



# A POSITIVE CHANGE IN DAY-TO-DAY BUSINESS

The Government's Action Plan for  
Better Regulation 2006–2010



REGERINGSKANSLIET

Government Offices  
of Sweden



# Making things easier for businesses – an important growth factor

Making life easier for companies is a self-evident and important component of the Swedish Government's policy to create jobs in a greater number of growing businesses. The essence of the work to make life easier for businesses has been to formulate rules and processes so that they are better suited to the conditions and reality faced by businesses. Our efforts have created an historic break in the trend - the regulatory burden is decreasing. Since 2006, total administrative costs to businesses have fallen by 7.3 percent net. This is the equivalent of over SEK 7 billion (EUR 760 million) per year. Thanks to clear objectives and ambitious regulatory reform, we are now well on our way to achieving what others merely talk about; we have made everyday life easier for businesses.

It is immensely pleasing to now be able to present both the Government's work during the mandate period 2006-2010 and its 2009/2010 action plan for better regulation. Extensive, ambitious work has been carried out in close cooperation with the Swedish business sector. It is also a question of a change in attitude and modified approach in Swedish public administration. Twelve ministries and up to 53 central agencies have been involved. We have spent a great deal of time building up a stable infrastructure for the work. As an example of what has been done, we can mention the widespread, continuous consultation on better regulation carried out with the business sector. Measurements are used systematically to identify simplification proposals. Better regulation has become an accepted, natural and integrated part of rule-makers' everyday lives. This is an important success factor in the work to make life easier for businesses.

The work on better regulation now covers a total of over 1 150 measures. Around 270 measures have been implemented, are planned or under investigation by the Government, and almost 880 measures by the agencies under the Government. Just over 590 of these have been implemented during the period 2007-2009. Of the remaining 560+ measures, some can be

implemented in the short term, while others must be further analysed. About half the measures are aimed at reducing the administrative costs to businesses, but there are also many that will lead to improved service and accessibility, shorter processing times and more coordinated data collection.

The Government's work on better regulation performed during this mandate period has also put Sweden in the vanguard of European regulatory reform; Sweden is one of seven EU Member States that have carried out complete measurements of the administrative costs to businesses. Apart from Sweden, only three other EU countries have established a regulatory council. As a result of its EU Presidency in the autumn of 2009, Sweden has not only driven forward development but has also been able to initiate discussion on future better regulation work in the EU.

The efforts made by the Government during the mandate period and the ambitious work we have presented for the future clearly indicate that we are well on our way. I am convinced that we can continue and build on the break in the trend we have achieved. We are creating a good basis for being able to lower the thresholds to enable more people to start businesses, invest and grow in Sweden.



A handwritten signature in black ink that reads "Maud Olofsson".

Maud Olofsson  
Minister for Enterprise and Energy

**FÖRENKLA  
FÖR FÖRETAGEN**

## *Main content of the communication*

This communication provides a detailed account of the Government's work on better regulation during the period 2006–2010. The report mainly refers to the developments and results of the work during the period in question. An account is also given of the work performed in the Government Offices and at agencies from the spring of 2009 until the spring 2010 within the framework of the fourth simplification assignment. Better regulation issues up until 2006 are outlined to provide some background to the developments that have taken place in more recent years.

In 2011–2014, the Government will continue its efforts to make life easier for Swedish businesses with undiminished vigour. A project to develop, deepen and broaden the work on better regulation was initiated in the autumn of 2009 aimed at developing a new, broader programme for better regulation. An outline of the main focus of future better regulation work is given in this communication.

This is a translation of the Swedish Government's Communication (2009/10:226) on Better Regulation 2006–2010. The first four chapters have been translated and all references to Chapter 5 refer to the original Swedish version of the Communication which is available in its entirety at [www.regeringen.se](http://www.regeringen.se).

Chapter 5 gives an account of the work on better regulation done at the ministries and central agencies to achieve the Government's regulatory reform objectives. The chapter describes how the work has been performed at the ministries and agencies during the period 2006–2010. Simplification measures implemented, planned or currently ongoing at the time this communication is submitted to the Swedish Riksdag are presented. Due to the large volume of measures in total, the chapter contains only a limited selection. All the measures and proposals for further regulatory reform in the action plan are presented in Swedish at [www.regeringen.se](http://www.regeringen.se).

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# 1 The focus of better regulation

## 1.1 Introduction

During the period 2006–2010, the Government has shown clear intent and had high ambitions to make life easier for Sweden's entrepreneurs and business operators. It has been one of the Government's most important initiatives in order to create more jobs, employment and welfare. The essence of the work has been to formulate rules, processes and procedures so that they are better suited to the conditions and reality of businesses. This will allow us to lower the thresholds and encourage more businesses to start trading, invest and grow in Sweden.

To achieve noticeable, positive change in the everyday lives of businesses, the Government has implemented an ambitious programme for better regulation with tough targets. Better regulation work faces major challenges and is complex. Despite this, significant developments have taken place and major progress has been made as a result of the efforts made within the framework of the programme.

The Government's work on better regulation performed during this mandate period has clearly put Sweden among the leading countries in Europe in this area. Sweden is one of seven European Member States that have performed comprehensive measurements of the administrative costs to businesses. Apart from Sweden, only three other EU countries have established a regulatory council. Today, Sweden is one of the key drivers of better regulation in the EU. As a result of its EU Presidency in the autumn of 2009, Sweden has not only driven forward development but has also been able to initiate discussion on future better regulation work in the EU. The work done in Sweden has also received international attention. Several international visits have taken place, from e.g. South Korea, Turkey, Montenegro, Bhutan and Serbia, to study how Sweden has solved various issues and how the Government is working with better regulation.

This communication provides a detailed account of the Government's work on better regulation during the period 2006–2010. The report mainly refers to the developments and results of the work during the period in question. An account is also given of the work performed in the Government Offices and at agencies from the spring of 2009 up until the spring 2010 within the framework of the fourth simplification assignment.

In 2011–2014, the Government will continue its efforts to make life easier for Swedish businesses with undiminished vigour. A project to develop, deepen and broaden the work on better regulation was initiated in the autumn of 2009 aimed at developing a new, broader programme for better regulation. The main focus and framework for future better regulation work are described in this communication.

Section 1.2 describes how rules affect the everyday lives of businesses and what costs rules can impose upon them. Section 1.3 provides some background into why better regulation is an important factor of growth and competitiveness. The Government's objectives and priorities as regards better regulation are stipulated in Section 1.4. Section 1.5 describes the short and long-term conditions for better regulation. Section 2 gives an account of the developments and results of better regulation work and of the OECD's report on Sweden's efforts in the area during the period 2006–2009. Developments in the field of better regulation on the EU level during the period 2006–2009 are described in Section 3. Section 4 provides an insight into future better regulation work in 2011–2014. To conclude, the Government's action plan for better regulation is described in Chapter 5, including a selection of the 150 or so simplification measures developed during the mandate period.

## 1.2 Rules – an important part of day-to-day business

Rules have an impact on much of the day-to-day business of companies and organisations. Running a business involves relating to and complying with a considerable amount of rules. There are rules governing the start-up, running and closing-down of businesses. Some business activities require a permit, various taxes must be reported and paid, business transactions must be recorded, businesses with employees have certain obligations with regard to work environment and employment, etc. The development of modern society has led to the creation of an extensive regulatory framework. Rules have been added for a number of purposes; to protect human life and health, protect animals and the environment, protect property and finance public utilities. More often than not, there is justification for every rule. The problem is, however, that the total burden of rules can often feel heavy.

Rules are necessary for the smooth running of society. Many of the regulations connected to running a business therefore constitute important game-rules on the market and are requested by businesses themselves. At the same time, it is important that rules are formulated so that they fulfil their purpose and achieve the right results in a simple and cost-effective way. Rules that are inappropriately formulated or difficult to comply with and enforce can have negative effects for both businesses and society in general. Rules also create costs for society; costs that can be both direct and indirect. The direct costs are time and resources, consumed both in the private and the public sector because of rules. The indirect costs can consist of, for example, reduced dynamics as a result of new bu-

businesses failing to materialise, stifled growth in small businesses and less competition.<sup>1</sup> The costs for or burdens on businesses to fulfil their obligations in accordance with applicable laws and rules can be divided into three main types:

- Material costs as a result of demands on companies to make investments in facilities or personnel, adapt their products or costs to implement various measures, such as rehabilitation.
- Financial costs as a result of having to pay taxes and charges.
- Administrative costs, which primarily relate to their costs for generating, storing or transferring information required by acts and ordinances and by regulations or guidelines issued by central agencies.

Another concept often mentioned in connection with legislation and the burdens on businesses is compliance costs. The concept of compliance costs can be said to include administrative costs in the wide sense and material costs, though not financial costs.

### 1.3 Why simplify the rules?

#### 1.3.1 Better regulation is an important growth factor

The Government takes a dynamic approach to better regulation; an approach that underlines the connection between better regulation, economic growth and more jobs. Better regulation is therefore an important means to help reach the Government's overarching objective of breaking the pattern of social exclusion by creating more jobs in more and growing businesses. New and growing businesses are a fundamental prerequisite for creating employment, economic growth and renewal.

If the rules are designed in a simpler and more appropriate way, entrepreneurs can devote more time and resources to running and developing their businesses so that they can grow and employ more people. Reduced administrative costs provide an opportunity to increase productivity because fewer resources are required to run businesses and more of them can be transferred to core activities.<sup>2</sup>

Most of Sweden's previous growth, employment and welfare has been fuelled by large enterprises. The evermore globalised economy has, however, led to major structural changes in the Swedish business sector. Small businesses in the growing services sector are becoming increasingly important for employment and growth. The majority of Swedish businesses are small or medium-sized enterprises (SMEs). Out of the total number of businesses in Sweden, 99.2 percent are small enterprises with 0–49 employees. About 74 percent of Swedish small businesses are sole proprietorships.<sup>3</sup> At the same time, the administrative cost to just such enterprises is relatively high. When designing rules, it is therefore important to have the small enterprise as the point of reference. A regulatory framework adapted to suit SMEs normally works just as well with larger businesses. At

<sup>1</sup> Regelförenklning för framtiden [Better regulation for the future], Committee on Simplification of Taxation Rules for Small Enterprises Report 4, SOU 1998:78, p. 21ff. (In Swedish)

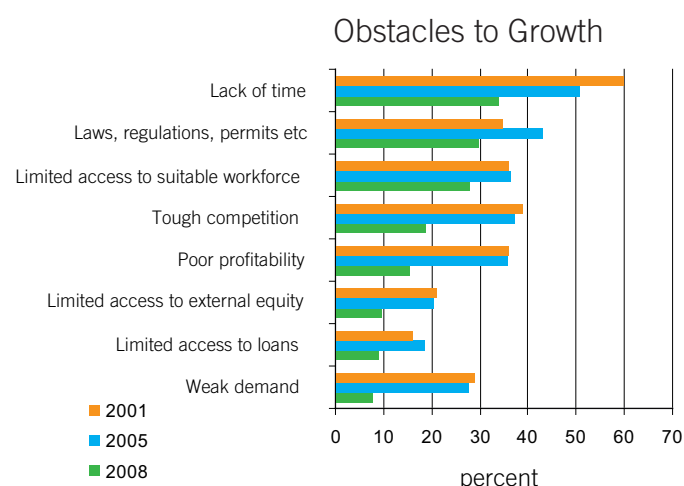
<sup>2</sup> Reducing the administrative burdens in the European Union, Netherlands Bureau for Economic Policy Analysis, 2004, p 3. See also Vågar företagare vara företagare? [Do entrepreneurs dare to be entrepreneurs?], Fredrik Bergström & Jonas Arnberg, Swedish Retail Institute, 2006, p. 23f. (In Swedish)

<sup>3</sup> Statistics Sweden Business Register 2009.

the same time, it is important not to introduce exceptions or special rules for small enterprises that create threshold effects and barriers to growth.

In order to gain a better understanding of the prerequisites of growth and development in small businesses, the former Swedish Business Development Agency (Nutek, now the Swedish Agency for Economic and Regional Growth) and Statistics Sweden carried out a survey entitled *Företagens villkor och verklighet* [Conditions and reality for businesses] in 2001, 2005 and 2008. A recurrent question in the survey related to perceived barriers to growth. Here, it was possible to choose more than one alternative. A lack of personal time was seen as the greatest barrier to growth in all three surveys. Laws and other regulations were felt to be the second-largest barrier to growth among Swedish small businesses. The percentage of businesses who see regulation as a major barrier to growth has fallen over the last ten years and was 30 percent in 2008, down from 43 percent in 2005 and 35 percent in 2001.

Figure 1. Obstacles to growth in small businesses, 2008, 2005 and 2001



Source: Swedish Business Development Agency and Statistics Sweden, *Företagens villkor och verklighet* [Conditions and reality for businesses] 2001, 2005, 2008. (In Swedish)

#### 1.3.2 Better regulation

##### – a factor for increased competitiveness

Better regulation aimed at reducing the administrative costs to businesses and creating good conditions for them has become an increasingly important issue in many countries, as part of the larger task of improving the competitiveness and innovation of economies to cope with the changed conditions of globalisation. The fact that a well-designed regulatory framework has become an important competitiveness factor has led countries to focus more on how such frameworks can be rationalised so as not to inhibit growth.

Not only has better regulation become more significant on the national level, but international organisations are also working with the issue. The Organisation for Economic Cooperation and Development (OECD) has been working on regulatory quality and reform for many years. In 1995, the OECD Council adopted a special recommendation to its mem-



ber countries on improved regulatory quality. This recommendation has had a major impact on the regulatory reform being carried out in the 30 or so member countries.

In a study from 2006, the World Bank has investigated the link between legislation affecting businesses and economic growth.<sup>4</sup> A review of the legislation in 135 countries indicated that countries with less regulation grew more rapidly.

On the EU level, better regulation has been an important part of the Lisbon Strategy ever since it was adopted in 2000. The European Council has stressed the importance of reducing administrative costs to businesses to stimulate Europe's economy, especially in view of the repercussions for SMEs. At the summit meeting in March 2007, the Council adopted a target of a 25-percent reduction in administrative costs as a consequence of EU legislation by 2012. The Council called on EU Member States to set similarly ambitious targets on the national level, something which all 27 Member States have now done. As is evident from Section 3.4 of this report, better regulation still constitutes an important part of the EU's new Europe 2020 strategy (a strategy for smart, sustainable and inclusive growth).

## 1.4 Objectives and targets for better regulation

The Government's overarching objective for better regulation in 2006–2010 is to achieve noticeable, positive change in the everyday lives of businesses. This objective includes the Government's target of reducing administrative costs to businesses as a result of government regulation by 25 percent by 2010.

The 25-percent target is an overall net target and covers all government regulation of both national and EU origin. The target states that the administrative costs to businesses shall be 25 percent less in 2010 than they were at the beginning of the current mandate period. Every ministry and agency is responsible for producing background data and implementing measures within its remit in order to contribute to the target. The prerequisites for contributing to the target have varied depending on the regulatory area. The fact that the target is a net target means that if amendments to regulations or new regulations involve increased administrative costs, these must be compensated for by other measures that reduce costs to the same extent.

Effective, result-oriented better regulation requires clear, measurable targets. In this respect, the 25-percent target has functioned as an important driving force in better regulation work. The fact that there has been an internationally well-established method, known as the Standard Cost Model (SCM) (see Section 2.3.3) to measure and monitor the administrative costs to businesses has led to this being the main focus of the better regulation efforts. No measurement and monitoring instruments to follow up and highlight improvements in other aspects of the better regulation work have been developed during the current mandate period. It is nevertheless worth stressing that the overarching objective of better regulation to achieve noticeable, positive change in the everyday lives of businesses is more than just a question of reducing their administrative costs.

nistrative costs. The basic aim of better regulation is to design rules, processes and procedures so that they are better adapted to business conditions and reality. Waiting and processing times as well as service to and treatment of businesses at authorities constitute key components of the work. It is equally important to rectify rules that irritate businesses. Most important, however, is to bring about sustainable changes to legislation in the long term; changes that make a palpable difference to the everyday lives of businesses.

