regulation.

### 3.1 Include Implementation Experience and Implementation Costs Consistently

In most cases, it is not the federal government that implements its laws, but the public administrations in the federal states and local governments. It is there where experience and practical knowledge are gained. It is obvious, therefore, that **law enforcement** at the federal states and local government levels should also be **considered consistently** during the legislative procedure at the federal government level.

At the initiative of and with the participation of the NKR, representatives of the federal government, the governments of all federal states, local umbrella organisations and the Federal Statistical Office have agreed upon a **procedure for the cross-level determination of the administrative effort**. This procedure is supported by an electronic tool called ERBEX (Ex-ante calculation of compliance costs, in German: “ER-BEX - Erfüllungsaufwands-Berechnung EX-ante”) which was developed for that purpose by the Federal Statistical Office and the NKR. A pilot phase is to show whether the procedure proves to be effective.

The NKR has recommended that the federal government include at least two regulatory initiatives per ministry in the pilot phase. Since the originally planned pilot phase took place at the end of the last legislative term, adequate practical experience was limited due to the lack of a sufficient number of regulatory initiatives.

The NKR expects that a new pilot phase will be started soon and the ministries will nominate an adequate number of regulatory initiatives. The objective: Reliable determination of the administrative effort and the integration of the practitioners’ and professionals’ knowledge from the very beginning.

### 3.2 Exchange and Collaboration with Associations

In its role of an independent expert advisory body for the federal government, the NKR considers the proposals for new legislative regulations not only from the **point of view of** the federal government, but especially from the perspective of the **citizens and businesses**. This is the only way for the NKR to provide - in accordance with its statutory mandate - further recommendations for action to political decision-makers in the executive and legislative bodies.

Conversely, the associations can support the work of the NKR by submitting their opinions on draft bills.

The NKR urges the associations to provide substantive information on the compliance costs and problems regarding practical implementation as well as on possible simplifications and bureaucratic relief.

Associations increasingly apply this possibility although they do not yet fulfil this obligation to the extent desired. However, the period of time set by the ministries in which the associations can submit their opinions on draft bills, is very tight.

Thus, there is nearly no time for the associations and experts to identify in a sound manner the compliance costs of the regulatory initiative to the citizens and enterprises, and still less to develop other sound, effective and efficient implementation solutions. This important expertise of the associations and specialists assists the NKR in its task of advising the federal government in the coordination process between the ministries. The compliance costs to those concerned as well as the issue of an efficient practical implementation play an important role in the political debate. Against this background, the National Regulatory Control Council is also very interested in suggestions from associations and other specialists.



*NKR Project „More Time for Treatment – Simplification of Procedures and Processes in Medical and Dental Surgeries“: Dr. Ralf Hausweiler (Representative of the National Association of Statutory Health Insurance Dentists), Prof. Dr. Christoph Benz (German Dental Association), Wolf-Michael Catenhusen (National Regulatory Control Council), Dr. Thomas Kriedel (National Association of Statutory Health Insurance Physicians), Dr. Doris Pfeiffer (National Association of Statutory Health Insurance Funds) (from left to right)*

An example of a successful exchange with experts and practitioners is the dialogue with the organisations of self-government in the health care system, the results of which offer benefits to both the health care system and the patients.

On 23 October 2017, the NKR - together with the organisations of self-government in the health care system - presented the interim results of the **implementation of the recommendations for action concerning the project “More Time for Treatment – Simplification of Procedures and Processes in Medical and Dental Surgeries”**. The recommendations for action had been submitted in August 2015. Since then, about half of the recommendations have been fully implemented.

The implementation of five other recommendations is already at an advanced stage. For example, forms such as certificates of incapacity which are issued in large numbers over the year could be made simpler and more uniform. This facilitates the work of the physician and the respective health insurance companies.

Progress was also made in the digitisation of forms and the associated processes. Transfers to laboratories can be carried out fully digitally. At the time of assessment of the steps taken, dentists - together with the health insurance companies - have agreed upon the contractual and technical bases to completely replace the paper-based application and approval procedure for dental services by an electronic system. This goes far beyond the respective recommendation for action which was at first limited to the area of periodontology. The project participants keep at it and implement the recommendations for action not yet implemented in a consequent and systematic way.

In addition to that, they call for closer ties with lawmakers and regulators as well as with law enforcement and monitoring authorities to foster bureaucracy reduction and efficient action together. It is assumed that great potential will be in the digital transformation of processes and in the practicable designing of forms.

## 4. Digital Transformation and Modernisation of Public Administration

## 4. Digital Transformation and Modernisation of Public Administration

Anyone wishing to reduce administrative burdens cannot confine themselves to simplifying laws and regulations but must also give some thought to their implementation by the public administration. Digital transformation opens up a great potential for making administrative action simpler, more user-friendly and more efficient. Prerequisites are that legal and organisational obstacles to enforcement should be systematically put to the test. To what extent are our laws suitable for digital use? How complicated are our administrative procedures? How can we make better use of the data inventory of the public sector, and what do we have to do to modernise the public registries? The digital transformation of the public sector will be successful if it is regarded as a process of transformation and if these questions are answered. However, a modern public administration is not just digital. It is also well-organised and cleverly managed, efficient in day-to-day operations and, at the same time, robust in times of crisis.

### 4.1 Digital Transformation of Government and Public Services

Germany continues to score poorly in international digital transformation and administrative service rankings. The Digital Economy and Society Index (DESI) of the EU lists the 28 member states of the EU according to their digital performance. Regrettably, Germany, in the area of **digital public services**, is only **21<sup>st</sup> out of 28 countries**<sup>5</sup>. Missing, unsuitable and/or unknown electronic services offered have resulted in comparatively low user rates in Germany<sup>6</sup>. This has an impact on the overall satisfaction with the administrative sector. The life situation interviews conducted by the Federal Statistical Office every two years have shown that the administrative sector scores worse precisely in those categories where digital transformation would be beneficial, for instance, an access to required forms and applications irrespective of time and place, acquiring information on the course and stage of procedures, and a shorter duration of proceedings through processes without media discontinuities<sup>7</sup>. The greater the discontent with public administrations, the lower the level of trust the citizens have in the state and the public authorities<sup>8</sup>. Also, a modern digital public administration is an important and indispensable partner in an increasingly digital economy and an essential prerequisite for Germany as a competitive location.

In recent years, the politicians have also become increasingly aware of the problem that Germany, over a number of years, has built up a **structural deficit** as far as the digital transformation of the country's administration is concerned. While it is true that many IT managers at all levels of the administrative sector are trying hard to achieve success in their respective area of responsibility, a major breakthrough and a full-coverage user-friendly online offer for all important administrative services still remain to be implemented.

5 Cf. [ec.europa.eu/digital-single-market/en/desi](https://ec.europa.eu/digital-single-market/en/desi).

6 Cf. [www.egovernment-monitor.de/die-studie/2017.html](https://www.egovernment-monitor.de/die-studie/2017.html).

7 Cf. [www.amtlich-einfach.de/DE/Ergebnisse/Ergebnisse\\_gesamt\\_node.html](https://www.amtlich-einfach.de/DE/Ergebnisse/Ergebnisse_gesamt_node.html).

8 Cf. [www.mckinsey.de/publikationen/buergerzufriedenheit-zufriedenheit-schafft-vertrauen](https://www.mckinsey.de/publikationen/buergerzufriedenheit-zufriedenheit-schafft-vertrauen).

The tax administration has made the greatest progress on a broad basis by introducing the ELSTER electronic tax return or the pre-completed tax return<sup>9</sup>, thereby continuously working towards the digital transformation of its internal procedures and external offers.

**KONSENS (KOordinierte Neue Software-Entwicklung der Steuerverwaltung) (Coordinated New Software Development for Tax Administration)** is one example showing that cooperation on large-scale IT projects between the German federal government and the states can work. 16 states have joined forces with the Federal government in the KONSENS project to implement IT in tax administration. From 2019 onwards, they will jointly fund the performance of their tasks with some EUR 160 million a year. The states will order the employment of the IT resources by availing themselves of a coordinated prioritisation process. In an administrative agreement between the states and the federal government dating back more than 10 years, they committed themselves to aligning with one another in terms of organisation (the organisational structures are adapted in accordance with IT requirements). The five states of Baden-Württemberg, Bavaria, Hesse, Lower Saxony and North Rhine-Westphalia were entrusted with the IT programming for taxation proceedings. The KONSENS project modernises IT procedures and implements new technical requirements along the lines of “one-size-fits-all-states”. At the end of 2017, 159 uniform products were already being used in all states. Almost every activity at the tax offices has IT support and is interlinked through cross-cutting procedures. In this way, then, the goal of **employing identical and efficient software in all 16 states** is being achieved. For each new task, only one uniform IT solution is developed. This solution is passed on to all states and used there. KONSENS follows uniform programming requirements and a common architecture besides availing itself of uniform user interfaces. The fiscal administration digitally exchanges data with other authorities on a large scale and to an increasing extent, applying the ‘once-only’-principle. In 2017, the fiscal administration provided its citizens and enterprises with some 98 million receipts within the scope of the electronically pre-completed tax return, and the citizens and enterprises in turn, in more than 94 million cases a year<sup>10</sup>, availed themselves of the electronic transmission of their tax return. The digital transformation of tax procedures does not only reduce the bureaucracy costs to the fiscal administration but also and especially to the citizens and businesses.

While the tax administration, parts of the judiciary, or the social security system, in their respective domain, are able to show some individual success in digital transformation, there is no cooperation among all entities across ministerial boundaries that equally includes the federal, state and local levels of government.

This is to be changed now: Towards the end of the last legislature, in the course of financial negotiations between the federal government and the states, political will has organised to extend the digital transformation to further service areas of tax administration, but also to include all suitable public services in a nationwide and comprehensive effort until 2022. The resultant 2017 Online Access Act (*Onlinezugangsgesetz - OZG*) obliges the federal, state and local levels of government to “also offer their public services online through administrative portals” and to “link” these portals “in a portal network”. Meanwhile, the federal government and the states have agreed on an implementation catalogue for the OZG, which

9 Cf. <https://www.elster.de/eportal/start>

10 Cf. BT-Drs. 19/1058

defines 575 public services for citizens and businesses, ranging from the Recognition of Vocational and Professional Qualifications via the Procedure Pertaining to the Registration for and Proof of Social Security Contributions to the Registration Certificate for Vehicles. These public services primarily concern local and state administrations, which means that cross-level collaboration is indispensable to the success of the OZG.

The Coalition Agreement, too, repeatedly addressed the digital transformation of the principal public services and linked it to additional measures expected to advance digital transformation within government and public service provision as can be seen in the illustration below:



Figure 17: Key measures of the coalition contract regarding the digital transformation of government and public services

In recent years, the NKR has repeatedly demanded that a large number of these measures be taken. The NKR therefore deems it important to keep close track of the implementation and to analyse the status of implementation both in this and its subsequent annual reports. In pursuit of this task, the NKR in particular relies on the expert opinion “eGovernment in Germany: Making Success Happen”. The **recommended actions** presented in the expert opinion can be summarised in the guiding principle below:

#### **Recommended Action for an Efficient Digital Transformation of the Public Administration**

Based on binding agreements, joint funding, and an innovative independent organisation, the federal, state and local levels of government are achieving a new quality of cooperation so as to accelerate the economic development of user-oriented digital public services. The digital service standard for Germany provides the cross-discipline and cross-level framework in this context, and the standardised federal eGovernment infrastructure represents the common foundation.

#### 4.1.1 Overall Situation

In 2017, in their policy decision on digital administrative services and the set-up of a portal network, the heads of Germany's federal and state governments opened up the way for the OZG and concluded a binding agreement on a federally coordinated digital transformation agenda. Whether these efforts will bestow a new, productive and trusting quality on the **collaboration between federal, state and local governments** has to be measured against two milestones in a first step:

- Will it be possible to divide all services provided under the OZG among the ministries and states in such a way as to create efficient and motivated development partnerships on a nationwide scale?
- Will the federal and state governments include the joint funding monies in their budgets on time, and will they provide a sufficient number of personnel to effectively employ these funds?

