

Annual Report 2023

Consolidate, streamline, digitalise.

Reducing bureaucracy. Equipping
Germany for the future.



National
Regulatory Control Council

Key points

1. Halfway through the legislative term, compliance costs are at an all-time high. Corrective action is urgently needed!

The need to alleviate regulatory burdens, roll back stifling bureaucracy and expedite processing times is currently a matter of general consensus. And rightly so: recurring compliance costs are at their highest level ever. The burden placed

on companies, authorities and the population at large by federal laws has spiked, with an increase of 9.3 billion euros in annual costs and a 23.7 billion euro rise in one-off compliance costs. The NKR's position is that this trend must be halted. We propose making the "one in, one out" bureaucracy brake more effective, broadening its scope to include compliance costs to public administration and citizens, as well as incorporating one-off

compliance costs and costs arising from EU legislation. The government has promised a “Germany Pact” and a new “Germany Speed”. In 2024, these pledges must be followed up with concrete action so as to bring about tangible progress in bureaucracy reduction.

2. Greater focus on bureaucracy costs and introduction of a “one in, two out” rule.

In contrast to the broader category of compliance costs, bureaucracy costs – which essentially comprise burdens of an administrative nature – have remained largely stable, and below the baseline value determined in 2011. This is a minor success, to be built on by the Growth Opportunities Act and the Bureaucracy Reduction Act. In light of annual bureaucracy costs of 65 billion euros to businesses alone, however, a more systematic approach is needed in order to bring about lasting relief. And not just for businesses: the NKR proposes that bureaucracy costs to public administration and citizens also be measured, and a “one in, two out” rule be adopted for bureaucracy costs. At the same time, the Federal Government should set a verifiable reduction target envisaging a reduction of at least 25% to the Bureaucracy Cost Index.

3. No bureaucracy reduction without digitalisation. After the failure of the Digital Access Act, half measures are not an option!

Our most effective means of reducing bureaucracy costs is to digitalise the flow of information required for application, reporting and approval procedures, and reuse data. However: the digitalisation of public administration in Germany is progressing far too slowly, lagging woefully behind most European states. After the Online Access Act dismally failed to meet its implementation goals, the instrument succeeding it and the

associated funding are equally lacking in the requisite vigour to noticeably precipitate the process of digitalising public administration. The vision, ambition and political will needed to make meaningful progress and overcome federal and territorial susceptibilities are in short supply. The same is true of the long overdue modernisation of public registers – even though it has long been clear what is needed: centralised basic infrastructure and platforms, binding architecture specifications and standards, faster decision-making processes and more straightforward IT procurement, as well as public implementation monitoring and an effective management structure at the federal level.

4. The personnel crisis is threatening the ability of the State and public administration to function effectively. There can only be one answer: streamline, digitalise, automate!

Without modernisation efforts, the widespread personnel shortage will have a drastic impact on the ability of the State and public administration to effectively perform their functions. As staff numbers fall, if nothing is done to change labyrinthine regulations, convoluted structures and lengthy administrative procedures, the strain will become too great to bear. Core tasks will no longer be completed, while transformative projects are not even begun. Economic development will suffer. Whereas compliance costs to public administration were once “only” an indicator of financial viability, they now signal whether a new task can even be performed at all. The State’s ability to function is at risk – and with it, the credibility of the political system and acceptance for our democratic institutions. Accordingly, bureaucracy reduction, digitalisation and automation have an active role to play in safeguarding prosperity and political stability. The future resilience of our society does not just depend on an automation revolution – there must

also be a broader debate about structural change. The *Föderalismusdialog* (dialogue between the Federal Government, local authorities and *Länder*) announced in the coalition agreement must be pursued in earnest, so as to yield a bold administrative reform resulting in a smarter distribution of tasks within the federal system.

5. Straightforward digital public administration depends on feasible and digital-ready legislation.

However, bureaucracy reduction and digitalisation of administrative procedures would not just benefit from a redistribution of tasks within the federal system. An equally pressing concern is that implementation be given due consideration in the drafting stage. More effective dovetailing between legislative design and expertise in implementation has the potential to massively boost the quality of legislation. This perspective gives added relevance to new mechanisms such as the digital-readiness check and the feasibility check. Whereas the feasibility check has only been applied in the Federal Ministry for Economic Affairs and Climate Action (BMWK) to date, albeit with notable success, the digital-readiness check, which is mandatory for all Federal Ministries, has had only a limited impact so far. In the coming months, the challenge will be to implement the feasibility check in other ministries, and to make more frequent in-depth use of the digital-readiness check. However, this can only succeed if the ministry with lead responsibility for a given legislative proposal answers the questions that comprise the digital-readiness check at the very beginning of the drafting process, i.e. before the first paragraph is even written. Furthermore, there must be clarity as to the mechanisms, implementation processes and decision trees, not least to facilitate dialogue with stakeholders and regulatory implementation experts.

6. High-quality legislation takes time; feasible deadlines are imperative. Policy-makers must deliver.

Determining compliance costs, identifying the most cost-effective regulatory option, conducting feasibility and digital-readiness checks: drafting high-quality legislation is a lengthy process. Policy-makers seem to have forgotten this, however – even though better-quality lawmaking would prevent costly corrections and implementation delays further down the line. More and more often, the Federal Government is disregarding its own rules of procedure on the involvement of the ministries, the NKR and affected *Länder*, associations and stakeholder groups. Practices exceptionally considered acceptable in times of crisis seem to have become standard procedure in the preparation of highly complex legislation. Only 25% of legislative projects comply with the prescribed minimum periods. This practice of rushing through the legislative process in response to the latest political developments seems more concerned with outwardly demonstrating functional capability than with delivering maximally effective, cost-efficient legislation of the highest standard. The NKR calls on the Federal Government to allow more time for the preparation and quality control of draft legislation. Four weeks are needed for consultations with associations and stakeholders. The Federal Chancellery must ensure compliance with the rules of procedure. Failures to observe the prescribed minimum periods must be documented and disclosed.

Introduction

Reduce regulatory burdens, eliminate stifling bureaucracy and speed up processing times: these are goals that everyone can agree on right now – in government and opposition, in the *Länder* and municipalities, in business and academia. The Federal Chancellor himself recently warned of the “mildew of red tape, risk aversion and despondency” spreading across the country and called for a new “Germany speed”.

Indeed: never have the regulatory costs calculated by the NKR been so high. Never has there been such outcry, so many warnings and admonitory letters – all carrying the same message: regulatory and bureaucratic burdens are reaching unbearable levels. And it is not just businesses that are affected: for some time, municipal authorities have been complaining the loudest of imminent collapse.

But not all is awry in Germany! Often, the problem is simply that we want too much of a good thing. Complex regulations designed to take every possible situation into account do not actually lead to greater fairness or better results. On the contrary, when laws become so convoluted that they can no longer be enforced, they are of little use to anyone.

Implementing complex legislation to a high standard might still be possible with adequate personnel, or a higher degree of digitalisation and automation in public administration. Germany has neither, however. This adds additional complexity to the problem. Germany needs to learn the art of simplicity. Otherwise, it risks slowing to a complete standstill. Applications will no longer be processed, permits will be granted too late, the award of funds will be delayed. Core tasks will be performed only inadequately, while transformative projects are not even begun. This will have knock-on effects for economic development. When the state can no longer be administered or political promises fulfilled, the result is political disillusionment. To put it concisely: the State's ability to function is at risk – and with it, the credibility of the political system and acceptance for our democratic institutions.

Political decision-makers are aware of the problem. Their willingness to effect change is growing. Whether this is enough to turn the tide remains to be seen. It is therefore crucial that in the second half of the legislative term, the pledges of the Federal Government are followed up with tangible action. The modernisation promised in the coalition agreement must become reality. Further initiatives are needed with a view to digitalising public administration, drafting feasible legislation, reducing regulatory costs, simplifying structures, expediting administrative procedures and reorganising the division of federal responsibilities.

The NKR has made proposals to this end, which are described in this annual report.

Bureaucracy reduction, digitalisation and automation are strenuous tasks; deliberately making things simpler is harder than many people realise. Taking the bull by the horns and making bold decisions in spite of widespread resistance and inertia can bring significant opportunities for our country. Because ultimately, it is not just about averting impending decline. It is about creating a positive outlook, and equipping our country for the future. How much potential could be unleashed, how much time could be saved for more important pursuits if only we could free our citizens, businesses and the authorities themselves from unnecessary bureaucracy? As arduous as this prospect may seem, an ambitious modernisation agenda can also have an invigorating effect. Imagine a world in which the Federal Ministries compete amongst themselves to deliver the most straightforward, cost-effective and feasible laws and policies! “Less is more! Simpler is better! Digital is faster!” – this must be our rallying cry.



Lutz Goebel
Chairman of the National Regulatory
Control Council

November 20, 2023

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1

*Bureaucracy reduction
and better regulation
in practice*

1.1 Sharp rise in compliance costs while bureaucracy costs remain mostly stable

The most important indicator of the regulatory burden on business, public administration and citizens is the measure known as recurring compliance costs. Compliance costs are incurred on an ongoing basis as a result of the implementation of or compliance with statutory requirements by addressees (citizens, business and public administration). Where statutory requirements also cause adjustment costs, these are recorded separately as one-off compliance costs. Since these two indicators were introduced, their overall development has followed only one direction: annual compliance costs have risen steadily, with total one-off costs following suit.

Annual compliance costs continue to spike

In the reporting period under review, annual compliance costs to all three addressee groups rose by around 9.3 billion euros to a total of approximately 26.8 billion euros. This is one of the sharpest rises since the recording of compliance costs began, and a 54 percent increase over the previous reporting period.

It marks a continuation of the trend observed over the last three years: since 2021, compliance costs have surged as a direct result of individual laws.

