



NÆRINGS- OG HANDELSDEPARTEMENTET

Norwegian Ministry of Trade and Industry

Status Report 2004

Streamlining and facilitation for Trade and Industry

The Government's Action Plan for Simplifying Norway

• Businesses shall never have to report the same information more than once

• THERE SHALL BE A REASONABLE BALANCE BETWEEN GOVERNMENT'S BENEFIT FROM SUCH REPORTING AND THE BURDEN PLACED ON THE BUSINESS IN QUESTION

• All costs imposed on trade and industry by the regulatory framework shall be justifiable in terms of the benefits to society

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• The best possible cooperation in the interaction between the public sector and trade and industry

• Government shall offer the simplest possible method of reporting

• Government shall never request more information than what actually is used

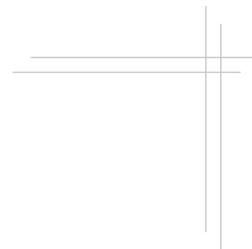
Trade and industry shall experience public administration as well-organised and non-bureaucratic, and Norwegian provision of public services as a competitive advantage internationally



The Government's Action Plan for Simplifying Norway: *Streamlining and Facilitation for Trade and Industry* was presented in October 2002. *Status Report 2003* was published the following year.

Streamlining and facilitation form part of the work on the *Modernisation Programme: User Orientation, Efficiency, and Simplification*. The Ministry of Trade and Industry has principal responsibility for coordinating the modernisation and simplification effort as against trade and industry.

Preface



Streamlining and simplification for trade and industry is a key industrial policy issue for the Government. The goal is for the Norwegian regulatory framework to require the minimum possible compliance resources, and to be perceived as an advantage to businesses located in Norway.

A well-designed regulatory framework and good public services contribute to predictable and favourable general conditions for business, whilst also promoting entrepreneurship and innovation in society. Businesses can dedicate more of their time to production and development, and less to administration. This allows us to sustain and develop our present welfare society.

There is also an increased focus on simplification internationally. This is important, because an ever-increasing part of the Norwegian regulatory framework, and of that governing trade and industry in particular, is internationally based or approved. For that reason we will, in our simplification effort ahead, not only focus on Norwegian rules and schemes, but also on the potential for simplification of the EEA regulations, for instance as to statistics requirements originating from the EU. Enhanced international cooperation will also generate valuable feedback in terms of measures we should introduce in Norway.

The challenge facing us in this effort is to identify and implement the measures that make the most difference. We have therefore initiated work on the measurement of the administrative costs to trade and industry from regulatory frameworks, in order to survey which parts of the regulatory framework are the most burdensome.

We will also keep up the important work of Orakel in promoting improved impact assessments, to avoid the need for reactive measures in future.

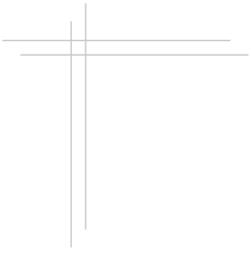
The effort of simplifying Norway must be pursued in cooperation with trade and industry. We have recently established the Simplification Channel ("*Forenklingskanalen*"), a website where trade and industry itself can submit suggestions for improvements to regulatory frameworks and other services. User participation is also amongst the focal areas of this Status Report.

I am impressed by all the good simplification work underway within the public administration. We are on the right track, as evidenced by, for example, the favourable findings for the measures of the Action Plan for Simplifying Norway and the impact statistics from the Register of Reporting Obligations of Enterprises. A 15 percent reduction in the average impact of red tape on trade and industry between 1998 and today represents a large step in the right direction.

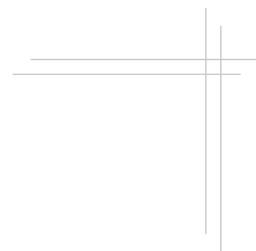
But there still remains much to be done. This is where we as politicians must also accept our share of the responsibility in moving forward. Together we will identify those areas and implement those measures that make the biggest difference – those that matter the most to trade and industry in practise!

29 November 2004

Børge Brende
Minister of Trade and Industry



Contents



Preface	3
1. Principles governing the simplification effort	6
2. Achievements 2003-2004	7
2.1 The Plan of Measures - Status	7
2.2 The priority areas	7
2.2.1 Impact assessments.....	8
2.2.2 Electronic reporting	9
2.2.3 The HES area.....	10
2.2.4 Planning and building law	11
2.2.5 Follow-up examination	12
2.3 Assessment of achievements	12
3. Challenges and further work.....	15
3.1 General remarks	15
3.2 Priority areas	17
3.2.1 E-services for trade and industry.....	17
3.2.2 Measurement of the burdens imposed by regulatory frameworks	19
3.2.3 User participation	20
3.2.4 Follow-up of existing priority areas	21
3.3 On the Plan of Measures	23
Supplement	25
Measurement of the costs to trade and industry from regulatory frameworks.....	25
Orakel - a competency centre for impact assessments	29

The Appendix, the 2004-2005 *Plan of Measures* (including the 2003-2004 Report of Achievements) is available at www.nhd.no/forenkling.

1. Principles governing the simplification effort

Most Norwegian business ventures are small or medium-sized. Consequently, a general principle guiding the design of regulatory frameworks, reporting systems and other administrative services must be adaptation to the requirements and capabilities of small and medium-sized businesses. This will also result in the simplest possible regulatory structure for larger businesses.

Principles governing the redrafting of regulatory frameworks

- All costs imposed on trade and industry by the regulatory framework shall be justifiable in terms of the benefits to society
- Regulatory frameworks shall at all times be updated and reflect real needs
- Regulatory frameworks shall be designed to make it feasible for trade and industry to comply, both with individual regulations as well as with the overall regulatory burden

Principles governing the reduction of the reporting burdens on trade and industry

- Government shall never request more information than what actually is used
- Businesses shall never have to report the same information more than once
- Government shall offer the simplest possible method of reporting
- There shall be a reasonable balance between government's benefit from such reporting and the burden placed on the business in question

Within the public sector we shall aim for

- Trade and industry to experience public administration as well-organised and non-bureaucratic, and Norwegian provision of public services as a competitive advantage internationally
- The best possible cooperation in the interaction between the public sector and trade and industry

2. Achievements 2003-2004

The launch of Altinn as a joint solution for reporting from trade and industry to the public sector was the largest single project to be implemented during the previous period, and probably also the one that affects the largest number of business ventures. Altinn was opened in January, and about 2 million forms have been processed by the system thus far. As of May 2004, responsibility for Altinn has been permanently assigned to the Brønnøysund Register Centre.

Many measures have been initiated to meet one of the main challenges of the simplification effort: To identify the good measures that make a difference to business ventures. The most important of these is the commencement of the Measurement Project, adopting an internationally used method to measure the administrative burdens imposed on trade and industry by a regulatory framework.

The new Simplification Channel ("Forenklingskanalen") provides trade and industry with a simple means of submitting feedback and suggestions to the public administration within the area of simplification.

Good efforts have been made within many areas, as evidenced by the overall status: A total of 80 percent of the measures included in the 2003-2004 Plan of Measures are either completed or on schedule as per the original timetable.

2.1 The Plan of Measures - Status

The status of the work on the 108 measures may be summarised as follows:

87 of the 108 individual measures, i.e. 80 percent, are either completed or on schedule as per the original timetable. Most of the remaining measures are in progress, and will be completed somewhat behind the original schedule. None of the measures have been abandoned prior to their completion.

Responsibility for the reporting on individual measures lies with the sectoral Ministries. The status on each individual measure can be found in Part II (the 2004-2005 Plan of Measures, including the 2003-2004 Report of Achievements).

2.2 The priority areas

The following five areas have been accorded special priority during 2003-2004, as well as during 2002-2003. These are areas within which a special effort has been needed:

2.2.1 Impact assessments

For all proposals for public sector reform, regulatory frameworks and other measures, the Instructions for Official Studies and Reports require the preparation of an impact assessment. All economic, administrative and other material consequences of the proposals shall be assessed in advance, hereunder the consequences to trade and industry.

Experience indicates that current impact assessments are of highly variable quality, and partly inadequate. This applies to consequences for trade and industry in particular. The adoption of a pro-active approach in this area is important in order to avoid the need for reactive measures in future. We need to know more about the consequences of proposals, in order that we may already in advance adopt both rules and other measures so as to achieve the effects we are looking for, and to avoid, if possible, the negative ones. This has to take place as early as possible in the process, to make the work as effective and targeted as possible.