Being successful in these areas will require additional technical and political arrangements to be made both with the states and the federal ministries. It remains to be seen whether the new division of tasks and labour between the Federal Interior Ministry and the Federal Chancellery can bring this about, and whether it is possible to secure the cooperation of all states - i.e. including Baden-Württemberg, North-Rhine Westphalia and Bavaria - for a committed and coordinated implementation of the OZG. **The heads of Germany's federal and state governments will have to check at regular intervals whether the implementation of the OZG is still on track in terms of time and content. Germany can no longer afford any more delays.**




With FITKO (Federal IT Cooperation) and the eGovernment Agency, two organisations slated to become drivers for digital public service transformation are under development. In addition, there is the newly set-up 'Digital Council' of the federal government. With the 'IT Computer Centre of the Federal Government' set up during the last legislature, a major IT service provider and know-how supplier is appearing on the scene. The precise nature of the division of tasks among these entities remains to be seen, which also applies to the question as to whether the division of labour will prove effective. Incorporation into a common development and innovation programme buttressed by a sustainable personnel requirement plan would be helpful. **The staffing currently intended for FITKO and the eGovernment Agency does not yet seem to meet the demands made on both organisational units. The same applies to the staffing for the OZG at the Federal Interior Ministry.**

At any rate, we have to succeed in embedding the aspects of **user orientation** in all projects related to the OZG. Existing architectural guidelines and the development laboratories planned are important tools in this context. These measures could become more authoritative and prominent if they were integrated into a **digital service standard for Germany**, a catalogue of binding criteria for greater user orientation (cf. Figure 18) as it is already available in other countries. This calls for ensuring enforceable and digitally compatible requirements already during legislation, among other things. The planned regulatory screening could be a first step in this context, but it should be more radical than has been the case so far, for instance, by introducing a wholesale abolition of all legal written form requirements and agreeing to exceptions only in justified individual cases.

The portal network, service accounts, and modern registries are part of a federal eGovernment infrastructure that is imperative to the digital provision of public services. The approach of admitting different portals and service accounts and operating them in parallel, which is geared towards the current situation in Germany, still has to prove its technical capability and win acceptance among users. Notwithstanding the broad support for the recommendations set out in the NKR expert opinion “**Better Performance for Citizens and Businesses: Digital Transformation of Public Services. Modern Registries.**”<sup>11</sup> the measures taken by the federal government are currently confined to being able to conduct a registry-based census after 2021.

The NKR considers this to be important but far from adequate. **A broader approach to registry modernisation is now required** because otherwise the ‘once-only’-principle can only be realised selectively. The ‘once-only’-principle means that the data of the citizens and enterprises has to be retrieved just once. If the citizens and enterprises agree, the data can be re-used and exchanged among authorities, thereby relieving the citizens and enterprises from tiresome visits to the authorities.

The prerequisites for achieving tangible success with the digital transformation of public administration in the current legislature are better than ever before. Expectations are accordingly high. The measures announced so far and partially initiated already are a step in the right direction. **The speed and extent of implementation remain unclear, however.**

	1	User requirements and needs are collected, understood and assessed. They constitute the basis for the design, realisation and operation of digital public services.
	2	Digital services are simple, intuitive, barrier-free and thus accepted by the users. Digital assistance is part and parcel of the services offered and intended to improve the use and manageability of these services.
	3	If user data and user information are processed by digital services, the security arrangements for data and information protection will be rendered transparent.
	4	Suitable measures and positive user experience serve to motivate the citizens and enterprises to avail themselves of the digital service instead of the paper-based procedure.
	5	The digital services provided by the public administration are planned, drafted, realised and developed in an agile and iterative manner and with user-centric methods so as to remain innovative and user-friendly in the long term.
	6	The digital services are realised in such a way as to lend themselves to being offered in an umbrella portal for life and business situations.
	7	Cross-level and interdisciplinary cooperation, also with players outside the public authorities, constitutes the basis for user-oriented and attractive digital services of the administrative sector.
	8	The „Digital Administration Organisation“ assists authorities and organisations in putting together development communities for digital services and funding these communities.

11 Cf. McKinsey & Company in cooperation with the Federal Statistical Office, the Speyer-based *Deutsche Universität für Verwaltungswissenschaften* (German University of Administrative Sciences) and *Deutsches Forschungsinstitut für öffentliche Verwaltung* (German Research Institute for Public Administration) on behalf of the NKR: “Better Performance for Citizens and Businesses: Digital Transformation of Public Services. Modern Registries.”, [https://www.normenkontrollrat.bund.de/Webs/NKR/DE/Service/Publikationen/Gutachten/\\_node.html](https://www.normenkontrollrat.bund.de/Webs/NKR/DE/Service/Publikationen/Gutachten/_node.html).




	9	Source Code from the realisation of digital services provided by the public administration is made available as Open Source, i.e. in re-usable form with open licencing and free of charge. Exceptions to this rule must be plausibly justified.
	10	Open standards are used in the realisation of digital services, and existing standard platforms are employed in the operation and provision of digital services.
	11	The possibility of re-using existing digital services is checked prior to planning and realising a new component.
	12	The digital services provided by the administrative sector are continuously improved and developed with the involvement of the users.
	13	The evaluation of user satisfaction and the technological modernity of digital services are becoming an integral part of operational processes.
	14	The intensity of use and user satisfaction with digital service provision are continuously measured using standard parameters, and the measurement results are published, also in machine-readable form.
	15	Measures aimed at improving the digital services are ascertained and implemented in a clearly structured cross-level and interdisciplinary cooperation.

Figure 18: Proposal for a digital service standard for Germany (cf. 2016 NKR expertise)

### 4.1.2 Detailed Evaluation

Category	State of Play	Assessment
Obligation and Collaboration	<p>The Online Access Act (OZG) obliges public administrations to offer their services digitally by 2022. The federal government is authorised to establish standards without there being a need for Bundesrat consent (upper chamber). The federal government must consult with the IT Planning Council. The implementation catalogue for the OZG was decided by the IT Planning Council and defines the 575 services to be implemented.</p> <p>Local governments participate in the implementation of the OZG, but their specific role and influence have not yet been definitively clarified. The Digital Transformation Compact between the federal, state and local governments announced in the Coalition Agreement (trusting cooperation, sharing the required investment costs) has yet to be given concrete shape. At every ministerial conference of the federal states, the federal government will report on the status of the implementation of the OZG.</p>	<p>The Online Access Act (OZG) sets binding targets for 2022 while at the same time authorising the federal government to make commitments if agreements have not been reached with the states. This creates the pressure and binding force needed for swift progress. It is incumbent on the Federal Chancellor and the ministers of the federal states to regularly devote attention to and evaluate the implementation of the OZG as well as taking corrective action if necessary. The federal government and every state are held accountable for their commitment.</p> <p>The success of the OZG will depend on whether the federal, state and local governments manage to achieve a productive and trusting cooperation beyond their formal obligation. A Digital Transformation Compact could underpin this and get the players involved to commit to a common goal. A common marketing concept that offers incentives for getting involved in the implementation of the OZG would be helpful.</p>
Management Control	<p>The 575 services laid down in the OZG implementation catalogue are to be made accessible online by development communities of the federal ministries and states. One quarter of the services covered by the OZG has not been allocated as yet. Whilst conceptual considerations pertaining to child benefit and parental benefit are already far advanced, other items are still in their very early stages.</p> <p>While the Federal Interior Ministry remains in charge of coordination with the IT Planning Council, it has handed over responsibility for the federal ministries' IT Council to the Federal Chancellery. A 'Digital Transformation Cabinet' was set up concurrently. An additional Minister of State for Digital Transformation and an advisory 'Digital Council' were appointed at the Federal Chancellery. At the same time, the Federal Chancellery is establishing its own 'Digital Transformation Unit'.</p>	<p>The challenge is to distribute the services provided under the OZG among the federal ministries and the states in meaningful packages and in such a way that efficient and motivated development partnerships are created. However, this has not yet been fully achieved. Baden-Württemberg, North Rhine-Westphalia and Bavaria, in particular, have so far been very reticent about this matter. Another thing that remains to be clarified is the nationwide roll-out of the development results.</p> <p>The more active role of the Federal Chancellery is to be welcomed. The new division of roles and labour between the Federal Interior Ministry and the Federal Chancellery still has to emerge and prove its worth. At present it is not yet clear how systematically the Federal Chancellery will get involved in the implementation of the OZG, and in what form the political discourse with the states will take place.</p>

<p>Organisation</p>	<p>In its capacity as a joint institution of the federal and state governments, FITKO (Federal IT Cooperation) has been tasked to provide conceptual and operational support to the IT Planning Council. FITKO is currently being set up; it will have a staff of 44 and bring together various thematic branches. FITKO is also meant to coordinate the implementation of the OZG where each development community is to be assisted by digital transformation laboratories. This support will be made available by external service providers.</p> <p>In addition, an eGovernment agency is to be set up at the Federal Interior Ministry. The agency is supposed to act as a think tank and develop innovative eGovernment solutions with the support of an incubator / accelerator.</p> <p>The IT of the federal government will be further consolidated, and it will be combined at the Federal IT Centre. Also, the federal government will be advised by a Digital Council with a staff of ten.</p> <p>In an effort to improve their own ability to act, public sector recruitment and promotion will attribute greater weight to the IT competence of specialists and executives in the selection process. Efforts to improve the capacity to act will be complemented by offering competitive salaries and more modern training opportunities.</p>	<p>FITKO is a long overdue organisational unit that can constitute the organisational nucleus of an effective federal IT cooperation. Considering that FITKO will not be fully operational until 2020, it remains to be seen how FITKO can ensure effective programme management for the implementation of the OZG in the meantime. For the time being, the Federal Ministry of the Interior and external service providers will have to render a significant portion of programme support. However, in the medium term, FITKO must be enabled to generate the technical know-how and the personnel required under its own steam. The number of 44 staff currently planned will not be sufficient.</p> <p>The division of labour between FITKO (standardisation and operation) and the eGovernment agency (innovation) basically conforms to the recommendations of the NKR. The specifics of cooperation and interaction between the two organisational units must still emerge, however. It has not been clarified as yet whether the federal IT Centre and the Digital Council will also be involved. A comprehensible allocation of strategic, innovative and operational tasks to individual organisations and the incorporation of these tasks into a joint programme of development and innovation seem advisable.</p> <p>Competencies in the field of process management and organisation and a general willingness to embrace change on the part of specialists and executives are just as important as IT knowledge. Strengthening the role of the Federal Academy of Public Administration (BAköV) is a first step. However, the above is very unlikely to be achieved as long as the system of recruitment and promotion of many federal ministries maintains its strong focus on lawyers, and as long as the rigid labour and remuneration legislation does not change.</p>
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Funding, Human Resources	<p>The implementation of the OZG is to be funded on a pro-rata basis by federal and state governments. The federal government has allocated EUR 500 million for the next four years and already laid down specific budget items for the period until 2020. If the remaining 75 per cent of the costs are provided by the states, the digital transformation budget will amount to EUR 2 billion. How these funds are to be used and to what extent local governments, too, will be eligible for funding has not yet been specified. Managing these funds sensibly and swiftly and coordinating the implementation of the OZG as such requires significantly more staff. It remains unclear whether and if so, when the required positions will be available.</p>	<p>The planned total of EUR 2 billion is approximately equivalent to the estimates of the 2015 NKR expert opinion. Hence, there would be sufficient funds for a start. While some states have already drawn up their own digital transformation budgets, others states have so far not made any arrangements for implementing the OZG. The failure to do so must be addressed urgently. Achieving the ambitious implementation of the OZG with the personnel resources earmarked by the Federal Interior Ministry is very unlikely. Without creating new positions and/or reallocating staff, the OZG implementation will be significantly jeopardised. The federal government should set a good example to state and local governments and ensure its “ability to deliver”.</p>
User-orientation	<p>Digital public services should be as simple as possible and designed in a completely digital form so as to be actually used. Having to appear in person at the authorities, providing a handwritten signature or submitting documentary proof in paper form are to be dispensed with, if possible. The digital process is to be the rule (digital first), and data is to be submitted just once (‘once-only’-principle). In an effort to make this possible, the federal government intends to check all previous and future legislation for its suitability for digital use and make adjustments as necessary (regulatory screening). In addition, the federal government signed the Tallinn Declaration (on eGovernment) where criteria for a citizen-centric eGovernment are described.</p> <p>During the implementation of the OZG, workshops and ideas laboratories should be used to allow more room for the user perspective. Examples such as the ELFE project [ELFE stands for „Einfach Leistungen für Eltern“ and is intended to improve and provide digital access to public service provision around the birth of a child] show the value of looking into potentials for organisational and legal simplification before finalising a roadmap for digital transformation. Architectural guidelines were drawn up for the implementation of the OZG so as to ensure that every online solution can be applied in a portal network.</p>	<p>User friendliness is the essential prerequisite for the acceptance and success of any digital service offered and thus also for the implementation of the OZG. Every administrative service must be considered from the citizen’s perspective. Ideally, the citizen doesn’t have to do anything (e.g. child support without having to submit an application). Special efforts are required on the part of the administrative sector to achieve such citizen-centricity. The regulatory screening of the last legislature was only moderately successful. A new attempt should, from the outset, abolish all paper-based written form and evidential requirements and permit exceptions in justified individual cases only. The manner in which this digital transformation suitability check is to be organised and also guaranteed in future legislation (a MOT-type eGovernment test) is still unclear. The simplification proposals from each project pertaining to the OZG should be implemented in any event, and the legal requirements should be boldly adapted. Maximizing user friendliness for all services provided under the OZG calls for binding criteria to be established, such as those set out in the Digital Service Standard of the United Kingdom and many other countries. Combining the existing architectural requirements in such a service standard and enshrining them in a Digital Transformation Compact between federal, state and local governments would be helpful. Signing the Tallinn Declaration is not enough: Every government minister should be placed under the obligation to test the prototypes of digital administrative services himself prior to activation.</p>