The main driver of compliance costs in the 2022/23 reporting period was the Buildings Energy Act (*Gebäudeenergiegesetz*) – see Chapter 4. The aim of this initiative is to promote the transition to renewable energy sources in the heating sector. Under the Act, at least 65% of heating in Germany must be powered with renewable energy by 2045. This will cause citizens one-off compliance costs of 127 million euros and recurring

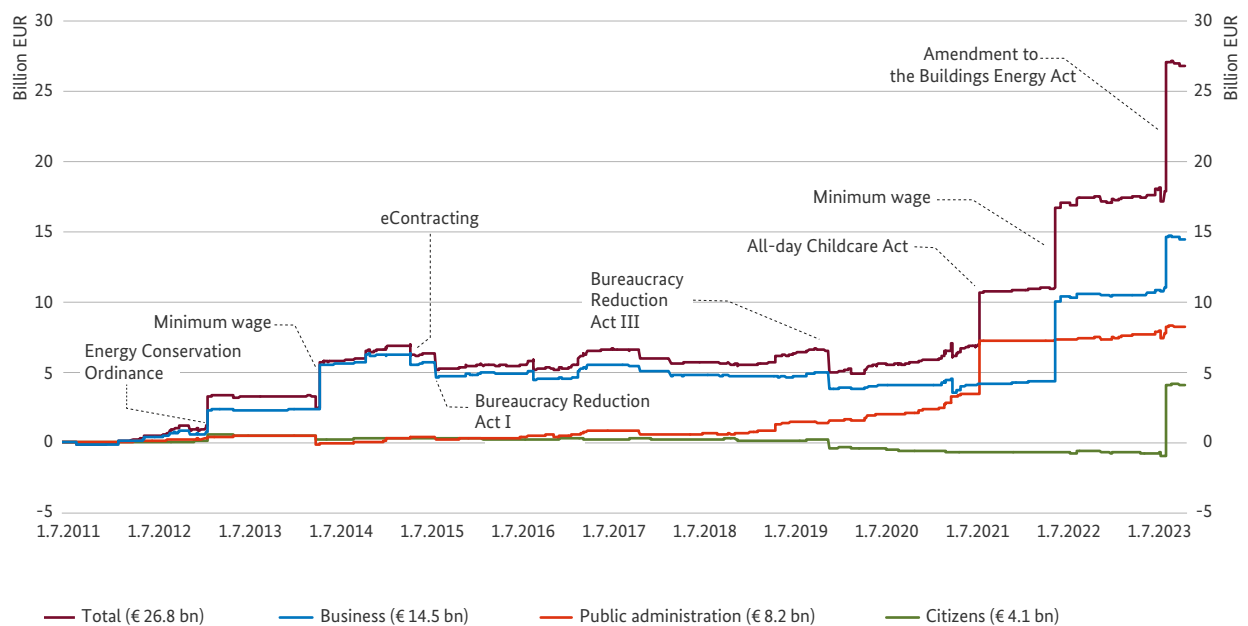


Figure 1: Development of recurring compliance costs since 2011 (up to 30 June 2023)

compliance costs of 5.1 billion euros per year. One-off costs to business will amount to 12.5 billion euros, followed by annual compliance costs of 3.6 billion euros. The burden on public administration is somewhat lower, with adjustment costs of 1.2 billion euros and recurring compliance costs of 448 million euros per year.

Another significant source of additional annual compliance costs to business and public administration alike are the increased energy efficiency requirements arising from the EU's climate target for 2030 (costing businesses 286 million euros and public administration 339 million euros). Furthermore, annual compliance costs to public administration rose by 220 million euros as a result of the operation of reporting offices in connection with whistleblower protection (see Chapter 4).

The largest cost reduction arises from the Act to Modernise Passport and Identity Card Rules (*Gesetz zur Modernisierung des Pass- und Ausweises*). Under this Act, security authorities are authorised to automatically transfer data collected from passports or identity cards to a data processing system, enabling savings of 289 million euros to citizens and 491 million euros to public administration (see Chapter 4). This is a clear example of the cost-cutting potential of digitalisation. Further examples, such as legislation to simplify digital vehicle registration (annual savings of 94 million euros to citizens) or the electronic exchange of data in connection with social security contributions and associated reporting obligations (annual savings of 155 million euros to business and 143 million euros to public administration) underscore the potential benefits to be gained from sustained digitalisation of administrative procedures.

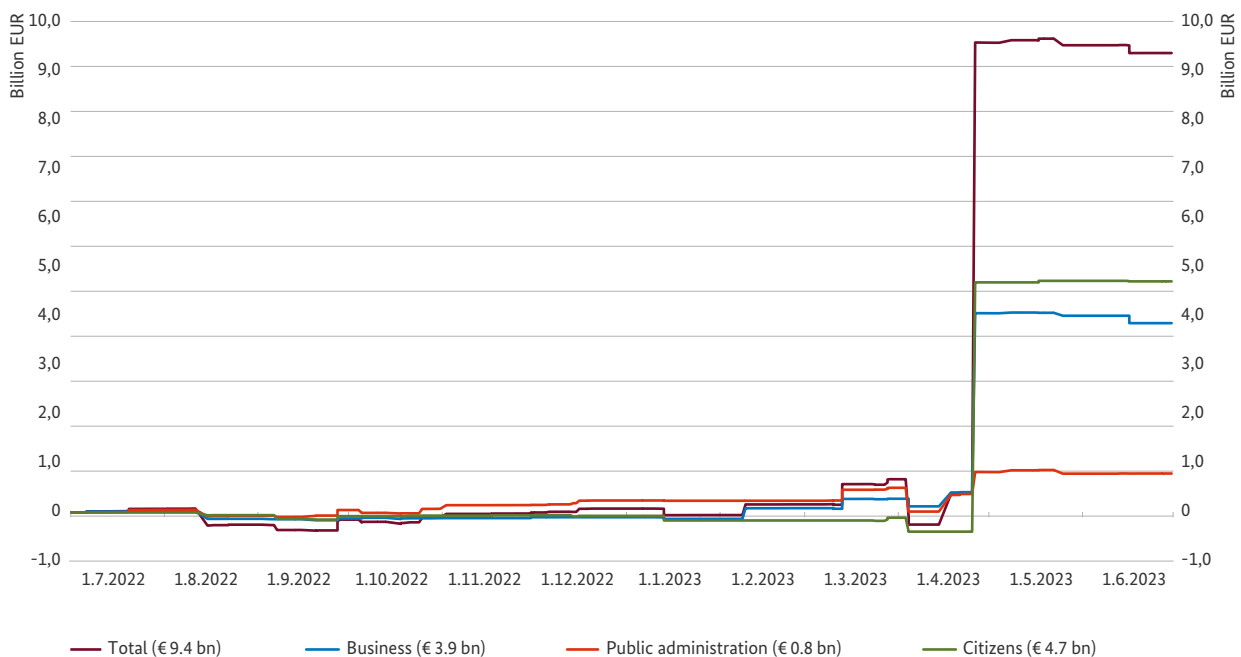


Figure 2: Development of recurring compliance costs in the 2022/2023 reporting period (up to 30 June 2023)

The two biggest drivers of compliance costs in recent years:

- **All-day Childcare Act (Ganztagsförderungsgesetz) – 2021:** under this Act, entitlement to all-day childcare for primary school children attending the first grade in the 2025/26 school year was introduced in stages. The necessary investment in school infrastructure gave rise to one-off compliance costs of between 4.8 billion and 6.7 billion euros. Operating the new all-day childcare services causes annual compliance costs of between 3.2 billion and 4.4 billion euros to Land authorities.
- **Amendment to the Minimum Wage Act (Mindestlohngesetz) – 2022:** this regulatory initiative implements the minimum wage increase to 12 euros per hour announced in the coalition agreement, thereby causing annual compliance costs to business of 5.6 billion euros in the form of additional wage costs. Furthermore, businesses continue to incur annual bureaucracy costs of just under 100 million euros as a result of changes to documentation obligations in connection with minimum wage rules.

One-off compliance costs at an all-time high

The sharp rise in annual compliance costs was mirrored by the development of one-off compliance costs, which totalled some 23.7 billion euros for all three addressee groups (citizens, business and public administration) combined in the reporting period under review. The addressee group most affected by the rise in one-off compliance costs is business, which shouldered 20.2 billion euros of the burden. Here too, the most salient factor was the Buildings Energy Act, resulting in one-off compliance costs of 12.5 billion. This meant that the one-off costs of this reporting period alone were equal to around half the total from all previous years since recording began: the cumulative total incurred since 2011 was approximately 41 billion euros (see figure 3, p. 14).

At first glance, these figures appear rather dramatic. They also seem to confirm the widespread notion that Germany is becoming more bureaucratic by the year, with ever greater burdens

imposed on business in particular. The NKR can hardly argue against this impression, and believes that extensive action is indeed needed. Nevertheless, the figures require further context and must be viewed in the appropriate light.

Bureaucracy costs largely stable

Rising compliance costs cannot in and of themselves be equated with an increase in bureaucracy. Compliance costs are a very broadly defined category comprising the total measurable time expended and costs incurred to comply with a federal provision. Costs of a purely administrative nature, which encapsulate the essence of bureaucratic activities as such, are measured by the indicator bureaucracy costs. Bureaucracy costs provide a picture of the costs that arise from compliance with information requirements of all kinds, for example in the context of application procedures or statistics. Bureaucracy costs have been recorded by the Federal Government since 2006, and examined by the NKR as a subset of compliance costs, albeit only for the addressee