## 1.5 Prerequisites for better regulation

### 1.5.1 Introduction

This communication constitutes a final report into the work on better regulation performed during the current mandate period. In this section, a number of factors will be discussed that affect the prerequisites for the work to simplify the everyday lives of businesses and reduce their administrative costs both in the short and the long term.

Better regulation is about achieving long-term change that affects many actors on many different levels. It is a question of attitudes, approaches and insights into how rules that are primarily introduced to achieve a certain purpose can be designed in a simple and appropriate way for businesses. Better regulation cannot be achieved in isolation but must be an integrated part of the work process leading to new or amended rules.

Neither can better regulation be considered in isolation but must be seen in relation to the rest of government policy. The Government has implemented a large number of initiatives since 2006 that have improved the business climate considerably.<sup>5</sup> All in all, it is now significantly easier and more profitable to start and run a business in Sweden. A recurring comment from the Swedish business sector is that better regulation does not cover all the costs to businesses as a result of regulatory frameworks. The business sector is also strongly focusing on better regulation aimed at reducing the administrative costs to businesses, while full account is not being taken of the measures implemented by the Government outside the framework of better regulation. The Government shares the view that all the costs to businesses caused by rules are important, but these don't necessarily need to be discussed within the framework of better regulation. Financial costs are, for example, not covered by better regulation, but several measures have been taken to improve the business climate. During the mandate period, the Government has reduced the taxes on business activities by nearly SEK 50 billion (about EUR 5.5 billion), by e.g. lowering corporate tax, reducing social security contributions, introducing an employment tax deduction for active business income and altering the rules governing close companies.

The fact that better regulation has to be seen in relation to the rest of government policy also means that the aim to simplify must be weighed against other government objectives. Complex reality often throws up goal conflicts. In practice, the

<sup>4</sup> Regulation and Growth, Simeon Djankov, Caralee McIlesch, Rita Ramalho, The World bank, 2006.

<sup>5</sup> A more detailed account of these initiatives is given in the publication *Växtkraft - 172 insatser och områden som främjar fler jobb och växande företag* [Growing power - 172 initiatives and areas that promote more jobs and growing businesses], February 2010, Ministry for Enterprise, Energy and Communications. (In Swedish)

content of rules is often the result of compromise and of balancing different interests. Development toward the objectives has therefore been at least in part dependent on which measures have been prioritised in order to achieve other government objectives. The development of working methods and tools for better regulation that has taken place during this mandate period has proven to be an effective means of clarifying the benefit of better regulation. In certain cases these considerations have been influenced by the fact that different trades have requested the introduction of government regulations or systems that increase the administrative costs to businesses because the need for competition on a level playing-field has been in focus. This has, for example, been the case regarding the system of personnel registers. The Government Offices has been lobbied by trade associations for e.g. construction, laundry and wholesale companies, aimed at expanding the system to include their trade as well.

The Government has initiated a change in the state sector. In addition to the work on the national level at central agencies and government ministries, the regional and local levels are also of considerable significance as it is at these levels businesses conduct their day-to-day activities. As is made clear in Section 4.5, the Government intends to develop a programme that can form a platform for better regulation on the local and regional level.

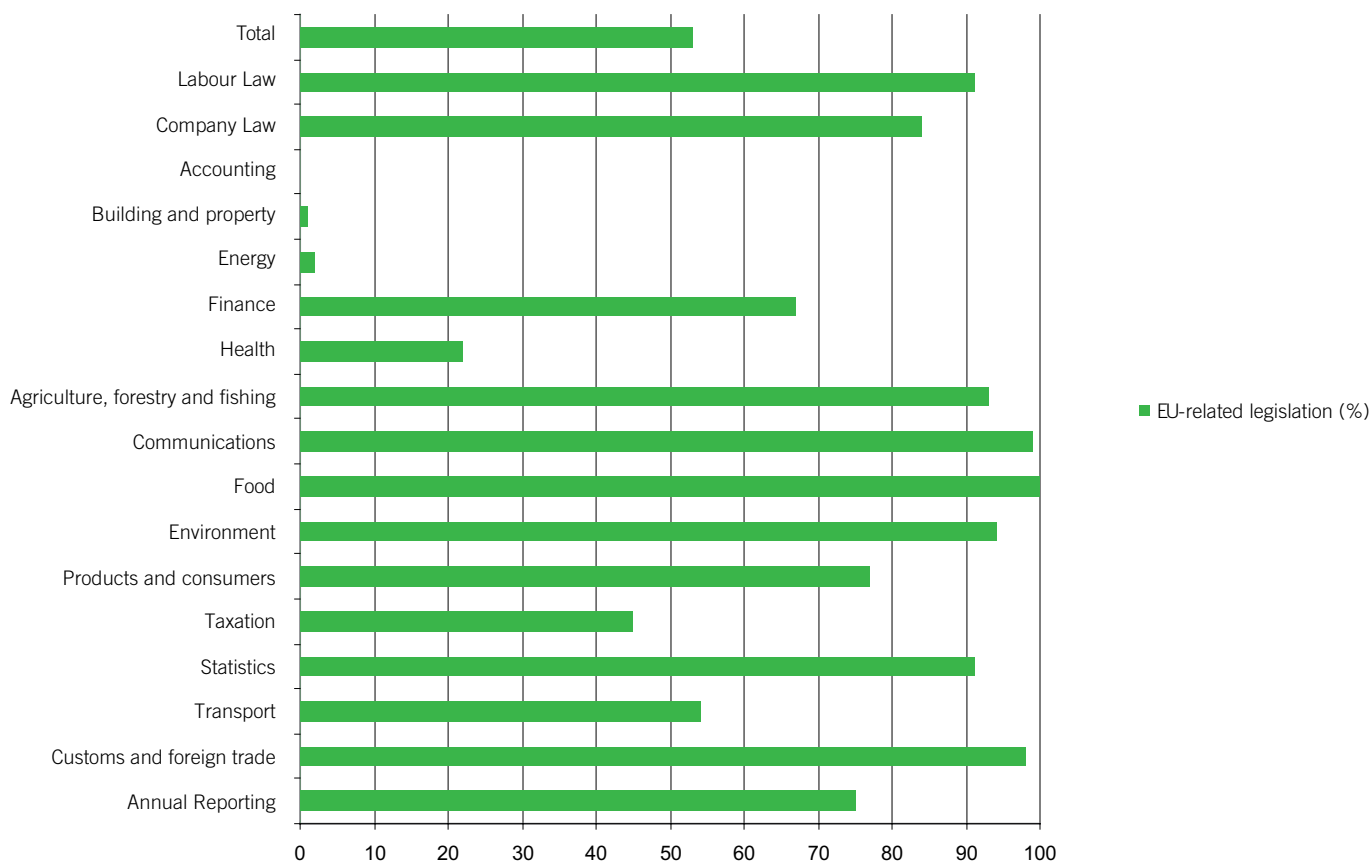
The following describes three factors that are considered to be of special significance for the results of better regulation.

### 1.5.2 About half of the regulatory burden in Sweden stems from EU legislation

A basic prerequisite to be considered in better regulation is that much of the regulatory burden forced upon Swedish businesses originates from common EU rules. This means that the work to simplify these rules takes longer than when only national rules are to be simplified. The EU share changes over time as different simplification and harmonisation proposals are implemented and enter into force. To achieve success in national efforts, forceful simplification measures must therefore be implemented at the EU level. The EU also has a target of reducing administrative costs by 25 percent but only by 2012. This can admittedly present an opportunity, but it may also exacerbate and delay Swedish better regulation efforts.

Appendix 1 shows what percentage of the total administrative costs in each measured regulatory area is based on or corresponds to information requirements in EU legislation. The figures are based on an assessment of which information requirements stem from national law or correspond to EU legislation. Some of the information requirements that are based on or correspond to EU law stem from EU regulations that are directly applicable in Swedish law, whilst others are based on or correspond to EU directives, in which Member States are given a fair amount of scope to make national adjustments. It can sometimes be difficult to determine whether a detailed requirement in the legislation stems from EU law or whether

Figure 2. Share of administrative costs attributable to requirements in EU law



it is of national origin. The figures given in Appendix 1 and Figure 2 should therefore be seen as indicative. They only reflect the share of the administrative costs incurred as a result of the information requirements and not the number of information requirements that stem from EU law. For example, the share of information requirements stemming from EU law can be small in relation to the national requirements in a regulatory area, but these information requirements may impose most of the administrative costs. Figure 2 provides an overall picture of the share of administrative costs stemming from requirements in EU law.

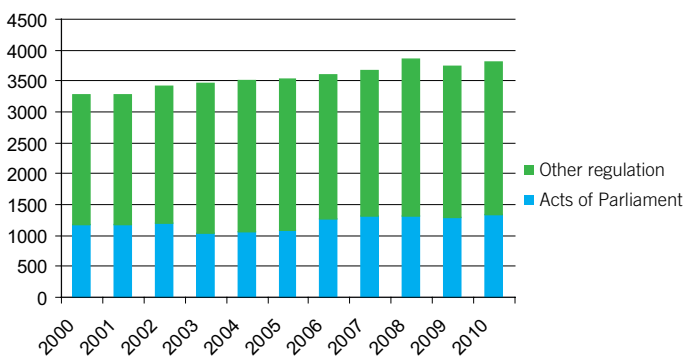
In 2009, the share of Swedish businesses' administrative costs stemming from legislation that is based on or corresponds to requirements in EU law increased by one percentage point to 53 percent. Basically all the costs in the area of food and communications stem from requirements in EU law.

### 1.5.3 The Swedish rule-making process

Another important factor to consider in terms of the short-term effects of better regulation is how rules actually come into existence and the Swedish rule-making process. The rule-making power, i.e. the right to adopt legal rules, is primarily regulated in Chapter 8 of the Swedish Instrument of Government (IoG). The provisions in the IoG set out a multi-level rule-making hierarchy. At the top of this hierarchy are legal acts that only the Swedish Parliament, the Riksdag, may adopt. Next come ordinances, which are adopted by the Government. The bulk of legal rules are issued by Sweden's central agencies as regulations. This is the third level of the hierarchy. The agencies may also issue general guidelines or recommendations. General guidelines differ from regulations in that they are not binding for agencies or citizens. In addition to regulations promulgated on the central level, there are also regulations issued on the regional level, by e.g. the county administrative boards, and on the local level by municipalities in the form of e.g. by-laws and tariffs.

The number of acts and ordinances (constitutional statutes) on the 1 March 2010 was 3 816, 1 340 of which were acts of parliament. In 2009, EU directives were implemented in 214 statutory amendments (104 acts and 110 ordinances) and 43 new constitutional statutes (8 acts and 35 ordinances).<sup>6</sup> Figure 3 below shows the development in the number of acts and ordinances over the last ten years.

**Figure 3. Number of acts and ordinances in the Swedish Code of Statutes 2000–2010**

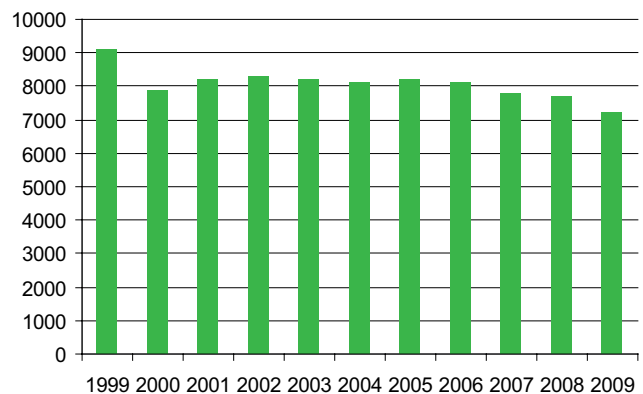


Source: Government Communication Redogörelse för behandling av riksdagens skrivelser till regeringen [Presentation of decisions made as a result of parliamentary communications to the Government] (skr 2009/10:75).

<sup>6</sup> Government Communication Redogörelse för behandling av riksdagens skrivelser till regeringen [Presentation of decisions made as a result of parliamentary communications to the Government], p 12 (skr 2009/10:75). (In Swedish)

The development in the number of rules issued by central agencies over the last ten years is shown in Figure 4. The number of headings on the list of agency-issued regulations on 31 December 2009 has been estimated at about 7 300, which is 400 less than at the same time the year before. The information in the list of agency-issued regulations is very uncertain.<sup>7</sup>

**Figure 4. Number of agency-issued regulations, 1999–2009**



Source: Government Communication Redogörelse för behandling av riksdagens skrivelser till regeringen [Presentation of decisions made as a result of parliamentary communications to the Government] (skr. 2009/10:75).

As is evident from the figures above, the number of state regulations (including act and ordinances) is considerable. Simplifying the regulatory framework that governs society is therefore an important task for the Swedish Riksdag, Government and the central agencies.

The Swedish rule-making system differs slightly from other European countries, partly because there are many actors who can make rules and partly because Sweden's central agencies are independent whereas in other countries they are often incorporated into government ministries. There are also differences as regards the procedure whereby rules come into existence. Sweden has special rules governing the drafting and inquiry procedures. There is a long tradition of appointing special committees to look into major constitutional amendments and submit reports, which then become the subject of a consultation process and continued discussion within the Government Offices before new constitutional proposals can finally be adopted.

The rule-making process described means that it takes time both to draft simplification proposals and for these proposals to have an impact on the everyday lives of businesses. A growing number of statutory amendments are complex and demand more extensive preparation and examination, partly due to the greater internationalisation of regulatory frameworks and the ever-increasing pace of change in society. Many of the simplification measures proposed by the Government will hence only have an impact and show results towards the end of the mandate period or the timing of their entry into force will mean that the effects will not be noticeable until after the mandate period has come to an end. A case in point is when the Government appointed several inquiries shortly after it came to power in 2006 with the principal aim of simplifying the rules

<sup>7</sup> Government Communication Redogörelse för behandling av riksdagens skrivelser till regeringen [Presentation of decisions made as a result of parliamentary communications to the Government], p 13 (skr 2009/10:75). (In Swedish)

for businesses in the areas of company law and accounting. As early as 2006, the assignment was given to examine the possible abolition of auditing obligations for small enterprises and in 2007 the Inquiry on Simpler Accounting (ToR 2007:78) and the Inquiry on a Simpler Limited Company (ToR 2007:132) were set up. As is mentioned in Section 5, voluntary auditing will enter into force in November 2010. The simplifications to Swedish accounting legislation will, in accordance with the proposal referred to the Council on Legislation, enter into force on 1 January 2010.

#### 1.5.4 Tough objectives and targets despite the competitive starting point

An important factor for growth and employment is the competitiveness of Swedish enterprises in relation to the rest of the world. The design and application of regulatory frameworks governing business activities create one of the basic conditions for this. A relevant question regarding the possibility of achieving major and rapid change in the design of regulatory frameworks is therefore where Sweden stands compared to other countries with regard to the regulatory burden and other basic framework conditions imposed on businesses.

A number of reports are published every year comparing and analysing the relative development of various countries within a number of different areas. One of the leading publications in the area of national competitiveness is the World Economic Forum's Global Competitiveness Report (GCR), which presents indicators for competitiveness in over 130 countries in its Global Competitiveness Index (GCI). During the period 2007–2010, the World Economic Forum has ranked Sweden as the fourth most competitive country out of 133.<sup>8</sup> Only Switzerland, the United States and Singapore showed better results in GCI 2009–2010. One of the twelve pillars on which the index is based is the institutional conditions in a country, two indicators of which are “burden of government regulation”<sup>9</sup> and “transparency of government policymaking”.<sup>10</sup> As regards regulatory burden, Sweden comes in ninth place. Among European countries, only Iceland, Finland and Cyprus have a lower perceived regulatory burden than Sweden. Regarding transparency of government policymaking, only Singapore is in front of Sweden, putting the country second out of 133 countries.