<p>Standardisation, Architectural Management, Infrastructure</p>	<p>The services provided under the OZG cannot be accessed until they are made available in a portal network. The federal platform is to be activated in the autumn of 2018 and linked with the first state portals.</p> <p>In an effort to ensure that digital public services work across all federal levels and technical boundaries, the federal government is planning to establish binding regulations for standards, system architectures, and interoperability. Such a federal eGovernment architecture is needed to link heterogeneous, decentralised applications, different administrative portals and data inventories, but also core IT components. The Federal Information Management (FIM) programme with its standards for performance, process and data field descriptions is to serve as a basis for such architecture. At a later stage, FITKO is to take care of the architectural management.</p> <p>It must be permissible for data to be exchanged among authorities to avoid the need for the data of the citizens and enterprises to be retrieved repeatedly, and to relieve the citizens and businesses of the requirement to submit paper documents. To this end, public registries are to be made ready for use, and the relevant proposals of the NKR must be examined.</p> <p>The portal network is to be accessed via service accounts. These accounts are to provide the citizens and enterprises with various ways of identifying themselves to gain access to digital services or to manage and release their data. To this end, the registry expert opinion of the NKR recommends that a 'data cockpit' be set up in the service account in order to put citizens and businesses in control of their own data.</p> <p>The electronic ID card is to become a universal, secure and simply applicable authentication medium that will also be used in the private sector.</p>	<p>While successful eGovernment countries have a standardised platform for their citizens and enterprises, Germany is relying on linking existing portals, which poses major challenges. The [German] effort will only pay off if the services offered by the portal network are compelling and if high user rates and high user satisfaction rates can be achieved. The pent-up demand for standardisation and an orchestrating architectural management in Germany is very high. How this demand is to be met in concrete terms and enforced throughout the country has not yet been determined. This holds particularly true for the transitional period crucial for the implementation of the OZG until FITKO gets off the ground. Moreover, it is questionable whether the existing and planned resources are sufficient in this respect. So far, the efficiency of FIM (Federal Information Management) and KOSIT (Coordinating Agency for IT Standards) has been more like that of a standardisation manufactory, but in future it will have to be raised to the level of a standardisation factory. Without registry modernisation, the digital transformation of government and public services will not be successful. Notwithstanding the widespread support for the results of the relevant NKR expert opinion and the mandate of inspection laid down in the Coalition Agreement, the federal government's plans have so far been confined to very limited activities (registry-based census) that do not yet sufficiently address the overall problem. What is needed here is a much broader and more fundamental approach. Service accounts are the key to the portal network and among the most important future IT components. However, the federal and state governments are developing different service accounts instead of agreeing on a single national service account. There is no telling whether extending these service accounts to include 'data cockpits' and making them compatible both with one another and throughout Europe will succeed and whether the effort involved will be appropriate.</p>
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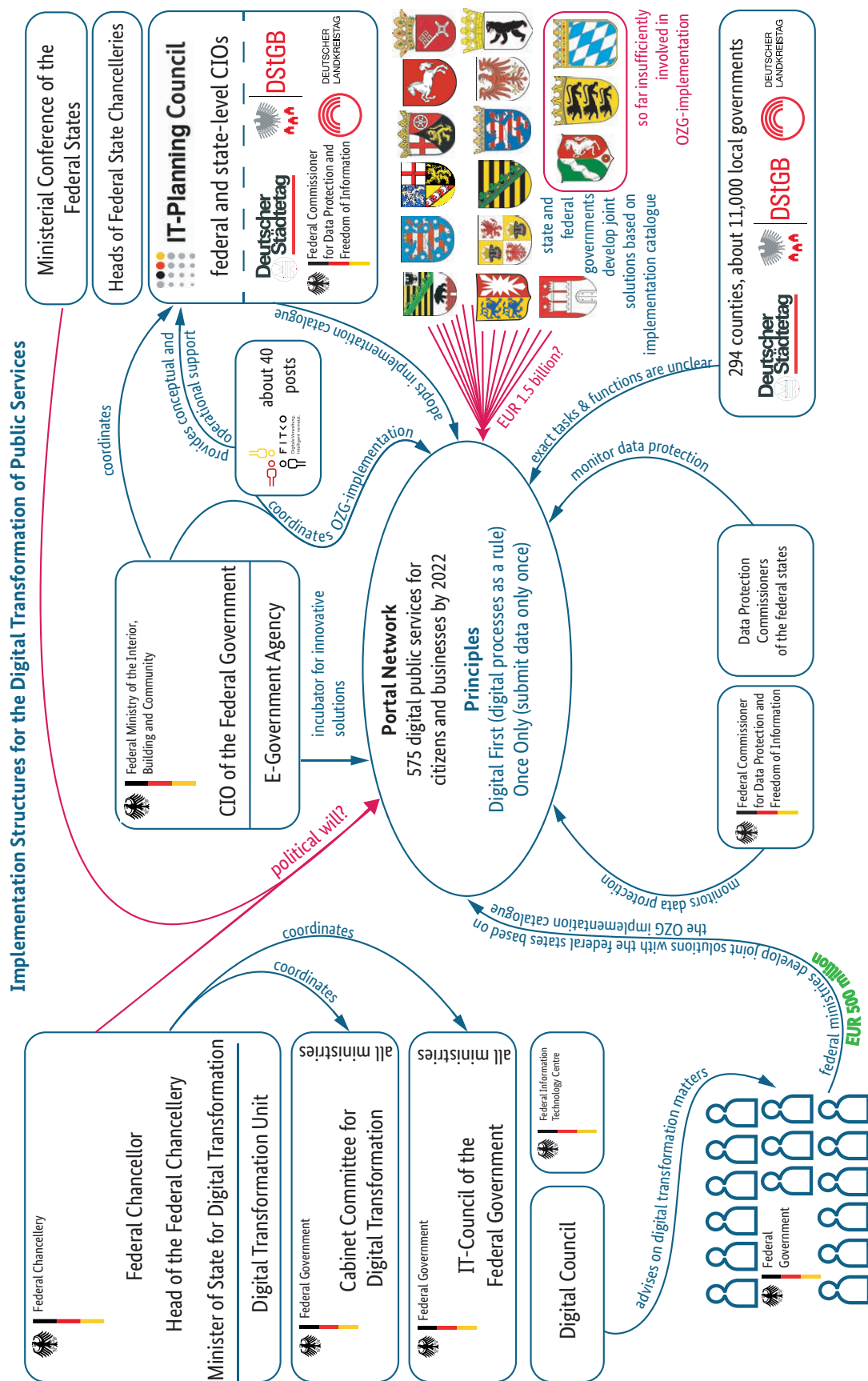


Figure 19: Authorities in charge of digital transformation in the public sector

## 4.2 Modernisation of Registries

The implementation of the OZG and the success of the KONSENS project are closely related to citizen- and business-friendly digital public services. This can only succeed if the required data can be made available fully electronically and exchanged between the authorities with the consent of the persons concerned. This means that legal, organisational and technical adjustments to public data management, particularly in the field of public registries, are required. Successful examples from Austria, Denmark and other countries show that the success of these pioneers of e-government considerably depends on their willingness to dedicate themselves at an early stage to the harmonization and consolidation of their databases.

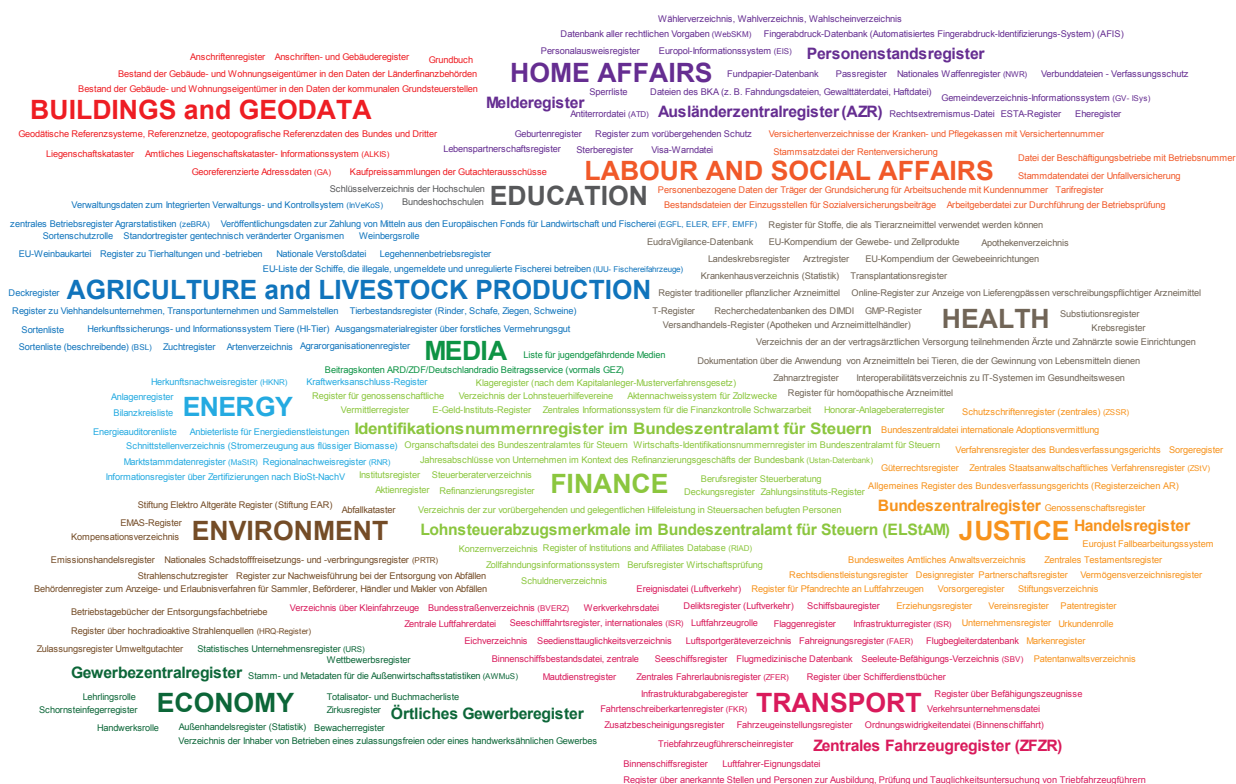


Figure 20: Registries in Germany today<sup>12</sup>

At the end of 2017, the NKR published the expert report “Better Performance for Citizens and Businesses: Digital Transformation of Public Services. Modern Registries.” It reflects the significant fragmentation of the registries in Germany.

The same or similar data are often collected several times, stored in different formats and are not always available in the necessary quality. A data exchange between authorities and/or administrative sectors is possible - if permissible under the law - only partly and with great effort in terms of technology and organisation.

Digital processes in the public administration based on modern registries do not only promise the delivery high-quality public services. In addition, an **annual savings potential of some EUR 6 billion**, with the public administration benefiting the most at almost EUR 4 billion.

The first promising example is a **pre-completed tax return**. The data previously entered by the taxpayer himself/herself are now already filled in the tax declaration electronically so that the taxpayer only has to import the data.

For the time being, the financial authorities are continuously expanding the amount of data “already filled in”. These are, for example, salaries, pension and private health insurance contributions as well as social benefits.