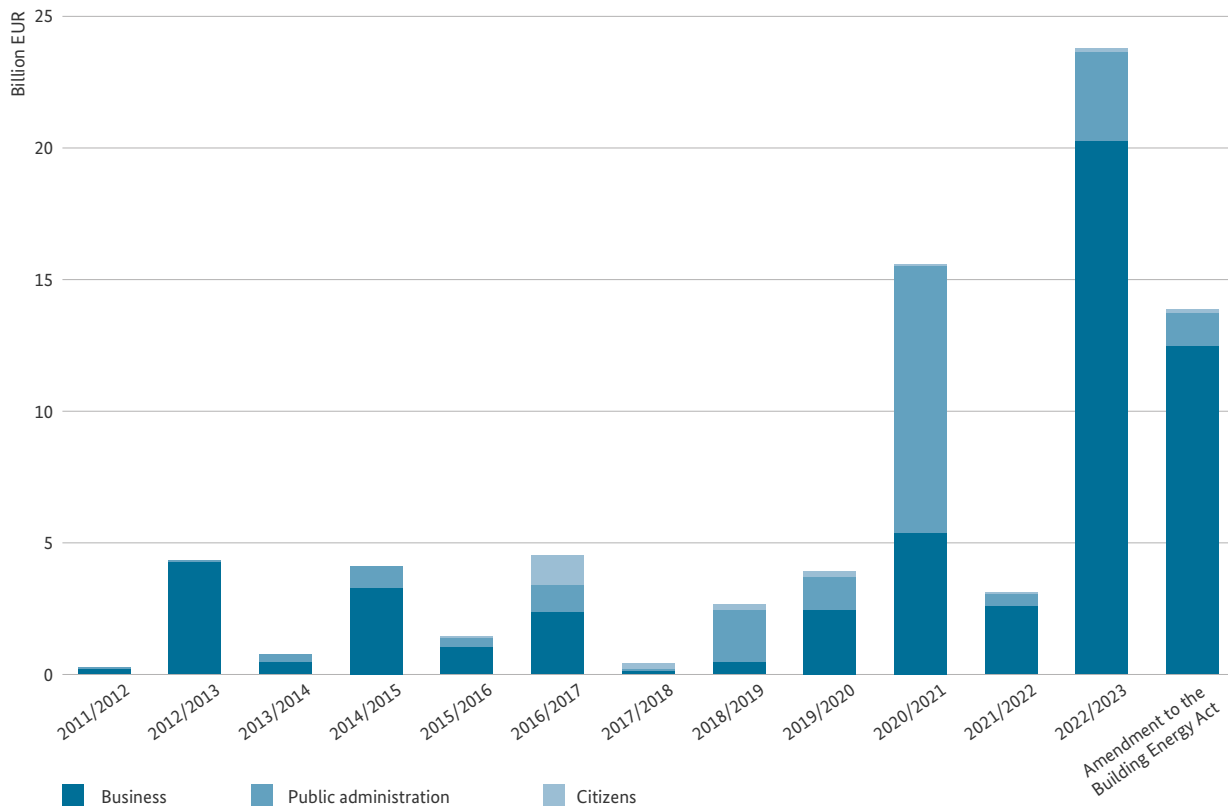


Figure 3: Development of one-off compliance costs (up to 30 June 2023)

group business. The difference between compliance costs and bureaucracy costs is clearly illustrated by the amendment to the Buildings Energy Act: whereas annual compliance costs to business rose by around 3.6 billion euros as a result of the amendment, bureaucracy costs only rose by some 450 thousand euros.

In the reporting period under review, bureaucracy costs to business rose by a total of approximately 164 million euros. In the previous reporting period (2021/2022), annual bureaucracy costs rose by 125 million euros. In view of the Federal Government's stated goal of reducing bureaucracy, these increases can hardly be deemed satisfactory. Nevertheless, thanks to the efforts of recent years, bureaucratic burdens remain below the baseline level determined in 2012. With the Bureaucracy Reduction Act IV scheduled for

late 2023, the Government hopes to lower the Bureaucracy Cost Index once again and offset the increases of recent years. Assuming sufficient ambition on the part of the Federal Government, savings of 1 billion euros per year could be achieved – enough for a trend reversal in the development of bureaucracy costs.

The situation can therefore be summarised as follows: in spite of a massive increase in compliance costs, bureaucracy costs in the narrower sense remain fundamentally stable; an important distinction in the assessment of regulatory costs over time (see figure 4, p. 15).

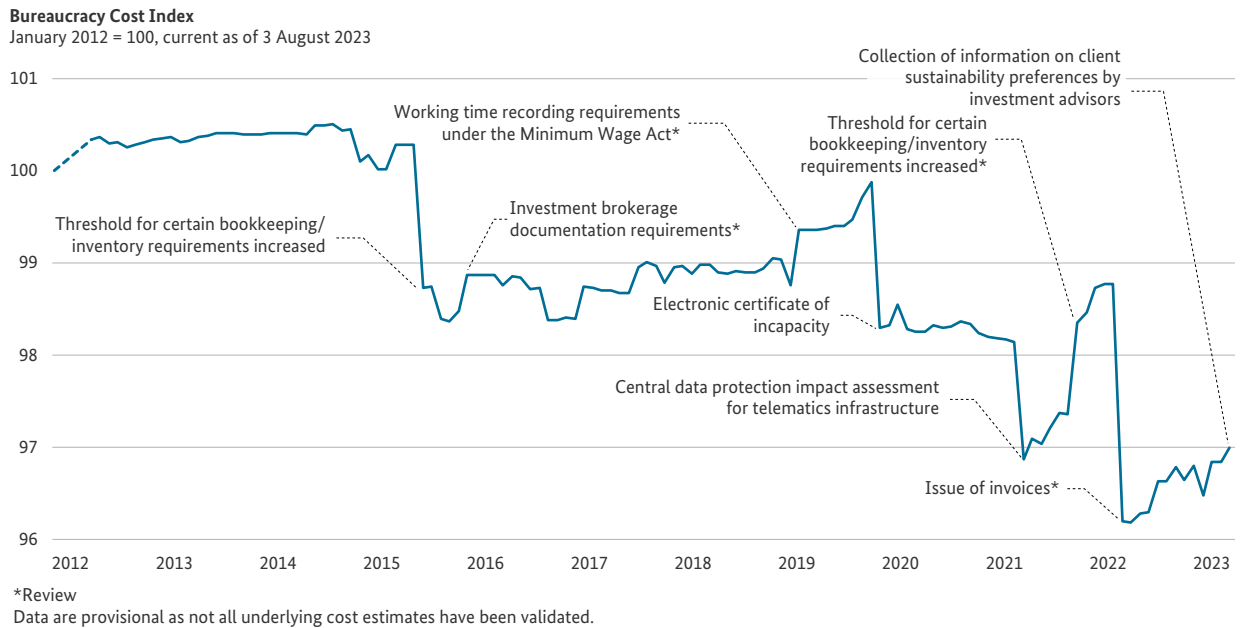


Figure 4: Development of the Bureaucracy Cost Index since the baseline measurement

Sharper focus on bureaucracy costs and broader scope for the Bureaucracy Cost Index

Because bureaucracy costs are often much lower than the more broadly defined compliance costs, and are only calculated for the addressee group Business, they are often neglected in the public debate surrounding bureaucratic and regulatory burdens. However, of the two indicators it is bureaucracy costs that shine a more rigorous light on unnecessary red tape and burdensome administrative costs.

Bureaucracy costs to business alone amount to some 65 billion euros per year. Accordingly, there is still considerable need for action and great potential for savings. The NKR recommends that the Federal Government devote more attention to bureaucracy costs in its strategy for elimination of unnecessary red tape, and give this indicator greater prominence and informative value:

- in future, the Bureaucracy Cost Index should also reflect bureaucracy costs to citizens and public administration.

Bureaucracy Cost Index

The Bureaucracy Cost Index quantifies the bureaucratic burden on businesses arising from federal legislation, and tracks its development over time. The baseline for the Bureaucracy Cost Index reflects bureaucracy costs to business as measured on 1 January 2012. Whenever the Federal Government adopts regulatory initiatives that reduce the bureaucratic burden on business, the Bureaucracy Cost Index falls. Conversely, regulatory initiatives that give rise to new bureaucratic burdens cause the index to rise.

- in addition to the planned Bureaucracy Reduction Act IV, the Federal Government must take further action to tangibly reduce bureaucracy costs by the end of the legislative term. The NKR proposes a new 25% reduction target like the one in place from 2006 to 2011. Moreover, a “one in, two out” rule should be adopted for bureaucracy costs.
- Given that bureaucracy costs are the result of compliance with information obligations, an especially fruitful avenue for the reduction of bureaucratic burdens is the digitalisation of administrative procedures and data flows. Further efforts on the part of federal, *Land* and municipal authorities are needed in this regard (see Chapter 3).

Presentation and assessment of regulatory impacts is incomplete without quantification of benefits

Whereas bureaucracy costs quantify administrative burdens in a narrower sense, compliance costs provide a measure of the overall degree of interference arising from federal regulations. The more inclined a government is to exercise control over and intervene in economic and societal processes, the greater the resulting impact on compliance costs.

The result of state intervention – and this is an inherent goal of every political decision – should be a net benefit to society as a whole. Accordingly, it can be assumed that every regulatory burden is – or should be – offset by a “regulatory dividend”. The benefits arising from a given regulation can reasonably be expected to exceed the associated costs – and it is the duty of policy-makers to ensure that this is the case. Otherwise, regulation would do more harm than good.

Unfortunately, and in spite of repeated admonitions, the NKR has so far failed to convey the importance of this holistic perspective on regulatory impacts. On one hand, direct savings achieved by regulation are not systematically recorded by the ministries, and in some cases are not sufficiently taken into account in compliance cost calculations. On the other, additional beneficial effects are at present only incompletely described, and only in exceptional cases quantified. More rigorous presentation of beneficial effects could provide an important counterweight to the current focus on the cost implications of state regulation, besides providing a convincing argument as to why certain burdens are necessary and perhaps even to be welcomed in light of their overall cost-benefit ratio. Finally, knowledge of the associated costs and benefits would enable much more nuanced discussion of competing regulatory options.

Assessing whether growing regulatory burdens are in fact matched by corresponding benefits tends to be a difficult task due to the lack of necessary information. One exception to this rule is the Buildings Energy Act, for which the lead ministry has gone to great lengths to estimate the beneficial effects. Even though these estimates involve a number of uncertainties, the calculations nevertheless point to considerable potential for savings for addressees that will offset, and possibly even surpass the investments made (see Chapter 1.4).

Rising compliance costs warn of trouble ahead: country stretched to the limit, ability to function at risk

Regardless of whether surging regulatory costs are accompanied by proportionate benefits, the compliance cost index provides much-needed transparency and an important warning function. The index confirms what the affected addressee groups have warned of with growing urgency for some time: as the intensity of regulation mounts, business and public administration are buckling under the strain. SMEs and smaller municipalities in particular face a growing avalanche of regulatory requirements. Open letters warn of burdens that are increasingly difficult to bear.

“I can fully relate to the frustration felt by many citizens, because I suffer from the effects of bureaucracy as much as anyone. I sometimes ask myself what is still within my power as minister-president in light of all the laws and regulations that we have amassed in the 70 years that we have been a democracy.”