In the World Bank's report *Doing Business in 2010 – Reforming through difficult times*, Sweden came eighteenth out of 183 countries when eleven different indicators of how easy it is to run a business were considered. Among the indicators used as a basis for the ranking were “starting and closing a business”, “paying taxes” and “getting credit”.

In the International Institute for Management Development's (IMD) *World Competitiveness Scoreboard 2010*, Sweden is ranked the sixth most competitive economy out of 58 countries. Switzerland is the only European country ranked higher than Sweden.

<sup>8</sup> The number of countries compared during the years in question has varied as follows: 131 countries in GCI 2007–2008; 134 countries in GCI 2008–2009; and 133 countries in GCI 2009–2010.

<sup>9</sup> How burdensome is it for businesses in your country to comply with governmental administrative requirements (e.g. permits, regulations, reporting)?

<sup>10</sup> How easy is it for businesses in your country to obtain information about changes in government policies and regulations affecting your industry?

All in all, international studies indicate that Swedish rules are comparatively well designed and that Sweden has very little red tape in an international perspective.<sup>11</sup> The target of reducing the administrative costs to businesses by 25 percent by 2010 has therefore been an ambitious undertaking bearing in mind Sweden's competitive starting-point compared to other countries. The more cost-effective, simpler and more appropriate rules a country has, the more difficult it is to reduce the existing regulatory burden. Notwithstanding Sweden's good starting-point, the Government believes that it is important to continue to have tough targets and pursue ambitious reform to maintain and increase the competitiveness of Swedish enterprises. When Sweden adopted its 25-percent target, only five other European countries had similar targets. All 27 EU Member States have now adopted a target to reduce the administrative costs to businesses and have also formulated various programmes for better regulation. The changed global picture underlines the importance of going forward with undiminished vigour to develop and broaden the work on better regulation.

## 1.6 Other important initiatives that contribute to better regulation

During the period 2006–2010, the Government has pursued a central government efficiency and improvement programme and taken measures that have contributed to better regulation.

#### *Public administration management project*

The Government decided on 13 December 2007 to initiate a project in the Government Offices aimed at improving the Government's management of the relevant agencies, using the everyday lives of businesses as a starting-point. Better management improves the Government's efforts to make it easier and more profitable to run businesses. The background to this project is the work on better regulation and the development of eGovernment.

An important part of better regulation is the ability of agencies to provide a good service and be easily accessible. The extent to which agencies can provide efficient service to citizens and businesses is however partially dependent on the prerequisites created by the Government's management of them. Between January and September 2009, the Swedish Companies Registration Office ran pilot activities within the framework of the above project, the aim of which was to test a method of improving the service provided by government agencies from a citizen and business-operator perspective. The pilot activities were connected to how the Government's management of its agencies can help them to shorten processing times and improve their service otherwise.

The project examined aspects such as measuring and reducing “unnecessary demand”. Unnecessary demand occurs when an agency fails to sufficiently understand the needs and situation of citizens and business-operators and, for example, provides them with overcomplicated forms or eServices. Studies in the various fields of activities show that such unnecessary

<sup>11</sup> See also *Sveriges företagande och konkurrenskraft - Internationell benchmarking* [Swedish entrepreneurship and competitiveness - International benchmarking], Ds 2007:37 p. 82 f. (In Swedish)



demand can generate extra work for both the agency and for citizens and businesses. The Companies Registration Office was chosen because it has been conducting a long-standing quality improvement project and has successfully managed to shorten processing times. As part of the project, meetings and seminars have been arranged with business organisations such as the Swedish Federation of Business Owners and the Federation of Swedish Farmers. The project group submitted its final report on the project on 30 September 2009. How the experience and lessons learned from the pilot activities at the Companies Registration Office should be disseminated and used as the basis of further work at other agencies to reduce processing times and make them more predictable is currently being considered in the Government Offices.

#### *Public administration policy goals and guidelines*

On 18 March 2010, the Government submitted its public administration policy bill to the Riksdag, Offentlig förvaltning för demokrati, delaktighet och tillväxt [Public administration for democracy, participation and growth] (Govt Bill 2009/10:175), establishing fixed targets and guidelines for government administration. Government administration shall help to facilitate business activities and sustainable growth to an even greater extent than currently is the case. Agencies should improve their analysis of the questions and comments they receive from citizens and businesses in order to simplify their regulatory frameworks and application procedures, etc., make processing times more predictable and shorter and reduce the costs to citizens and businesses of following government regulations. Cooperation, not least among central agencies, must be further improved both for reasons of efficiency and because citizens, businesses and others expect central government to be well coordinated.

#### *Central government supervision*

A review of central government supervision activities has been carried out aimed at making it more suited to its purpose, effective and legally secure. In its report to the Riksdag En tydlig, rättssäker och effektiv tillsyn [Coherent, fair and effective supervision] (skr. 2009/10:79), the Government has presented general assessments on how supervision regulation should be designed. To be more effective, supervision should be more coherent and consistent. Coordination between supervisory bodies is important, not only to ensure effectiveness but also

so as not to disrupt licensed business operations more than necessary. The report also presents general assessments of e.g. supervision funding, intervention options and other powers bestowed on the supervisory bodies.

#### *eGovernment*

During the mandate period, the Government has also forced the pace on and strengthened the development of eGovernment. The overarching objective of eGovernment is to make it as easy as possible for as many people as possible to fulfil their obligations and utilise public administration services. eGovernment shall help to reduce the administrative costs to businesses and otherwise achieve a noticeable change in their everyday lives.

An eGovernment action plan was presented in January 2008. In March 2009, the Government set up a delegation, the eGovernment Delegation, to lead and coordinate the development of ICT-based services and solutions in central government (ToR 2009:19). The delegation consists of directors-general from the largest and most ICT-intensive agencies. One of the starting-points for the eGovernment Delegation has been the need to support the business sector by making things easier for businesses as regards both providing data to agencies and other public information. The task of the eGovernment Delegation includes improving the conditions for the development of more eServices with user-friendly interfaces for businesses, including services that integrate the processes of several agencies. Work is sometimes duplicated in certain contexts when different agencies develop and procure different solutions within similar areas. The Delegation shall coordinate the ICT-based development projects of Sweden's central agencies and monitor the effects on businesses. The Delegation shall also coordinate the ICT standardisation work of public administrations.

In 2009, the Legal, Financial and Administrative Services Agency was given the task of facilitating electronic public procurements with the aim of simplifying the procurement process and increasing cross-border trade.

Within the framework of eGovernment, the Government also intends to make government consultation processes more open and accessible. Information on ongoing consultations and access to received comments for both consultation bodies and other stakeholders shall be improved. Stakeholders who are not on the consultation list shall also be given more scope to submit comments on proposals from commissions and inquiries.

# 2 Developments and results of better regulation work, 2006–2010

## 2.1 Introduction

Simplifying and improving the everyday lives of businesses has been a high-priority issue for the Government during the current mandate period. To begin with, both international and Swedish experience was studied as regards what is required for successful regulatory reform and better regulation. The conclusion was that a systematic approach with a cohesive structure and instruments to carry out the task are required. At the beginning, better regulation therefore concentrated on creating a working structure by putting an organisation and simplification instruments, such as measurements and a regulatory council, in place. At the same time, extensive work on better regulation has been pursued at ministries and agencies and a basis for the Government's action plan has been developed. This has resulted in a large number of simplification measures having already been implemented, being in the process of implementation or being planned for the future. Step by step, the Government has delivered important simplifications for businesses.

An efficient organisation and working structure are now in place and the necessary instruments have been developed. The Government has thereby created a stable platform for better regulation, something which the OECD has also ascertained in its most recent review of regulatory reform in Sweden. The OECD has also ascertained that considerable progress has been made during the current mandate period and that the current government has a very strong will to continue to improve regulation.<sup>12</sup>

This section provides an account of the developments in better regulation from the autumn of 2006 to the spring of 2010 and of the results achieved. As background to the developments that have taken place in recent years, the account in Section 2.2 begins with a description of relevant better regulation issues up until 2006. Section 2.3 then provides a description of how the organisation and structure have developed and of the various sub-components of the Government's better regulation initiative. The results achieved and an analysis of them are given in Section 2.4. Section 2.5 describes the results of the OECD review of regulatory reform carried out during the current mandate period.

## 2.2 Better regulation prior to 2006

### 2.2.1 Important events in Sweden's better regulation work

Better regulation and attempts to simplify the rules are nothing new in Sweden. On the contrary, the issue of better regulation has been on the agenda for a long time. During the 1970s, provisions were introduced aimed at limiting the cost-driven effects of various rules for both the public and the business sector. During the 1980s, the spotlight was gradually turned more on

the problems the business sector was experiencing with various rules. During the 1990s, the issues were the subject of several inquiries, including the report by the Committee on Simplification of Taxation Rules for Small Enterprises, and the work began to be focused more on the conditions for small businesses.

Table 1 presents some of the most important events in Sweden's better regulation work. The table is not an attempt to provide a thoroughly comprehensive picture.

*Table 1. Important event in the development of better regulation*

Date	Event
1970	Ordinance (1970:641) is issued limiting the rights of Swedish central agencies to issue official regulations, instructions and guidelines.
1978	Government Bill 1978/79:111 on measures to combat red tape and unnecessary bureaucracy.
1987	The Limitation Ordinance (1987:1347) replaces the 1970 ordinance (see above).
1995	The requirements in the Limitation Ordinance are transferred to the Government Agencies and Institutes Ordinance (1995:1322) thereby shifting the focus clearly onto the business sector.
1996	The Committee on Simplification of Taxation Rules for Small Enterprises is appointed to promote the terms and conditions of small businesses. The Committee publishes a number of reports, including SOU 1997:186 Better and simpler rules and SOU 1998:78 Better regulation for the future.
1998	A special group, the "Simplex Group", is established at the Ministry of Enterprise, Energy and Communications. The Group's tasks include reviewing proposals from a small business perspective and identifying necessary simplifications.
1999	Ordinance (1998:1820) on the special impact assessment of rules affecting small enterprises, known as the "Simplex Ordinance".
1999	The Riksdag gives notice to the Government (report 1998/99:NU6, rskr. 1998/99:170) that further measures must be implemented to intensify the work on better regulation for businesses.
2002	The Riksdag gives further notice to the Government (report 2002/03:NU1 and 2002/03:NU7) concerning the establishment of quantitative targets and increasing the pace of better regulation.

<sup>12</sup> Regulatory Management in Selected EU Member States: Background report on Sweden.



The Riksdag has played an important role as a catalyst and driving-force of better regulation in Sweden. As the result of two decisions of principle in the spring of 1999 and the autumn of 2002, the Riksdag signalled a heightening of the ambition and an increase in the pace of better regulation by communicating clear demands to the government at that time. The explicit aim in both cases was to create better working conditions for smaller businesses and thereby encourage economic growth.

In the notice from 1999<sup>13</sup>, the Riksdag requested that the Government implement the following measures:

- submit an annual report to the Riksdag on better regulation, so that the Riksdag was able to constantly keep abreast of developments, with an initial report coming in the 2000 Budget Bill,
- present an objective for better regulation, formulated in such a way as to enable the Government and the Riksdag to monitor it and to submit an initial report in the 2000 Budget Bill,
- review all the proposals put forward by the Committee on Simplification of Taxation Rules for Small Enterprises and report which of them the Government had taken action on.

The committee report also emphasised the importance of paying attention not just to new but also existing rules so that unnecessary rules could be abolished and simplifications could be made to those rules deemed necessary.

In the notice from 2002<sup>14</sup> the Riksdag called upon the Government to:

- carry out a review of the entire regulatory framework affecting business activity so that unnecessary and complicated rules could be removed,
- establish a quantitative target for better regulation, with the aim of significantly reducing the costs to businesses of administering the regulatory framework by the end of the mandate period,
- start to increase the pace of better regulation work immediately in 2003,
- devise an indicator that shows how the regulatory burden is developing,
- submit an application to the OECD in 2003 requesting a review of Sweden's regulatory reform,
- ensure that a deadline is established, within which relevant agencies must have answered or dealt with a matter relating to business start-up regulations.

In light of the fact that the Riksdag had submitted two notices containing clear demands and comments on the effort of the then Government, the National Audit Board carried out a review in 2004 of the Government's efforts regarding better regulation for businesses. The National Audit Board concluded, among other things, that too little effort had been put into simplifying existing rules, that there was a lack of knowledge as to where the regulatory burden on businesses actually occurred and that no overall picture of the results of the better regulation work had been given. The Audit Board also established

<sup>13</sup> Report 1998/99:NU6, rskr. 1998/99:170. (In Swedish)

<sup>14</sup> Report 2002/03:NU1, rskr. 2002/03:74–76. och bet. 2002/03:NU7. (In Swedish)

that remarkably little effort had been put into amending acts and ordinances with the primary aim of making life easier for businesses.<sup>15</sup>

## 2.2.2 Forms, objectives and other components of earlier work on better regulation

The decision of the Riksdag (see Section 2.2.1) forced the pace of better regulation work in several ways. The notice from 1999 led the then government to submit a communication to the Riksdag the following year and to specify an interim objective for better regulation in the 2001 Budget Bill (Govt Bill 2000/01:1). The objective was to significantly reduce the administrative burden of regulation on small businesses within three years.

In accordance with the Riksdag decision from 2002, the Government was to devise an action programme aimed at simplifying existing regulation, establish a quantitative target and develop an indicator to show how the regulatory burden was changing. An action programme was presented in December 2004 in the Communication Regeringens handlingsprogram för minskad administration för företagen m.m. [Government action programme for reduced administration for businesses, etc.] (Skr. 2004/05:48). The action programme contained 291 measures.

In November 2003, the Swedish Business Development Agency, Nutek, was tasked by the Government to perform test measurements using the Standard Cost Model (SCM). Measurements were performed in six regulatory areas between 2004 and 2006. In 2005, the Government established quantitative targets for taxation regulation and for annual reporting (1995:1554). The taxation target was to reduce the administrative burden by 20 percent by 2010, whilst the target for annual reporting was to reduce the burden by 15 percent by 2010.

The National Audit Board's review of the Government's work on better regulation in 2004 also reported on how work was progressing in the Government Offices. The review ascertained that the work on better regulation was mostly confined to the Simplex Group at the Ministry of Enterprise, Energy and Communications. The group's task was to scrutinise new or amended proposals for rules that would affect businesses and to carry out an impact assessment. According to the National Audit Board, however, no government bills focusing mainly on better regulation for businesses had been put forward in recent years.

A state secretary group was established in December 1998 and given special responsibility for the work on better regulation. The group, which comprised state secretaries from the enterprise, justice and finance ministries, met only once or twice a year.

An inter-ministerial working group was convened in 2004 in connection with the development of the action programme. The National Audit Board's review indicates that this working group was not formed as a permanent resource in the Government Offices, but was deemed to have fulfilled its task after compiling the various proposals for better regulation and was thereafter dissolved.<sup>20</sup>

<sup>15</sup> RiR 2004:23 Regelförenklningar för företag, [Better regulation for business], p.8, 11 och 51ff. (In Swedish)

<sup>16</sup> Communication Regeringens redogörelse för regelförenklaringsarbetet med särskild inriktning på små företag [Government report on regulatory reform with particular focus on small businesses] (skr. 1999/2000:148). (In Swedish)

<sup>17</sup> Communication Regeringens redogörelse för regelförenklaringsarbetet regelförenklaringsarbetet [Government report on better regulation] (skr. 2005/06:49). (In Swedish)

<sup>18</sup> RiR 2004:23 Regelförenklningar för företag, [Better regulation for business], p 23 ff.