This is the background to why impact assessments represent a priority area within the Simplifying Norway effort. The main focus within this area is the development and reinforcement of the Orakel Group within the Ministry of Trade and Industry as a competency centre for the assessment of consequences to trade and industry.

The Ministry of Trade and Industry has this year made Orakel a permanent feature of the Ministry. Orakel provides training in the practical implementation of impact assessments, and develops tools for the use therein. The centre emphasises good examples and improved contact between the Ministries, and offers practical assistance in the preparation of work on new rules and reforms.

Orakel is active in developing and facilitating the use of simple tools. User surveys have been carried out through both business panels and in-depth interviews. The business enterprise statistics have been developed as a tool available for use by the public administration in quantifying which and how many are affected by various proposals.

The training offered on methods of analysis and statistical sampling knowledge have proved popular. Over the last year, training has been completed for about 300 employees from Ministries and other government bodies. The feedback demonstrates that there is both a great deal of interest in the issue and a need for training. There is particular interest in practical examples of measures and good tools for identifying consequences. (See also the supplement at the back: Report on the Orakel effort.)

Impact assessment work is on the agenda in several places. Most important of these are the Ministry of Finance and the Ministry of Modernisation. The newly established Economics and Economic Analysis Unit ("ØKAN") of the Ministry of Modernisation shall, amongst other things, support the economic analysis work in connection with issues involving several Ministries. This contributes to increasing the general focus and competency on impact assessments as such. The same applies to efforts of the Ministry of Finance in preparing a joint manual on impact assessment work. The Ministry of Modernisation has embarked on the final phase of its drafting of an assessment work manual for managers and executive officers of central government.



Orakel is a competency centre for impact assessments within the Ministry of Trade and Industry. The centre offers:

- Assistance in performing assessments in cases where trade and industry may be affected
- Training in methods and practical user orientation
- Tools
- Networks

Development and adoption of the new method for the measurement of the administrative costs to trade and industry from regulatory frameworks, the Standard Cost Model (SCM, see Chapter 3.2.2 for additional details), will also offer a tool for improving the foundation for making decisions on new/amended regulatory frameworks. Once a basic measurement of the regulatory framework in question has been performed, one can quite swiftly and simply undertake a new measurement when amendments are made to such regulatory framework, in order to verify whether such amendments have resulted in changes to the administrative costs to trade and industry. It will also be possible to use such measurements as a basis for assessing various proposed amendments to the regulatory framework in order to determine what effects such amendments would have on costs.

2.2.2 Electronic reporting

Conversion to electronic reporting is the most important tool in the effort to reduce the reporting burdens on trade and industry. Consequently, this has been a priority area since 2002.



- enklere rapportering til det offentlige

Number of forms available through Altinn: More than 85 forms (about 66 percent of the overall burden imposed on trade and industry by way of forms).

Use of Altinn thus far:

- Total number of forms from trade and industry: 2 million.
- Business returns: approximately 40 percent (almost 50 percent increase in the number of electronic filings compared to last year)
- Shareholder register returns: approximately 44 percent
- VAT filings: fourth reporting period 2004: 34 percent (increase each period)

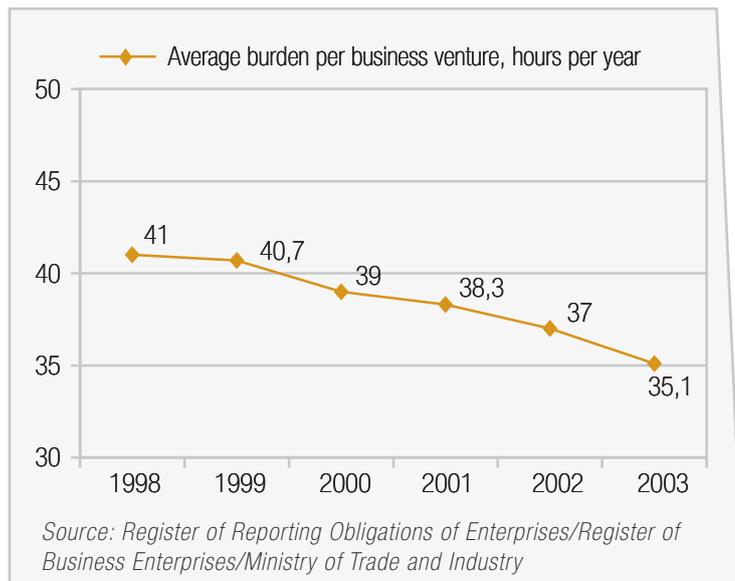
Altinn – the joint government solution for electronic reporting from trade and industry to the public sector commenced operation in January 2004, on schedule. At present, more than 85 forms may be filed electronically with four government bodies, and about 2 million forms have been processed through the portal. More than 40 percent of business returns were submitted via Altinn, an increase of almost 50 percent in the number of electronic submissions since last year. Approximately 44 percent of all shareholder register returns were submitted via Altinn, and the number of electronic VAT filings increases each reporting period. Reporting for the last period of 2004 shows that 34 percent of VAT returns were submitted electronically. As far as forms to be submitted

to Statistics Norway and the Brønnøysund Register Centre are concerned, usage has been low thus far. This is probably partly related to the current security solution (PIN code) and the lack of adaptation to specialist systems.

The original Altinn project was finalised in May 2004, when a permanent central administrative organisation for the Altinn solution at the Brønnøysund Register Centre assumed responsibility therefore. This administrative organisation shall manage and develop those aspects of the solution that do not concern any one specific government body in particular. In the short run, the main focus is on ensuring smooth operation and improved user adaptation of the solution. Moreover, responsibility for developing the solution and for including additional government bodies as users of Altinn rests with this central administrative organisation. The objective is for Altinn to be the preferred reporting channel for all government bodies which impose reporting duties on trade and industry, and for Altinn to evolve in the longer run into trade and industry's point of contact for all its interaction with the public sector. The central Altinn administrative organisation is pursuing a dialogue with a large number of government bodies, including the National Insurance Administration, respecting the use of Altinn.

The Government has in the 2005 National Budget proposed a NOK 53.7 million appropriation to Altinn, i.e. more than a doubling of the appropriation. In addition to regular opera-

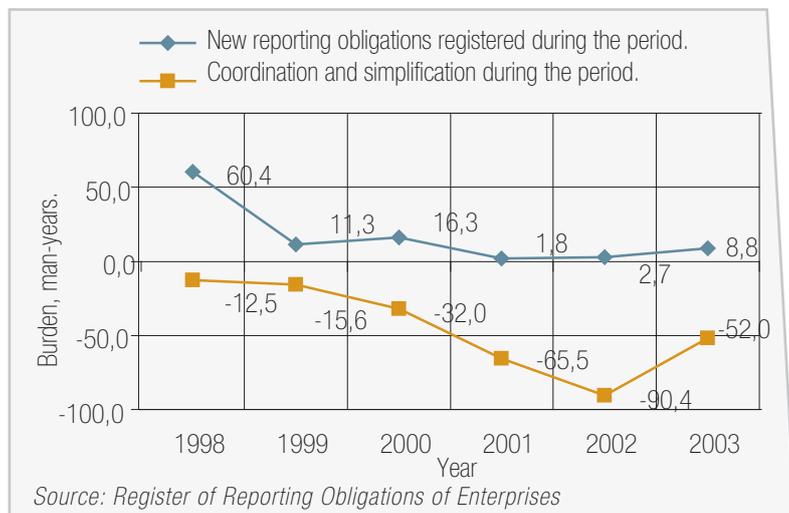
Chart 1. Change in the burden imposed by government reporting duties, per enterprise. Reporting duties per enterprise, estimated number of man-hours



of Measures, Chapter 3, *Reducing the Burdens on Trade and Industry from Reporting Duties*.

To follow up on the Government's ICT strategy for the public sector from 2003, wherein reporting of, reuse of, and access to data represent a priority area, a preliminary project report on *Architecture for Electronic Interaction in the Public Sector* was published in June 2004. This report has been circulated widely for consultation, and will now be followed

Chart 2. Progress achieved through the work carried out by various government bodies to streamline trade and industry reporting obligations, measured as annual change in the overall burden.



meetings during the year. This is an important arena for the exchange of information and experience between users of electronic reporting solutions (as represented by the trade and industry organisations) and the public administration, and also between various government bodies.

2.2.3 The HES area

The Government attaches considerable weight to simplifying the health, environment and safety area (the HES area), in terms of developing and simplifying the applicable regulations, improving access to the regulatory framework, and reviewing government supervision schemes within the area. This has been a priority area since 2002. This is one of the

tion, user adaptation, and development of the solution, these funds shall be allocated to the introduction and operation of an electronic signature solution ("PKI" - Public Key Infrastructure). The goal is for Altinn to start offering the use of electronic signatures during 2005. This is important to allow more forms (from the participating government bodies and from other government bodies) to be added to this solution.