The NKR Expert Report „Better Performance for Citizens and Businesses: Digital Access to Public Services. Modern Registries.“ includes several recommendations, which can be summarized as **three key areas for action**:

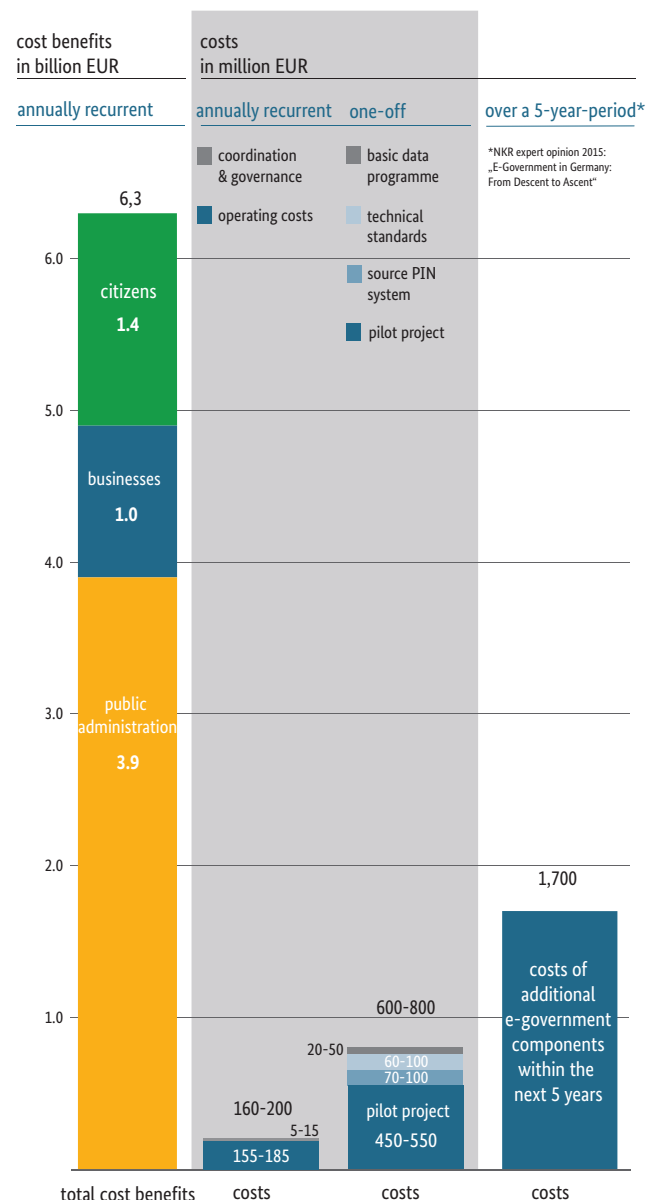


Figure 21: Savings potential amounting to billions through digital, registry-based public services<sup>13</sup>

#### 4.2.1 Basic Data Programme

The most important basic data relating to citizens, businesses and real estates must be identified and further standardised to form the basis for a harmonised public data management. At least in the field of tax administration, the GINSTER software constitutes a step in the right direction and includes, for example, the names, addresses, bank details and registration numbers of the taxpayers. The associated registries must be reviewed and updated (e. g. national registration and civil registries). Redundancies in data inventories must be reduced, a high quality of data must be ensured and missing data inventories must be built up (e.g. registry of building and housing, education level registry).

13 Vgl. Ergänzende Dokumentation zum NKR Gutachten 2017; McKinsey: Kosten für weitere E-Government Bausteine aus NKR Gutachten 2015 („E-Government in Deutschland“).

At the same time, the access to these basic data sets must be possible for all authorities and administrative procedures and managed in a coherent way. Centralising existing registries is not a necessary precondition for that purpose.

#### Use of Administrative Data for Official Statistics

Linking of existing administrative data originating from various federal and state authorities may help to **reduce** the scope and thus the **costs of primary data acquisition** by statistical authorities while maintaining consistent quality. Following the NKR Expert Report 2017, the National Regulatory Control Council – in cooperation with the Federal Statistical Office, the Statistical Office of Bremen, representatives of the Statistical Advisory Board and numerous federal authorities – is increasingly addressing questions of how to make use of administrative data for official statistics, especially in the energy sector.

The targets for the use of administrative data for official statistics are:

- to replace interviews and/or individual attributes used in the interviews with enterprises and citizens thus reducing the associated reporting obligations of the latter,
- to complete official statistical data and to create new analysis capabilities.

Already today, before federal statistics are ordered or amended, the Federal Statistical Office is required according to the Federal Statistics Act to examine whether public administrative agencies have data of suitable quality available for producing the relevant federal statistics.

The NKR will share its thoughts with the inter-ministerial **Working Group on the Reduction of Statistics Obligations** consisting of representatives of the federal government and of the federal states set up by the Federal Economics Ministry this autumn.

The standardised and electronic provision of **income records** is a particular challenge for which solutions have yet to be found. Wouldn't it be practical if the **tax administration**, for example, which can be expected to know all kinds of income of an individual or a company, could offer such a basic service?

#### 4.2.2 Unique Identification Numbers and Putting Citizens / Businesses in Control of Their own Data

Authorities can only access data from registries automatically when data are clearly assigned to individuals and companies. This requires unique identification numbers. For this reason, a **SourcePIN** system like in **Austria** is advisable. In this model, a central SourcePIN registry authority assigns and administers unambiguous, lifelong identification numbers from which authority-specific codes are derived and additionally encrypted for use by the individual registry to exchange data between authorities.

These sector-specific codes cannot be compiled in order to produce a singular personal identifier which would be questionable under data protection law.

This would have to be complemented by a mechanism that can store information about data access. It should be possible for individuals and companies to autonomously control and understand access rights of public authorities to their data. Such a ‘data cockpit’ should be an integral part of the intended service accounts. This could even lead to an improvement of data protection in future. It would be helpful if it was easier for the state to use the data of its citizens and if the citizens were able to acquire insight into this use of data through more transparency in order to achieve “equality of arms”. The warning image of the “transparent citizen” would be confronted with the positive image of the “transparent public administration”.

#### 4.2.3 Standardisation and Central Coordination

Maintaining decentralised registries means that greater importance must be attached to the standardisation of formats and interfaces and the design and maintenance of a prudent overall system architecture. To do this, a **central body for the modernisation of registries** is required; best to be affiliated to FITKO, an organisational unit for Federal IT coordination of the federal government and the federal states that is being established at present. It has to work closely with the relevant head offices of tax administration and the judicial sector both of which are responsible for important registries and databases.

#### 4.2.4 Mandate to Act According to the Coalition Agreement for this Legislative Term

The current coalition agreement states that: “We enshrine an opt-in solution which establishes the citizens’ right of approval. We thus enable authorities to link data through common registries and clear identifications across all registries (‘once-only’-principle). We will modernise the public registries and examine the suggestions of the National Regulatory Control Council.” Elsewhere the document states that: „We will develop a multi-agency data management facilitating the data transfer between agencies and simultaneously maintaining the high level of data protection in Germany so that citizens and companies will have to provide their data only once.”

The federal government should rapidly conclude this review. In order to achieve noticeable results until the end of the legislative term and to establish a multi-agency data management, politicians and public authorities must make the modernisation of registries a priority issue as quickly as possible. This also means to give some thought to the introduction of an **education level registry** as well as of a **registry of building and housing**. The two registries are needed not only for a fully automated census but would also lead to a better data basis for strategic and planning decisions by policy-makers and public administrations. As far as the building and apartment registry is concerned, there are some overlaps concerning the debate on the reform of land tax. To this extent, there is still much work to be done here in two respects.

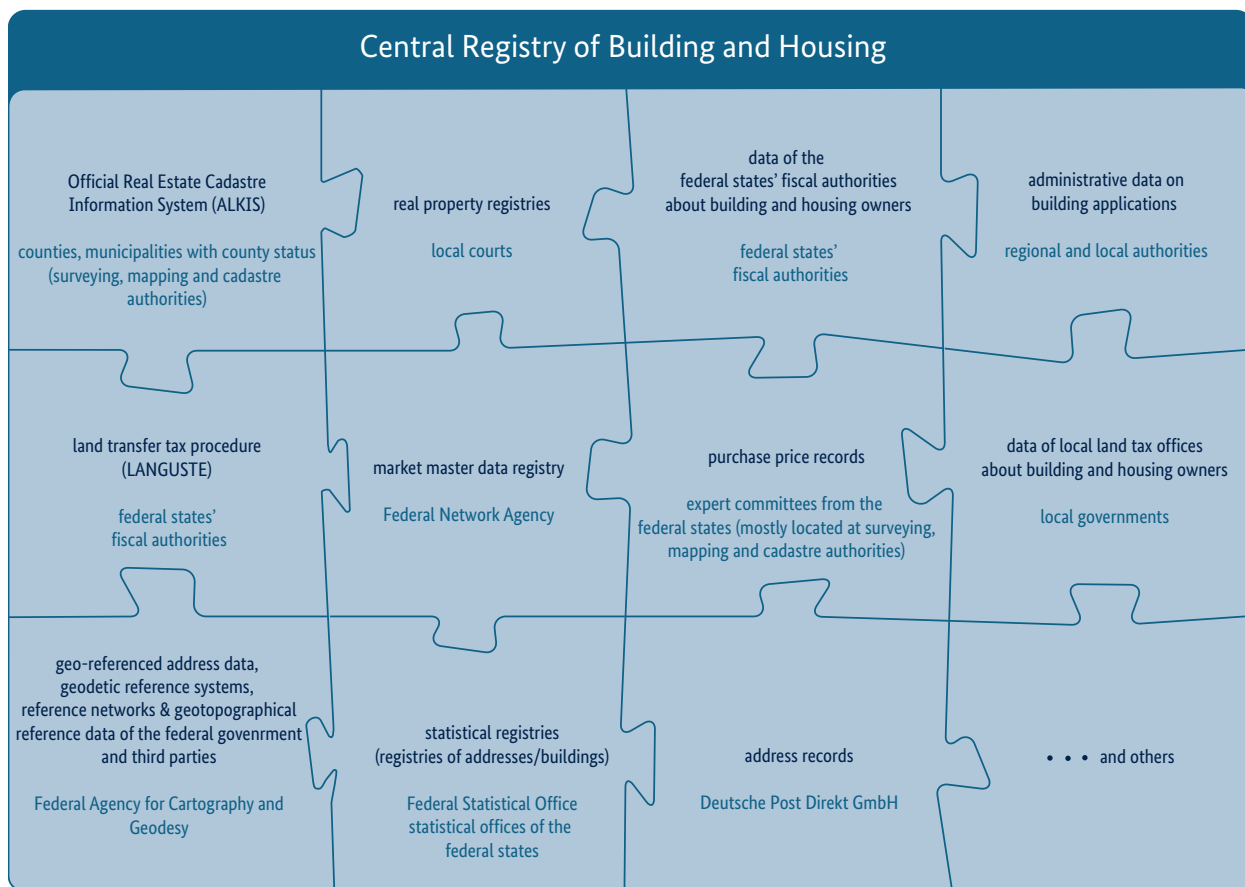


Figure 22: Potential data for a central registry of building and housing using existing registries / databases

### Hamburg Model Project „Claiming Child Benefit Easily“

The City of Hamburg is currently testing how parents can be spared the task of making visits to the authorities in order to register their child with the residents' registration office, to obtain a certificate of birth, a tax identification number or child benefit. Various local and regional authorities of the City of Hamburg, the Family Benefits Office of the Federal Employment Agency as well as two hospitals participate in this joint inter-institutional project. Prior to the birth of their child, on the occasion of the birth preparation date in the two participating hospitals in Hamburg, the expectant parents receive a combined application form comprising three pages only instead of individual application forms consisting of 50 pages. Parents hand in the documents when being admitted to the hospital. After the birth of the child, the hospital sends the birth announcement to the registry office (Standesamt) *Altona* or *Nord*. The registry office then issues the certificate of birth and sends it to the parents. After the registration in the registry of births, marriages and deaths, the registry office informs the residents' registration office of the Hanseatic City of Hamburg and the competent Family Benefits Office. The residents' registration office then transfers the data of the new-born and his / her parents into the civil registry and electronically transmits the data required to issue a tax identification number for the child to the Federal Central Tax Office. The Federal Central Tax Office issues the child's tax identification number and notifies the parents. The Family Benefits Office processes the child benefit claim, provides the authorisation of the application and arranges for the amount to be transferred to the bank account of the person(s) entitled to child benefit. Thus, parents receive the benefits within a few working days, and everything has been arranged and done before mother and child leave the hospital.

The pilot project shows that these processes can render tiresome visits to the authorities redundant. In this respect, it is still difficult to see why there is not a single life situation-specific application for these various public services throughout Germany and why this process is not fully digitalised.