<sup>19</sup>A.a. p. 24.

<sup>20</sup> A.a. p. 28

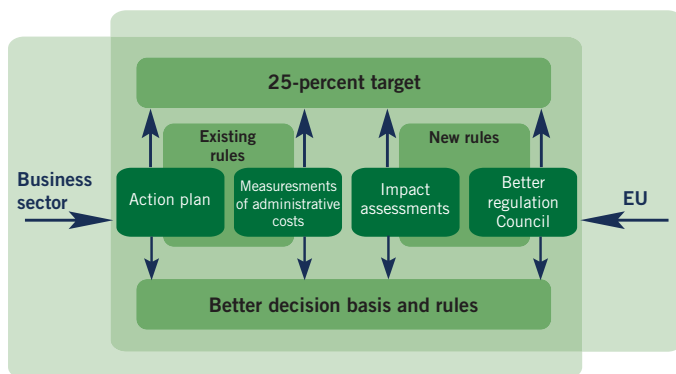
## 2.3 Structure and instruments are in place

### 2.3.1 Introduction

During the current mandate period, the Government has ascertained that the work on better regulation is a long-term change project affecting many actors on several different levels. It has therefore been important to put an efficient organisation and working structure in place and to establish appropriate reform instruments to systematically be able to take on the challenge of simplifying the everyday lives of Swedish businesses. The figure below illustrates the various sub-components of better regulation work in 2006–2010.

Figure 5. Sub-components of better regulation work

Noticeable, positive change in day-to-day business



Much of the work to make everyday life easier for businesses is about identifying existing rules that need to be simplified. An equally important component is, however, ensuring that new and amended rules are appropriately designed from a better regulation perspective.

By measuring the administrative costs to businesses, it has been possible to identify measures to simplify existing rules. Impact assessments have been performed to highlight the effects that amended or new rules have on businesses so that the simplest and most appropriate alternative for businesses can be chosen. The Better Regulation Council has scrutinised and assessed whether new and amended rules are designed in a simple and cost-effective way for businesses. Ongoing and planned simplification measures have been presented in the Government's action plan. Measurements, impact assessments, action plans and the activities of the Better Regulation Council have all helped to develop a better basis for rule-making and contributed to rules being designed in a simple and appropriate way.

Cooperation with the business sector and active participation in better regulation work on the EU level have been important cornerstones of the work in 2006–2010. Close cooperation and dialogue with the business sector are of crucial importance to ensure the work focuses on what really makes a difference to the everyday lives of businesses. Many regulatory areas are to a high degree governed by community law. In order to simplify national rules, therefore, the focus must also be on active and forceful regulatory reform at the EU level.

The following sections present the developments that have taken place regarding instruments and organisation. For a more detailed description of the sub-components of the work on better regulation, please refer to Section 2 in last year's Government Communication on Better Regulation (Skr 2008/09:206).

### 2.3.2 Organisation and structure

During the current mandate period, an efficient organisation and working structure have been developed. On 3 April 2007, the Government decided to establish a state secretary group with special responsibility to improve coordination of better regulation work across the Government Offices.<sup>21</sup> To begin with, the permanent members of the group were the state secretaries from the Prime Minister's Office and the Ministries of Justice; Health and Social Affairs; Finance; Environment; Employment; Integration and Gender Equality; and Enterprise, Energy and Communications. State secretaries from all government ministries were coopted as members of the group in the autumn of 2008. The group is chaired by the state secretary from the Ministry of Enterprise with special responsibility for better regulation. The main task of the state secretary group has been to improve the coordination of better regulation work across the Government Offices. The group has had 4-6 meetings per year.

An inter-ministerial working group for better regulation has been in existence since December 2006. The group is headed by officials from the Ministry of Enterprise, Energy and Communications. The group is mostly made up of officials responsible for coordinating better regulation at all government ministries. Some ministries have several members in the group. The number of participants in the group has varied between 25 and 30. The inter-ministerial working group has on average met once a month, apart from during the summer months, during the period 2007–2010.

Within the Government Offices, the overall responsibility for better regulation has rested with the Market and Competition Division at the Ministry of Enterprise, Energy and Communications. The division coordinates, support and monitors better regulation work across the Government Offices. The division is responsible for the framework conditions for businesses and therefore also has the task of reviewing new or amended regulatory proposals that affect businesses.

Every ministry has a division responsible for coordinating better regulation work at the ministry and every ministerial division or department responsible for issues affecting businesses has a better regulation officer.

In 2006–2010, the number of agencies with a formal simplification assignment has varied between 53 and 39. The agencies have been guided by annual government decisions and by assignments given to them in their appropriation directions. A project to more systematically incorporate better regulation for citizens and businesses into the agencies' instructions was initiated in 2008. These clear signals from the Government about the importance of simple and appropriate rules have led many of the relevant agencies to appoint better regulation officers. Some agencies, including The Swedish Tax Agency, have special functions responsible for coordinating the work on

<sup>21</sup>Decision N2007/3514/MK. (In Swedish)

better regulation.

The Government has given the Swedish Agency for Economic and Regional Growth special responsibility for better regulation issues. The Agency is responsible for measuring the administrative costs to businesses and produces annual updates of these measurements at the behest of the Government. The Swedish Agency for Economic and Regional Growth is, in cooperation with the Swedish National Financial Management Authority, responsible for providing the other agencies with method development, guidance and training in designing impact assessments. The Swedish Agency for Economic and Regional Growth has the coordinating role.

A central group for consultation with the business sector was established on 12 February 2007 by the Ministry of Enterprise, Energy and Communications. The group discusses the overarching issues connected to better regulation, e.g. work with the action plan, impact assessments, measurements of administrative costs, consultation with the business sector and the establishment of a regulatory council. The consultation group comprises representatives from Almega, the Swedish Association of Free Entrepreneurs, the Swedish Federation of Business Owners, the Federation of Swedish Farmers, the Board of Swedish Industry and Commerce for Better Regulation, the Swedish Trade Federation, the Confederation of Swedish Enterprise, the Swedish Bankers' Association and Association of Swedish Engineering Industries. The consultation group has met 3-5 times a year during the period 2007-2009.

### 2.3.3 Measurements of the administrative costs to businesses

As is clear from Section 2.2.2, measurements of the administrative costs to businesses were started in 2004 by the previous government following a notice from the Swedish Riksdag in 2004<sup>22</sup>. When the current government came to power, measurements were extended and the pace at which they were carried out increased, as a consequence of the 25-percent target. It was decided that an absolute baseline should be calculated, covering most of the regulatory framework with which businesses are obliged to comply. For a very short period, measurements of a further twelve regulatory areas were carried out along with an update of the six previously measured areas. It was decided that the baseline date should be 1 July 2006. The baseline measurements were completed by February 2008. The administrative costs to businesses were calculated at SEK 96.5 billion<sup>23</sup> (EUR 10.5 billion), which constitutes the baseline index against which the Government's target for reducing administrative costs is measured. Only six other EU Member States apart from Sweden have a baseline measurement.

As part of the measurement work, the Agency for Economic and Regional Growth has analysed 973 laws, identified nearly 4 600 information requirements and commissioned about 3 300 in-depth interviews with businesses. The measurements cover a total of 17 areas. Procurement is no longer one of the measurement areas as it proved very difficult to calculate the costs for it. The regulatory areas often affect the remits of several ministries and agencies. How the areas are distributed among the ministries and agencies can be seen in Appendix 2.

<sup>22</sup> Report 2002/03:7, rskr 2002/03:74.

<sup>23</sup>In last year's report, the baseline was set at SEK 96.7 billion (EUR 10.5 billion). The difference in the figures is because the baseline is constantly being adjusted so that it is as up-to-date and correct as possible.

The measurements were performed as early as 2004 using the Standard Cost Model (SCM). SCM is a qualitative method based on evaluations of how much time a normally efficient business spends in order to meet legislative requirements in the intended way. The model measures the costs to businesses of compiling, storing and transferring information to central agencies or third parties as a result of requirements in acts, ordinances, regulations or general guidelines<sup>24</sup>. SCM is a limited method insofar as it only measures the costs for certain specific stages of work which businesses must complete to follow the rules.

All EU Member States and the European Commission currently use SCM and have programmes for measuring and reducing the administrative costs to businesses. The Victoria State Government in Australia, Turkey, Norway and the OECD also use SCM.

These measurements are an important instrument for better regulation, both to follow the development of the administrative costs to businesses over time and to identify where in the regulatory framework, the major, burdensome costs are. To follow developments, the Agency for Economic and Regional Growth carries out annual update measurements of the effects of the previous year's regulatory amendments. Update measurements have been performed in 2008, 2009 and 2010, which means that the effects of all regulatory amendments up until 31 December 2009 have been measured compared to the baseline date.

The measurements of the administrative costs, along with the ambitious quantitative targets set by the Government, have helped to increase the focus on better regulation and have reinforced the ambition to reach the overarching qualitative objective to achieve noticeable change in the everyday lives of Swedish businesses. It has been possible to highlight the effects of regulations and the costs to businesses of following them in the rule-making process in a way that was not previously feasible. This has heightened awareness, both at the ministries and the agencies involved in the work, of the importance of designing simple rules at the lowest possible cost to businesses. Together with the Government's action plan for better regulation, the measurement work has increased the understanding and influenced the attitudes of rule-makers as regards the need for simple and cost-effective rules for both businesses and citizens.

### 2.3.4 Regulatory impact assessment

At the beginning of the mandate period, there was no coherent regulation on how to perform and scrutinise impact assessments neither at the ministerial nor at the agency level. Two impact assessments were often carried out on the same subject, duplicating work without any positive effect on the quality of the assessments or on the rules. The double regulation prescribed as a result of both the requirement for impact assessments in the Government Agencies and Institutes Ordinance (1995:1322) and in the Ordinance (1998:1820) on the Special Impact Assessments of the Regulations governing Conditions for Small Enterprises analysis of rules affecting small enterpri-

<sup>24</sup>For more information on SCM, see Section 2.2.2 in Skr. 2008/09:206 and the Nutek report "Manual för att mäta företagens administrativa kostnader enligt Standardkostnadsmodellen [Manual for measuring the administrative burdens on businesses using the Standard Cost Model]" (In Swedish).



ses, the “Simplex Ordinance”, meant that decisions on new or amended rules did not always have a coherent and well-rounded basis containing well-considered analyses of the economic, administrative and other consequences and costs.

Furthermore, there was no coordinating function with the specific task of assisting rule-makers to create better regulation; assessing whether new or amended rules were designed so that they achieved their purpose in a simple way at a relatively low administrative cost; and scrutinising the quality of impact assessments. Three actors, the Swedish National Financial Management Authority, Nutek (now the Swedish Agency for Economic and Regional Growth) and the Business Division at the Ministry of Enterprise, Energy and Communications, scrutinised established impact assessments, but their reviews were performed using different starting-points. There was no regulated obligation to seek consultation on a proposal for new or amended rules and its appurtenant impact assessment. Neither were impact assessments requested very often in the political decision-making process. Furthermore, they were not comprehensive, often focusing on only the potential impact on government finances or the environment. No overarching training initiative in how to perform impact assessments during the rule-drafting process was implemented in the Government Offices.

Today, the regulation governing impact assessments is well coordinated and has been simplified. The basis for establishing impact assessments during rule-making can be found in the Regulatory Impact Assessment Ordinance (2007:1244). As of June 2008, the process has been standardised by means of various policy documents for committees<sup>25</sup>, the Government Offices<sup>26</sup> and agencies<sup>27</sup>. An impact assessment shall be established and the same requirements on content and quality in an impact assessment shall apply to all rule-makers. This working method achieves synergy effects, transparency and uniformity. An impact assessment in the latter stages of the legislative process can hence be based on previously established impact assessments. An internal web-portal has been set up within the Government Offices, accessible via the intranet, containing a compendium of the information relevant to impact assessment work.

During 2008-2010, a coordinated and extensive impact assessment training and information initiative has been implemented for all those involved in rule-making at the Government Offices. A manual, *Konsekvensutredning vid regelgivning - en vägledning* [Impact assessment in the rule-making process - a guide] has been developed at the Ministry of Enterprise, Energy and Communications. In addition to seminars and conferences in which the ministry has participated, four information meetings and a series of six seminars have been organised. The seminars have highlighted the chain of effects, environmental and social impact, the financial implications for businesses, competition and administrative costs.

On the agency level, the Agency for Economic and Regional Growth has implemented training initiatives on the design of impact assessments and to encourage more people to use the Malin<sup>28</sup> database. The Agency for Economic and Regional

Growth has also developed an online impact assessment tool to help the agencies design them. Apart from having regular contact with the agencies, the Agency also arranges an annual meeting at which assessment coordinators from over 50 agencies can exchange ideas and experience.

### 2.3.5 The Better Regulation Council

The Better Regulation Council was established on 15 May 2008 (ToR. 2008:57). According to its terms of reference (ToR), the Council shall scrutinise the design of new or amended rules that can have a significant impact on the working conditions, competitiveness or other terms and conditions of Swedish businesses. The Council shall also assist rule-makers in their efforts to create better regulation for businesses. The Better Regulation Council currently consists of four members and four deputies and is assisted by an eight-strong secretariat. As a result of the Ordinance (2008:530) on mandatory consultation with the Better Regulation Council and a state secretaries' communication containing guidelines on the submission of background documentation to the Better Regulation Council by the Government Offices<sup>29</sup>, impact assessments must now be submitted to the Council. The guidelines outline the circumstances in which impact assessment need not be submitted to the Council.

The Better Regulation Council submitted its annual report to the Ministry of Enterprise, Energy and Communications on 20 January 2010<sup>30</sup>. In the report, the Better Regulation Council reflects on the importance of clear and comprehensive impact assessments as a good basis for rule-makers. Conversely, says the Council, poor impact assessments make it difficult to assess whether the most suitable solution from an administrative point of view has actually been chosen. There is hence a strong connection between substandard impact assessments and poor rule-making. In its recommendations to rule-makers, the Council makes special reference to the importance of its comments being heeded in the rule-making process and of sending business-related legislative proposals to the Council for review. Furthermore, the Council recommends that sufficient time be set aside to perform impact assessments and that rule-makers receive training in how to write good statutes and impact assessments. Rule-makers are also recommended to ensure that all EU legislation affecting businesses is founded on acceptable impact assessments. The Council underlines the importance of good cooperation with other EU Member States in this respect.

In conclusion, the work of the Better Regulation Council can be assumed in the long run to improve the quality of rule-making and impact assessments, thereby helping to achieve the objective of better regulation. The Better Regulation Council believes it has noticed an improvement in legislative proposals and impact assessments in the latter stages of 2009. The recommendations presented by the Council have to a certain extent already been acted upon in the Government Offices, concerning, among other things, training initiatives. Furthermore, the comments of the Council are increasingly being heeded in the ongoing rule-making process.

Between 3 February and 31 December 2009, 411 legislative

<sup>25</sup>The Ordinance (2008:269) amending the Committees Ordinance (1998:1474). (In Swedish)

<sup>26</sup>State secretaries' communication containing guidelines on regulatory impact assessments performed in the Government Offices (N2008/5953/MK). (In Swedish)

<sup>27</sup>The Regulatory Impact Assessment Ordinance (2007:1244). (In Swedish)

<sup>28</sup>Malin is a database, developed by the Agency for Economic and Regional Growth, which contains all results from the baseline measurements and the annual updates of administrative costs.

<sup>29</sup>N2008/5954/MK. (In Swedish)

<sup>30</sup>[www.regelradet.se](http://www.regelradet.se). (In Swedish)

proposals were referred to the Better Regulation Council. Of these, the Council has commented on 222 cases. The Better Regulation Council has rejected 43 percent of the proposals referred to it. As a rule, the Council rejects a proposal when the impact assessment is substandard or missing altogether. The quality of the impact assessments has been rejected by the Council in 54 percent of cases.