Besides, a number of smaller measures within the public administration are underway to establish electronic reporting options, and we refer to the Plan

up on. Key issues addressed therein are, amongst other things, the reuse of basic data and the development and usage of common metadata ("data on data"; important for electronic communication between different pieces of hardware and for the retrieval/searching/reuse of information). The report also raises the need for coordinating IT use between the central and local government sectors.

The user forum for electronic reporting and coordination has held several

regulatory framework areas that have been criticised the most by trade and industry. The area is subject to extensive regulation, and both the regulatory framework and sectoral responsibility are highly fragmented, primarily because it involves many different objectives (employee protection, external environment, consumer protection, etc.). A number of measures have been pursued within this area:

a) Restructuring and coordination of regulations within the area:

- The Ministry of the Environment has implemented a restructuring of its regulations within the environmental area (in accordance with the so-called Confederation of Norwegian Business and Industry (NHO) Model).
- The Ministry of Labour and Social Affairs has embarked on a corresponding restructuring of those parts of the regulatory frameworks administered by the Norwegian Labour Inspection Authority and the Directorate for Civil Protection and Emergency Planning which are aimed at trade and industry. A new structure has been prepared, and work on the contents will be pursued next year (adaptation to the new Working Environment Act).

b) The Ministry of Labour and Social Affairs is drafting a new Working Environment Act

c) Industry-specific regulatory framework information via the Internet: A project to organise industry-specific information was initiated during 2004. The following government bodies participated: the Norwegian Pollution Control Authority, the Norwegian Labour Inspection Authority, the Directorate for Civil Protection and Emergency Planning, the Norwegian Industrial Safety and Security Organisation and the Norwegian Food Safety Authority.

d) It has been resolved to make the Norwegian Labour Inspection Authority the coordinating government body for all HES supervision directed at business enterprises. This will be implemented in spring 2005.

2.2.4 Planning and building law

This is an important area, both in terms of the goal of a simplified regulatory framework, and in terms of the goal of having an efficient public sector. Planning processes have been criticised for being too lengthy, the processing of planning applications has been too time-consuming, and the regulatory framework, in particular as far as planning applications are concerned, is too complex. Such criticism has been most pronounced after the extensive amendments made in 1993.

An important step was taken in 2003 through the introduction of time-limits for the processing of all planning matters. Rules entered into effect on 1 July 2004 imply that planning fees will be discounted if the municipal administration fails to meet these time-limits. The fee will be discounted by 25 percent for each week that processing is delayed beyond the stipulated time-limit. In matters involving private planning proposals, the fee will as a main rule be correspondingly reduced at the rate of 10 percent.

In order to make proceedings even swifter and more efficient, the Government has from 1 July 2004 also implemented simplifications to the processing of planning matters aimed at preventing "play-off" on issues that have already been resolved through previous planning processes (Proposition No. 31 (2003-2004) to the Odelsting). The legislative amendments are based on a proposal from the Planning Law Committee on limitations to the admissibility of appeals and objections on the same issues.

Project *Byggsøk Plan*, a continuation of the *Byggsøk* Project, has been initiated for the purpose of making the planning process more efficient on the part of private players and municipal administrations. The purpose is to establish electronic solutions that may support the development of plans, improve the access to planning information, reduce the

time needed to process matters, improve the quality and predictability of the municipal administration's processing of planning matters. The project is to be completed by yearend 2005.

2.2.5 Follow-up examination

The Administrative Regulations Cleanup Effort, a project for streamlining and simplifying administrative regulations, submitted its final report in spring 2002. A number of follow-up measures were proposed to maintain focus and ensure that future regulatory frameworks are readily understandable and available. These measures included, amongst other things, such issues as follow-up examination, guidance in the drafting of administrative regulations, electronic proclamation of all regulations, and a central competency centre for the drafting of administrative regulations. These measures have now, for the main part, entered the final phase.



The Government has resolved to create an administrative regulations unit under the auspices of the Legislation Department of the Ministry of Justice. This will represent an important contribution to an updated and readily accessible set of administrative regulations of high quality. This unit will also be assigned a role in the assessment of the issue of how work on the quality assurance of regulatory framework efforts within the various Ministries can and should be improved, and in the preparation of a manual on the drafting of administrative regulations.

A key objective is that the regulatory framework should at all times be up to date and addressing real needs. The Government has resolved to introduce into the Instructions for Official Studies and Reports a requirement that time-limits ("sunset clauses") and follow-up examinations always be considered when introducing or amending laws or regulations. The effort to update the Instructions for Official Studies and Reports will be finalised in autumn 2004.

Statskonsult has prepared a draft evaluation manual, which has been submitted to the Ministry of Finance. The Ministry of Finance is now engaged in following up thereon. Follow-up examination will be discussed in the assessment work manual for central government managers and executive officers, which will be issued by the Ministry of Modernisation in late 2004 or early 2005.

We are still seeing new benefits from the initiatives and brainstormings of the Administrative Regulations Cleanup Effort in terms of the streamlining of applicable regulations. The HES area has already been mentioned. A larger effort on technical revision and streamlining of the regulatory framework within the Value Added Tax area is underway.

2.3 Assessment of achievements

It is particularly gratifying that this year has seen such good implementation of individual measures. Commendable efforts are taking place within all priority areas. More resources will need to be committed to the area of *follow-up examination* in order to realise the objectives.

It is encouraging that none of the measures have been abandoned without having been completed. There are some cases where measures are not conforming to the original

progress plans. Implementation of many of the measures involves lengthy processes, such as, for example, legislative amendments or budget appropriations, or coordination with other simplification measures. Such coordination is very important, but takes time. This is a dilemma facing the public administration on a daily basis.

It is very important that there is a lot of interest in training from the Orakel Group as far as impact assessments are concerned. This is a very important priority area, which is also why Orakel has been established as a permanent competency centre within the Ministry of Trade and Industry. However, challenges remain, and the assessment of consequences for trade and industry must be improved. We are also discerning a positive change in attitudes towards user orientation. A larger part of the public administration is taking trade and industry seriously as a group of users.

There remains some work to be done on making the principles underpinning the simplification effort (Chapter 1) sufficiently well known within all parts of the public administration, and thus increase their adoption. These principles are used, amongst other things, in all training provided by the Orakel Group of the Ministry of Trade and Industry. More work is required in this respect.

We must acknowledge that simplification and facilitation work requires a long-term effort. We have initiated important processes to meet the challenge: How to identify the good measures. Further development of the Measurement Project and of international efforts (hereunder in relation to the EEA regulations), in particular, may yield important contributions in this respect.

The Minister of Trade and Industry has recently inaugurated a new means of submitting feedback into the simplification and modernisation effort – the *Simplification Channel* ("Forenklingsskanalen") – through which trade and industry may lodge direct tips as to

problem areas, improvements, etc., thus influencing work on regulatory frameworks and other matters. We expect that this will both make it easier for trade and industry to communicate what it finds problematic in daily work, and result in the public administration receiving more useful suggestions as to where efforts should be focused.

The Simplification Channel ("Forenklingsskanalen") is accessible at www.forenklingsskanalen.no

The data on burdens imposed by government reporting duties now being gathered by the Register of Reporting Obligations of Enterprises are the only ones available to give us some suggestion as to how the simplification effort is progressing. These data only illustrate part of the overall burden on trade and industry. Nevertheless, it is reassuring that this figure, relative to the number of business ventures,

is slowly, but steadily, declining year by year. We have registered a reduction of almost 15 percent between 1998 and now.

There has also this year been carried out much useful simplification work that is not reflected in this plan. Some measures are for various reasons not reported, whilst other measures get implemented before there has been time to integrate them into the plan.



Nevertheless, the Plan of Measures has an important role to play as a promoter, as a reminder and as a communicator of ideas within the simplification effort. In August 2004, the Ministry of Fisheries and Coastal Affairs issued its own status rapport: Simplifying Everyday Life. Modernisation and Simplification of the Administration of Fisheries and Coastal Affairs (*"Enklere hverdag. Modernisering og forenkling i fiskeri- og kystforvaltningen"*). This provides, under reference to the Government's objectives of simplification and modernisation, as well as the principles underpinning the trade and industry simplification effort, a useful overview of implemented and planned measures within the marine sector.