### 4.3 Modernisation of the Public Administration

For the functioning of state and society, a modern, citizen- and business-oriented, efficient and resilient administration is required. Germany is generally well placed to do this. The refugee crisis, however, has shown where there is some room for improvement. In addition to the continuing challenges of migration and integration, the public administration also has to cope with a growing amount of tasks, the increasing service requirements of citizens and companies as well as the challenges of digital transformation and the shortage of skilled workers. With a view to the future, the refugee crisis and the resulting higher demands placed on the public administration can be understood as a chance for reforms. But there is a danger of reverting to the old patterns of thinking and behaviour and thus missing the opportunity for modernisation.

Previous initiatives such as the Working Group on the “Management and Controlling in Public Institutions” set up in 2010, have been discontinued and have not had any discernible effect on the modernisation of the public administration. Other smart proposals such as the reports of the Federal Performance Commissioner, are practically ignored. This illustrates the need to increase the responsibility, transparency and pressure for political action in the field of administrative modernisation on a permanent basis.

The NKR has highlighted the urgency of a targeted modernisation of the public administration in its publication “Observations on Simplifying Legislation and Administration: Lessons Learned from the Refugee Crisis for the Capacity to Act and for the Sustainability of the State and the Public Administration”<sup>14</sup>. The focus is on the proposed audits and stress tests of key federal authorities.

#### 4.3.1 Maintain and Improve the Capacity to Act - Conduct Stress Tests with Relevant Federal Authorities

Public authorities must be well-functioning in routine situations on the one hand and prepared for crises on the other. The experience gained during the refugee crisis has shown that there are noticeable deficiencies in important parts of the German public authorities. For this reason, important federal authorities should undergo audits and additional stress tests on a regular basis.

To date, questions concerning the efficiency of the German public authorities in the event of a crisis have been posed only occasionally in case of problems, as was seen recently in connection with the Federal Office for Migration and Refugees. It would be more useful to take proactive measures and to continuously deal with the aspects of adaptation and resistance (so-called resilience) of public authorities towards crises. Therefore, the effectiveness and the capacity for action of relevant public authorities and agencies

14 Cf. [https://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Artikel/2018-02-22\\_NKR\\_Schlussfolgerungen\\_Fluechtlingskrise.html](https://www.normenkontrollrat.bund.de/Webs/NKR/Content/DE/Artikel/2018-02-22_NKR_Schlussfolgerungen_Fluechtlingskrise.html).

must regularly be put to the test. This is done in most enterprises and should, of course, be part of the political agenda. This is the only way to identify undesirable developments at an early stage, to initiate remedies and to act effectively in times of crisis.

By means of regular audits it shall be examined whether an authority is well equipped to cope with **routine situations** and to what extent it fulfills the standard of a well-functioning authority. The aim is to control and strengthen the **resilience** of an authority. The basic idea is: The better routine situations are dealt with, the better the authority's response to acute disturbances or crises.

Audits should consider the following areas for action:

- **Strategic capacity and risk management:** Has the agency defined strategic tasks? Does it constantly verify the fulfilment of these tasks? Does the agency analyse individual risks and potential crisis scenarios? Are arrangements actively put in place?
- **Structuring and processes of public sector bodies:** Are the structures and processes documented and tailored to a perfect completion of tasks and strategy implementation? Can the structures and processes be adapted in a flexible and timely way?
- **Provision of resources:** Are there sufficient human and financial resources to fulfill routine tasks?
- **Level of digital transformation:** To what extent does a public authority provide digital public services, including senior level buy-in for digital service provision?
- **Personnel development and organisational culture:** Does the composition of the staff meet the technical and strategic requirements?

Stress test - what happens in a crisis?

It has to be examined via stress tests which arrangements were put in place by a public sector body in order to retain its capacity to act and operate efficiently in crises (e. g. a sudden surge in applications).

Stress tests are to cover particularly the following aspects:

- **Flexible deployment of resources:** Can human and financial resources be redeployed within an organisation or between organisations flexibly and at short notice (e. g. common human resources pool for times of crisis, infrastructure)?
- **Contingency plans:** Are there internal and inter-ministerial contingency plans or processes? Can working structures be adapted rapidly?

The aim should be to build up sufficient expertise both with audits and stress tests by the end of the legislative term, and to embark on implementing measures derived from these events. By the end of 2019, audits and stress tests will have to be started. The concept design stage should be completed by mid-2019. The National Regulatory Control Council is willing to support this project.

### 4.3.2 Further Topics of the Modernisation of the Public Administration

In its publication “Observations on Simplifying Legislation and Administration: Lessons Learned from the Refugee Crisis for the Capacity to Act and for the Sustainability of the State and the Public Administration”, the NKR sets out its views on further aspects of an urgent modernisation of the public administration. Among other things, **performance comparisons between federal states** in accordance with Article 19d of the Basic Law of the Federal Republic of Germany are needed to strengthen their competition and to accelerate the dissemination of good practices. As the federal states are particularly involved in the implementation of federal legislation, a systematic exchange of the respective shortcomings and successes is urgently required.

It is also recommended to improve the **controlling and strategy capabilities of the federal government**. The Federal Chancellery could provide for a consistent overall strategy, even more than has hitherto been the case, in order to address major challenges which cannot be addressed effectively within a single ministry. To deal with complex cross-cutting issues, we need a strategic inter-ministerial controlling mechanism covering the definitions and operationalisation of the targets as well as the verification of the latter.



## 5. EU and International Affairs

## 5. EU and International Affairs

In fulfilling its mandate, the NKR works not only at the national level but also internationally. In addition to monitoring legislation from Brussels, the NKR engages in regular policy learning and exchange with its international partners.

### 5.1 EU Ex Ante-Procedure

In order to keep the compliance costs resulting from EU legislation at a minimum or to avoid them at all, the federal government has developed the so-called ex-ante procedure. That procedure, introduced in 2016, has the aim of looking early and systematically at the legislative proposals of the EU Commission, in particular those which might result in major financial consequences for Germany, in order to avoid unnecessary costs.

In the reporting period 2017/2018, the NKR has looked at 95 ex-ante projects (2016/17: 104), 61 of them with an impact assessment of the EU Commission (2016/17: 64). Eight of those projects (five in the year before) are expected to result in annual costs of probably more than EUR 35 million throughout the EU.

The position of the EU Commission to prepare an impact assessment only for such legislative proposals where it expects significant consequences according to its own judgement is not comprehensible to the NKR. For in many cases the extent of the consequences becomes clear only after the impact assessment has been carried out.

Once the EU Commission has made the decision to prepare no impact assessment, there will be no control mechanism making it possible to correct miscalculations. Due to its mandate, the monitoring body of the EU Commission, the Regulatory Scrutiny Board, can only review the impact assessments it has received from the EU Commission. Together with the federal government, the NKR urges the EU Commission to prepare impact assessments for all legislative proposals, which will then be reviewed by the Regulatory Scrutiny Board. For such projects where only minor consequences are likely to be expected, sufficiently flexible solutions can be found via the principle of proportionality.

In the reporting period, the federal government accompanied only a few legislative proposals with an EU ex-ante procedure as compared to last year. The reason was that the procedure is formally started by a request of the **Bundestag Committee on European Affairs** which initially could not meet due to the lengthy process of the formation of the government. For that reason, for some of the proposals of the Commission the EU ex-ante procedure was carried out only six months after the publication of the proposals when the negotiations in the working groups of the Council of the European Union were well under way.

The NKR finds this unacceptable since due to this delay the original purpose, that is, exerting influence in the working groups in favour of cost containment, cannot be achieved. While the procedure is formally tied to the requests of the *Bundestag* Committee on the Affairs of the European Union, we must find a solution for the phase of the change of government which ensures that cost estimates are available at the beginning of the negotiations in Brussels.

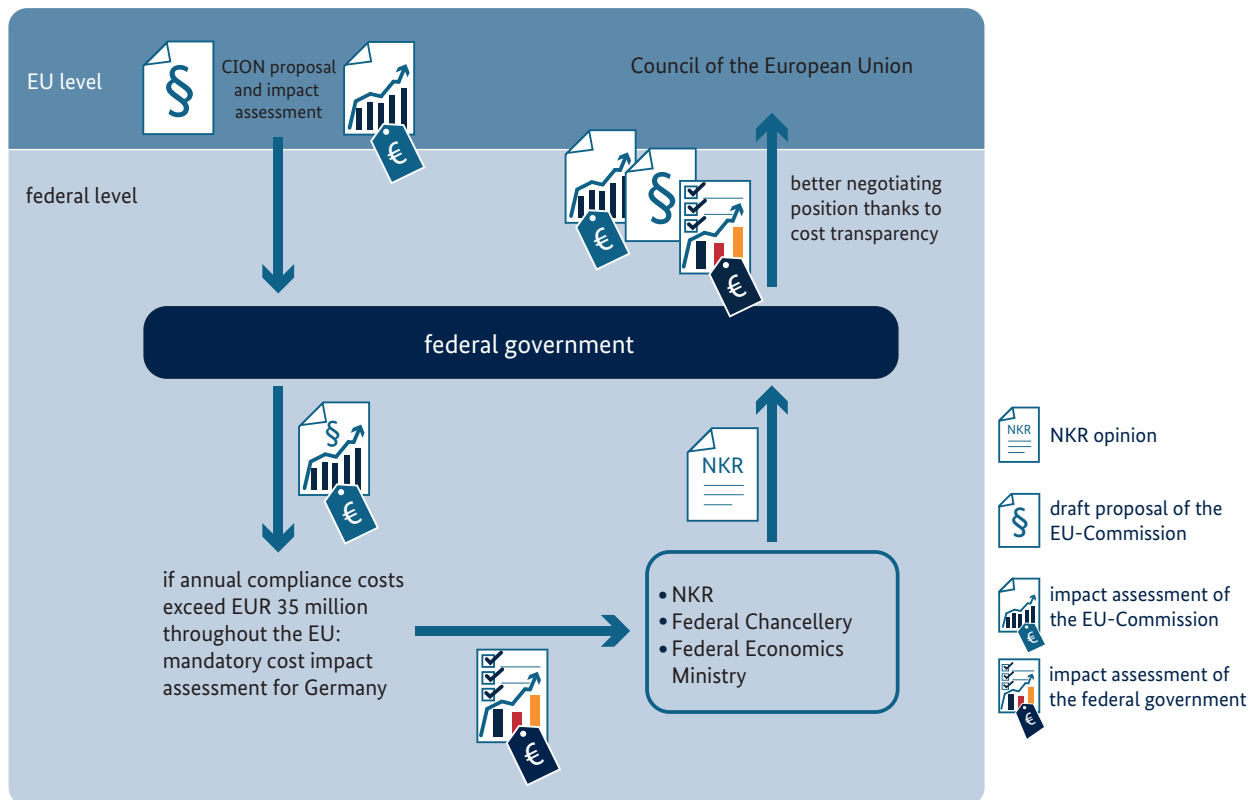


Figure 23: EU ex ante-procedure

The federal government has announced that it will evaluate its EU ex ante-procedure in the second half of 2018. In the course of this process, the NKR will discuss with the ministries how the quality of the checklists can be further improved and the procedure as a whole can be made more efficient. So far, more than half of the checklists (almost 60 %) have been passed on to the NKR only after expiration of the 14 days' period. That also holds true for proposals of the European Commission in particular, which can entail high compliance costs and for which it is therefore of special importance to have as clear a picture as possible of the compliance costs. The 14-day deadline decided by the Secretaries of State will have to be observed in the future.

Beyond that, there is more need for improvement in order to increase the efficiency of the procedure. The experience of the NKR shows that the quality of a procedure is improved whenever it is not restricted to an internal exercise but third parties are involved and get access to the results in order to achieve transparency.

In the opinion of the NKR, the federal government must therefore involve also the federal states and stakeholders in the procedure in the future, particularly since the stakeholders deem such participation indispensable in view of the ever increasing importance of the EU legislation. Furthermore it is completely incomprehensible that even the members of the German *Bundestag* or the *Bundesrat* do not receive the checklists of the federal government and the related NKR opinions.

## 5.2 Multilateral Exchange with International Partners

### Who or What is the RegWatchEurope Network?

With six other independent bodies in Europe that are tasked by their government or their parliament to review impact assessments, the NKR has combined to form the informal network RegWatchEurope. Besides the German NKR, the network consists of the Adviescollege Toetsing Regeldruk (ATR) from the Netherlands, the Regulatory Policy Committee (RPC) from the United Kingdom, the Swedish Regelrådet (SBRC) and the Norwegian Regelrådet (NBRC) as well as the Regulatory Impact Assessment Board (RIAB) from the Czech Republic and the Finnish Council of Regulatory Impact Analysis (FCRIA). The purpose of the network is the exchange of experience among its members as well as the representation of common interests at the EU level and in an international context. The chair of the network changes annually. In 2017, it was chaired by the British RPC and in 2018 by the Swedish SBRC.