### 2.3.6 Consultation with the business sector

Consultation and dialogue with businesses and business sector organisations have been a cornerstone in the Government's better regulation work during the mandate period. The consultations have helped to identify the simplification measures requested by businesses so that the work can lead to real and noticeable improvements for them. In all its better regulation assignments to the ministries and agencies, the Government has stressed the importance of consultation with the business sector. Consultation meetings on overarching issues have also been held on a regular basis with business sector organisations via a centrally established consultation group headed by the Ministry of Enterprise, Energy and Communications.

In 2006–2010, there has been active consultation on better regulation work both at ministries and agencies. The need for consultation in order to focus efforts on the areas requested by businesses and to have an impact on their everyday lives was greatest at the beginning of the period. From not being particularly well developed, the consultation on better regulation has become a natural and integrated part of the process.

Based on the annual reviews conducted by the agencies and ministries, it can be ascertained that the bar has been raised significantly during this mandate period. All the ministries and the vast majority of the agencies have consulted with the business sector during the mandate period. Consultations have differed depending on the special circumstances prevailing in each specific area. In some cases, consultation is solely on better regulation while in others better regulation is just one item for discussion within the framework of existing forms of consultation. Sometimes consultation only takes place on the agency level, although with the participation of representatives from the Government Offices. Some ministries and agencies have established more permanent consultation groups on better regulation. A detailed report on performed consultations was submitted in last year's communication on better regulation<sup>31</sup>.

The consultations have provided the Government and all parties involved with valuable information that has helped to incorporate simplification proposals put forward by businesses into the work on better regulation. The structure of the proposals brought to the fore by the consultations or submitted by the business sector to the Government or the agencies through other channels often makes it difficult, however, for the Government to implement them directly. In many cases, the proposals need to be more precisely defined and analysed. Consultations can, for example, be used not only to collect proposals and comments from the business sector but also to provide detailed feedback on submitted proposals. Another important function can be feedback from the business sector on whether

amended or new rules are working as intended. The forms of consultation may need to be further developed in the future.

### 2.3.7 The action plan for better regulation

The Government's action plan for better regulation has been an actively ongoing project throughout the entire mandate period and has been updated every year. The action plan specifies completed, ongoing and planned measures for better regulation. A broad approach to the process of developing measures as the basis of an action plan for better regulation for businesses has been employed from the very beginning. As a result of this, better regulation work has had a major impact among rule-makers. The work has included all the ministries and a large number of agencies. The number of agencies given a formal simplification assignment has varied between 53 and 39 during the mandate period. This variation in the number of agencies involved is partly due to the fact that some have been merged together to form new agencies, e.g. the Swedish Transport Agency, while the activities of others, e.g. the Swedish Radio and TV Authority, have so little to do with businesses that it has been deemed ineffective to include them in better regulation work aimed at business.

Table 2 next page presents the different stages of the action plan in 2006–2010. For a more detailed description of the different stages, please refer to last year's Communication on Better Regulation, Skr. 2008/09:206.

<sup>31</sup> For more information, see Section 2.5 in skr. 2008/09:206.

**Table 2. The different stages of the action plan, 2006-2010**

Date	Event
November 2006	Government decision tasking all ministries and 53 agencies to develop background material as a basis for the Government's action plan for better regulation. <sup>32</sup>
May 2007	First stage of the action plan is presented focusing on better regulation work in 2007–2010.
May 2007	Government decision giving a more concrete and detailed assignment to all ministries and 52 agencies prior to stage two of the action plan. <sup>33</sup>
April 2008	Second stage of the action plan presented in the Government Communication on Better Regulation (Skr. 2007/08:131) to the Riksdag. A total of 600 implemented, ongoing and planned measures are presented in the action plan, 170 of which were implemented in 2007.
July 2008	The third simplification assignment to all ministries and 44 agencies, instructing them to update and produce more background material as a basis for the action plan. <sup>34</sup>
June 2009	The third stage of the action plan is presented in the Government Communication on Better Regulation (Skr. 2008/09:206) to the Riksdag. A total of about 940 implemented, ongoing and planned measures were presented in the action plan, 460 of which were implemented in 2007 and 2008.
August 2009	The fourth simplification assignment to all ministries and 39 agencies, instructing them to update and produce more background material as a basis for the action plan. <sup>35</sup>
May 2010	Fourth stage of the action plan (presented in this communication). A total of about 1 150 implemented, ongoing and planned measures, 590 of which were implemented in 2007–2009.

The four assignments to the ministries and relevant agencies have been targeted at fundamental areas of better regulation. The main aim has been to identify simplification measures on the national and EU level. The measurements and simplification proposals from the business sector have been highlighted in the assignments as the underlying sources in the

<sup>32</sup> Decision N2008/4837/MK. (In Swedish)

<sup>33</sup> Decision N2009/5847/MK. (In Swedish)

<sup>34</sup> Decision N2008/4837/MK. (In Swedish)

<sup>35</sup> Decision N2009/5847/MK. (In Swedish)

work to identify simplification proposals. During 2007–2010, the ministries and agencies have also been asked to report on the focus of their better regulation work, on their use of measurements in the regulatory area in question and on their consultation with and feedback to the business sector. In its assignments to the agencies, the Government has stressed that they should present proposals for amendments to acts and ordinances that could make life easier for businesses.

The process of developing an action plan each year has been organised in two stages. In the first stage, the agencies covered by the simplification assignments have been instructed to develop a basis within their respective remits. The agencies' better regulation reports have been presented to the responsible ministry and subsequently used by the ministry to help it to update its work plan. In the second stage, the ministries have presented an overall work plan for better regulation within their respective remits to the Ministry of Enterprise, Energy and Communications. The Ministry of Enterprise, Energy and Communications has then combined the work plans into a joint government action plan and developed comprehensive guidelines, instructions and a template for reporting the assignments during the last period. The content of the instructions and their degree of detail are reflected in the questions that have arisen at the ministerial and agency level.

The Government Offices have evaluated the internal work process for better regulation, in particular the development of the action plans and the development, analysis and implementation of simplification measures.

## 2.4 The OECD review of regulatory reform in Sweden

OECD has been working on regulatory quality and reform for many years. At the request of its member countries, the OECD has reviewed the work on these issues in over twenty of its member countries. The OECD's review of Sweden's work on regulatory reform issues was conducted between autumn 2005 to December 2006. The final report Sweden – Achieving Results for Sustained Growth was presented in March 2007. The report contained a number of recommendations on how the Swedish work on regulatory reform could be improved in different ways. The Swedish Government has acted on most of the OECD's recommendations during the current mandate period.

Since the spring of 2008, the OECD has been reviewing different aspects of regulatory reform in the first 15 EU Member States. The OECD and the European Commission believe a review of regulatory reform aspects in the EU Member States is important in order to, among other things, achieve set targets in the Lisbon strategy. As part of the review of Sweden, OECD representatives visited Stockholm for a week in November 2008 for meetings with the Riksdag Committee on Industry and Trade, officials from the Government Offices and a number of agencies and representatives of business sector organisations, etc. The OECD will soon publish a synthesis report once the review of all 15 Member States has been completed.

The final report on the review of Sweden, Regulatory Management in Selected EU Member States: Background report on Sweden, has been discussed during the spring of



2010. In this relatively extensive report, the OECD ascertains that considerable progress has been made during the current mandate period and that the present government has shown a very strong commitment to continued work on better regulation and regulatory reform issues. The OECD also ascertains that Sweden has improved its work on regulatory reform issues in several respects in recent years, especially regarding tools and infrastructure. The final report contains about 50 recommendations for future work on regulatory reform and better regulation and for how the work with these issues can be reinforced on the EU, national, regional and local level. It is the Government's intention to analyse these recommendations thoroughly. Some of the recommendations are already dealt with in this communication, e.g. the issue of reinforcing work on the regional and local level, while others constitute an important basis for the development of a new programme for better regulation in 2011–2014.

## 2.5 Results achieved in 2006–2010

### 2.5.1 Introduction

Achieving noticeable, positive change in the everyday lives of businesses has been the aim of the better regulation efforts made by the ministries and relevant agencies. These efforts include many different kinds of initiatives at various levels. In Swedish, the concept is referred to as *regelförenkling*, which literally translated means “rule simplification”. This can sometimes be misleading as it can be seen as a very narrow concept focusing only on the simplification of rules and leads us to think of deregulation, i.e. the abolition of rules. As was stressed in Section 1.4, it is basically a question of designing rules, processes and procedures so that they are better suited to the conditions and reality faced by businesses.

In the period 2006–2010, measurement methods, indicators and other monitoring instruments have not been created to highlight and follow up regulatory reform initiatives and measures other than those aimed at reducing the administrative costs to businesses. This has been a flaw in the work done during this period and as is specified in Section 4.2, this will therefore be a priority task in the next programme for better regulation in 2011–2014. To show the breadth and variation in the initiatives taken during 2006–2010 to achieve a noticeable, positive change in the everyday lives of businesses, Section 2.5.2 gives a description of the type of measures included in the work on better regulation.

An important focus has been to ensure that the simplification measures considered and implemented by the ministries and agencies correspond to what the business sector is asking for. This is a basic pre-condition for a successful result. Section 2.5.3 looks at the focus of the simplification proposals put forward by the business sector and how these are reflected in the results of the work on better regulation.

Achieving the underlying target of reducing the administrative costs to businesses by 25 percent by 2010 has been an important part of the work. Section 2.5.4 examines the development of administrative costs to businesses in 2006–2010. The results in relation to the 25-percent target are also followed up and analysed in this section.

### 2.5.2 Noticeable, positive change in day-to-day business

#### *Different types of initiatives have been implemented*

Despite nearly half the simplification measures developed during the mandate period not being aimed at reducing administrative costs, these measures have been neglected and overshadowed by the 25-percent target. The measures and initiatives taken to achieve noticeable, positive change in the everyday lives of businesses have varied considerably in nature due to the fact that the work on better regulation has had a broad focus and approach. The initiatives can be roughly grouped into the following categories:

- the simplification of rules,
- simplification of the administrative process of following the rules,
- greater inter-agency cooperation and coordination,
- better service and accessibility, and
- shorter processing and waiting-times.

The following provides a description of the types of measures designed and implemented within the above-mentioned categories. Concrete examples of these types of measures are given in Section 5, which contains a limited selection of the simplification measures included in the action plan for better regulation.

#### *Simplification of rules*

The concept of simplification in its narrowest sense suggests the removal, consolidation and rationalisation of rules. The measures designed and implemented in this category have been aimed at:

- revoking legislation or other regulations,
- removing information requirements from legislation or other regulations,
- limiting the scope of the legislation for certain groups, e.g. small businesses,
- merging information or legislative requirements in various regulations, and
- revising awkwardly worded rules to make them clearer and easier to read and understand.

#### *Simplification of the administrative process of following the rules*

The measures in this category have primarily been aimed at reducing the administrative costs to businesses. Fewer forms and less data provision have been priority initiatives in this context in order to significantly simplify the administrative process. This has been achieved by means of simplified application, permitting and notification procedures. Examples of measures in this category include:

- removal of unnecessary forms and formal requirements,
- removal of unnecessary inspections and information requirements,
- reduction in the amount of data provision or number of times data needs to be submitted,

- making it possible for agencies to collect certain data themselves,
- replacing applications with notifications,
- removal of permit requirements, and
- improving the design of forms by e.g. customising them to the relevant target group and using simpler language.

#### *Greater inter-agency cooperation and coordination*

Having to submit the same or similar data several times or to different agencies is a source of considerable irritation for businesses. Similarly, it is time-consuming for businesses to have to turn to several other authorities to gain access to important information and data. Better cooperation and coordination between agencies have therefore been important aims of the work. The focus has been on both data provision as well as application procedures and enforcement. Examples of measures in this category include:

- agencies gathering data from other authorities instead of from businesses,
- agencies developing common points of contact or online portals for businesses searching for agency information,
- agencies establishing joint local service offices,
- requirements for data provision in one area have been harmonised with information requirements in other areas so that similar requirements for data laid down in different regulations only need to be submitted once, and
- data collection from businesses has been coordinated.

#### *Better service and accessibility*

Many of the simplification measures at agency level have been aimed at better service and accessibility. The Government's eGovernment initiative has encouraged the majority of agencies to supply and develop eServices to facilitate data provision and other information exchange between agencies and businesses. Several agencies make minimum service commitments, in which they specify what businesses and citizens can expect as regards the services they supply. This may be a question of the agency undertaking to answer emails and letters within a certain number of days, answering the phone within a certain number of minutes, deciding matters within a certain time, etc. Several agencies have made service commitments with regard to their processing and waiting-times. The National Social Insurance Office, Swedish Board of Customs and Swedish Companies Registration Office are examples of agencies that have made service commitments.

#### *Shorter processing and waiting-times*

Reducing the time it takes agencies to deal with enquiries and matters can lead to significant improvements for businesses. In this respect, it has been particularly important to review the processing times for permit applications by businesses wishing to start or run a business operation. Several agencies have received instructions in their appropriation directions to reduce processing times or keep them short.

### 2.5.3 Simplification proposals from the business sector

To ensure better regulation has a positive impact on the everyday lives of businesses, it is important that the reform measures implemented or planned correspond to the simplifications proposed or requested by the business sector. As is clear from Section 2.3.7, the business sector's proposals and the measurements of administrative costs have been highlighted in the assignments given to the ministries and agencies as important sources of information when it comes to identifying potential simplification measures.

In the period 2006–2010, Sweden's business sector organisations have made an active contribution to better regulation work both by taking part in consultations and by putting forward a significant number of simplification proposals to the Government and the agencies. The Board of Swedish Industry and Commerce for Better Regulation has coordinated the better regulation work of the business sector organisations on the national and EU level.

#### *The focus of simplification proposals*

Simplification proposals from the business sector have been submitted at regular intervals, on different occasions and in different ways during the mandate period. Most of the proposals were submitted during 2007 in communications to various ministries and agencies or in connection with different consultation meetings. There has been considerable variation in the proposals, both in terms of design and content. Some proposals have highlighted problems and suggested desirable ways of solving them, while others have included concrete legislative proposals. In some cases, the same or similar proposals have been submitted by several organisations. Simplification proposals from the organisations have mostly been aimed at reducing administrative, financial and material costs to businesses. Many of the proposals in this part concern land-based industries and taxation, statistics and labour law. There are also, however, proposals for measures targeting system issues and burdens as the result of irritating rules.

#### *Identified problem areas*

In a report from January 2010, Regelindikator 2009 [Regulation indicator 2009], the Board of Swedish Industry and Commerce for Better Regulation has presented a review and analysis of the simplification proposals submitted by the Board and its affiliated business sector organisations and trade associations. According to this analysis, the following regulatory areas are perceived as complicated and recur most often among the simplification proposals.<sup>36</sup>

1. Environment-related rules, e.g. the Swedish Environmental Code and waste regulations.
2. Work environment legislation.
3. Labour market regulations, especially the Employment Protection Act (1982:80).
4. Auditing issues/auditing obligations.
5. Tax rules, especially those governing close companies.
6. The requirement to draw up plans, such as gender equality plans and pay surveys.

<sup>36</sup> See the Board of Swedish Industry and Commerce for Better Regulation, Regelindikator 2009, p 30. (In Swedish)

7. Data provision, especially statistics, but also income statements that must be submitted for enforcement purposes.

A comparison with the measures in the relevant ministry and agency work plans shows that most of the regulatory areas listed above are well reflected in the ongoing work on better regulation.