The Minister of Trade and Industry remains in regular and constructive contact with representatives of a number of trade and industry organisations through the Contact Forum for Streamlining for Trade and Industry. The Simplifying Norway Action Plan, major initiatives, as well as individual cases have been addressed in these discussions. In addition, there is contact through dedicated user fora, user groups, etc., within smaller areas, projects, etc., and various ad hoc meetings at different levels. Such contact is important for evolving the simplification area.

3. Challenges and further work

We have to identify and implement those measures that matter the most. The favourable outcomes we are seeking can only be attained through systematic work. The measurement of costs relating to the implementation of regulatory framework is an important measure in this respect.

We need to do more at an international level in terms of the simplification effort, as it will yield domestic benefits:

- An increasing number of regulatory frameworks applicable in Norway are internationally based/resolved
- International comparisons and contacts offer us valuable suggestions as to what measures we may implement in Norway

Pressure must be applied to all parts of the public administration to keep up the simplification effort. We shall promote improved attitudes towards trade and industry as a group of users, improved user participation and improved impact assessments.

Consequently, important new measures are, in particular:

- Altinn – e-services to trade and industry
- Surveying simplification needs within the EEA regulations
- Survey of areas offering scope for improvement, based on international comparisons
- Following up the measurement of the regulatory framework pertaining to Value Added Tax
- New measurements of the burdens imposed on trade and industry by various regulatory frameworks

3.1 General remarks

The Government's commitment to simplification and facilitation for trade and industry shall continue unabated. We have to identify and implement measures where they matter the most. We need to keep up our effort at developing new working methods and new approaches within the simplification area. The simplification effort itself also needs continuous renewal.

Work will continue in pursuit of all the five subsidiary goals guiding the effort:

1. Easily accessible regulatory frameworks
2. More well-founded decisions on public measures, reforms and regulatory frameworks
3. Reduction of the burden imposed on trade and industry by reporting duties

4. Improved regulatory frameworks within individual areas

5. A business-friendly public sector

The Government's Contact Forum for Streamlining for Trade and Industry

Objective: Ensure a good dialogue with users

Participants:

The Confederation of Norwegian Business and Industry, the Federation of Norwegian Commercial and Service Enterprises, the Federation of Small and Medium-Sized Norwegian Businesses, the Norwegian Association of External Accountants, Norwegian Financial Services Association, The Norwegian Savings Banks Association, The Norwegian Shipowners' Association, the Norwegian Association of Accounting Workers, The Norwegian Confederation of Trade Unions, The Federation of Norwegian Professional Associations, The Confederation of Vocational Unions, the Ministry of Trade and Industry, the Ministry of Finance, and the Ministry of Modernisation.

This Status Report places a special emphasis on new working methods, new initiatives, and new approaches to the work. These are pursued in parallel with our continued commitment to the main objectives: Existing regulatory frameworks shall be simplified. The reporting burden shall be reduced. An important area of work in this respect is statistics. Feedback received from trade and industry via the new Simplification Channel ("Forenklingsskanalen") shall be followed up.

We will continue the measurement of administrative burdens imposed on trade and industry in respect of several regulatory frameworks. In order to adopt a systematic approach and identify the most effective measures, we need to survey and document the facts. The measurement of burdens imposed by regulatory frameworks is a new priority area.

A more comprehensive commitment to the simplification effort at an international level is important. Norway and Norwegian trade and industry fall within the scope of an ever-expanding body of regulatory frameworks that are internationally based/resolved. This applies to the EEA regulations in particular. It is important to devote more time to these areas, and to actively support the pursuance of the Lisbon Strategy (the EU strategy for improved competitiveness) and the *Better Regulation Action Plan* (various measures for reducing administrative burdens and simplifying the regulatory framework). Good progress in this work within the EU can have a direct influence on the Norwegian regulatory framework. International efforts can also provide us with important suggestions and experiences of value to our work on domestic regulatory frameworks and schemes.

There is an increasing use of international comparisons. This offers a good way of assessing the situation in Norway, and thus identifying areas offering scope for improvement and drawing lessons from other countries. Consequently, work on adopting the same measurement method within both the EU and the OECD is of considerable interest.

Simpler and more user-friendly regulatory frameworks for aquaculturists

The Ministry of Fisheries and Coastal Affairs will during the course of the year lay down simplified, updated and more user-friendly joint operational regulations, which will exhaustively govern operations, fish health and animal welfare for all types of aquaculture facilities for all species of aquatic animals.

A major report prepared by the World Bank and others, offering comparisons of the business climate in 145 countries, ranks Norway in 6th place. This is a favourable starting position. The report confirms what has been the reasoning behind the Government's commitment to Simplifying Norway: that regulatory reform work pays off. But there is still scope for improvement in Norway. The report will be examined to establish in which areas we have not been awarded a high score, and to identify useful suggestions for relevant improvement measures.

Cooperation with trade and industry, as users, is important to progressing the simplification effort in general, and to achieve the best possible user adaptation in the work entrusted to the public administration. User participation is therefore a new priority area, wherein the objective is to ensure more systematic user participation, and that at an earlier stage of the process than is usually the case at present.

In addition to attaching the most weight to those measures promising the maximum measurable effect, we will also pay serious attention to those government interventions that – irrespective of actual time-use and/or cost – are perceived by businesses as “hassle and annoyance” interventions, as pointless and irritating. Such interventions may contribute to undermining otherwise positive entrepreneurship attitudes. One area receiving special mention within this context is the reporting of statistics. Consequently, we will keep up efforts within this area, by ensuring, amongst other things, that real assessments are carried out as to information needs, that filing methods are simplified as much as possible, and also that useful feedback is provided to those filing the information. This is also an area where the effort to influence international regulatory frameworks is of key importance.

A good regulatory framework may be “spoilt” if it is enforced in a poor manner. The development of quality services from the public sector is very important. E-services is therefore a new priority area for the coming year.

All governmental modernisation work, and not least the simplification effort as against trade and industry, faces a considerable challenge in terms of achieving improved coordination across the public administration. Regulatory frameworks and reporting duties must be seen as a whole, because it is the overall burden that affects trade and industry. Public services must be developed on a joint basis, and organised with user needs in mind, and not from more or less arbitrary administrative demarcations.

The Government is taking these challenges seriously, in order to improve the streamlining and facilitation effort as against trade and industry.

3.2 Priority areas

The Government has identified certain priority areas for the streamlining for trade and industry effort. The Ministry of Trade and Industry, as the coordinating Ministry for the work, will keep a special focus on these.

The selection of priority areas has been based on what areas require a special effort, needing attention, commitment as well as pressure. The three new areas are very different in terms of their contents and the current status of efforts. They are all of great importance to ensuring favourable conditions for trade and industry ahead, both in terms of regulatory framework design and the development/quality of public services.

In addition to the three new ones, we will keep up pressure on the previous priority areas. These are areas in which useful processes are ongoing, whilst we have not yet reached the material objectives relating thereto.

3.2.1 E-services for trade and industry

This priority area represents a continuation and expansion of the previous area designated electronic reporting.

The Government’s vision is for Norway to be at the forefront internationally in terms of offering electronic services from the public sector. IT shall be used to offer new and



improved services to users, and to make the public sector more efficient.

The objective is to offer the maximum possible number of fully-fledged electronic services, with dialogue and interactivity, with joint, simple user interfaces, joint entry portals, and offering the use of electronic signatures, adapted and adjusted to the needs of trade and industry as a group of users.

Altinn as a reporting channel has been developed further, with a definite objective being an increase in the number of government bodies and forms available through such solution. The main focus has been on professional users. We recognise that there is a need for increasing the focus on improving the solution for those users who use Altinn to fill in forms on screen, and not to make extractions from specialist systems. One is working continuously to improve the solution and to make it better adapted to users, in order to this reach new users. A new version of Altinn will be launched in January 2005, offering improvements on the present solution.

Visions relating to Altinn as trade and industry's joint portal for reporting to and electronic services from the public sector are to be evolved and made more specific. Tasks are to be expanded from simple reporting, via a two-way dialogue with the public administration and other forms of interactive services, to a fully-fledged service portal. One also needs to study how trade and industry's needs for information as to regulatory requirements are attended to. We have to consider to what extent such needs should be met through a service portal. At present, much information is available on the Internet. The question is whether this is being sufficiently well coordinated. An objective common to both the service and the information area is that they should be designed on the basis of user needs, and not on the basis of how the public administration is organised.

The focus on coordinated electronic services may give rise to considerable efficiency gains on the part of both trade and industry and the public sector.