The members of the network meet several times each year in order to discuss the current developments in the member states and to meet external discussion partners, for example, from the EU institutions or from the Organisation for Economic Co-operation and Development (OECD). One of the most important contacts in this context is the Regulatory Scrutiny Board (RSB), the review body of the EU Commission for impact assessments and evaluations.

Last year, the focus of the exchange with the RSB was on the methods for quantifying costs and benefits. In three workshops on this topic, all participants gained a deeper understanding of the procedures and the methods of the other participants. Beyond that, perspectives for further progress in quantification were discussed and developed.

Since the instalment of the RSB by the EU Commission (responsible Commissioner: First Vice President Frans Timmermans), the members of the network have noticed some progress in the quality of the impact assessments of the EU Commission.

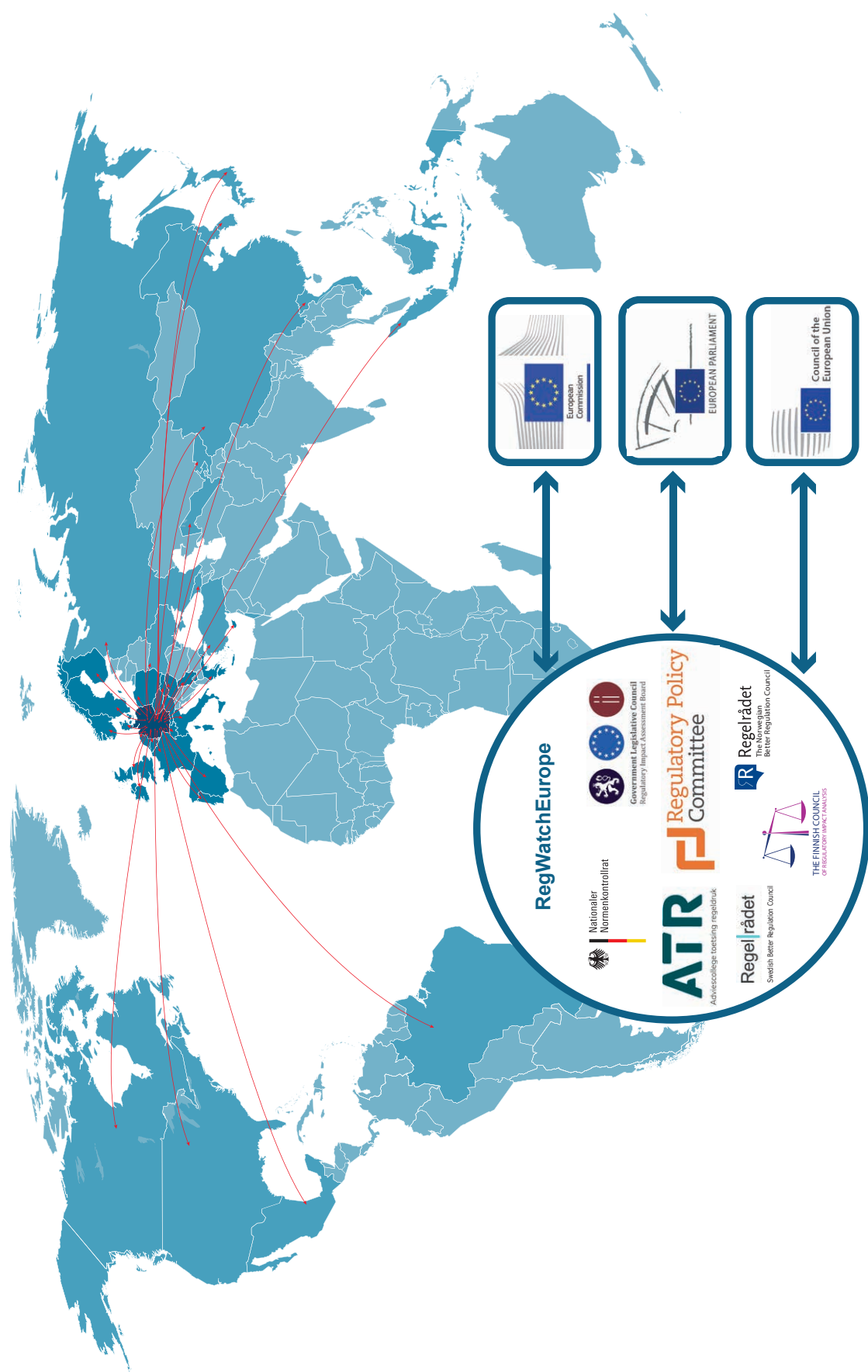


Figure 24: Multilateral exchange with international partners

RegWatchEurope is convinced that further progress could be achieved by making the review body completely independent. This will be, among other demands, part of a position paper which the RegWatchEurope network will develop for the European election in 2019. The EU Commission is conducting a public consultation on its institutional approach to better legislation which will end on 23 October 2018. The RegWatchEurope network will participate in this consultation with an own opinion.

In addition, in the reporting period the network has contributed increasingly to the work of the Regulatory Policy Committee of the OECD. To the members of the network, this committee offers a good opportunity to share and discuss their comprehensive experience in the independent reviewing of impact assessments with representatives of the other OECD member states. The network aims at deepening the close cooperation with the Regulatory Policy Committee of the OECD.

Beyond its multilateral contacts, the NKR also maintains bilateral relationships in order to promote the model of an independent review body for impact assessments and to present the results of its work.

The NKR would find it desirable if other countries as well decided to install an independent body for the review of impact assessments. This applies in particular to members of the European Union but to other nations as well. In the reporting period, the NKR maintained a particularly close exchange of ideas with Switzerland where it is also considered to install an independent review body.



## 6. Annex

## 6. Annex

### 6.1 Proposals of the NKR

#### Bureaucracy Reduction

Regulation on the Award of Public Supply and Service Contracts below EU Thresholds: Implementation by the Federal States . . . . .	14
Taking Account of One-Off Compliance Costs in the Depreciation Model . . . . .	18
‘One-In, One-Out’-Rule: Inclusion of Burdens and Compliance Cost Relief Incurred by EU Legislation (K5 <sup>16</sup> ) . . . . .	20
Key Issues Paper on the Third Bureaucracy Relief Act (K9). . . . .	27-28

#### Better Regulation

SME Test - Identify and Disclose Costs per Average Case . . . . .	19
Contents First, Legal Paragraphs Second - Introduction of Key Issues Papers for Public Pre-Consultation (K8) . . . . .	24
Life Situation Survey: Make Legislation Easier to Understand, Introduce Digital Public Services for Citizens and Businesses . . . . .	29
Pilot ERBEX: Federal, State and Local Governments Estimate Compliance Costs Jointly (K10). . . . .	31

#### Evaluation

Introduce Quality Standards for a Good Evaluation (K7) . . . . .	26
Learning from Experience: Recommendations for Action Must be an Integral Component of Every Good Evaluation (K7). . . . .	26
No Amendments without Evaluation - Changes to Regulations only upon Evaluation. . . . .	26
Improve the Participation of Ministries and Associations in Evaluations . . . . .	27
Evaluate the Impacts of EU Rules in Germany . . . . .	27

#### Digital Transformation

Digital Transformation of the Public Administration must be an Executive Matter - Implementation of the OZG must be Managed by the Federal Chancellery, the Federal Interior Ministry (BMI) and the Minister Presidents (K2) . . . . .	36-38
Initiate a Comprehensive Modernisation of Registries in Order to Establish the ‘Once-Only’ Principle (K1). . . . .	39
Increase Staffing Levels at FITKO Swiftly and Unleash its Ability to Perform . . . . .	42
Clarify Division of Tasks Among FITKO, the e-Government Agency, the Federal IT Center and the Digital Council. . . . .	42
All Federal States must Introduce Digital Transformation Budgets for the Implementation of the OZG . . . . .	43
Abolish Written-form Requirements and Accountability Obligations and Permit Exceptions Only in Justified Individual Cases. . . . .	43
Implement the OZG jointly - the Federal, State and Local Governments Should Sign a Digital Transformation Compact (K3) . . . . .	43
Introduce Digital Transformation Suitability Tests for all Legislation . . . . .	43
Implement Tallin-Declaration and Introduce a Digital Service Standard for Germany . . . . .	43
Introduce a Secure SourcePIN System Like in Austria and Put Citizens / Businesses in Control of Managing their own Data . . . . .	48-49
Install a Central Agency for the Modernisation of Registries with FITKO . . . . .	49
Set up Education Level, Building, and Apartment Registries using Existing Registries / Databases . . . . .	49

**Modernisation of the Public Administration**

Introduce Audits / Stress Tests in Relevant Federal Agencies (K4). . . . .	51
Introduce Performance Comparisons among Federal States. . . . .	53
Enhance the Management Controls and Strategy Capabilities of the Federal Government . . . . .	53

**EU Ex Ante-Procedure**

EU Ex Ante-Procedure: Involve Businesses, Associations and Enforcement Authorities (K6) . . . . .	57
EU Ex Ante-Procedure: Inform Parliament about the Results (K6) . . . . .	57

**6.2 Evaluation of Regulatory Initiatives**

Termin	Ressort	Regelungsvorhaben
2018	BMF	Act to Safeguard Stable and Fair Benefits for Life Insurance Policyholders (Life Insurance Reform Act)
2018	BMFSFJ	Act on the Equal Participation of Men and Women in Executive Positions in Private Businesses and Public Services
2018	BMJV	Law Implementing the Directive on Alternative Dispute Resolution (ADR) in Consumer Affairs and for the Implementation of the Regulation of Online Dispute Resolution in Consumer Affairs
2018	BMWi	Law Amending the Provisions on Combined Heat and Power Generation and Independent Power Supply
2018	BMAS	Ordinance on the Adjustment of the Amount of the Statutory Minimum Wage
2018	BMVI	Law to Facilitate the Expansion of Digital High-speed Networks
2018	BMI	Act to Strengthen Care Provision in the Statutory Health Insurance System
2018	BMI	Law amending the Asylum Procedure Act, the Asylum Seekers Benefits Act and additional acts
2018	BMI	Regulation Amending the Employment Regulation, the Integration Course Ordinance and additional regulations
2018	BMWi	Act Maintaining, Modernising and Extending the Use of Combined Heat and Power
2018	BMU	Reform Act Governing the Sale, Return and Environmentally Sound Disposal of Electrical and Electronic Equipment
2018	BMAS	Act on the Improvement of Benefits and Services in Statutory Pension Insurance
2018	BMWi	Act to Further Develop the Electricity Market
2018	BMWi	Revision of the Renewable Energy Sources Act
2018	BMF	Resolution Mechanism Act
2018	BMVI	Law Promoting Competition in the Railroad Sector
2018	BMVI	Act on the Introduction of an Infrastructure Charge for the Use of the German Federal Trunk Road Network
2018	BMEL	Regulation amending the InVeKoS-Verordnung (Regulation on the Integrated Administration and Control System) and the InVeKoS Data Act
2018	BMF	Law on the Implementation of Amendments to the EU Mutual Assistance Directive and other Measures Against Base Erosion and Profit Shifting
2019	BMF	Implementation Act of Directive 2014/49/EU of the European Parliament and the Council on Deposit Protection Systems dated 16 April 2014 (Deposit Guarantee Scheme Implementation Act)
2019	BMVI	Second Ordinance Amending the Motor Vehicle Registration Regulation and the Scale of Fees and Charges for Road Traffic Related Services