- Both the Environmental Code and the Waste Ordinance have been the subject of comprehensive review during the mandate period.
- As regards work environment legislation, the Work Environment Authority has simplified the regulations on systematic work environment promotion in 2008, reducing the administrative costs to businesses by about SEK 126 million (EUR 13.7 million).
- The Government has clearly stated that the Swedish Model – in which the social partners have a central responsibility in determining which conditions are to apply on the labour market and in developing labour law legislation – works well and should be maintained. In line with this, no amendments to central labour law statutes have been proposed.
- During the spring of 2010, the Government has proposed voluntary auditing for certain businesses.
- During the mandate period, the Government has made several improvements to the taxation rules governing the co-ownership of close companies. For example, the standard amount in the “simplification rule” has been raised from 1.5 to 2.5 income base amounts in total. A closer comparison reveals that businesses can now (2010) take out a dividend of SEK 127 250 (EUR 14 000) which is taxed at the lower rate of 20 percent compared to just SEK 64 950 (EUR 7 000) four years ago (2006).
- The requirements to establish gender equality plans and pay surveys were changed on 1 January 2009 from once a year to every third year. The obligation to establish plans now only applies to employers who employ more than 25 employees instead of the previous figure of ten. It is estimated that these changes will reduce the administrative costs to businesses by SEK 376 million (EUR 41 million).
- In 2008, Statistics Sweden conducted a review of all its statistics products that are aimed at better regulation.

#### *Identified system issues*

The analysis performed by the Board of Swedish Industry and Commerce for Better Regulation also identified the following system issues as problematic and most frequent.

1. Excessive data provision where businesses would like to see fewer data requirements and would prefer to only have to submit data to the authorities once instead of several times over.
2. The need for better background material on which to base decisions and better impact assessments when adopting new or amended rules.

3. Application and enforcement that are not consistent and a lack of information about which rules apply and how they are to be followed.

In September 2008, the Government tasked the Swedish Companies Registration Office to develop proposals for how to reduce the amount of data businesses needed to submit to central agencies. The Swedish Companies Registration Office's report, submitted to the Government in April 2009, is under consideration at the Government Offices. As is clear from Sections 2.3.4 and 2.3.5, measures to improve background material and impact assessments are something to which the Government has attached top priority by e.g. establishing the Better Regulation Council, whose task is to scrutinise the quality of impact assessments. Implementation of these measures is underway but some development and improvement work still needs to be done.

Future better regulation work needs to focus more on application, enforcement and information to businesses on which rules apply and how they are to be followed. Concrete initiatives are required to make enforcement more consistent, coherent, legally secure and cost-effective. In its report to the Riksdag *En tydlig, rättssäker och effektiv tillsyn* [Coherent, legally secure and efficient enforcement] (skr. 2009/10:79), the Government has presented general assessments on how enforcement should be regulated and designed. Application and enforcement on the local and regional level are of key importance in this context. As is clear from Section 4.5, this is a priority issue in the next programme for better regulation in 2011-2014.

#### *Proposals from the business sector well reflected in the work on better regulation*

It is clear from the above that the Government and the agencies are seeking to improve regulation in the problem areas identified by the business sector. One area where there is potential for improvement however is the feedback to the business sector organisations that have submitted simplification proposals. It is worth mentioning here, however, that it can be difficult to provide what the business sector feels is satisfactory feedback in some areas. This is due to the large number of proposals, their variety and quality and the way they have been submitted, e.g. orally at consultation meetings. There is hence no prescribed uniform way for all ministries and agencies to give feedback. Instead, feedback has been provided to the greatest extent possible and in the best possible form on a case-by-case basis. Several agencies and some ministries, including the Ministry of the Environment and the Swedish Companies Registration Office, have considered the business sector proposals in detail and provided feedback.

## **2.5.4**      **Developments in administrative costs, 2006–2010**

The Government monitors progress towards the 25-percent target with the help of measurement updates performed by the Agency for Economic and Regional Growth. The results of the measurements included in the baseline show that the administrative costs to businesses of following government regulations



amounted to SEK 96.5 billion (EUR 10.4 billion) in 2006. The baseline measurement is to be updated once a year. This is done by measuring the costs of legislative amendments introduced the year before. The results should be seen as an index in order to follow the development of the administrative costs to businesses rather than exact costs.

#### *Sweden applies a strict monitoring method*

The approach in Sweden to updating the measurements of administrative costs in order to monitor progress towards the 25-percent target differs from the approach used in most other countries. In Sweden, interviews with businesses are conducted the year after a measure has been introduced rather than using what are termed “ex-ante analyses” in impact assessments when the proposals for measures are being developed. The procedure provides for more exact monitoring of the actual effects of a measure compared to the estimated effects in connection with the implementation of an impact assessment. As part of the monitoring method used in Sweden, the actual population of businesses affected by a measure is also established compared with the full potential expressed in an ex ante impact assessment. This means that the cost reductions actually achieved are often lower in Sweden than in other countries who monitor them using ex ante analyses as a basis. This is an important explanation for why goal achievement tends to be higher in other countries.

To illustrate the above, we can take the reform measures relating to the quarterly reporting of value-added tax (VAT) as an example. According to data from the Swedish Tax Agency, 54 percent of the businesses covered by the rules report their VAT every third month, while 46 percent for a variety of reasons have elected to continue to report their VAT every month or have gone back to doing so after a short period. The measurement results for this measure only include the actual reduction in administrative costs for the 54 percent of businesses who use the quarterly system to report their VAT. In an ex ante analysis, the potential reduction would include all businesses covered by the rules, which means that the potential reduction for the 46 percent of businesses who, after the introduction of the measure, have chosen not to utilise the quarterly reporting option, is also included in the calculations and hence in the target achievement updates. Another example is that dormant companies are not included in the measurements, despite the fact that such businesses can benefit from rule simplifications. This is, for example, the case regarding the proposal for voluntary auditing. Sweden has about 70 000 dormant limited companies. For these businesses, the proposal for voluntary auditing implies a reduction in administrative costs in the region of SEK 365 million (EUR 40 million).

#### *Measurement updates and monitoring progress towards the 25-percent target*

During the mandate period, it has only been possible to do three measurement updates for regulatory amendments made in 2007, 2008 and 2009. An update of the costs as a result of amendments introduced in 2010 cannot be performed until 2011. In the spring of 2010 therefore, the Government commissioned a forecast and survey of how the administrative costs

to businesses are likely to develop during and after 2010 at the same time as the measurement update for amendments introduced in 2009 was performed.

The forecast covered amendments to acts, ordinances, agency regulations and general guidelines reported by ministries and agencies before 15 February 2010 and where it is possible to quantify the administrative costs based on the calculation variables (time, pay category, frequency and population) used in the Standard Cost Model (SCM). The survey has covered the regulatory amendments reported by ministries and agencies before 15 February 2010 as having been adopted prior to 2010 or planned for adoption during 2010, but where it has not been possible to quantify the administrative costs. The results obtained from the forecast should be interpreted with caution, since not all legislative amendments during 2010 are included in it due to the fact that the break-off date for amendments was very early in the year. All the figures for 2010 reported in the tables below shall therefore be seen as very provisional and in no way final. The results of some of the major amendments adopted by the Government after 15 February and which have been possible to quantify in accordance with the SCM calculation variables are also reported in the communication. In light of what has been said above, it is important to underline that no final results update towards the 25-percent target can be implemented before the spring of 2011.

The various tables below present the results of progress measurements towards the 25-percent target not only by regulatory area but also by ministry for 2009 and provisionally for 2010. For unabridged presentations of the results for each of the years of the mandate period, please refer to the measurement reports published by the Swedish Agency for Economic and Regional Growth. A presentation of the results for 2007 and 2008 can be found in last year's communication (Skr. 2008/09:206). Table 3, see next page, presents the administrative costs to businesses by regulatory area for the period 2006–2010.

Table 3. Administrative costs to the business sector as a result of government legislation by regulatory area

Area	Administrative costs per year in SEK millions			Change in SEK millions and percent	
	2006	2009	2010 (forecast)	2006–2009	2006–2010 (forecast)
<b>Labour legislation</b>	6 343	5 858	5 689	-485	-654
				-7.6%	-10.3%
<b>Company law</b>	24 631	24 728	24 728	97	97
				0.4%	0.4%
Including amendments adopted after the break-off date (15 February 2010)			22 128		-2 503 -10.2%
<b>Accounting</b>	22 895	22 930	22 930	35	35
				0.2%	0.2%
Including amendments adopted after the break-off date (15 February 2010)			22 370		-525 -2.3%
<b>Building and property law</b>	7 146	7 147	7 137	0	-9
				0.0%	-0.1%
<b>Energy</b>	1 023	809	617	-214	-407
				-20.9%	-39.8%
<b>Finance</b>	2 571	2 984	3 049	413	478
				16.1%	18.6%
<b>Health and medical care</b>	1 019	1 343	1 316	324	297
				31.8%	29.1%
<b>Agriculture</b>	623	373	364	-251	-260
				-40.2%	-41.7%
<b>Communication</b>	230	354	258	123	28
				53.5%	12.0%
<b>Food</b>	8 400	5 333	5 333	-3 067	-3 067
				-36.5%	-36.5%
<b>Environment</b>	3 648	3 532	3 517	-117	-131
				-3.2%	-3.6%
<b>Products and consumers</b>	4 520	4 444	4 444	-76	-76
				-1.7%	-1.7%
<b>Taxation</b>	6 348	6 783	6 930	435	582
				6.9%	9.2%
<b>Statistics</b>	299	292	291	-7	-8
				-2.3%	-2.7%
<b>Transport</b>	2 976	2 978	2 845	1	-132
				0.1%	-4.4%
<b>Customs and foreign trade</b>	1 929	1 930	1 930	1	1
				0.0%	0.0%
<b>Annual reporting</b>	1 914	1 822	1 822	-92	-92
				-4.8%	-4.8%
Including amendments adopted after the break-off date (15 February 2010)			1 522		-392 -20.5%
<b>Totalt</b>	<b>96 518</b>	<b>93 641</b>	<b>89 484</b>	<b>-2 877</b> <b>-3%</b>	<b>-7 034</b> <b>-7.3%</b>

It is clear from Table 3 that the total administrative costs to businesses fell from SEK 96.5 billion (EUR 10.5 billion) in 2006 to provisionally SEK 89.5 billion (EUR 9.75 billion) net in 2010, i.e. after regulatory amendments leading to increased costs have been taken into consideration. This represents a reduction in administrative costs of approximately 7.3 percent. If we only consider the implemented measures that have reduced administrative costs, the gross result would be a reduction of about 11 percent. It is also clear from the table that 12 of 17 regulatory areas report reductions. The largest percentage reduction of the administrative costs to businesses during 2006–2010 has occurred in the area of agriculture (-41.7 percent) closely followed by energy (-39.8 percent) and food (-36.5 percent). The largest reduction in monetary terms was in food legislation by just over SEK -3 billion (EUR -328 million), followed by company law with a reduction of just over SEK -2.5 billion (EUR -273 million). Table 4 presents the 10 largest cost reductions in all regulatory areas in 2006–2010.

**Table 4. The ten largest cost reductions in 2006–2010**

Area	Measure	Reduction in SEK millions
Food	Simpler application of the regulations on the traceability of food in food production	3 002.9
Company law	Voluntary auditing for e.g. some smaller limited companies	2 600
Accounting	Simpler rules for current accounting and record retention	560
Taxation	Extended reporting period for VAT to once a quarter instead of once a month	307
Annual reporting	Simpler accounting regulations in annual reporting (1995:1554)	300
Energy	New system for assessing electricity grid tariffs	232.4
Agriculture	Abolition of forest and environmental reporting	222.8
Labour legislation	Establish a gender equality plan every third year instead of every year	216.5
Taxation	New forms for declaring business operations for self-proprietors	202.2
Labour legislation	Pay survey every third year instead of every year	159

It is clear from Table 3 that five out of 17 regulatory areas report an increase in administrative costs. The largest percentage increase in administrative costs to businesses in 2006–2010 has been in health and medical care by 29.1 percent. The largest increase in monetary terms was in the taxation area by about SEK 582 million (EUR 63.5 million), followed by the finance market by approximately SEK 478 million (EUR 52.2 million). Table 5 presents the 10 largest cost increases in all regulatory areas in 2006–2010.

**Table 5. The ten largest cost increases in 2006–2010**

Area	Measure	Increase in SEK millions
Taxation	Inverse tax liability for building services	453.8
Taxation	Personal registers in the hairdressing and restaurant industries	365.5
Taxation	Obligation to document transfer pricing	305.5
Health and medical care	State dental care support	303.6
Finance	New requirements for rule compliance as a result of the MiFiD Directive	258
Communication	General guidelines on good function and technical safety	93.6
Company law	Guidelines for compensation to top-level officials	59.1
Accounting	Amendments regarding year-end closures	29.9
Company law	Requirements for a board of directors' audit committee in listed limited companies	28
Food	Code of conduct for the manufacture of material and products that may come into contact with food	27.2

As regards the updates for 2009, but above all measures during 2010, there are both those that reduce and those that increase the administrative costs to businesses that cannot be quantified based on the calculation variables used in SCM. A presentation of which measures these are and why it has not been possible to quantify them can be found in the reports on the relevant regulatory areas published by the Swedish Agency for Economic and Regional Growth. Among the cost increases that are probably significant but where it has not been possible to do quantitative measurements are the costs to businesses for administering the “invoice model” regarding payment requests with regard to the provision of household-related services. This



is due to the difficulty in estimating the population as regards the number of notifications with a sufficient degree of accuracy.

Table 6 below presents developments in administrative costs in 2006–2010 broken down by ministerial remit.

Tabell 6. Administrativa kostnader per departements ansvarsområde

Ministry	Administrative costs per year in SEK millions			Change in SEK milions and percent	
	2006	2009	2010 (forecast)	2006–2009	2006–2010 (forecast)
Employment	6 585	6 500	6 330	-85	-255
				-1.3%	-3.9%
Finance	10 008	10 847	11 025	840	1 017
				8.4%	10.2%
Defence	461	390	390	-72	-72
				-15.6%	-15.6%
Integration and Gender Equality	1 248	855	855	-393	-393
				-31.5%	-31.5%
Agriculture	9 028	5709	5 699	-3318	-3 329
				-36.8%	-36.9%
Justice	51 158	51 199	51 232	40	74
				0.1%	0.1%
Including amendments adopted after the break-off date (15 February 2010)			47 516		-3 716 -6.8%
Culture	3	3	3	0	0,08
				0.0%	-2.8%
Environment	10 625	10 506	10 482	-119	-143
				-1.1%	-1.4%
Enterprise, Energy and Communications	5 757	5 672	5 252	-85	-506
				-1.5%	-8.8%
Health and Social Affairs	1 610	1 928	1 900	317	289
				19.7%	18.0%
Foregin Affairs	33	32	32	-1	-1
				-3.3%	-3.2%
Total	96 518	93 641	89 484	-2877 -3 %	-7 034 -7.3%

It is clear from Table 6 that nine of the eleven ministries whose regulatory areas are covered by the administrative cost measurements indicate reduced costs. The Ministry of Agriculture is responsible for the largest percentage reduction (-36.9 percent), followed by the Integration and Gender Equality Ministry (-31.5 percent) and the Ministry of Defence (-15.6 percent). In monetary terms, the largest decrease has taken place at the Ministry of Justice (SEK -3 716 million [EUR 402

million]), closely followed by the Ministry of Agriculture (-3 329 million [EUR 360 million]). The largest percentage increase in the administrative costs to businesses was at the Ministry of Health and Social Affairs (18 percent). In monetary terms, however, the Ministry of Finance was responsible for the largest increase (SEK 1 017 million [EUR 110 million]), an increase of 10.2 percent.

# 3 Better regulation work in the EU, 2006–2010

## 3.1 Introduction

As is made clear in Section 1.5.2, better regulation on the EU level is very important for our own better regulation work since a large share of currently applicable regulations in Sweden is based on EU legislation. About 53 percent of the administrative costs to Swedish businesses stem from EU legislation.