During the course of 2005, Altinn will be offering the use of electronic signatures to all its users. The Government has proposed funding for this in the 2005 National Budget. This will facilitate the introduction of fully-fledged electronic services within a number of new areas, and will enable the inclusion of more forms as well as allow more government bodies to make use of Altinn. There will no longer be any need for printing out, signing and submitting paper versions of forms in addition to the electronic filing.

The Ministry of Modernisation has embarked on a project to develop a joint specification for electronic ID and signatures for communication with and within the public sector. The specification is to be completed by 15 November. One shall, on the basis thereof, establish framework agreements for electronic ID and signatures by summer 2005. These agreements may be invoked by both the local and central government sectors. The objective is, amongst other things, to ensure user adaptation by making the same electronic ID applicable as against as many public service providers as possible.

In order to ensure a more comprehensive range of services from the public sector, and achieve, amongst other things, more extensive reuse of information, an effort will be ini-

www.regelhjelp.no

From September 2005: 15 industries will find industry-specific information, such as the regulatory frameworks administered by the Norwegian Labour Inspection Authority, the Directorate for Civil Protection and Emergency Planning, the Norwegian Pollution Control Authority, the Norwegian Industrial Safety and Security Organisation and the Norwegian Food Safety Authority

tiated to improve electronic interaction across sectors and administrative levels within the public sector. The preliminary report on *Architecture for Electronic Interaction in the Public Sector* (June 2004) has been circulated widely for consultation, and will not be followed up.

This work involves many challenges. One of these is to coordinate the model applied in establishing and using metadata (data on data). Joint principles for the establishment and use of metadata are very important, and a requirement for the effective coordination and reuse of information between the various government bodies. Furthermore, it is necessary to consider whether the government bodies should be *ordered* to use the agreed metadata, or whether this should, as is currently the case, be for each government body to decide.

Another challenge within this area is to achieve more reuse of basic data. Basic data may be described as key pieces of information that are being used by many different bodies (both public and private), as information elements for the identification of, amongst other things, individuals, legal entities, properties, etc. There is a large untapped potential for the reuse of basic data. This is important in order to avoid double reporting from trade and industry. Moreover, one shall facilitate the implementation of a legislative proposal being addressed at present by the Stortinget, which orders all government bodies to reuse basic data from the Central Coordinating Register for Legal Entities.

The work on metadata, on increased coordination, and on the use of basic data will be key tasks for the IT architecture effort ahead.

Recognition is a key element in ensuring the required user adaptation in the electronic interaction between the public sector and trade and industry. The so-called ELMER principles, developed through a cooperation project between the Ministry of Trade and Industry, The Confederation of Norwegian Business and Industry and the Federation of Norwegian Commercial and Service Enterprises in 2001, form a good basis for a joint user interface for all electronic communication with the public sector. These are adopted by Altinn.

3.2.2 Measurement of the burdens imposed by regulatory frameworks

The objective of this priority area is to measure the burdens imposed on trade and industry within various regulatory areas, and thus:

- identify areas offering scope for improvement
- compile a basis for international comparisons and learning
- measure how the burdens imposed on trade and industry by regulatory frameworks evolve over time

There has in recent years been a strong national and international focus on the burdens imposed on trade and industry by government measures and regulatory frameworks. A number of measures have been initiated, but we have not had access to good and precise methods or tools for assessing the effects of the simplification measures that have been implemented. The impact data from the Register of Reporting Obligations of Enterprises suggest that we are moving in the right direction, but these data only reflect part of the burdens.

The actual method now used (the Standard Cost Method) is based on the surveying of regulatory frameworks to identify the various requirements and administrative activities. One furthermore performs an analysis of what businesses are affected by the various requirements imposed by the regulatory frameworks. Data from a sample of businesses are gathered through interviews. Finally, the gathered data are analysed and aggregated at societal level.

The measurements provide information on how many are affected by the various parts of the regulatory framework, and on the magnitude of the costs associated with each individual requirement under the regulatory framework. The measurements provide a basis for tracing how burdens develop over time. They also provide a basis for making international comparisons. The findings may be used for identifying new proposals for regulatory simplification, and also for impact assessments of new/amended rules.

Over the last year, Norway, Sweden, Denmark and the Netherlands have been cooperating on the development and use of the Standard Cost Model. The model is based on a Dutch method, and the Netherlands is therefore a key player as far as this cooperation is concerned. Several new countries have joined recently. The OECD has indicated that this is a method that may be useful to the simplification effort, and will examine the use thereof in more detail.



The EU Commission is working to develop a method for identifying the administrative burdens imposed by existing regulatory frameworks, which can also be used for impact assessments in respect of new regulatory frameworks. This method is to be based on the Standard Cost Model. Consequently, said model is in the process of becoming a joint European tool for the simplification effort, and Norway is amongst the countries in the driving seat on this.

The Ministry of Trade and Industry has, in cooperation with the Ministry of Finance, carried out a pilot measurement of the Value Added Tax Act through the application of this model. The report also includes proposed simplifications to the regulatory framework, which will now be followed up. More simplification proposals may be uncovered by processing the numerical data set out in the report. An effort to compare numerical data within the VAT area in the Netherlands, Sweden, Denmark and Norway has already commenced.

The experience from this first measurement is favourable, and it will be followed by others. One is working to organise measurements of additional areas. Direct and indirect taxes are the areas that impose the largest reporting burdens on trade and industry. Consequently, it is important to focus on these. The HES area is of a different type; it involves no reporting, but comprises a very extensive regulatory framework, with a large number of supervisory bodies and numerous requirements for internal logging, etc. It is therefore likely that the administrative burden is relatively high.

More information on the method and on the VAT measurement is available in a supplement at the back of this Report.

3.2.3 User participation

The objective within this area is to make the public administration think systematically about user participation in all aspects of its work, to ensure that regulatory frameworks and public services are as good and well-adapted to users as possible. The public administration shall think user orientation whenever new measures are to be implemented, and otherwise maintain a regular dialogue about needs. It is users who best know their own needs.

This is a new priority area, and the range of measures thus needs to be developed and specified in cooperation with users and the public administration. Some examples may be:

- The preparation of good collections of examples as to how dialogue, and early dialogue in particular, may be carried out. This may, for example, be by way of business panels,

user surveys, or public hearings. Another important issue is how to identify all, and the relevant, groups of users. Experience from the Orakel effort will have an important role to play in this effort.

- Measures to make the public administration aware why dialogue with users – and early contact with users in particular – is important, and that early contact may bring out useful suggestions as to how challenges may be met.
- Assess whether there is a need, and, if applicable, how, to better facilitate the voicing of opinions also by individual businesses on (specific) matters. This applies to smaller businesses in particular. At present, it is principally organisations, etc., that take part in the formal consultation rounds.

One has, under reference to the Instructions for Official Studies and Reports, established routines for contact with users whenever a matter is subjected to a regular consultation round. By this stage, the process may already have reached a point where it is felt that users have no real influence on the outcome, the actual regulatory framework or measure in question. It is important to pave the way for users to submit inputs as early as possible in the process. The public administration must consider what parts of the process would benefit from contact. It may be during problem identification, the assessment of policy instruments, the selection and design of policy instruments (regulatory frameworks or others), information to users, enforcement, or the design and provision of services. It is of particular importance to facilitate also the inclusion of the very smallest businesses in such processes, in order that their views may be heard. Small and large businesses may have different needs and interests.

One objective must be for Norway to see the development of good and flexible schemes enabling the public administration and users to have a better dialogue, and therefore more well-adapted regulatory frameworks and government schemes than those countries we compete with. This may offer Norwegian trade and industry certain advantages in its competition with other countries.

The report *Business-Friendly Legislation ("Næringsvennlig lovgivning")* published by the Confederation of Norwegian Business and Industry in January 2004 will be examined in this context.

The new means of submitting feedback from trade and industry into the simplification and modernisation effort – *the Simplification Channel ("Forenklingskanalen")* – contributes to better and simpler contact between the public administration and users.

It is, and must be, the responsibility of the public administration to ensure that all interests are heard and weighted against each other. This is important to avoid unfortunate consequences from good user participation, such as whoever "makes the most noise" having it their way, regardless of other considerations and needs. It is also important for contact and dialogue to take place as openly as possible.

3.2.4 Follow-up of existing priority areas

Impact assessments

Continued development of the Orakel competency centre within the Ministry of Trade and Industry is a priority. Orakel shall continue to work on changing attitudes, disseminating information, as well as creating and developing competency, through training and also through the refinement of tools for use in such work. A collection of examples on the use of alternative policy instruments will be ready in early 2005. A particular challenge is to become involved in work on regulatory frameworks and other government measure at the earliest possible point of time.