2019	BMVI	Third Regulation Amending the Motor Vehicle Registration Regulation and Other Provisions of Road Traffic Act
2019	BMI	Act Reforming the Housing Benefit Legislation and Amending the Housing Allowance Regulations
2019	BMF	Circular - Minimum Requirements for the Design of Recovery Plans
2019	BMU	Act Amending the Federal Water Resources Act and the Federal Nature Conservation Act in Order to Prohibit or Minimise the Risks of Fracking Technology Procedures
2019	BMW	Law to Extend the Mining Damage Liability to Borehole Mining and Caverns
2019	BMW	Regulation on the Introduction of Environmental Impact Assessment and Mining Act Requirements for the Use of the Fracking Technology
2019	BMJV	Directive on Credit Agreements Relating to Residential Immovable Property Implementing Act
2019	BMAS	First Ordinance Governing the Product Safety Act
2019	BMFSFJ	Act for Better Reconciliation of Family, Care and Work
2019	BMF	Act Implementing the 4th Directive for the Prevention of Money-Laundering, Implementing the Regulation on Information on the Payer Accompanying Transfers of Funds and on the Reorganisation of the Financial Intelligence Unit
2019	BMF	Regulation on Risk Management and Risk Measurement in the Use of Derivatives, Securities Loans and Repurchase Agreements in Investment Funds Pursuant to the Investment Code
2019	BMF	Regulation Governing the Auditing of Capital Investments
2019	BMF	Regulation on the Content, Scope and Presentation of Accounting for Funds, Investment Stock Corporations and Investment Limited Partnerships and on the Valuation of Assets held by Investment Funds
2019	BMVI	Third Amendment Act to the German Federal Trunk Road Toll Act
2019	BMEL	Twenty-first Regulation Amending the Commodities Ordinance
2019	BMJV	Act to Absorb the Rent Increase in Tight Housing Markets and to Strengthen the Purchaser Principle for Real Estate Brokerage
2019	BMVg	Sixteenth Act Amending the Legal Status of Military Personnel Act
2019	BMF	Regulation Amending the Financial Information Regulation Pursuant to the German Banking Act
2019	BMF	Ordinance Establishing the Technical Requirements for Electronic Recording and Security Systems in Commercial Transactions
2019	BMF	Law Implementing the Directive on the Comparability of Fees Related to Payment Accounts, Payment Account Switching and Access to Payment Accounts with Basic Features
2019	BMU	Law Implementing the Directive on the Control of Major Accident Hazards Involving Dangerous Substances, Amending and Subsequently Repealing Council Directive 96/82/EC
2019	BMU	Regulation Implementing the Directive 2012/18/EU of 4 July 2012 on the Control of Major Accident Hazards Involving Dangerous Substances, Amending and Subsequently Repealing Council Directive 96/82/EC
2019	BMU	Second Amendment Act to the Closed Substance Cycle Act
2019	BMVI	Ninth Amendment Act to the Railway Regulations
2019	BMAS	First Act Amending the Posted Workers Act
2019	BMFSFJ	Guidance to Formulating the Draft Act to Re-Organise the Maternity Protection Act - Printed Matter 18/8963)
2019	BMI	Act to Improve the Registration of Refugees and Data Exchange for Residence And Asylum Law Purposes
2019	BMF	Financial Supervision of Insurance Undertakings Modernisation Act

2019	BMF	FATCA-USA-Umsetzungsgesetz (FATCA-USA Implementation Act)
2019	BMF	Regulation Implementing the Publication, Information and Transparency Obligations Imperative under Union Law for the Energy Tax Act and the Electricity Tax Act and to Amend the Energy Tax and Electricity Tax Implementation Regulations
2019	BMAS	Artists' Social Insurance Contributions Stabilisation Act

### 6.3 Key NKR Diary Dates in 2017/2018

Date	Event	NKR Participant
4 July	Discussion with State Secretary Dr Thomas Steffen, Federal Finance Ministry, Berlin	Dr Johannes Ludewig, Hanns-Eberhard Schleyer
11 July	Briefing and participation in the panel of the congress Baden-Württemberg 4.0 of the Behördenspiegel in cooperation with the Staff Element for Digital transformation of the Federal Interior Ministry, Stuttgart	Dorothea Störr-Ritter
12 July	Handover of the Annual Report to Federal Chancellor Dr Angela Merkel, Berlin	
12 July	Meeting of the National Regulatory Control Council, Berlin	
19 July	Discussion with Bertram Brossardt, Principal Managing Director of the Bavarian Business Association, Schweinfurt	Gudrun Grieser
3 August	Discussion with Dr Lange, Federation of German Industries, Berlin	Dr Johannes Ludewig
18 August	Hearing of the Policy Commission of the Swiss Parliament, Bern	Dr Johannes Ludewig
25 August	Meeting of the National Regulatory Control Council, Berlin	
28 August	Discussion with Prof Ben Smulders, Head of Cabinet Team Timmermans, Brussels	Dr Johannes Ludewig
30 August	Discussion with Minister of State Prof Dr Helge Braun (Federal Chancellery), Berlin	Dr Johannes Ludewig
31 August	Discussion with Dr Frank-Jürgen Weise, Commissioner for Refugee Management, Berlin	Dr Johannes Ludewig
11 September	Discussion with State Secretary Dr Emily Haber, Federal Interior Ministry, Berlin	Prof Dr Sabine Kuhlmann
12 September	Discussion with Roland Jabkowski, Co-CIO of the Federal State of Hesse, Berlin	Dr Johannes Ludewig
13 September	Discussion with Andrea Voßhoff, Federal Commissioner for Data Protection and Freedom of Information, Bonn	Dr Johannes Ludewig
14 September	Participation in the opening event of the 22 <sup>nd</sup> Ministerial Congress, Berlin	Prof Dr Sabine Kuhlmann
14 September	Future Congress Migration and Integration, Berlin	Dorothea Störr-Ritter
19 September	Discussion with State Secretary Johannes Geismann, Federal Finance Ministry, Berlin	Dr Johannes Ludewig, Hanns-Eberhard Schleyer
20 September	Steering Group Internet-based Vehicle Registration (i-Kfz), Federal Ministry of Transport and Digital Infrastructure, Berlin	Dr Johannes Ludewig
	Discussion with the chief executive officers of the leading organisations of business, the Federation of German Industries, the Confederation of German Employers' Associations, the German Association of Chambers of Commerce, and the German Confederation of Skilled Crafts and Small Business, Berlin	Dr Johannes Ludewig, Prof Dr Andrea Verstejl, Hanns-Eberhard Schleyer
5 October	Meeting of the National Regulatory Control Council, Berlin	

5 October	Participation in the meeting of the IT Planning Council, Potsdam	Dr Johannes Ludewig
5 October	Discussion with Dr Bardt, Cologne Institute for Economic Research, Berlin	Dr Johannes Ludewig
6 October	Handover of the NKR Expert Report Better Performance for Citizens and Businesses: Digital Access to Public Services. Modern Registries. to the Head of the Federal Chancellery and Federal Minister for Special Affairs, Peter Altmaier, Berlin	
10 October	Workshop Costs of the Transformation in Energy Policy, Federal Ministry of Economics, Berlin	Dr Johannes Ludewig, Prof Dr Conny Mayer-Bonde
12 October	Discussion with Arne Baumann, Secretariat of the Minimum Wage Commission, Berlin	Dr Thea Dückert
13 October	Meeting of the National Regulatory Control Council, Berlin	
14 October	Participation in the panel of the Ministerial Congress, Berlin	Dorothea Störr-Ritter
23 October	Briefing at the Conference of the Finnish Council of Regulatory Impact Analysis (FCRIA), Helsinki	Dr Johannes Ludewig
23 October	Press meeting for the presentation of the joint position paper of the participants in the project „More Time for Treatment“ of the NKR with the Central Federal Association of Health Insurance Funds, the National Association of Statutory Health Insurance Dentists, the German Dental Association and the National Association of Statutory Health Insurance Physicians, Berlin	Wolf-Michael Catenhusen
27 October	Meeting of the National Regulatory Control Council, Berlin	
27 October	Participation in the publication panel of the study eGovernment MONITOR, Berlin	Dr Johannes Ludewig
6 November	Briefing and discussion at the Economic Council, Section Freiburg-Emmendingen Baden-Württemberg, Freiburg	Dorothea Störr-Ritter
9 November	Briefing on Administration 4.0 / E-Government at the Economic Development Agency of the Freiburg Region, Freiburg	Dorothea Störr-Ritter
9 November	Meeting of the National Regulatory Control Council, Berlin	
15 November	Presentation of the eGovernment Award 2017 in the Leadership Category to Dr Johannes Ludewig, eGovernment Summit, Hamburg	Dr Johannes Ludewig
16 November	Discussion with Thilo Brodtmann, Mechanical Engineering Industry Association, Berlin	Hanns-Eberhard Schleyer
16 November	Participation in and briefing at the Annual Conference of the German Section of the International Institute for Administrative Sciences, Nuremberg	Dorothea Störr-Ritter, Prof Dr Sabine Kuhlmann
22 November	Meeting of the RegWatchEurope network with the First Vice-President of the European Commission, Frans Timmermans, Brussels	Dr Johannes Ludewig
22 November	Discussion with Dr Andreas Kopp, Member of the Regulatory Scrutiny Board, Brussels	Dr Johannes Ludewig
23 November	Discussion with the Association of German Banks, Berlin	Hanns-Eberhard Schleyer
29 November	Discussion with Federal Minister Dr Thomas de Maizière and State Secretary Dr Hans-Georg Engelke, Federal Interior Ministry, Berlin	Dr Johannes Ludewig, Prof Dr Sabine Kuhlmann
6 December	Ceremony of the Konrad Adenauer Foundation (Konrad-Adenauer-Stiftung e.V.), award of the prize “Social Market Economy” to the National Regulatory Control Council, Berlin	
11 December	Konferenz eGovernment „Der Digitale Staat“ des Bundesverbandes der Deutschen Industrie e.V., Berlin	Dr Johannes Ludewig
12/13 December	RegWatchEurope Meeting, London	Dr Johannes Ludewig

14 December	Meeting of the National Regulatory Control Council, Berlin	
10 January	Briefing at the Winter Conference of the Swiss Association of Small and Medium-Sized Enterprises, Switzerland	Dr Johannes Ludewig
19 January	Meeting of the National Regulatory Control Council, Berlin	
5 February	Discussion with Anthony Browne, Chair of Regulatory Policy Committee, London	Dr Johannes Ludewig
15 February	Discussion with Dr Bernhard Rohleder, Principal Managing Director of Bitkom, Berlin	Dr Johannes Ludewig
20 February	Discussion with Dr Markus Pieper, Member of the European Parliament, Brussels	Dr Johannes Ludewig
20 February	Discussion of the RegWatchEurope network with Dr Anthony Teasdale, Director General European Parliamentary Research Service, Brussels	Dr Johannes Ludewig
22 February	Meeting of the National Regulatory Control Council, Berlin	
23 February	Discussion with Dr Andreas Kopp, Member of the Regulatory Scrutiny Board, Berlin	Dr Johannes Ludewig
23 February	Discussion with Felix Hufeld, President of the Federal Financial Supervisory Authority, Berlin	Dr Johannes Ludewig, Hanns-Eberhard Schleyer
1 March	Briefing and discussion at the general assembly of the Chamber of Industry and Commerce Southern Upper Rhine, Freiburg	Dorothea Störr-Ritter
9 March	Discussion with Ulrich Silberbach, national chairman of the German Civil Servants' Union and Wage Union, Berlin	Dr Johannes Ludewig, Dorothea Störr-Ritter
9 March	Meeting of the National Regulatory Control Council, Berlin	
13 March	Discussion with Helmut Schleweis, President of the German Savings Bank and Giro Association, Berlin	Hanns-Eberhard Schleyer
16 March	Discussion with the Baden-Württemberg Regulatory Control Council, Stuttgart	Dorothea Störr-Ritter
20 March	Discussion with State Secretary Dr Michael Schneider, Plenipotentiary for Federal Affairs of the Land Saxony-Anhalt, Berlin	Dr Johannes Ludewig
20 March	Discussion with Prof Thomas Bauer and Dr Cornelia Schu, Council of Experts of the German Foundations for Integration and Migration, and Ottilie Bälz, Robert Bosch Foundation, Berlin	Dr Johannes Ludewig, Dorothea Störr-Ritter
21 March	Keynote paper and participation in the panel of the Digital State Congress held by the Behördenspiegel, Berlin	Dorothea Störr-Ritter, Teilnahme Dr Rainer Holtschneider
23 March	Meeting of the National Regulatory Control Council, Berlin	
10 April	Participation in the panel of the event of the Association of German Chambers of Industry and Commerce Less, simpler, more efficient? Theory and Practise of Bureaucracy Reduction, Berlin	Hanns-Eberhard Schleyer
11 April	Discussion with representatives of small and medium-sized enterprises from the areas of the Association of German Chambers of Industry and Commerce and the regional chambers of industry and commerce, Berlin	Hanns-Eberhard Schleyer
13 April	Meeting of the National Regulatory Control Council, Berlin	
16 April	Participation in the panel of the specialist congress of the IT Planning Council, Weimar	Dorothea Störr-Ritter
23 April	Discussion with State Secretary Rolf Bösinger, Federal Finance Ministry, Berlin	Hanns-Eberhard Schleyer
26 / 27 April	Meeting and retreat of the National Regulatory Control Council, Berlin	