During 2006–2010, considerable progress has been made in the better regulation work at the EU level, something which is summarised in the annual strategic reviews of better regulation in the EU presented by the European Commission during the period in question.<sup>37</sup>

The development of and progress in different areas of better regulation in the EU are presented in Section 3.2. The initiatives during the 2009 Swedish EU Presidency are described in Section 3.3, followed by a discussion of future better regulation work at the EU level in Section 3.4.

## 3.2 Development of better regulation at the EU level, 2006–2010

### 3.2.1 Objective for reduction of administrative costs

When the current government came into power in the autumn of 2006, there was still no clearly stipulated objective on the EU level to reduce administrative costs to businesses. Only when the European Council met in March 2007 did the EU establish the target of reducing administrative costs on business stemming from EU legislation by 25 percent by 2012. The European Council thereby gave its support to the action programme to reduce administrative costs launched by the Commission about 2 months earlier. In contrast to the Swedish target, the European target is not a net target, i.e. it does not take potentially new, administratively burdensome legislation into consideration.

Sweden was one of a small group of Member States that had already established a national target for reducing administrative costs prior to the above-mentioned Council meeting. All Member States have now set similarly ambitious targets on the national level. Virtually all the national targets set after the spring summit in 2007 are synchronised with the time-frame for target achievement on the EU level, i.e. 2012.

### 3.2.2 Measurements in thirteen priority areas

When the Swedish Government decided to implement baseline measurements of the administrative costs to businesses on a wide front, work on better regulation within the EU was yet to get off the ground. Only during 2007 did the European Commission start to survey and measure administrative costs to businesses in thirteen priority areas: corporate law/annual reporting, health protection/pharmaceutical legislation, work environment/labour legislation, taxation/VAT, statistics, agriculture and agricultural subsidies, food safety, transport, fisheries, financial services, the environment, coherence policy and public procurement.

From the beginning, the Commission focused on 42 legislative acts that were deemed responsible for about 80 percent of the administrative costs to businesses. During the spring of 2009, the action programme was expanded to a further 30 legislative acts, making 72 legislative acts in total. Measurements of the administrative costs identified 486 information requirements on the EU level and more than 10 000 national information requirements as a result of the implementation of EU legislation in the Member States. The measurements indicated that the administrative costs in the areas measured amounted to about EUR 124 billion a year.

### 3.2.3 Measures to reduce administrative costs

Pending the completion of measurements, the Commission launched two sets of “fast track actions”, in the spring of 2007 and the spring of 2008, a total of 21 actions altogether. The aim of these fast track actions has been to bring about rapid reduction in the administrative costs to businesses of about EUR 2.3 billion. The process has taken longer than expected and not all fast track actions have been implemented.

The Commission’s communication Action Programme for Reducing Administrative Burdens in the EU Sectoral Reduction Plans and 2009 Actions was presented on 22 October 2009 (COM (2009) 544). The communication contained sectoral plans for reducing administrative costs in thirteen priority areas and the 72 measured legislative acts. The communication made it clear that the reduction proposals already put forward by the Commission and the reduction proposals already adopted are expected to be able to reduce administrative costs by almost EUR 8 billion a year. Proposals that have already been presented by the Commission but have yet to be adopted (e.g. regarding the codecision procedure) are expected to be able to reduce administrative costs by a further EUR 31 billion a year.

Preparatory work for further reduction in administrative costs can lead to 31 new measures being presented that could further reduce costs by at least EUR 2 billion a year. According

<sup>37</sup> COM (2006) 689, COM (2008) 32 and COM (2009) 15.

to the Commission, all these actions together could reduce burdens by over EUR 40 billion out of a total of just under EUR 124 billion per year in measured costs or a percentage reduction of about 33 percent in the total administrative costs stemming from EU legislation. The calculated reduction could in theory reduce the administrative costs to Swedish businesses by up to 17 percent or SEK 15 billion (EUR 162 million), given that the share of EU-related costs is about 53 percent. There is currently nothing in the Swedish measurement updates or forecasts to suggest a reduction in burdens of this magnitude. On the contrary, there is significant uncertainty as to whether the reduction estimated by the Commission will be achieved. The Commission's calculations presuppose that the proposed actions are implemented to the full and that all proposals that are subject to codecision are adopted by the Council and the European Parliament without amendments that would impose administrative costs to businesses.

### 3.2.4 A rolling simplification programme and other simplifications

In the autumn of 2005, the Commission presented a rolling simplification programme that has been updated with new initiatives during 2006-2009. The proposals relate to a number of different legislative areas. There are now 185 simplification initiatives in the programme, 149 of which had been adopted by the Commission by the end of 2009. Of the initiatives that are subject to codecision by the Council and the European Parliament, 76 had been adopted and 19 were awaiting adoption by the end of 2009. By the end of 2008, the Council and the European Parliament had only adopted 39 legislative proposals and 50 proposals were still awaiting adoption. Accordingly, progress has been made in recent years as regards those simplification proposals that are subject to codecision.

The Commission has also been developing a codification programme, within which actions have been taken in the form of simplifications and codification of existing legislation. This programme is expected to reduce the existing *acquis* by about 10 percent. Furthermore, the Commission has performed a comprehensive review of community law and of the work being done to ensure that it is correctly implemented and applied in the Member States. This review identified 81 new measures that the new Commission can consider for future simplification activities.

The Commission has also let it be known that it intends to apply common commencement dates for future regulations and decisions affecting businesses<sup>38</sup>, which is expected to make it easier especially for small enterprises to adapt to legislative change.

### 3.2.5 Impact assessments

In recent years, the Commission has taken many concrete steps to improve its approach to the design of new rules and policies. The method for the systematic analysis of economic, social and environmental impacts, which is mandatory for all proposals in the Commission's annual legislation and work programmes, was introduced in 2002. Clear progress has been made regarding

the use of impact assessments. In 2003, the Commission performed about 20 impact assessments compared to 102 in 2007, 135 in 2008 and 79 in 2009. The use and quality of the impact assessments vary, however, among the Commission's various directorates-general.

As part of the work to strengthen the use and quality of impact assessments, the Commission established what can be termed an "internal regulatory council" in November 2006. The task of the Impact Assessment Board (IAB) is to scrutinise the quality of the impact assessments developed by the Commission. In its first year of existence, 2007, the IAB gave 112 opinions on draft impact assessments, 182 opinions in 2008 and 106 opinions in 2009. On numerous occasions, the IAB's opinions have clearly pinpointed shortcomings in e.g. problem definition, with respect to different alternative solutions and in the analysis of different impacts. In certain cases, impact assessments have, after adjustments, been referred back to the IAB for opinion. As a result of its work, the IAB has to a certain extent helped to strengthen the use and especially the quality of impact assessments.

Several parties, both Member States and various stakeholders, have pinpointed the lack of impact assessments of significant amendments and additions to the Commission's original proposals as a clear flaw in the current impact assessment system. The issue has also been highlighted in several council conclusions on better regulation, most recently during the Swedish Presidency in the autumn of 2009. A review of the agreement in the Inter-Institutional Common Approach to Impact Assessment has been initiated and will continue once the work of the new Commission is up and running. The hope is that the review will lead to better management of impact assessments within the framework of the codecision procedure.

### 3.2.6 Advisory groups on better regulation

Over the last four years, the Commission has established two advisory high-level groups with slightly different roles in the better regulation work. Both groups have been important in driving the work forward. The first of these groups, the High Level Group of National Regulatory Experts, was established by the Commission in the spring of 2006 with a mandate to support and give general advice to the Commission on horizontal regulatory reform. This group has been important in order to strengthen contacts with other Member States regarding the work on better regulation and to pursue an informal dialogue with them and with the Commission. Meetings of the high-level group have taken place about 2-3 times a year. Particular attention has been paid to the work to simplify existing regulatory frameworks, reduce administrative costs and strengthen the use and quality of impact assessments. Issues relating to implementation and enforcement in the Member States have also been taken into consideration to a certain extent.

The other advisory group, High Level Group of Independent Stakeholders on Administrative Burdens (the "Stoiber Group"), was established by the Commission in the autumn of 2007, with a three-year mandate to give advice to the Commission in its work to reduce administrative costs. This high-level group has, as its informal name indicates, been headed by the former president of the German CSU, Dr. Edmund Stoiber, and has

<sup>38</sup> See COM (2009) 15 p. 9.

comprised 15 members with expert knowledge in different areas, nominated by various trade associations, employee organisations, environmental and consumer groups, etc. The group held its first meeting in January 2008 and has been relatively active ever since. It has given several opinions on how the work to reduce administrative costs should continue. In the autumn of 2009, Commission President Barroso announced his intention to extend the Stoiber Group's mandate by a further two years, which he then confirmed in the spring of 2010.

In addition to the above-mentioned groups, the Commission has also had recurrent meetings with national Single Points of Contact (SPOC). The task of these contacts is to facilitate cooperation, information exchange and, to a certain extent, quality assurance in the work to measure administrative costs between, on the one hand, the Commission and its consultants who perform measurements in the various Member States and, on the other, national administrations in Member States. Meetings between these contacts and the Commission have taken place in Brussels at least once every six months since measurements started in 2007.

## 3.3 The Swedish EU Presidency

### 3.3.1 Introduction

Better regulation was a high-priority issue during the Swedish EU Presidency in the autumn of 2009. Prior to the Presidency and as part of the work to improve the management of impact assessments in connection with regulatory proposals on the EU level, seminars in impact assessment management were arranged for the Swedish council working group chairpersons and their assistants. Furthermore, officials within the Government Offices were informed about the work on impact assessments at the EU level, about current simplification and administrative burden-reduction proposals, priority issues and other important aspects of better regulation work, through the special better regulation portal on the Swedish Government Offices intranet.

### 3.3.2 Meeting for Directors and Experts on Better Regulation

Swedish-led work at the EU level began about a month before the start of the Presidency. Delegates from all the Member States, EU institutions, the OECD and the World Bank were invited to Stockholm on 3 June 2009 for the biannual meeting of Directors and Experts on Better Regulation (DBR). A total of about 65 people attended the meeting, the theme of which was Past, Present and Future. The meeting enacted a journey through time with reflections and discussions on better regulation from the Mandelkern Group's<sup>39</sup> forward-looking final report from the autumn of 2001 as well as contributions to development of the "post-Lisbon" agenda for better regulation.

<sup>39</sup>The Mandelkern Group was an advisory high-level group of experts from EU Member States and the Commission under the leadership Dieudonné Mandelkern from France. The Group's final report in November 2001 on the quality of regulation and its action plan laid a foundation for the future better regulation agenda on the EU level.

How better regulation can be brought about in the future was discussed in detail at the meeting. The discussions provided a sound platform for the work done during the Swedish Presidency regarding negotiations on forward-looking council conclusions on the horizontal better regulation work at the EU level.

### 3.3.3 Better regulation work in different council configurations

During the Presidency, aspects of better regulation were highlighted to a varying extent in, for instance, the Competitiveness Council, Ecofin, the Environment Council and the Agricultural Council. Based on given prerequisites, various council working groups tried to concentrate their efforts on and process current proposals for better regulation and reduction of administrative costs as efficiently as possible. In addition to this, the Presidency also did its utmost to encourage the new Commission and European Parliament to continue to give the better regulation work the highest priority. The spotlight was turned in particular on the need to further develop the better regulation agenda and provide concrete input to better regulation "post-Lisbon".

In the negotiations in the Council Working Group for Competitiveness and Growth, several issues came to a head, later resulting in the conclusions on the horizontal better regulation work adopted at the meeting of the Competitiveness Council in early December 2009. The conclusions stressed, among other things, initially the need for joint efforts by the EU institutions and Member States to ensure continued progress in better regulation. Important components of the better regulation work emphasised in the council conclusions include issues relating to simplifying legislation, reducing administrative costs, improving the use and quality of impact assessments and improving the consultation with different stakeholders in connection with legislative and decision-making procedures.

The council conclusions also contained a special section on the future agenda for achieving better legislation on the EU level. Among the things stressed was the importance of improved use of existing better regulation instruments and of putting better regulation at the heart of our legislative and decision-making processes. The need for efficient allocation and use of resources for carrying out impact assessments was underlined. It was pointed out that assessments that reflected potential impacts of substantive amendments to legislative proposals during the co-decision procedure would enable better evidence-based decision-making and would be of value to all parties involved. It was also pointed out that a review of the Inter-Institutional Common Approach to Impact Assessment was also needed. Furthermore, the council conclusions also highlighted the possible need for new instruments, indicators and targets in the future better regulation work, which also take into account aspects of regulatory costs other than just administrative ones, such as compliance costs and perceptions of the effects of regulatory requirements.

A practical better regulation exercise was also carried out during the Presidency, in which every Member State contributed two best practice examples in better regulation or measures to reduce administrative costs, attributable either to EU law or their national legislation.



### 3.3.4 International Regulatory Reform Conference

An important event during the Swedish Presidency was the third International Regulatory Reform Conference (IRRC) held in Stockholm on 11-13 November 2009. The conference was arranged by the Bertelsmann Stiftung<sup>40</sup>, The Confederation of Swedish Enterprise, the Board of Swedish Industry and Commerce for Better Regulation and the Ministry of Enterprise, Energy and Communications. Almost 430 delegates from about 60 countries and from different state/authority bodies and interest groups, etc., took part to exchange experiences and best practice in regulatory reform and better regulation.

The conference focused on better regulation from a business perspective. The list of speakers included about 50 representatives from e.g. EU institutions, the OECD and the World Bank. The conference provided several interesting and valuable suggestions for the future better regulation work and regulatory reform.

### 3.4 The future better regulation work at the EU level

Reflections on what should be on the better regulation agenda from 2010 onwards, i.e. “post-Lisbon, have been circulating for some time. The council conclusions on the horizontal better regulation work at the EU-level adopted at the Competitiveness Council meeting in December 2009 constitute a sound basis on which to build. Many outstanding issues remain, not least the need for impact assessments of substantive amendments and additions to original Commission proposals during the co-decision procedure. For example, is a new advisory body needed, or an external “watchdog” in the EU rule-making process, the equivalent of the Dutch Actal, German Normenkontrollrat and Swedish Better Regulation Council? In the autumn of 2008, the European Court of Auditors began a study to assess

whether EU institutions were making effective use of impact assessments in their decision-making procedures and whether they were contributing to better regulation. The Court of Auditors’ study has compared the Commission’s impact assessment system with international best practice, defined by the OECD and other experts in the field. It has included a comparison of the impact assessment systems of the Commission, seven Member States and the United States. Sweden is one of the Member States included in the Court of Auditors’ comparative study. The final report is expected in June 2010 and can hopefully contribute to further improvement in the use and quality of impact assessments.

Another important issue for the future better regulation work is whether there has been too much focus on the Standard Cost Model (SCM) and the 25-percent target for reducing the administrative costs to businesses. It is also being discussed whether the total compliance costs to businesses should instead be more in focus along with how businesses see various regulatory requirements and which rules they feel are particularly “irritating”.

During the autumn of 2009, Commission President Barroso indicated that the work on achieving better law-making and smart regulation would be a leitmotif for the new Commission and would be at the pinnacle of the new Europe 2020 strategy. A sign of this is that the coordination of the better regulation work has been made the responsibility of the Commission Secretariat-General, directly under Barroso, and the work to develop the rolling simplification programme and action programme for reducing administrative costs has been moved there from the Directorate-General for Enterprise and Industry. The new Commission has yet to present its thoughts on the more detailed content of the future better regulation agenda. A communication from the Commission on Smart Regulation is expected during the autumn of 2010. Pending this, discussions about the future are continuing in various contexts.

<sup>40</sup>The Bertelsmann Stiftung is a German, non-profit foundation, the main task of which is to promote reform and democracy, above all in civic, economic and social issues. The foundation drives forward various projects in a number of different areas and one of its current projects concerns regulatory reform.