Winfried Kretschmann, Minister-President of Baden-Württemberg, interview with Frankfurter Allgemeine Zeitung (FAZ) of 9 July 2023

Accordingly, discussions about the spiralling costs arising from state regulation have long ceased to concern themselves with the issue of how these costs are to be met in financial terms. In view of the current personnel shortage, it is now a matter of whether regulatory requirements can be fulfilled at all. From this perspective, lowering compliance costs is no longer simply a pathway to greater regulatory efficiency; it is a means of ensuring the state’s ability to function effectively, of relieving small and medium enterprises from

tasks that contribute nothing to value creation, and of enhancing the overall effectiveness of policy measures and state programmes.

Instead of becoming simpler, Germany is becoming more and more complicated. Shortcomings in implementation are countered with yet more regulation. This leads to even greater overburdening, further exacerbating the implementation deficit and fuelling a vicious cycle. Germany has a natural tendency towards complexity. Catering to specific individual situations is considered a virtue; every possible configuration of circumstances must be taken into account. As well-intended as this approach may be, in order to work it requires either a huge workforce, or systematic digitalisation and automation (see Chapter 3). Personnel is already scarce, however, with even more dramatic shortages to be expected in future, while digitalisation of the state and public administration is making painfully slow progress. Against this backdrop, rising compliance costs will be impossible to meet – irrespective of the projected benefits.

If we are already overwhelmed by our compulsory tasks, we will hardly be in a position to mobilise the necessary resources for optional extras. Rather than squander the meagre financial and human resources at our disposal on bloated and inefficient structures and procedures, we must devote every pair of hands and every available euro to the task of transforming our country and equipping it for the future. The ability of the state to perform its core functions to a high standard, deliver on political promises and effectively tackle the challenges of the future will be crucial for political credibility, satisfaction with the state and public administration, and ultimately approval for the political system itself.

Close the transparency gap and revise the “one in, one out” rule

“There is room for improvement in the ‘one in, one out’ scheme. We need to make the shift from simply avoiding new costs to steadily bringing down the total – more like ‘one in, two out’. This would mean that for every new provision resulting in costs to business, savings of twice that amount must be achieved by the end of the legislative term at the latest.”

Prof. Sabine Kuhlmann,
Deputy Chair of the NKR

In view of the finite capacity for implementation of business and public administration, compliance costs may only be increased to the extent that they can feasibly be met. Wherever new regulatory costs are created, they must be offset by savings elsewhere. This simple approach is the essence of the “one in, one out” rule. However, its effectiveness depends on the accuracy of the “one in, one out” balance. Currently, only costs to business are taken into account in the calculations, and even these are not considered in their entirety. The most significant exceptions are provisions arising from EU legislation (EU directives that have been transposed into German law). One-off costs are also ignored. Compliance costs to public administration and citizens are disregarded entirely.

In the NKR’s view, methodological adjustments are needed in order to enhance the informative value and steering effect of the compliance cost balance and the “one in, one out” rule (see Chapter 1.3). Furthermore, a new approach is necessary in order to take into account costs arising from EU regulations, which have not been included in the calculations at all so far (see Chapter 1.2).

1.2 Transposition of EU regulations

Given the broad range of areas that fall entirely or partly under the remit of the EU, a substantial share of compliance costs can be expected to result from the implementation of EU law. Since the introduction of the “one in, one out” rule in 2015, 56% of recurring compliance costs to business can be attributed to the implementation of EU regulations. On the other hand, only 20% of the savings achieved originated in EU legislation. In the reporting period under review, the ratio is even more extreme: 87% to 2%. These calculations do not take into account regulatory initiatives outside the scope of application of the “one in, one out” rule, i.e., those resulting in one-off compliance costs or costs to other addressee groups. The cost implications of EU regulations, which are directly applicable, are also not included.

The high proportion of compliance costs attributable to provisions originating in the EU shows that efforts to reduce these costs are not just needed at the national level, but at European level too. In recent years, the European Commission has taken concrete measures to actively contain bureaucracy costs:

- With its Communication on Better Regulation of 29 April 2021, the Commission introduced the “one in, one out” rule for bureaucracy costs to both business and citizens.
- In its latest Communication of 16 March 2023 on long-term competitiveness, the Commission also set the goal of cutting bureaucracy costs from reporting obligations by 25%.

It is still too early to assess the effectiveness of these measures. The figures reported by the European Commission under the “one in, one out” scheme indicate a net “out” of around 7.3 billion

euros for 2022. However, this relates to bureaucracy costs only. Total compliance costs are likely to be considerably higher than the reported “in” of around 4.5 billion euros.

However, responsibility for implementing these measures – and therefore for effective bureaucracy reduction at EU level – does not lie solely with the institutions in Brussels. The Federal Government and its representatives in Brussels also have a duty to ensure that bureaucracy reduction is effectively pursued in practice.

The NKR will also closely monitor these European measures, in particular in the course of its work within the RegWatchEurope network, which comprises eight independent oversight and advisory bodies in Europe. RegWatchEurope and the experience of its members played a key role in the conception of the “one in, one out” rule, and its effective implementation remains one of the network’s priorities.

At the national level, there is already an instrument for the prevention of disproportionate burdens resulting from EU legislation. The EU ex-ante procedure, introduced in 2016, is a framework in which the Federal Ministries and the NKR scrutinise legislative proposals of the European Commission in terms of their potential cost implications for addressees in Germany. The idea is that this transparency will enable German negotiators in Brussels to identify initiatives involving particularly high costs at an early stage, and advocate for potential alternatives.

Germany pioneered this systematic approach to the scrutiny of EU legislative initiatives in 2016, and similar models are increasingly being adopted in other countries too. Nevertheless, even seven years on, the impact of the ex-ante procedure is difficult to quantify. The NKR is currently in discussions with key stakeholders in Berlin and Brussels, and will subsequently suggest potential enhancements or alternative approaches.

RegWatchEurope is a network of eight independent oversight and advisory bodies in Europe.

In addition to Germany’s NKR, its members are:

- *the Adviescollege Toetsing Regeldruk (ATR) in the Netherlands*
- *the Danish Business Regulation Forum (DBRF)*
- *the Finnish Council of Regulatory Impact Analysis (FCRIA)*
- *the Swedish Better Regulation Council (SBRC)*
- *the Norwegian Better Regulation Council (NBRC)*
- *the Regulatory Impact Assessment Board (RIAB) in the Czech Republic, and*
- *the Regulatory Policy Committee (RPC) in the United Kingdom*

The goal of RegWatchEurope is to share experience and examples of best practice on bureaucracy reduction and better regulation through workshops and regular meetings. At the EU level, the network advocates for members’ common interests, for example in representations to the Vice-President of the European Commission, Maroš Šefčovič. The network’s chair changes each year, where possible in line with the EU Council presidency.

1.3 Refinements to the “one in, one out” scheme

Under the “one in, one out” rule introduced in 2015, every provision that imposes a burden on business (“in”) must be offset by another provision with an alleviating effect (“out”) by the end of the legislative term. The aim of this mechanism is to ensure long-term containment of annual compliance costs.

The “one in, one out” balance for the 2022/23 reporting period is positive. The new burdens imposed (“ins”) of around 110 million euros were more than offset by the savings (“outs”) of roughly 636 million euros. The net result is an “out” of approximately 526 million euros. This was enough to compensate for a substantial portion of the negative balance for the 2021/22 period, which ended with an “in” of around 740 million euros.

The balance for the previous legislative term was a net “out” of around 1.6 billion euros. The

overall balance since the introduction of the “one in, one out” rule is also positive: relative to the 2015 baseline, the burden on business as defined under the “one in, one out” scheme has fallen by 3.3 billion euros.

This figure, while appearing positive at first glance, must be taken with a pinch of salt, however: the exceptions in place, foremost among them the omission from the calculations of costs arising from EU legislation and one-off compliance costs, have a severely distorting effect. Ignoring these exceptions changes the outcome from an “out” to an “in” of billions of euros. Accordingly, the NKR also publishes an alternative “one in, one out” graph illustrating the effect of these exceptions. Up until the current legislative term, the overall picture painted by this graph remains a positive one. However, from the 2021/22 reporting period the positive result is marred by the effects of the minimum wage increase. In the reporting period under review, the amended Buildings Energy Act is excluded from the balance as

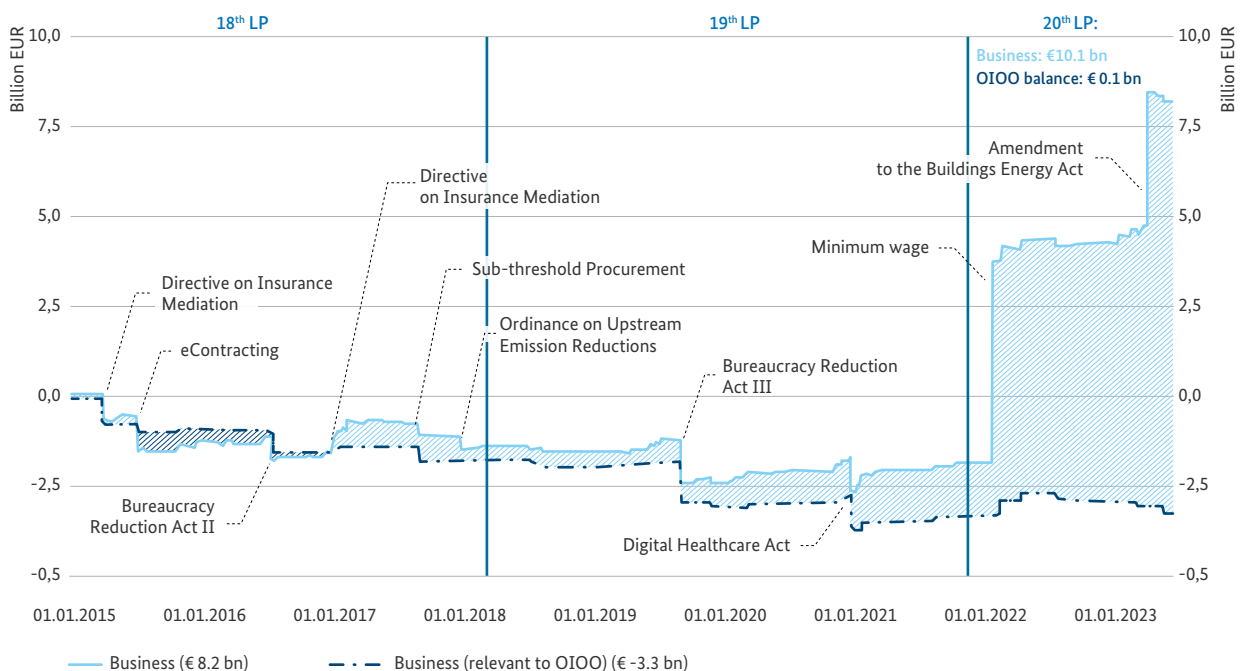


Figure 5: Development of the “one in, one out” balance since 2015

it is the result of transposition of EU law. This instrument alone is responsible for recurring compliance costs to business of 3.6 billion euros, which are not reflected in the official balance.