The Ministry of Finance is working on a joint guide to impact assessments.

Electronic reporting

Efforts within this area will be continued under the new priority area "e-services".

The HES area

These are the most important measures underway within this area:

- a) Restructuring and coordination of administrative regulations within the area:
 - The Ministry of the Environment is continuing its work on examining the potential for improvements in its regulations
 - The work on a joint set of administrative regulations encompassing those regulations administered by the Norwegian Labour Inspection Authority and the Directorate for Civil Protection and Emergency Planning that are directed at trade and industry, shall be completed. The contents of such regulations will now be adapted to the new Working Environment Act. One will also consider whether there is a need for other material amendments to make the regulatory framework more user-friendly. These regulations are to be entered into force at the same time as the new Act.
- b) A new Working Environment Act is to be presented in spring 2005
- c) Industry-specific regulatory framework information via the Internet: The website www.regelhjelp.no ("www.regulatoryassistance.no") is to be launched in autumn 2005, adapted for 15 industries. These government bodies are participating: The Norwegian Pollution Control Authority, the Norwegian Labour Inspection Authority, the Directorate for Civil Protection and Emergency Planning, the Norwegian Industrial Safety and Security Organisation and the Norwegian Food Safety Authority.
- d) The Norwegian Labour Inspection Authority assumes the role of coordinating government body for the HES supervision of businesses in spring 2005. The goal is for employment matters to be addressed in a unified manner, and for businesses to experience supervision that is coordinated and as unified as possible.
- e) Measurement of the administrative costs resulting from the regulatory framework pertaining to HES (the areas falling under the auspices of the Ministry of Labour and Social Affairs, the Ministry of Justice, and the Ministry of the Environment).

The planning and building law area

The Ministry of Local Government and Regional Development will in autumn 2004 present a legislative amendment proposal on development plans. This is based on inputs from both the Building Law Committee and the Planning Law Committee. Work on a new planning section of the Act will commence.

The Building Law Committee will submit its final report in spring 2005. The Ministry of Local Government and Regional Development will then look at both reports from the Building Law Committee and the Planning Law Committee in conjunction when assessing amendments to the Act.

Follow-up examination of regulatory frameworks

The main challenge here is to implement the measures mentioned in Chapter 1 of *the Plan of Measures, An easily accessible regulatory framework*:

- a) The Instructions for Official Studies and Reports, with amendments within the area of follow-up examination, are to be adopted in late 2004 or early 2005. The work on an assessment work manual is to be completed.
- b) Legislative amendments necessary to make Lovdata a virtually complete database of current administrative regulations are to be presented.

- c) The administrative regulations unit under the Legislation Department of the Ministry of Justice is to be established in 2005. Important tasks to be embarked on by the unit are the assessment of the organisation of administrative regulations work within different government bodies, and the preparation of a manual on administrative regulations work.
- d) Streamlining efforts within major administrative regulation areas shall be kept up.

3.3 On the Plan of Measures

The Plan of Measures offers, like last year, an overview of all the measures, organised within the five subsidiary goals for this work. There is a total of 111 measures to be pushed forward next year. 31 of these are new measures, 13 represent new themes within areas where previous measures have been implemented, whilst 66 are carried over from the previous plan. The measures are described in Part II (2004- 2005 Plan of Measures).

The Plan of Measures is extensive, and extremely varied. It illustrates both how complex streamlining and facilitation for trade and industry is, as well as how wide-ranging such effort is – and has to be.

We will here mention a selection of the new measures:

3.5 Altinn – e-services for trade and industry

The goal is to offer trade and industry the maximum number of fully-fledged electronic services, with dialogue and interactivity, with a joint simple user interface, joint entry portal and the option to use electronic signature. A strategy for the area of e-services for trade and industry shall be prepared during the first half of 2005. Electronic signatures shall be entered into use during 2005.

4.58 Surveying of simplification needs within the EEA regulations

The goal is for Norway to participate actively in the regulatory simplification effort of the EU, by making specific suggestions as to which areas are in the most need of simplification. The first round of surveying shall be completed during the first half of 2005.

4.60 Survey areas offering scope for improvement on the basis of international comparison

The goal is the best possible facilitation for business in Norway. We will, on the basis of the report *Doing business in 2005: Removing Obstacles to Growth*, which compares the situation in 145 countries, survey in what areas there is scope for improvement. The survey shall be completed during the first half of 2005.

4.61 Revision of the regulatory framework for public procurement

The goal is a simpler and more user-friendly regulatory framework for public procurement, a regulatory framework that shall result in more real competition and ensure the best possible use of resources. The work shall be completed by January 2006.

4.62 Follow-up of the measurement of the regulatory framework pertaining to Value Added Tax

The goal is to establish a regulatory framework pertaining to VAT that is simpler and more user-friendly. The findings from the measurement of the administrative burdens imposed



by the regulatory framework shall be reviewed to determine what regulatory amendments would best alleviate such burdens, and to follow-up the simplification proposals set out in the report. Assessment to be carried out during 2005.

4.63 Measurement of the burdens imposed on trade and industry by different regulatory frameworks

The goal is to generate proposals for improvements and simplifications to the regulatory framework applicable to trade and industry, by employing the Standard Cost Method to the measurement of the administrative burdens imposed by various regulatory frameworks. Several new regulatory framework areas will be measured during the course of 2005.

5.65 Promote a culture for IT security

The goal is to reduce/prevent the proliferation of spam to all end-users, hereunder trade and industry, through information about, and a campaign to promote, a culture for attending to IT security. The first milestone, a new website, shall be completed during 2004.

5.67 Establish user groups for employers centrally and locally within Aetat.

The goal is to improve interaction with and service to trade and industry, by establishing user groups. The groups shall, amongst other things, contribute to ensuring that Aetat has updated knowledge of trade and industry, in order that training offered by this body may be tailored to needs.

2000: approximately 719 Acts of the Storting and approximately 11,400 sets of regulations
2001: approximately 715 Acts of the Storting and approximately 11,500 sets of regulations
2002: approximately 740 Acts of the Storting and approximately 11,200 sets of regulations
2003: approximately 750 Acts of the Storting and approximately 11,600 sets of regulations

Source: Annual reports of the Lovdata Foundation: www.lovdato.no

Supplement

Measurement of the costs to trade and industry from regulatory frameworks

Introduction

There has in recent years been a strong national and international focus on simplification, and on the burdens imposed by government measures and regulatory frameworks on trade and industry. A number of simplification measures have been initiated, but we have not had good or precise methods or tools for assessing the effects of the various measures. The impact data from the Register of Reporting Obligations of Enterprises suggest that we are moving in the right direction, but these data only reflect part of the burden.

The Ministry of Trade and Industry has as part of the effort to identify a method for documenting the effects of the simplification effort, carried out a pilot measurement of the costs imposed on trade and industry by the regulatory framework within one area. The measurement was performed by way of the Standard Cost Model, a model developed and used in the Netherlands. Denmark, Sweden and Norway have cooperated on putting the method to use, and all these countries have now measured the VAT area.

Recently, several European countries have embarked on measurements that apply this method, implying that this is in the process of becoming a joint European method (see below for additional details). This will become an important tool in the simplification effort for trade and industry.

On the method

The basic principle underpinning the method is the gathering, through in-depth interviews with a number of users of the regulatory framework (businesses), of detailed information on the resource use associated with the various requirements laid down by the regulatory framework. Thereafter, the information gathered is analysed, and resource use is aggregated to the societal level.

We refer to the reports *Focus on administrative burdens – a manual for defining and measuring the administrative costs to businesses*, and *Basic measurement of the administrative burdens imposed on business through the assessment of Value Added Tax, and the elaboration of an activity-based measurement method*, which are available from the homepage of the Ministry of Trade and Industry, www.nhd.dep.no/forenkling, for a more detailed description of the method.



How can the method be employed in the simplification effort?

The measurements provide us with information on the number of entities affected by the various parts of the regulatory framework, and on the magnitude of the costs associated with each individual requirement laid down by the regulatory framework. The measurements provide us with a basis for tracing how burdens develop over time. They also offer us a basis for making international comparisons. The findings may be used to identify new proposals for regulatory simplification, and may also be used in impact assessments of new/amended rules.