# 4 Future better regulation work, 2011–2014

## 4.1 Introduction

Making everyday life easier for Sweden's entrepreneurs and businesses has been one of the Government's most important initiatives to create more jobs and increased welfare. As is clear from previous sections of this communication, the Government has built a stable platform during this mandate period for better regulation in the future. The Government's programme for better regulation is regarded by the business sector as the most ambitious yet in Sweden<sup>41</sup>. An important conclusion is that the work on better regulation is a long-term rationalisation and change process that demands strong political commitment on all levels. It can also be ascertained that the work is complex and contains many challenges. Better regulation is important to achieve a world-class business climate in Sweden, while it is also a quality and rationalisation project as regards state rulemaking and administration. These two sides of the better regulation coin prove that there are many target groups and stakeholders who have to cooperate and contribute to the efforts. Attitudes, approaches as well as an awareness and understanding of the conditions and reality facing businesses are of fundamental importance in the change process that better regulation implies.

To further improve better regulation efforts, a research-based knowledge platform is needed coupled with continuous knowledge gathering. In its 2010 appropriation directions to the Swedish Agency for Growth Policy Analysis, the Government has given the following directives:

- compile the latest research on better regulation and the effect of rules on businesses,
- evaluate what the effects of cost reductions are on businesses and on the social economy,
- perform an analysis of the other effects of rules, excluding the financial costs to businesses, and how they affect the behaviour of businesses with respect to investment and rationalisation, and
- analyse what effect the design of rules has on business productivity.

In 2011–2014, the Government intends to continue its efforts to make everyday life easier for Swedish businesses with undiminished vigour. Continued ambitious better regulation efforts with tough targets are important in order to maintain and increase the competitiveness of Swedish businesses. It is time to take another leap forward in the development of better regulation. The Government wishes to take the next step by broadening, improving and intensifying the work to make the everyday lives of Swedish businesses even easier in 2011–2014.

<sup>41</sup>Confederation of Swedish Enterprise, *Näringspolitikens nästa steg – från anslagsstyrningen till framsynthet* [The next step in industrial policy - from appropriation control to foresightedness], June 2008, p. 44. (In Swedish)

This is why a new programme for better regulation is currently being prepared in the Government Offices. While developing the programme, it has been important to learn the lessons of previous work and to build on and develop those aspects that have functioned well and try to improve or phase out those that have functioned less well. While continuity is needed, it is also important to have renewal in order to meet the challenges of an ever-changing world. The current situation is different now to what it was when the work began in 2006. Sweden has come a long way and better regulation is now high on the agendas of all EU countries.

The Government's 2011–2014 programme for better regulation is still being developed and a complete programme will therefore not be presented in this communication. Development will continue during the autumn of 2010 and the spring of 2011. An important basis for future work will be: The OECD recommendations in its latest review of regulatory reform in Sweden. To begin with, future work on better regulation will focus on four areas where the Government feels it is particularly important for businesses that changes and simplifications are achieved. These four areas are briefly discussed below.

## 4.2 New targets and indicators

The overarching objective of the Government's better regulation work will continue to be to achieve a noticeable, positive change in the everyday lives of Swedish businesses. It is, however, important to concretise this objective by increasing the level of detail and by providing better scope for follow-up. After submitting its final report on the current programme for better regulation, therefore, the Government intends to assess the conditions for adopting and developing new quantitative targets and indicators in order to be able to track the changes in the everyday lives of businesses more closely. These targets will be subordinate and give the overarching objective more concrete form. Depending on what these subordinate targets are and how they are defined, there may be a need to develop more indicators to show how we are progressing towards each individual underlying target.

The Government wishes to achieve the following as regards targets and new indicators:

- develop instruments that can more clearly detect how businesses see their everyday lives and follow the effects on them of any noticeable changes.
- simplify the regulations that businesses see as irritating and develop instruments for following this development, and
- develop tools to continually monitor whether rules, processes and procedures in public administration are



designed so that they are better adapted to the conditions and reality of businesses.

### 4.3 Better Regulation Council remit extended to 2014

The Better Regulation Council fulfils an important function in the efforts to assess whether new or amended rules are designed to achieve their purpose in a simple way and at a, relatively speaking, low administrative cost to businesses. The work already done by the Council in its relatively short existence has helped to enhance quality and increase the focus on the need to establish impact assessments. The current mandate of the Council runs out on 31 December 2010. This autumn, the Government intends to extend the Council's mandate until the end of 2014. The experience gained thus far from the work done by the Council, after an in-depth analysis, gives cause for a review of the Better Regulation Council's activities.

### 4.4 The objective of reducing the administrative costs on businesses extended to 2012

During the mandate period, the Government has had a subordinated quantitative target in relation to the overarching objective on noticeable, positive change. This target was aimed at reducing the administrative costs on businesses as a result of state regulation by 25 percent by 2010. Despite the extensive work put in, more time is needed to reach the 25-percent target. The European Commission and the majority of Member States have adopted similar targets, the difference being that they are to be achieved by the end of 2012. The Government intends to synchronise Swedish work with the ongoing process in Europe, not least bearing in mind that about 53 percent of the administrative costs on businesses in Sweden stem from EU legislation. In order to be able to utilise some of the reforms adopted at the community level, the Government intends to propose in its 2011 Budget Bill that the target of reducing the administrative costs on businesses by 25 percent be extended until the end of 2012.

### 4.5 Better regulation locally and regionally will have greater impact on the everyday lives of businesses

The Government has initiated a change and simplification project on the national level. To achieve the Government's overarching better regulation objective of a noticeable, positive change in the everyday lives of businesses, however, it is important that the efforts have a greater impact on the local and regional level as well. Most businesses have regular contacts with the authorities on the local and regional level as regards the enforcement and application of laws and rules. Sweden's county administrative boards and municipalities can, for example, administrate and assess issues to do with environmental permitting, building permits, municipal detailed plans, contaminated land, waste management, food supervision, animal protection, health protection, traffic planning, etc.

In its 2008 Communication on Better Regulation (Skr 2008/09:206), the Government already stressed the importance of the regional and local level as regards better regulation and gave notice of its intention to take measures to stimulate better regulation on the regional and local level. These measures have as yet mostly been taken on the central agency level and been aimed at analysing the pre-conditions and identifying best practice. The Swedish Agency for Economic and Regional Growth has investigated the problems faced by businesses in their contacts with the authorities on the local and regional level as regards rules and legislation. The report *Regelförenklning på lokal och regional nivå - en probleminventering [Better regulation on the local and regional level - an inventory of the problems]* was presented in April 2009 and has been the basis for discussions at several seminars and conferences with the theme of "the business climate". The conclusions of the inventory point among other things to a lack of understanding at local and regional authorities of the conditions for businesses and what is important for individual businesses in application procedures, permitting procedures and enforcement. Businesses also feel that the discrepancies between how different county administrative boards and municipalities apply the rules are a major problem.

There is considerable potential for noticeable change in the everyday lives of businesses through coordination and review of rules, procedures and the application of them. As an important part of the focus of future better regulation efforts, the Government wishes to take the initiative for a programme that can constitute part of the platform for better regulation on the regional and local level in order to bring about changes that significantly simplify the everyday lives of businesses. The objective of the programme is that it shall help, in the same way as other better regulation initiatives, to achieve the objective of creating noticeable, positive change in the everyday lives of businesses.

In the spring of 2010, the Government intends to give the County Administrative Board in Kronoberg County the task of coordinating with the other county administrative boards to develop a proposal for what guise their work with better regulation should take. This proposal should primarily aim at the implementation of better regulation within the remits of the county administrative boards, including their application of regulations pertaining to, for example, application procedures, permitting procedures and enforcement. In addition to this, the task shall also highlight the connection and need for coordination in relation to the Government Offices, other central agencies and municipalities insofar as they are of importance for the work on better regulation at the local and regional level as a whole. During the spring of 2010, the Government furthermore intends to task the Swedish Agency for Economic and Regional Growth to develop a proposal for how better regulation can be driven forward at the local level and submit proposals for state measures.

## Distribution – national versus EU origin

The background data for the figures is derived from the measurements performed by the Agency of Economic and Regional Growth and the accompanying classification into EU and national requirements. As regards annual reporting, however, the data is based on an estimation of the percentage that is of EU origin and of national origin respectively.  
10 SEK (just over 1 EUR)

Area	Administrative costs (SEK millions) 2009	EU origin: (SEK millions) 2009	National origin (SEK millions) 2009	EU origin (%)	National origin (%)
Labour legislation	5 858	5 353	506	91	9
Company law	24 728	20 821	3 908	84	16
Accounting	22 930	0	22 930	0	100
Construction and property	7 147	43	7 103	1	99
Energy	809	15	794	2	98
Finance	2 984	1 992	992	67	33
Health and medical care	1 343	293	1 050	22	78
Agriculture, forestry and fisheries	373	348	25	93	7
Communication	354	351	2	99	1
Food	5 333	5 329	4	100	0
Environment	3 532	3 307	225	94	6
Products and consumers	4 444	3 424	1 021	77	23
Taxation	6 783	3 072	3 711	45	55
Statistics	292	267	25	91	9
Transport	2 978	1 610	1 368	54	46
Customs and foreign trade	1 930	1 886	44	98	2
Annual reporting	1 822	1 367	455	75	25
<b>Total</b>	<b>93 641</b>	<b>49 479</b>	<b>44 162</b>	<b>53</b>	<b>47</b>

Area	Administrative costs (SEK millions)	EU origin: (SEK millions)	National origin (SEK millions)	EU origin (%)	National origin (%)
Agriculture - Swedish Board of Agriculture	329	322,4	6,6	98	2,0
Agriculture - Swedish Forest Agency	5,3	1	4,4	19	83
Agriculture - Swedish Board of Fisheries	23, 4	22,8	0,6	97	3
Agriculture - The Sameting (Sami parliament)	14,8	1,5	13,3	10	90

## Overview of agencies and ministries affected by the measurements

MEASUREMENT AREA	MINISTRIES & AGENCIES	MEASUREMENT AREA	MINISTRIES & AGENCIES
Labour law	<b>Ministry of Employment</b>	Finance	<b>Ministry of Finance</b>
	– Swedish Public Employment Service		– Financial Supervisory Authority in Sweden
	– Swedish Work Environment Authority		– Swedish National Debt Office
	<b>Ministry of Health and Social Affairs.</b>		<b>Ministry of Integration and Gender Equality</b>
	– National social insurance office		– Swedish Consumer Agency
	<b>Ministry of Integration and Gender Equality</b>		<b>Ministry of Justice</b>
– Swedish Equality Ombudsman	<b>Ministry of Health and Social Affairs</b>		
Company law	<b>Ministry of Justice</b>	Health and medical care	<b>Ministry of Health and Social Affairs</b>
	– Swedish Companies Registration Office		– National Institute of Public Health
Accounting	<b>Ministry of Justice</b>		– National Board of Health and Welfare
	– Swedish Accounting Standards Board		– Medical Products Agency
Building and property	<b>Ministry of Employment</b>	– National social insurance office	Agriculture, forestry and fisheries
	– Swedish Public Employment Service	<b>Ministry of Agriculture, Food and Fisheries</b>	
	<b>Ministry of Agriculture, Food and Fisheries</b>	– Swedish Board of Agriculture	
	<b>Ministry of Justice</b>	– Swedish Board of Fisheries	
	<b>Ministry of the Environment</b>	– Swedish Forest Agency	
	– National Board of Housing, Building and Planning	– The Sameting (the Sami Parliament)	
	– Lantmäteriet (Swedish mapping, cadastral and land registration authority)	<b>Ministry of the Environment</b>	
<b>Ministry of Enterprise, Energy and Communications</b>	– Swedish Forest Agency		
Energy	<b>Ministry of Defence</b>	Communications	<b>Ministry of Culture</b>
	– Swedish Civil Contingencies Agency		– Swedish Radio and TV Authority
	<b>Ministry of the Environment</b>		<b>Ministry of Enterprise, Energy and Communications</b>
	– Swedish Radiation Safety Authority	– National Post and Telecom Agency	
	<b>Ministry of Enterprise, Energy and Communications</b>	Food	<b>Ministry of Agriculture, Food and Fisheries</b>
	– State utility Svenska Kraftnät (electricity grid management)		– National Food Administration
	– Energy Markets Inspectorate	Environment	<b>Ministry of Defence</b>
	– Swedish Energy Agency		– Swedish Civil Contingencies Agency
– National Electrical Safety Board	<b>Ministry of the Environment</b>		
– Swedish Maritime Administration	– Swedish Environmental Protection Agency		
	– Swedish Chemicals Agency		
	– Swedish Radiation Safety Authority		
	<b>Ministry of Enterprise, Energy and Communications</b>		
	– Swedish Energy Agency		
	– Swedish Transport Agency		
	– Swedish Maritime Administration		

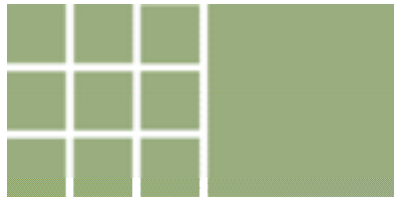
MEASUREMENT AREA	MINISTRIES & AGENCIES
Products and consumers	<b>Ministry of Employment</b>
	– Swedish Work Environment Authority
	<b>Ministry of Finance</b>
	– Legal, Financial and Administrative Services Agency
	<b>Ministry of Defence</b>
	– Swedish Civil Contingencies Agency
	<b>Ministry of Integration and Gender Equality</b>
	– Swedish Consumer Agency
	<b>Ministry of Agriculture, Food and Fisheries</b>
	– Swedish Consumer Agency
	<b>Ministry of Justice</b>
	– National Police Board
	– Swedish Consumer Agency
	<b>Ministry of the Environment</b>
	– National Board of Housing, Building and Planning
	<b>Ministry of Enterprise, Energy and Communications</b>
	– Swedish Transport Agency
	– National Post and Telecom Agency
	– Swedish Energy Agency
	– National Electrical Safety Board
<b>Ministry of Health and Social Affairs.</b>	
– Medical Products Agency	
<b>Ministry for Foreign Affairs</b>	
– Swedish Board for Accreditation and Conformity Assessment	

MEASUREMENT AREA	MINISTRIES & AGENCIES
<b>Taxation</b>	<b>Ministry of Finance</b>
	– Swedish Tax Agency
<b>Statistics</b>	<b>Ministry of Employment</b>
	– Arbitration Institute
	<b>Ministry of Finance</b>
	– Statistics Sweden
	<b>Ministry of Agriculture, Food and Fisheries</b>
	– Swedish Board of Agriculture
	– Swedish Board of Fisheries
	<b>Ministry of the Environment</b>
	– Swedish Chemicals Agency
	<b>Ministry of Enterprise, Energy and Communications</b>
	– Swedish Agency for Growth Policy Analysis
– Transport Analysis	
– Swedish Agency for Economic and Regional Growth	
<b>Transportområdet</b>	<b>Ministry of Enterprise, Energy and Communications</b>
	– Swedish Transport Agency
	– Swedish Transport Administration (formerly Swedish Road Administration)
<b>Customs and foreign trade</b>	<b>Ministry of Finance</b>
	– Swedish Board of Customs
	<b>Ministry of Agriculture, Food and Fisheries</b>
	– Swedish Board of Agriculture
	<b>Ministry for Foreign Affairs</b>
	– Swedish Export Credits Guarantee Board
	– National Board of Trade
	– Swedish Agency for Non-Proliferation and Export Controls
<b>Annual Reporting</b>	<b>Ministry of Justice</b>
	– Swedish Accounting Standards Board
	– Swedish Companies Registration Office





**FÖRENKLA  
FÖR FÖRETAGEN**



THE GOVERNMENT'S ACTION PLAN  
FOR BETTER REGULATION



REGERINGSKANSLIET

**Ministry of Enterprise  
Energy and Communications  
Sweden**

[www.sweden.gov.se/enterprise](http://www.sweden.gov.se/enterprise)