It should therefore come as no surprise when businesses complain that bureaucracy reduction efforts are failing to produce tangible results on the ground. Similar complaints can be heard from municipal authorities, which are warning with growing insistence of an overburdening of public administration (see Chapter 3.3). This reality gap in the calculation and containment of compliance costs must be bridged. To this end, the NKR has submitted the following proposals for amendments to the “one in, one out” rule to the Federal Government:

- **Include one-off compliance costs to business in the “one in, one out” scheme:** Although the statistics show a reduction in annual compliance costs to business in recent years, the reality as perceived by companies is quite different. This can be attributed in part to the high one-off costs incurred by businesses – which should therefore be included in the “one in, one out” calculations. We propose a “depreciation model” whereby 25% of one-off costs incurred throughout the year must be accounted for and offset under ongoing compliance costs.
- **Include compliance costs to public administration in the “one in, one out” scheme:** Almost without exception, ongoing compliance costs to public administration have risen in recent years. As a result, experts warn that public authorities are being stretched to their limit. The “one in, one out” scheme should therefore also be applied to public administration, here too with partial consideration of one-off costs.

- **Include compliance costs to citizens in the “one in, one out” scheme:** For reasons of consistency, compliance costs to citizens should also be quantified and included in the “one in, one out” scheme – once again taking one-off costs into account.
- **Include regulatory initiatives at EU level in the “one in, one out” scheme:** For the addressee groups concerned, it makes little difference whether compliance costs were caused by domestic legislation or transposition of EU law. In order to realistically portray the actual burden sustained, in future domestic transposition of EU regulations should also be included in the “one in, one out” balance.

Additional proposals by the NKR for further refinements and enhancements to the compliance cost accounting methodology can be found in the annex to this report.

1.4 Benefit analysis

Compliance costs are only one facet of regulatory impacts. In order to gain a balanced perspective on a particular regulatory initiative, the benefits it provides must also be taken into account and, to the extent possible, quantified. In 2019, the Government decided to adopt a formalised approach to the benefit analysis of regulations.

Although the proportion of regulatory initiatives that include a benefit analysis verified by the NKR is now higher than it was in 2019, it remains unchanged since the last reporting period, at around 20 percent. In other words, benefit analyses are still the exception rather than the rule. It is nevertheless worth highlighting that for certain regulatory initiatives in the reporting period with a substantial impact on compliance costs, comprehensive quantitative benefit analyses were indeed

Benefit analysis case study: the amended Buildings Energy Act (NKR-No. 6677):

The monetary savings resulting from the use of renewable energy for heating constitute a quantifiable benefit yielded by the amended Buildings Energy Act. The ministry responsible for the Act forecast annual savings of up to 11.1 billion euros for citizens, and up to 8.3 billion euros for business, as well as billions in potential savings in operating costs as a result of the prescribed installation and retrofitting of equipment. These estimates involve a high degree of uncertainty due to factors including unpredictable price fluctuations. Nevertheless, there is a good chance that the resulting savings will at least negate and possibly even exceed the compliance costs incurred. A further benefit of the Act, albeit difficult to quantify in monetary terms, relates to the positive environmental impact of reducing carbon emissions.

carried out. A pertinent example is the amended Buildings Energy Act. This instrument is the leading driver of costs to citizens and business in the reporting period under review. However, the ministry with lead responsibility for the Act drew up a direct comparison of the associated burdens (compliance costs) and beneficial effects (such as savings arising from the use of renewable energy for heating), thereby providing policy-makers with a comprehensive cost-benefit analysis.

Equally worthy of mention is the Act to Increase Energy Efficiency and Amending the Energy Services Act. This instrument sets new energy efficiency targets for primary and final energy consumption. Consumption in both areas is to be significantly reduced in comparison to the 2008 baseline. The required measures caused adjustment costs to business of around 1.1 billion euros, as well as annual compliance costs of 286 million euros. The Act also placed a considerable

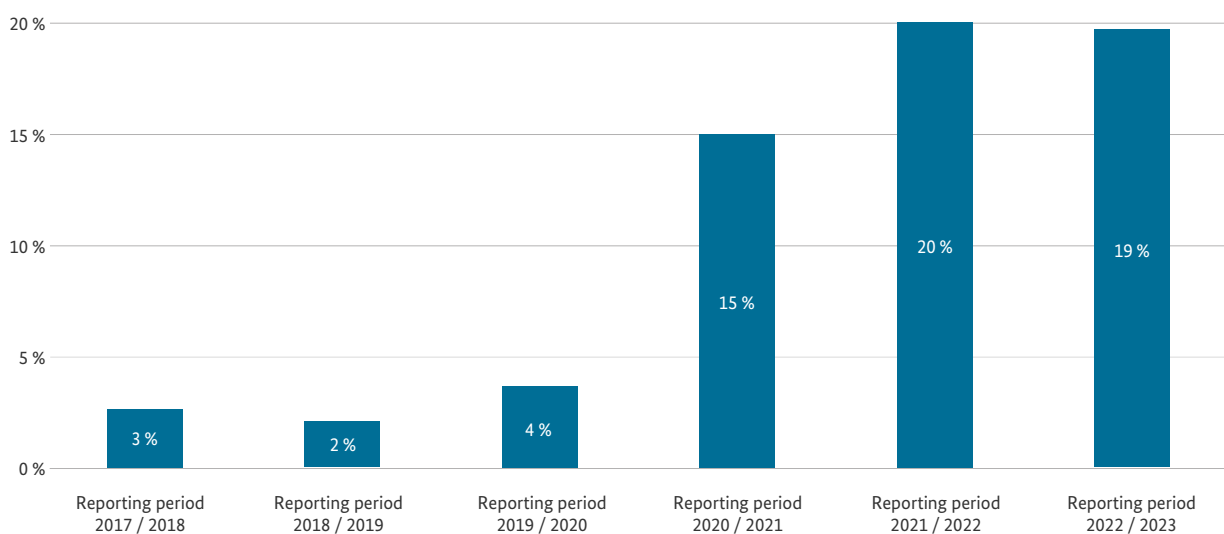


Figure 6: Share of regulatory initiatives including a benefit analysis verified by the NKR

burden on public administration, with one-off compliance costs of around 425 million euros and recurring costs of around 339 million euros. These costs are offset by substantial monetary gains, however. For instance, data centre operators will earn an estimated 730 million euros per year from the sale of heat. Moreover, the introduction of energy or environmental management systems will yield annual energy cost savings of some 750 million euros for public administration and 680 million euros for business.

These two examples vividly illustrate the importance of quantifying benefits in monetary terms. The NKR is aware that such quantification is not always possible. For benefits to be assessed in terms of their monetary value, the quantitative parameters involved must first be linked to concrete figures. This is possible where market prices are available to determine the value of the benefit to be quantified. Not all of the effects of legislation are quantifiable in this way, however (as is the case for health or environmental benefits, for example), so a monetary amount paints only an incomplete picture of the overall benefit. Nevertheless, the NKR encourages appropriate quantification of benefits, in particular for initiatives involving high costs. Otherwise, the one-sided focus on costs threatens to distort the overall picture of regulatory impacts. A comprehensive description of both the costs and benefits arising from legislation can contribute to a more balanced debate, and boost acceptance for political decisions.

1.5 Evaluation

Ex-post evaluation is a key part of the legislative cycle. Ex-ante forecasts can be unreliable, especially where the benefits of legislation are concerned. Unintended impacts can be even more difficult to anticipate. Accordingly, retrospective evaluation provides an overall picture of whether the intended goals of the legislation were achieved, along with the actual benefits gained and costs incurred, and allows potential legislative improvements to be identified.

Since the decision of the State Secretaries' Committee on Better Regulation and Bureaucracy Reduction of 23 January 2013 (see QR code), ex-post evaluations have been mandatory for all regulatory initiatives involving substantial costs or pronounced implementation uncertainty. Of all the regulatory initiatives examined in the reporting period under review, 34 fall under the scope of application of this decision, and were subjected to systematic evaluations. In the same period, 17 evaluation reports were completed, with a further 48 expected by the end of 2023. In many cases, however, the completed reports were not proactively submitted, even though the 2013 decision requires the NKR to be notified of the result of evaluations.



Scan QR code

[Link to the decision on the evaluation procedure of the Federal Government \(in German\)](#)

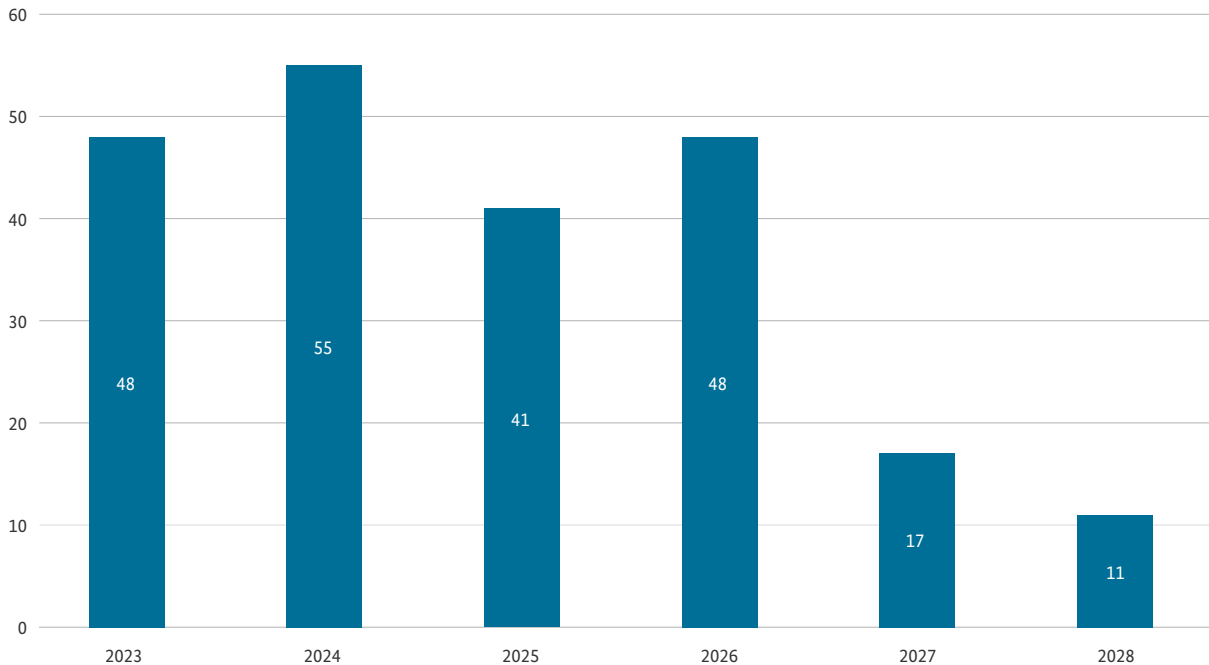


Figure 7: Number of evaluations to be conducted according to the decision of the State Secretaries' Committee