The strengths of the method are as follows:

- It offers a detailed illustration of what parts of the administrative burdens imposed by a regulatory framework are particularly vexatious to businesses
- It shows which simplification measures will have the most impact on businesses
- It shows the effect of the various measures initiated by the Government/the Ministries

We are of the view that this way of analysing regulatory frameworks and effects has the potential to offer us valuable inputs for the simplification effort. The systematic surveying of the costs associated with the various elements of the regulatory framework can identify weaknesses, which one can then work to rectify. When amendments are made to regulatory frameworks, one may illustrate changes in costs and quantify the outcome of the simplification effort.

Measurement of the regulatory framework pertaining to Value Added Tax

The goal of the first measurement has been a better understanding and documentation of the magnitude and composition of the administrative burdens associated with the calculation and reporting of Value Added Tax, to gain experience of, improve and elaborate the measurement method to the benefit of subsequent work, and to prepare a basis for reducing the administrative burdens associated with Value Added Tax.

The Ministry of Finance has contributed expertise and documentation throughout the process.

The project was carried out during the period from May to September 2004. A reference group was established in connection with the project, comprising trade and industry organisations, the Ministry of Finance, the Brønnøysund Register Centre and the University of Oslo, as well as an expert group with participants from the Tax Law Department and the Tax Policy Department of the Ministry of Finance and from the National Tax Administration.

The report from the first measurement describes which costs (on the part of businesses) are associated with the ordinary administrative processes relating to the regulatory framework pertaining to Value Added Tax. In addition, the final chapter of the report sets out specific proposals for improvements to both the regulatory framework and governmental services/enforcement within the area.

At a general level, the report demonstrates that the VAT system is not particularly burdensome/costly to ordinary businesses. However, the report also sets out specific proposals for improvements to both the regulatory frameworks and governmental services. Some examples are the use of differentiated rates within the VAT system, and the combination of both VATable and VAT-exempted turnover within one business, which represent considerable additional costs. Besides, the report contains proposals for improving communication between government bodies, in particular between the Brønnøysund Register Centre and the Regional Tax Offices.

The measurement has also specifically addressed businesses that are voluntarily registered

on the VAT register because they are involved in the letting of property. These are subject to additional registration requirements. The measurement has demonstrated that this is one of the areas where there are high costs associated with the regulatory framework. This group is required to prepare, at the end of each year, an overview of the use of the premises through the year. Consequently, the lessor must gather information from all of its lessees as to how they have used the premises through the year. Furthermore, such information must be put into system in order to allow presentation of the actual use of the premises through the year.

The proposals set out in the report will be followed up through cooperation between the Ministry of Finance, as the Ministry in charge of the regulatory framework pertaining to Value Added Tax, and the Ministry of Trade and Industry, as the Ministry in charge of streamlining for trade and industry.

The report provides a good description of the administrative processes involved on the part of businesses in their handling of the regulatory framework pertaining to Value Added Tax. The numerical data of the report offer detailed descriptions of the time use associated with the processing of specific tasks, both in regular businesses and in certain selected segments. It also provides very detailed information about different populations, i.e. what number of businesses is affected by the various requirements under the regulatory framework. On the basis of the detailed information, aggregations are made to societal level, thus computing the gross cost at societal level associated with the administrative processes.

One has already embarked on a process to compare the numerical data on VAT- rules from the Netherlands, Sweden, Denmark and Norway. One will also be initiating new measurements within new areas in Norway.

International cooperation

International networks

There is active Nordic/European cooperation within the area, founded on common needs and objectives. Measurements are now also underway in Sweden and Denmark. The model is based on a Dutch method, and the Netherlands is therefore a key player in the context of this cooperation. Recently, France, Italy, Belgium, Hungary, Poland and Slovenia have also commenced/resolved to commence their own measurements. The United Kingdom and Finland are thus far participating in this cooperative effort as observers, with a view to undertaking their own measurements.

EU

Also at the EU level has one attempted to identify designated methods for quantifying the effects of regulatory frameworks on citizens and businesses. In recent years, there has been an increasing interest in and focus on this issue within the EU as well. The EU Commission has been closely monitoring the work on developing the Standard Cost Model.

In a 21 October 2004 meeting of the Council of EU Economic and Finance Ministers (ECOFIN) it was resolved that the EU Commission shall work to develop a method that may be used both to determine administrative effects of existing rules, and to perform impact assessments on new regulatory frameworks. This method is to be based on the Standard Cost Model.

This implies that the Standard Cost Model is in the process of becoming a joint European tool in the simplification effort, and Norway is, in other words, amongst the countries in the driving seat on this.

OECD

The OECD has indicated that this is a good method that may be of use to the simplification

effort. The organisation has therefore started working on this method, and has requested member states to participate in this effort. The OECD is also participating in the Nordic/European network as an observer.

The OECD Red Tape Scoreboard project will be using the Standard Cost Model to measure and compare administrative burdens in and between OECD countries, carry out studies of some administrative burdens, and analyse differences in administrative burdens between member countries. The findings from the project will be entered in a database. Norway and the other countries that make up the European network will probably assume a key role in this project.

Denmark

An objective of Denmark is to reduce the administrative burdens by (up to) 25 percent by 2010. Until then, each Ministry is to reduce its burdens by 25 percent. In order to measure progress, and whether one succeeds in realising this objective, one will perform measurements of the most burdensome regulatory frameworks by 2006, and thereafter perform new measurements in 2010 to determine whether the objective has been realised. Most Ministries will be measuring their own regulatory frameworks, and the Standard Cost Model shall be used in these measurements. These measurements are already well underway, and regulatory framework pertaining to Value Added Tax has, amongst other things, been measured. More information is available at www.eogs.dk.

Sweden

Sweden has also commenced measurements of the regulatory framework in accordance with the Standard Cost Model, having completed measurements of, amongst other things, the regulatory framework pertaining to Value Added Tax. This autumn one will be performing measurements within three new areas, hereunder the regulatory framework pertaining to direct taxes.

The Netherlands

The first version of the Standard Cost Model was developed in the Netherlands, and it has already been in use there for a few years. When the present Dutch Government took over in 2002, it set itself the objective of reducing the administrative burdens imposed on trade and industry by 25 percent by the end of its period in office. Each Ministry is responsible for reducing the administrative burdens within its area. The Standard Cost Model is being used actively as a tool. The Netherlands has carried out measurements of those regulatory frameworks that are the most burdensome for trade and industry, and will perform new measurements in 2007 to verify whether the objective has been achieved. In spring 2004, the Dutch Government presented an action plan on the status and how to realise the objective of reducing burdens by 25 percent: *More leeway for businesses thanks to fewer burdens – From producing burdens to reducing burdens*, see www.administratievelasten.nl or www.minfin.nl (with the former website also providing other information on administrative burdens in both the Netherlands and internationally). If all the proposals included in the action plan are implemented as planned, measurements show that administrative burdens will be reduced by 18 percent next year. The Netherlands is well underway to realising its objective of a 25 percent reduction.

Orakel - a competency centre for impact assessments

Competency centre

Orakel is a competency centre for impact assessments within the Ministry of Trade and Industry. Its name is an acronym for *Offentlege Reformer, Administrative Kostnader, Enklare Lover* ("Governmental Reforms, Administrative Costs, Simplified Legislation"). From 2004, the centre has become a permanent fixture of the Ministry. It offers advice on how governmental interventions may affect the establishment and operation of businesses. The centre establishes contacts on a broad basis, and shall have an active support function. The services offered by Orakel are available to everyone within central government, when they are engaged in the preparation of proposals for new regulatory frameworks, reformers and other matters that have foreseeable consequences for trade and industry. The centre also develops tools and procedures that are made available to executive officers.

Orakel's remit

New governmental measures and rules are always well-intended. However, they can often also entail less welcome effects on trade and industry, e.g. in the form of new forms, new routines or new duties to be followed up, or new fees to be paid. It is important to ensure that the costs incurred on the part of trade and industry as the result of a regulatory framework, are justified in terms of the benefits to society from such regulatory framework.

Moreover, it is important for the rules to reflect real needs, and for compliance therewith to be practicable. Trade and industry shall perceive the public administration as being

well organised and non-bureaucratic, and Norwegian public services provision shall be regarded as a competitive advantage internationally. And, for this reason, the interaction between the public sector and trade and industry shall be characterised by the best possible cooperation.

Orakel shall trace and clean up proposals for new rules and measures that may make work burdensome or difficult for trade and industry. Good impact assessments are methodologically challenging, and require high competency. For this reason, the mandate of Orakel focuses on both method development and training, in addition to assistance on the analysis and assessment of specific cases.