3 May	Discussion with Dirk Schrödter, Head of the Schleswig-Holstein Cabinet Office, Berlin	Dr Johannes Ludewig
4 May	Discussion with Federal Minister Heil, Federal Ministry of Labour and Social Affairs, Berlin	Dr Johannes Ludewig, Dr Thea Dücker
9 May	Discussion with Minister of State Dr Hendrik Hoppenstedt (Federal Chancellery), Berlin	Dr Johannes Ludewig
14 May	Meeting of the NKR with the participation of Minister of State Dr Hendrik Hoppenstedt, Federal Chancellery, and Prof Dr Peter Parycek, Centre of Competence for Public IT (ÖFIT) of the Fraunhofer Institute FOKUS, Berlin	
15 May	Congress Bavaria in Advance - Strategy for a Sustainable Reduction in Bureaucracy, VBA Bavarian Business Association, Munich	Hanns-Eberhard Schleyer
16 May	Participation in the Capital City Breakfast of the Initiative Hauptstadt Berlin e.V., Berlin	Prof Dr Andrea Versteil
16 May	Discussion with Minister of State (Federal Chancellery) Dorothee Bär, Berlin	Dr Johannes Ludewig
17 May	Discussion with the Baden-Württemberg Regulatory Control Council	Prof Dr Conny Mayer-Bonde
23 May	Briefing at the Swiss Association of Small and Medium-Sized Enterprises, Zurich	Hanns-Eberhard Schleyer
29 May	Workshop Evaluation of Financial Market Reforms: Lessons Learned from other Policy Areas and Disciplines of the Deutsche Bundesbank and the Leopoldina Academy of Sciences, Halle (Saale)	Dr Johannes Ludewig
30 May	Discussion with Nathanael Liminski, Head of the North Rhine-Westphalia Cabinet Office, Düsseldorf	Dr Johannes Ludewig
31 May	Discussion with Maja Smolczyk, Berlin Commissioner for Data Protection and Freedom of Information, Berlin	Dr Thea Dücker
1 June	Meeting of the NKR with the participation of Minister of State Klaus Vitt, Federal Interior Ministry, Building and Community, and Dr Kopp, German member of the Regulatory Scrutiny Board, Berlin	
5 June	Board Meeting of the Network RegWatchEurope, Stockholm	Dr Johannes Ludewig
8 June	Participation in the panel of the digital transformation congress Digital transformation in Rural Areas, Berlin	Dorothea Störr-Ritter
13 June	Meeting of the National Regulatory Control Council, Berlin	
14/15 June	Workshop RegWatchEurope - Regulatory Scrutiny Board and Regulatory Scrutiny Board Annual Conference, Brussels	Dr Johannes Ludewig
18/20 June	6th Future Conference State & Local Government	Dr Johannes Ludewig, Dr Rainer Holtschneider
27 June	Discussion with State Secretary Werner Gatzert, Federal Finance Ministry, Berlin	Hanns-Eberhard Schleyer
10 July	Discussion with Prof Ben Smulders, Head of Cabinet Team Timmermans, Brussels	Dr Johannes Ludewig
10 July	Discussion with Martin Selmayr, Secretary-General of the European Commission, Brussels	Dr Johannes Ludewig
13 July	Meeting of the National Regulatory Control Council, Berlin	
27 July	Discussion with the Head of the Federal Chancellery and Federal Minister for Special Affairs Prof Helge Braun, Berlin	Dr Johannes Ludewig
1 August	Discussion with Federal Minister Anja Karliczek, Federal Ministry for Education and Research, Berlin	Dr Johannes Ludewig, Gudrun Grieser

23 August	Discussion with Dr Karl-Peter Schackmann-Fallis, Managing Director of the German Savings Bank and Giro Association, Berlin	Hanns-Eberhard Schleyer
3 September	Discussion with Dr Klaus-Heiner Lehne, President of the European Court of Auditors, Berlin	Dr Johannes Ludewig
4 September	Briefing at the Directors and Experts of Better Regulation Meeting (DEBR), Wien	Prof Dr Sabine Kuhlmann
7 September	Meeting of the National Regulatory Control Council, Berlin	
7 September	Participation in the panel of the Creative Bureaucracy Festival of the Tagesspiegel, Berlin	Dr Johannes Ludewig, Dr Rainer Holtschneider (participant)
10 September	Keynote speech at the entrepreneur meeting of the Münster Diocese, Münster	Hanns-Eberhard Schleyer
11 September	Keynote paper and participation in the panel of the symposium Reduction in Bureaucracy in the Health System of the National Association of Statutory Health Insurance Physicians, Berlin	Dr Johannes Ludewig
11 September	Discussion with State Secretary Dr Jörg Kukies, Federal Finance Ministry, Berlin	Hanns-Eberhard Schleyer
11 September	Discussion with Federal Minister Scholz, Federal Finance Ministry, Berlin	Dr Johannes Ludewig, Hanns-Eberhard Schleyer
12 September	Discussion with Federal Minister Schulze, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Berlin	Dr Johannes Ludewig, Prof Dr Andrea Verstejl
21 September	Meeting of the National Regulatory Control Council, Berlin	

## 6.4 Übersicht über die Veröffentlichungen des NKR

Datum	Titel der Veröffentlichungen im Berichtszeitraum
12 July	2017 Annual Report of the National Regulatory Control Council: „Bureaucracy Reduction. Better Regulation. Digital Transformation. Leverage Successes - Address Shortcomings“
12 July	Press Release: The National Regulatory Control Council presents its 2017 Annual Report: „Achievements in Bureaucracy Reduction - Digital Transformation Behind Schedule“
19 September	Press Release: The National Regulatory Control Council welcomes the creation of a Regulatory Control Council at Federal State Level in Baden-Württemberg
6 October	Expert Report 2017: „Better Performance for Citizens and Businesses: Digital Transformation of Public Services. Modern Registries.“
6 October	Supplementary documentation to „Better Performance for Citizens and Businesses: Digital Transformation of Public Services. Modern Registries“
6 October	Press Release: The National Regulatory Control Council presents Expert Opinion
16 October	NKR Newsletter
23 October	Press Release: First positive Results in Bureaucracy Reduction in Medical and Dental Surgeries
6 December	Press Release: The National Regulatory Control Council is awarded the prize “Social Market Economy”
22 February	NKR Publication „Observations on Simplifying Legislation and Administration: Lessons Learned from the Refugee Crisis for the Capacity to Act and for the Sustainability of the State and the Public Administration“
15 May	Press Release: NKR comments on the Annual Report by the Federal Government “Better Regulation 2017”
04 June	NKR Newsletter

## 6.5 Overview of the Rapporteurs

Federal Ministry	Rapporteur	Member of Staff at the NKR-Sekretariat
Federal Chancellery	Dr Johannes Ludewig	Dr Thomas Danken
Federal Foreign Office	Dr Johannes Ludewig	Dr Janina Hatt
Federal Interior Ministry of the Interior, Building and Community	Prof Dr Sabine Kuhlmann	Hannes Kühn Dr Thomas Danken
Federal Ministry of Justice and Consumer Protection	Dr Rainer Holtschneider, Dorothea Störr-Ritter	Dr Bertil Sander
Federal Ministry of Finance	Hanns-Eberhard Schleyer	Kathleen Jennrich Lisann Bruchmann
Federal Ministry for Economic Affairs and Energy	Prof Dr Conny Mayer-Bonde	Pawel Janowski
Federal Ministry of Labour and Social Affairs	Dr Thea Dückert	Sandra Matk
Federal Ministry of Food and Agriculture	Dorothea Störr-Ritter	Dr Janina Hatt
Federal Ministry of Defence	Dr Johannes Ludewig	Dr Janina Hatt
Federal Ministry for Family Affairs, Senior Citizens, Women and Youth	Dr Thea Dückert	Sandra Matk
Federal Ministry of Health	Wolf-Michael Catenhusen	Andrea Wernitz
Federal Ministry of Transport and Digital Infrastructure	Gudrun Grieser	Thomas Kahl
Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety	Prof Dr Andrea Versteil	Dr Sabine Karl
Federal Ministry of Education and Research	Gudrun Grieser	Andrea Wernitz
Federal Ministry for Economic Cooperation and Development	Hanns-Eberhardt Schleyer	Dr Janina Hatt
NKR Commissioner for E-Government	Dorothea Störr-Ritter	

### Secretariat

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## 6.6 Abbreviations and Acronyms

ATR	Adviescollege toetsing Regeldruk (the Netherlands)
BAköV	Bundesakademie für öffentliche Verwaltung (Federal Academy of Public Administration)
BKI	Bürokratiekostenindex (bureaucracy cost index)
BAMF	Bundesamt für Migration und Flüchtlinge Federal Office for Migration and Refugees
BMAS	Federal Ministry of Labour and Social Affairs (Federal Labour Ministry)
BMEL	Federal Ministry of Food and Agriculture (Federal Agriculture Ministry)
BMF	Federal Ministry of Finance (Federal Finance Ministry)
BMFSFJ	Federal Ministry of Families, Senior Citizens, Women and Youth (Federal Families Ministry)
BMG	Federal Ministry for Health (Federal Health Ministry)
BMI	Federal Ministry of the Interior, Building and Community (Federal Interior Ministry)
BMJV	Federal Ministry of Justice and Consumer Protection (Federal Justice Ministry)
BMU	Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (Federal Environment Ministry)
BMVI	Federal Ministry of Transport and Digital Infrastructure (Federal Transport Ministry)
BMWi	Federal Ministry for Economic Affairs and Energy (Federal Economics Ministry)
BZÄK	Bundeszahnärztekammer (German Dental Association)
BZSt	Bundeszentralamt für Steuern (Federal Central Tax Authority)
CIO	Chief Information Officer
ERBEX	ERfüllungsaufwand Berechnen EX ante (ex ante-calculation of compliance costs)
EU	European Union
E-Vergabe	Elektronische Vergabe (electronic procurement)
FCRIA	Finnish Council of Regulatory Impact Analysis
FIM	Föderales Informationsmanagement (Federal Information Management)
FITKO	Föderale IT-Kooperationen (Federal IT Cooperations)
GG	Grundgesetz (Basic Law)
GGO	Gemeinsame Geschäftsordnung der Bundesministerien (Joint Rules of Procedure of the Federal Ministries)
IT	Information technology
JuMiKo	Justizministerkonferenz (Conference of the Ministers of Justice)
KBV	Kassenärztliche Bundesvereinigung (National Association of Statutory Health Insurance Physicians)
KMU	German acronym for „Small and Medium-sized Enterprises“ (SME)
KONSENS	Koordinierte Neue Software-Entwicklung der Steuerverwaltung (Coordinated New Software Development of the Tax Administration)
KoSIT	Koordinierungsstelle für IT-Standards (Coordinating Agency for IT Standards)
NBRC	Norwegian Better Regulation Council (Regelradet)
KZBV	Kassenzahnärztliche Bundesvereinigung (National Association of Statutory Health Insurance Dentists)

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NKR	Nationaler Normenkontrollrat (National Regulatory Control Council)
NKRG	Acronym for the National Regulatory Control Council Establishment Act
OECD	Organisation for Economic Co-operation and Development
OIOO	'one-in, one-out'-rule
OZG	Onlinezugangsgesetz (Online Access Act)
RIAB	Regulatory Impact Assessment Board (Czech Republic)
RPC	Regulatory Policy Committee (United Kingdom as well as OECD)
RSB	Regulatory Scrutiny Board
SBRC	Swedish Better Regulation Council
St-ID	Steuer-Identifikationsnummer (Tax identification number)

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## 6.8 Titles of Previous Annual Reports of the NKR

2007	Enhancing Cost Awareness. For Better Legislation
2008	Reduction of Bureaucracy. Taking Decisions Now.
2009	Interim Assessment - A Good Start Coming up to Expectations!
2010	Quality Through Transparency. With Bureaucracy Reduction to a Modern Way of Legislation
2011	Five Years of Cutting Red Tape. The Way Ahead
2012	Better Regulation. Providing Appreciable Relief to the Citizens, the Business Sector and Public Authorities
2013	Cost Transparency Enhanced - Reducing the Burden
2014	Taking Compliance Costs Seriously - Seizing Opportunities
2015	Opportunities for Cost Containment Improved. Seize Digital Opportunities now!
2016	10 Years of NKR – Good Record on Bureaucracy Reduction and Limitation of Compliance Costs - Alarming Backlog of eGovernment
2017	Bureaucracy Reduction. Better Regulation. Digital Transformation. Leverage Successes - Address Shortcomings

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