Since the second decision of 2019 setting out additional details of the evaluation framework, further steps have been taken to improve the quality and information value of evaluations. Alongside a training programme and publication of a guideline, a unit was established within the Federal Statistical Office to provide methodological support to the Federal Ministries with the planning and execution of evaluations. Improvements in terms of methodological quality are apparent in particular for the internal evaluation reports submitted to the NKR. However, as the NKR is not currently notified of all evaluation results, a systematic quality assessment cannot be conducted.

With a view to improving the quality and transparency of ex-post evaluations, the NKR has made the following recommendations to the Federal Government:

- **Quality assurance procedure for internal evaluation reports** Although the evaluation of legislative initiatives is mandatory, the manner in which this requirement is fulfilled in practice varies. There is a need for greater methodological uniformity and more effective quality assurance conducted by a dedicated unit.
- **Online platform for evaluation reports:** To ensure transparency and availability of evaluation results, an online platform for evaluation reports should be created.
- **Higher threshold for evaluations:** In order to allow the ministries to focus on the most relevant initiatives and thereby increase the quality of individual evaluations, the threshold above which evaluations are required should be raised to 5 million euros.

1.6 Deadlines

“I made a deliberate decision to hold up this stop sign early on, as I had the impression that the rhythm from the pandemic had become the new normal. In that period, laws were often passed quickly and under a great deal of pressure. Some experts had also complained that however well-informed they might be, there was no way they could adequately prepare a given issue in just a few hours. I have heard from some quarters that more time should be set aside for climate action legislation, for instance. I hope my admonition has a lasting effect.”

Bärbel Bas, President of the German Bundestag,
interview with Frankfurter Allgemeine Zeitung (FAZ) of 26 March 2023

Modern societies are faced with increasingly complex challenges. Inevitably, the complexity of our legislation is also growing. Drafting effective, practicably feasible and unbureaucratic regulations requires the collaboration and involvement of numerous parties and stakeholders. Effective regulation takes time, as well as opportunity for consultation.

In an unprecedented decision of 5 July 2023, the Federal Constitutional Court imposed procedural requirements on the German Bundestag for the legislative process. In its grounds for the decision, the court argued that the applicants were entitled not only to vote on the legislative draft in the Bundestag, but also to deliberate on it, which was impossible in the ever-shorter time spans allocated.

Phase	Minimum duration
Preparatory phase	No prescribed duration
Internal consultations	2 weeks
Ministerial approval	1 week
Inter-departmental consultations / participation of other bodies	4 weeks
Cabinet submission	1 week
First reading in the Bundesrat	6 weeks
Response of the Federal Government to the comments of the Bundesrat	1 week
Reading in the Bundestag	3 weeks
Second reading in the Bundesrat	2 weeks
Preparation of the official text	1 week
Countersignature of the Federal Chancellor and a member of the Federal Government	1 week
Certification by the Federal President	1 week

Figure 8: Time-frame for the legislative process as laid out in the German Basic Law (*Grundgesetz*), the Joint Rules of Procedure of the Federal Ministries (*Gemeinsame Geschäftsordnung der Bundesministerien*) and the Handbook on the Preparation of Legal and Administrative Provisions (*Handbuch zur Vorbereitung von Rechts- und Verwaltungsvorschriften*)

“The Buildings Energy Act is just the tip of the iceberg. There are countless other cases of hundreds of pages of complex legal text being rushed through parliament. The problem starts even earlier, however, with the preparation of ministerial drafts by the Federal Ministries. This process is also subject to deadlines – but more and more often, they are disregarded. This is happening significantly more often in the current legislative term than in the previous one. Consequently, there is not enough time to consult with stakeholders and regulatory implementation experts. This has a negative impact on feasibility: regulation becomes careless, and mistakes are made. This in turn hinders implementation, generates unnecessary bureaucracy, and impairs the effectiveness of legislative instruments.”

Lutz Goebel, NKR Chair, interview with DIE WELT of 6 July 2023

Before it even reached the parliamentary stage, the Buildings Energy Act had already been drafted and submitted to the Federal Cabinet at breakneck speed. *Länder* and associations were given nine days to comment, of which four fell on the Easter weekend. This brevity has been repeatedly criticised by industry associations. In March 2023, 20 associations called for “adequate consultation periods of at least 4 weeks for comment [...] during the legislative process”.

Compared to the 19th legislative term, the time elapsed from draft to adoption by the Cabinet has almost halved, from 80 to 44 days. This can in part be attributed to crisis situations. However, there is often no reason for this urgency. What is more, the trend towards shorter and shorter time spans has been apparent since before the start of the 20th legislative term.

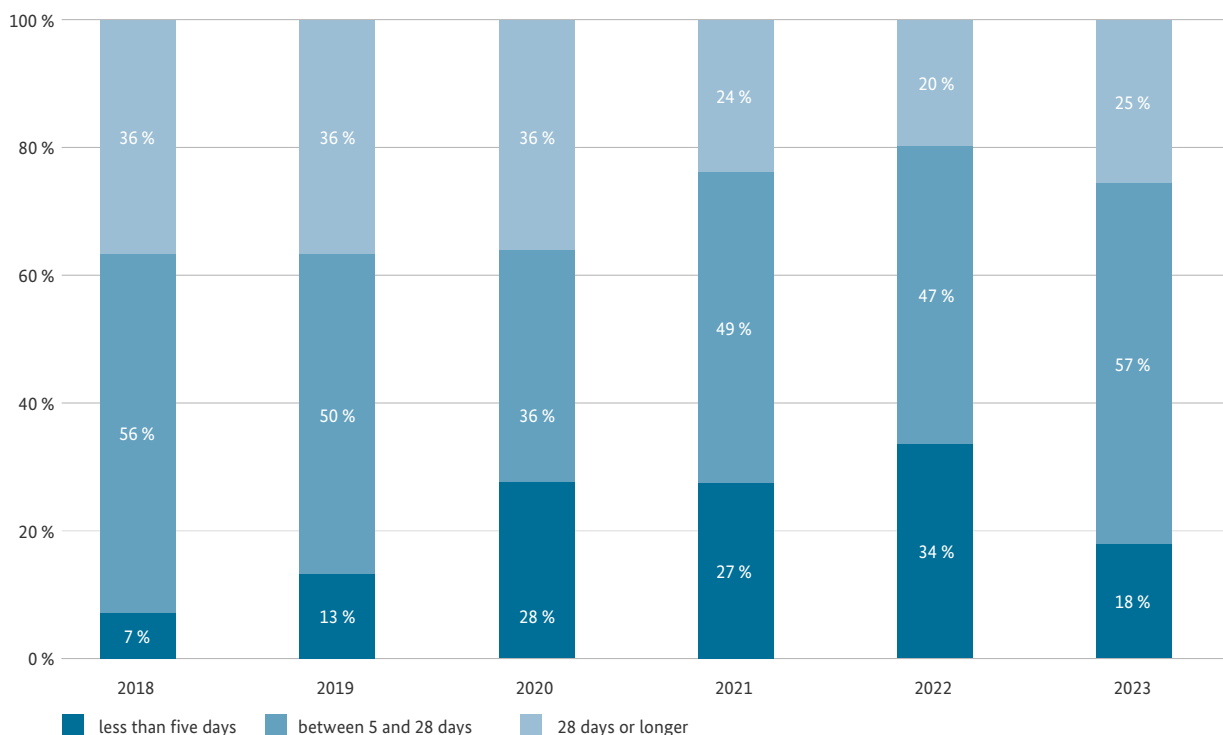


Figure 9: Consultation and scrutiny periods for regulatory initiatives in the years 2018-2023 (proportion of regulatory initiatives scrutinised)

Especially salient in this regard is the 2022 reporting period: for 34% of initiatives, the time available to the NKR for comment was five days or less. Although the 2023 reporting period brought a small improvement in this regard, extremely tight deadlines in highly political individual cases show that further progress is needed. For instance, the practice of leaving just a few days or even hours between the last substantive changes to a draft bill and its examination by the Cabinet were not limited to the Buildings Energy Act. The Act Amending the Online Access Act (*Gesetz zur Änderung des Onlinezugangsgesetzes*), the Skilled Immigration Act (*Fachkräfteeinwanderungsgesetz*), both from the Federal Ministry of the Interior and Community, the Housing Benefit Plus Act (*Wohngeld-Plus-Gesetz*) from the Federal Ministry of Housing, Urban Development and Building, and the Further Education Act (*Weiterbildungsgesetz*) are just a few other examples. In all these cases, the NKR was only able to issue a statement very late in the process due to short deadlines. This meant

that the statements arrived too late for the cabinet meetings in which the corresponding laws were discussed. Even if the NKR statements and any responses by the Federal Government are addressed at a subsequent cabinet meeting, this is an impediment to coherent deliberations on the matter. Examination of the cost implications of legislation is sidelined, while serious discussion of regulatory alternatives, measures for legislative and administrative simplification or aspects of the digital-readiness check is rendered moot. This state of affairs has occurred more often in the reporting period under review than ever before – an unacceptable development in the NKR's view.