The adoption of a pro-active approach is important in order to avoid the need for reactive measures in future. We need to know more about the consequences of governmental actions, in order that we may already *in advance* adopt both rules and other measures so as to achieve the effects we are looking for, whilst avoiding undesirable side-effects.

Simplification does not always imply that we should have fewer rules. A complex society needs both rules to guide behav-

- Orakel: A competency centre for impact assessments within the Ministry of Trade and Industry. Offers advice on how governmental measures and regulatory efforts may affect the establishment and operation of businesses.
- Regulatory frameworks and control systems must be designed in such a manner that political objectives are realised at the minimum possible cost to both trade and industry and society as a whole.
- Orakel has been established to trace and clean up proposals for new rules and measures that may make life difficult for trade and industry. The goal is the adoption of a pro-active approach in order to avoid the need for reactive measures in future.
- We need to know more about the consequences of governmental actions. This will allow us to adapt rules and measures in advance, in such a manner as to achieve the desired effects, whilst avoiding undesired side-effects.
- Orakel shall focus on method development and training, in addition to the assessment of specific cases.
- The centre shall contribute to early contacts between sectoral Ministries and the Ministry of Trade and Industry as far as concerns assessment work within areas that may give rise to material consequences on the part of trade and industry.

your and governmental control. Nor is it the case that trade and industry interests should at all times take precedence over other political objectives in our society. What we are aiming for is to design our regulatory frameworks and control systems in such a manner that we can realise our political objectives at the minimum possible cost to both trade and industry and society as a whole.

In order to achieve such a targeted and efficient use of policy instruments, we need continuously updated information both on society itself and on how the rules work. Such information must be given a more prominent role in approval processes. There are several examples of regulatory frameworks having been adopted and upheld for a long period of time because one has not been sufficiently aware of the costs and benefits associated therewith.

An example from the area governed by the Ministry of Trade and Industry is the Business Acquisition Act, which required all mergers and acquisitions above a certain size to be reported to the Ministry. The Act imposed considerable costs to trade and industry, without corresponding benefits to society being documented. The Act was repealed with effect from 1 July 2002.

An example from a different area of law is represented by the bookkeeping provisions laid down by the Accounting Act of 1998. After the new Accounting Act had been passed, so much information emerged regarding unintended effects of these provisions, that this part of the Act could not be entered into force. Only now, following a new round of extensive preparatory work, are new bookkeeping provisions being passed to replace the Act of 1977.

Despite the considerable challenges and many forms of unintended effects, experience shows that it is possible to improve conditions for trade and industry. The Planning and Building Act has been subject to much negative attention, and amendments that make a difference to most players have been made within this area. Both the Ministry of Local Government and Regional Development and the Ministry of the Environment have made amendments such as:

- expanding the range of cases that can be dealt with by way of an application for consent
- imposing time-limits on most aspects of the handling of planning matters by municipal administrations
- implementing measures to prevent costly and futile "play-offs" in planning matters.

Activities and achievements on the part of Orakel

Assistance and contributions to preparatory work

The number of cases handled by Orakel has increased, and this is taking place in parallel with the centre having prioritised training and network building during this last period. The statistics show that cases have primarily come from the Ministry of Trade and Industry, the Ministry of Finance, and the Ministry of Modernisation/ Ministry of Labour and Government Administration. The challenge facing the centre is the establishment of an early dialogue with the sectoral Ministries involved in assessment work that may result in material consequences on the part of trade and industry. The Instructions for Official Studies and Reports assume that there will be interaction and early contact between the various Ministries and subordinate bodies to assess consequences. In practice, this is too often not the case, and the centre is therefore dependent on involvement in other activities as well, in order to be a relevant and useful partner for users.

On the other hand, the data show an increase in the number of reports that are of "sufficient quality". An ever-increasing number of preparatory exercises include improved impact assessments, and are acceptable by present standards.

Information, training and network building

Competency building and training

Orakel has prepared a series of seminars that have been held in cooperation with Statistics Norway. The seminar runs for about 3 hours, and focuses on how to carry out impact assessments and examinations in practise.

The seminar primarily offers training in methods and tools. Orakel focuses on trade and industry in its work, and therefore relates all examples and samples to businesses, trade and industry and the industrial economy aspects of impact assessments. Orakel has also prepared a condensed version of the seminar (which does not include the participation of Statistics Norway). Over the last year, more than 300 civil servants have participated in such seminars, from 14 Ministries and three Directorates.

The Orakel seminars have been developed to improve practise. The seminars are intended to contribute to changing the work performed by executive officers on a daily basis. Consequently, the methods and examples have been adapted and scaled in such a way as to permit participants to use these for themselves.

Evaluations of the seminars show that there is a need for such training, and that they are useful both at the level of individuals and for the public administration as a whole. In other words, there is a large "market" both for training more people and for offering additional training, e.g. in-depth training within certain areas. The evaluations also indicate that demonstrations of tools, examples of examinations, and various practical examples give rise to the most positive feedback.

Contact with trade and industry organisations

The requirements for improved impact assessments must be made known to those involved in consultation rounds, in order to increase expectations as far as preparatory work is concerned. Orakel has therefore taken the initiative to present examples of how the method works in practise to several trade and industry organisations.

Web-presentation of Orakel on Odin

The Ministry of Trade and Industry's web pages on Odin feature a designated area for Orakel. The area now features tools and methods, in addition to general information. One has emphasised the interrelationship between the website contents and the training. This also includes a new and expanded version of *The 2004 business enterprise statistics*. *The business enterprise statistics* highlight key figures on Norwegian trade and industry, hereunder the number of businesses and employees, overall and broken down across the most important types of legal entity. This year's edition includes information for the last four years, thus illustrating developments and changes more clearly.

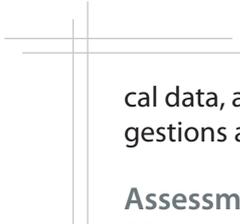
Network building within central government

Orakel has focused on being externally focused and reaching out. In addition to traditional methods such as presentations and seminars, the group has approached Ministries and subordinated government bodies directly. The goal is to identify and get to know new measures as early as possible.

Cooperation with Statistics Norway

In 2002, Statistics Norway introduced the Statistics Bank on the web, offering a lot of information from Statistics Norway. Statistics Norway and the Ministry of Trade and Industry have initiated a joint cooperative effort with the aim of improving practises. The most important aspect of this is the establishment and updating of *The business enterprise statistics* (as presented above).

The cooperation with Statistics Norway allows Orakel to get access to and convey numeri-



cal data, and also to perform its own analysis in specific cases where there is a need for suggestions and comments.

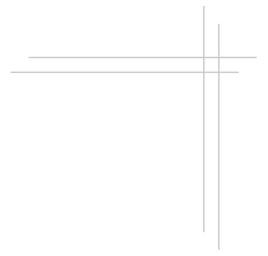
Assessment and conclusion

After having been in operation for almost two years, the centre has become established as a permanent fixture of the Ministry of Trade and Industry. Many people within central government are well aware of the activities pursued by the centre, and Orakel is in a position to contribute useful perspectives that improve preparatory work and the basis for making decisions.

Orakel will continue to focus on getting involved in advance, i.e. an early dialogue and cooperation between the sectoral Ministries and the Ministry of Trade and Industry as the affected Ministry. This makes it necessary to prioritise:

- Assistance to reports on areas where trade and industry may be affected, e.g. by advising on surveying, method selection and use, and proposals for relevant alternative solutions
- Training on methods and practical user orientation
- Development of tools for the assessment of consequences for trade and industry
- Network building and externally focused activities.

Simplifying Norway



The Appendix to this Status Report sets out all the measures of the Action Plan, as well as the status in respect of last year's plan, and can be read at www.nhd.no/forenkling: *2004-2005 Plan of Measures, including the 2003-2004 Report of Achievements*.

The Ministry of Trade and Industry would very much like to receive views, suggestions and other input relating to the simplification effort. Please use the **Simplification Channel** ("**Forenklingskanalen**") (www.forenklingskanalen.no), or send e-mail to forenkling@nhd.dep.org.

The Government's Action Plan for Simplifying Norway: Streamlining and Facilitation for Trade and Industry 2002 (K-0659 B) may be ordered from the Ministry of Trade and Industry, or accessed on the web page www.nhd.no/forenkling. The *2003 Status Report* is available on the same web page.

The Action Plan and the Status Reports are also available in Norwegian.

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• Regulatory frameworks shall at all times be updated and reflect real needs

• Government shall never request more information than what actually is used

• Regulatory frameworks shall be designed to make it feasible for trade and industry to comply, both with individual regulations as well as with the overall regulatory burden