Tight deadlines also affect the presentation of regulatory impacts, often resulting in qualitative impairments. One reason for this in the NKR's view is that the comments received from associations cannot be given due consideration. Another consequence of the tight deadlines, however, is that they prevent feedback from the NKR

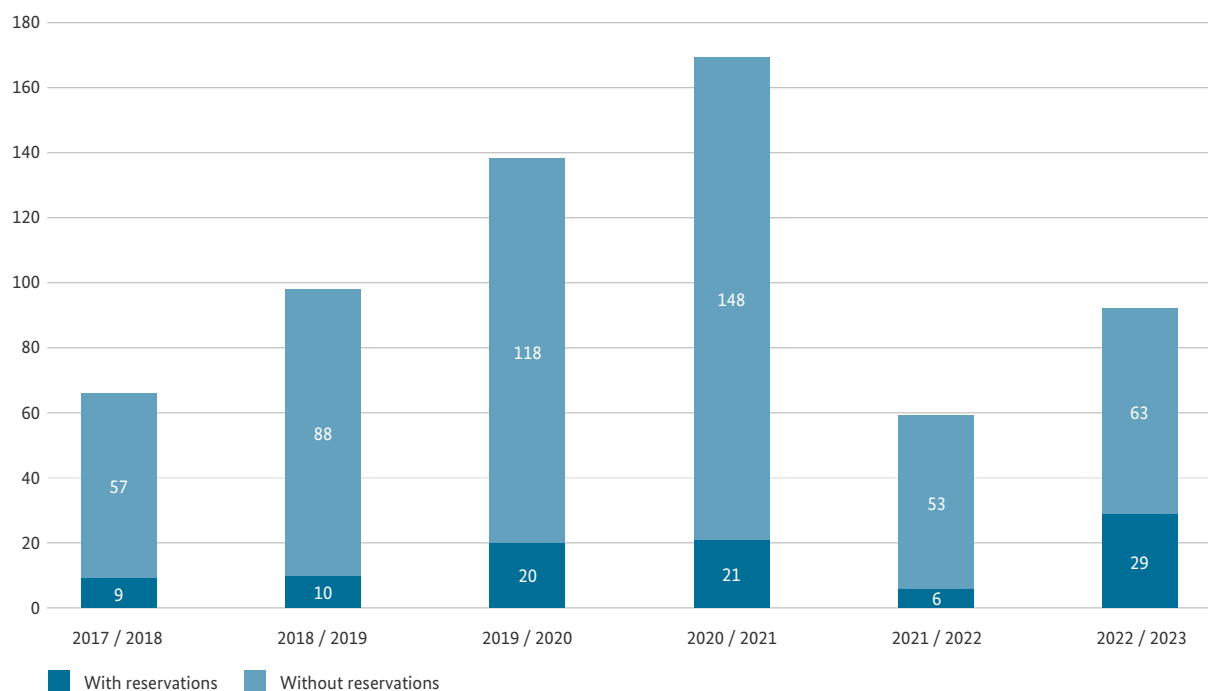


Figure 10: Frequency of reservations expressed in NKR statements over time

itself from influencing the drafting process. Accordingly, the presentation of compliance costs has increasingly drawn criticism from the NKR: political decision-makers are unable to gain the clear overview of regulatory impacts that they need in order to draft high-quality legislation. The statistics are revealing: in the reporting period under review, the NKR expressed reservations in relation to one or more scrutiny areas (the most common objections concerned the presentation of compliance costs and evaluation) in 29 cases. The Federal Government responded to 15 NKR statements. For the initiatives on which the NKR issued statements, the figure shows the share of statements that prompted reservations concerning at least one scrutiny area. An obvious conclusion to be drawn is that in the reporting period under review, the NKR expressed reservations about the presentation of regulatory impacts in a significantly greater number of cases than in previous years. This highlights the correlation between tight deadlines and critical assessments by the NKR.

In many cases, time constraints arise in situations where there is no apparent urgency. However, the Common Rules of Procedure of the Federal Ministries set out a clear and binding framework for legislative drafting in the Federal Ministries. For consultations on legislative drafts and their presentation to the Cabinet, a period of seven weeks is prescribed. In 2023, only a quarter of the legislative initiatives submitted to the NKR had a deadline of more than 28 days as required by the rules. Around one fifth (18%) of initiatives were submitted to the NKR with a deadline of under 5 days.

“Policy-makers need to go back to taking their own rules seriously. There is a reason why we have rules of procedure that determine how laws should be drafted within the Federal Government and debated in parliament. These rules are there to ensure quality. Constantly disregarding them may serve short-term political goals. Concerns about demonstrating an ability to function effectively can translate into pressure to act quickly. Public perception can exacerbate this pressure. But when haste comes at the cost of quality, nothing is gained in the long term. Laws don’t work, frustration grows, and political credibility suffers.”

Lutz Goebel, NKR Chair,
interview with DIE WELT of 6 July 2023

In its discussion of these time constraints, the NKR distinguishes between legislation in crisis situations and regular legislation. In times of crisis, there is no doubt that shorter deadlines are a necessary evil – the NKR does not dispute this. In such situations, the ability to take swift action is paramount. But as soon as the crisis is over, a return to regular time-frames is essential in order to restore the rightful focus on quality in the legislative process. Regulations cobbled together in haste are often in need of reform from the moment they are enacted, evidently serving only as stop-gap solutions until they can be revised by the legislator. This erodes the high standards of the German legislative process, resulting in avoidable compliance costs, regulatory fog, political disaffection and intra-societal conflict.

Accordingly, for non-urgent laws, the NKR makes the following recommendations:

1. ***The deadlines prescribed by the Joint Rules of Procedure of the Federal Ministries must be taken seriously and enforced by the Federal Chancellery.*** This applies in particular to the consultation periods pursuant to sections 44, 45 and 46 of the Joint Rules of Procedure. The Federal Chancellery should exercise greater diligence in its task of supervising the agenda of the Cabinet and compliance with the Joint Rules of Procedure. The consultation periods set out in the Joint Rules of Procedure are not mere formalities. They serve the goal of quality assurance and create the necessary conditions for the requirements of better regulation to be met.
2. ***A time-frame of four weeks should be introduced for consultations with the Länder, national associations of local authorities, expert groups and associations under section 47 of the Joint Rules of Procedure.*** Associations should have sufficient opportunity to thoroughly examine the implementation and feasibility issues arising from new regulations. If substantial changes are made as a result of comments received in the course of the drafting process, a new round of consultations should be held. The NKR recommends introducing new consultation formats such as the “legislation labs” already proposed by the NKR in 2019.
3. ***No control without measurement – disclosure needed on the duration of the legislative process.*** The Government should disclose the time-frames in which legislative drafts are prepared. The simplest way to do this would be by means of a legislation portal. In its 2021 coalition agreement, the governing coalition pledged to create a portal “that

will make it possible to see which phase projects are in”. Responsibility for such a portal lies with the Federal Ministry of the Interior. However, the resources needed to implement it are currently unavailable. The Federal Government should therefore rethink its priorities and develop an initial version of the portal by the end of the legislative term.

1.7 Modernising the legislative cycle

The preparation of laws is among the primary activities of the Federal Government. How well it performs this task determines the quality of new regulation, its suitability for practical implementation, and the effectiveness of political action. The Federal Ministries oversee complex legislative projects that involve large amounts of information, tight schedules and comprehensive consultation processes, and are subject to extensive requirements in respect of formal drafting criteria and regulatory impact assessments. Performing these tasks places considerable demands on the divisions in charge of regulation.

It is therefore all the more concerning that legislative drafting in the ministries receives only rudimentary technical support, and is conducted using a broad range of media. Practically every aspect of the process is performed manually. The only “digital” form of support available is in the form of conventional word processing software, while discussions take place via email. Manual creation and discussion of legislative drafts means that considerable effort is expended on assessment and consolidation of comments, compliance with the methodological requirements of better regulation, version tracking and further processing throughout the various stages in the legislative cycle.

In the private sector, these tasks are dealt with using software solutions that enable collaborative drafting. There are no solutions of this sort for the legislative process, however. Accordingly, various applications are being developed with a view to digitalising and supporting the legislative cycle. The NKR has long called for faster progress on this front, and for the various development efforts to be consolidated into a single process.

Three applications in particular are of central importance to the digitalisation of the legislative cycle:

- **The federal IT measure “Electronic Legislative Process” (E-Legislation):** The aim of the E-Legislation project is to completely digitalise the legislative cycle so as to allow seamless communication and interoperability. Its scope of application covers the entire legislative process, from initial considerations in the preparatory phase to the preparation and discussion of legislative drafts and their submission to the legislative chambers. The E-Legislation project is scheduled for completion on the part of the Federal Government by the end of 2024, with the legislative chambers to be included by the end of 2025.
- **The federal IT measure “Introduction of Electronic Promulgation of Laws and Regulations” (E-Promulgation):** The aim of this project is to digitalise the promulgation process. A digital version of the Federal Law Gazette has been published at recht.bund.de since 2023. Full digitalisation of the promulgation workflow (including digital signing by the Federal President) is expected to conclude in the second quarter of 2026.
- **The federal project “New Legal Information System” (Neu-RIS):** The aim of this project is to digitalise the “back-end” of the legislative process by making all prior regulatory texts (laws, regulations and case law) digitally available in machine-readable form. Completion of the Neu-RIS project is scheduled for the end of 2024.

These three projects employ the common “language” of the **LegalDocML.de** data specification, which is based on international standards for machine-readable versions of legal texts

An opportunity for better regulation: the Centre for Legislative Drafting

The 2021 coalition agreement provides for the creation of a Centre for Legislative Drafting within the Federal Ministry of Justice. Numerous ideas for a Centre for Legislative Drafting had been proposed for discussion in recent years, including by the NKR in its expert report “Content First, Legal Text Second”. The purpose of the Centre is to impart methods and tools for legislative drafting, and advance the field of jurisprudence. Furthermore, it is intended as an engine of innovation, promoting a cultural transformation in the field of lawmaking. To date, however, the Centre has lacked adequate resources for the pursuit of these tasks. Its output so far is limited to two online courses. This falls woefully short of the original concept of the Centre as a service provider for the legislative process. If it is to achieve this goal, it must become a priority of the Federal Government. If it does, once the digitalisation of the legislative process is complete it could also serve as an anchor point for the management of solutions developed to this end.

Figure 11 offers an overview of other systems and support tools that are either already in use in the legislative cycle or under development. It is apparent from the chart that these systems exist solely as “island solutions” for particular aspects of the process (such as the Word-plugin “eNorm” for the preparation of legislative drafts), and the majority of solutions are still in the development stage.

While this diverse landscape of systems and applications may appear highly complex, the issue of dovetailing between the individual projects and their mandatory use across all ministries is considered a strategic priority by the NKR. We believe that compliance with adequate time-frames and modernisation of the legislative drafting process must go hand in hand with its digitalisation. This is the only way to assure and improve the quality of lawmaking in the medium term.

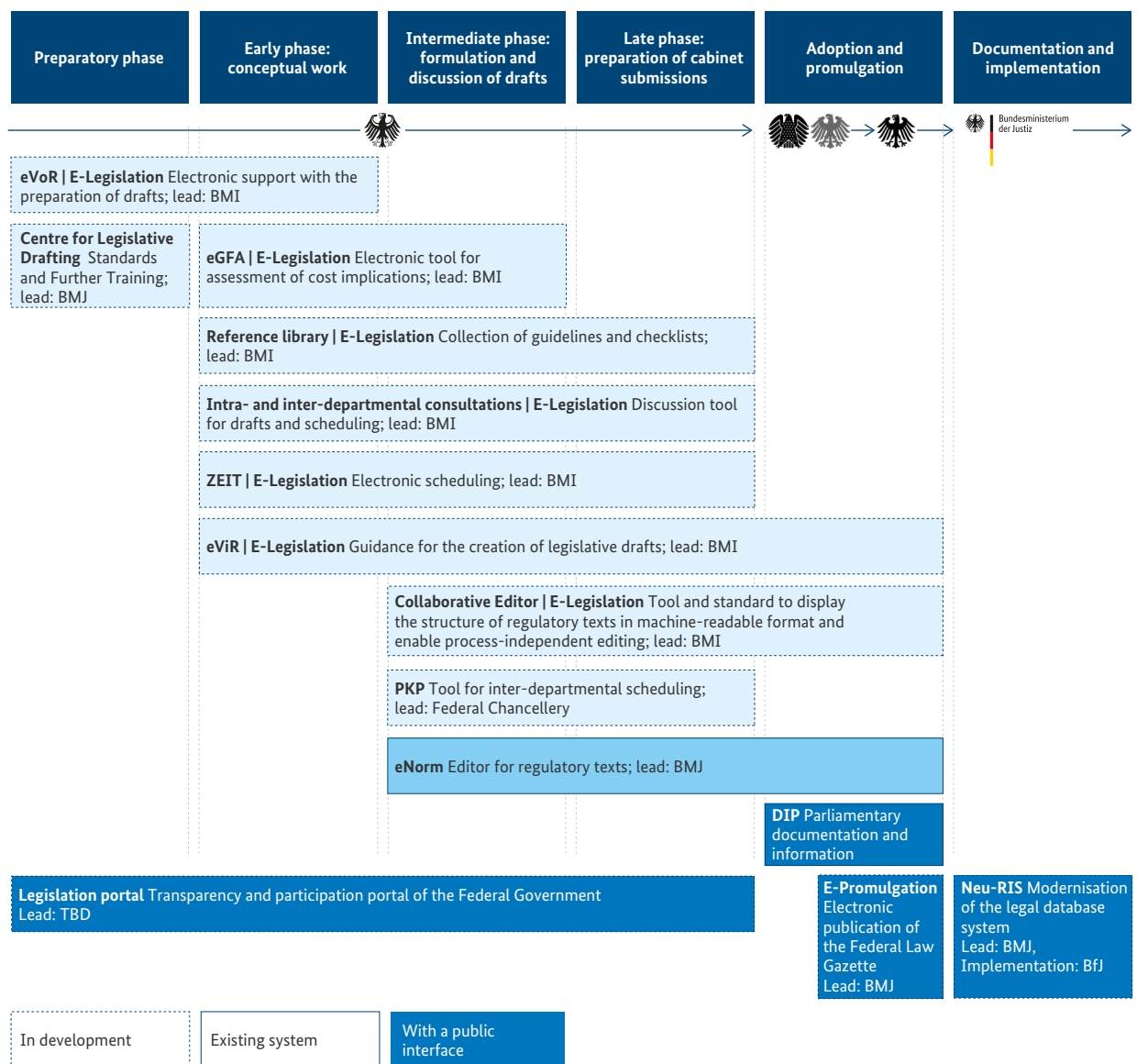


Figure 11: Applications and support tools available over the course of the legislative process

From the NKR's perspective, this involves three main challenges:

- **Swift implementation of a digitalised legislative cycle:** Digitalisation of the legislative cycle will take years to complete. The E-Legislation system, for instance, was originally due to be in place by the end of 2021. However, due to an excessively long planning phase, full completion (including integration of the Bundesrat and the German Bundestag) is not expected until late 2025. The E-Promulgation system is also considerably behind schedule. In summer 2023, an invitation to tender had to be restarted, causing fresh delays. Completion cannot be expected until mid-2026. After some teething problems, the Neu-RIS project is gaining momentum, and is expected to be complete by the end of 2024.
- **System integration:** Given that the digitalisation of the legislative process will not be accomplished by a single system, but multiple different ones, integration is a critical success factor. On a technical level, compatibility among the central systems is assured by the LegalDocML.de data standard. Organisationally, however, the matter is not so clear-cut. Once these digitalisation projects are complete, unified management of the various systems should be ensured. If responsibility for the different components remains fragmented, long-term maintenance and above all further development will become excessively convoluted.
- **Mandatory use of the digitalised legislative cycle:** Some elements of the E-Legislation system are already complete and approved for use. Nevertheless, the system is used only rarely, in exceptional cases. The main reason for this is the lack of binding requirements. Although such requirements have been the object of discussions between the Federal Ministry of the

Interior and the Federal Ministry of Justice, political disagreements as to their implementation and scope remain.

Accordingly, the NKR makes the following recommendations:

1. **Completion of digitalisation projects regarding the legislative cycle should be made a priority.** The Federal Government should allocate the necessary resources to the E-Legislation, E-Promulgation and Neu-RIS projects to prevent any further delays. In the event that the E-Legislation and E-Promulgation projects remain part of the Federation's service consolidation programme, they must not be affected by the global budget cuts. Otherwise, the digitalisation of the legislative cycle will be at risk.
2. **Mandatory use of the systems should be introduced in stages.** The Federal Ministry of the Interior and the Federal Ministry of Justice, which share lead responsibility for the digitalisation of the legislative process, should come to an agreement on mandatory use of the E-Legislation system. Parts of the system can already be productively deployed – their use should be made mandatory without delay! A smooth and gradual transition to E-Legislation is crucial to its success.
3. **An overarching governance structure for digital lawmaking should be initiated at an early stage.** Once the digitalisation projects are complete, further development should be the responsibility of the Federal Ministries. A central concern here must be ensuring that the systems continue to be integrated and are uniformly managed. The Centre for Legislative Drafting could serve as an anchor point for this management.

1.8 The NKR as a driver of concrete bureaucracy reduction

In fulfilment of its statutory mandate, the NKR carefully scrutinises existing legislation and proposes concrete changes. Often, the NKR's comments on regulatory drafts are made at the working level in the early stages of the participation process; where its proposals are accepted or result in amendments to the draft, these "silent successes", though invisible to the outside world, constitute an important contribution to less bureaucratic and more cost-effective regulation, in line with the NKR's mission.

Other proposals by the NKR are of a more general nature, or concern particular topics, and are made independently of a specific regulatory initiative or event.

These proposals focus in particular on the implementation level: if the effectiveness of the public administration is compromised, this has a tangible negative impact on business and citizens.

Case study: reduced-hours compensation

During the Covid-19 pandemic, the Federal Employment Agency had to assess every single application for reduced-hours compensation (*Kurzarbeitergeld*), temporarily allocating up to 11,000 employees to this task. This caused annual personnel costs of 160 million euros, as the NKR was informed by the management of the Federal Employment Agency. In response to this situation, the NKR recommended that the Federal Government set a statutory threshold for auditing of reduced-hours compensation claims. The Federal Government accepted this suggestion, adopting a random sampling approach that allowed considerable reductions in the bureaucracy costs incurred by the Federal Employment Agency and affected companies. In addition, the NKR proposed the introduction of a legal framework for emergency reduced-hours compensation in the future. These special rules are intended for future crisis situations in which large numbers of reduced-hours compensation claims are received.

Bureaucracy reduction in detail. Concrete proposals by the NKR

The primary focus of the NKR's scrutiny is the presentation of compliance costs, with a view to increased transparency regarding the impact of regulatory initiatives by the Federal Government. This information in turn informs legislative decisions, besides influencing policy, e.g. in the framework of the "one in, one out" rule. This scrutiny can also allow concrete opportunities for streamlining and savings to be identified and implemented, thereby having a direct alleviating effect:

By way of example, during scrutiny of the General Administrative Regulation on Waste Treatment Plants it emerged that plants for mechanical treatment of ash and slag from waste incineration can take a number of measures to prevent particulate emissions. This provided plant operators with alternatives to the originally prescribed encasing/encapsulation procedure with an equivalent effect.

*The digital-readiness check focuses on removing obstacles to digitalisation and automation. Scrutiny of this aspect is especially suited to making a direct positive impact. Scrutiny of the planned Family Start Time Act (*Familienstartzeit-Gesetz*) led to the requirement for written signatures being removed from the draft.*

Case study: basic pension

The difficult and complex investigation procedure prescribed by law for the assessment of income earned from capital gains by basic pension recipients causes substantial costs to the German Pension Insurance (*Deutsche Rentenversicherung*, DRV), requiring specially trained staff to be recruited for this purpose. The estimated annual administrative costs of at least 18 million euros incurred by the DRV are out of all proportion to the potentially recoverable amount of at most 2 million euros. The NKR highlighted this discrepancy and recommended that the investigation procedure be discontinued. In a key issues paper for the Bureaucracy Reduction Act IV published in late August, the Federal Government took up the NKR's proposal for a legal framework to this end.

Case study: immigration of skilled workers

In a statement of 30 November 2022, the NKR issued a set of concrete proposals on simplifying the administrative procedures associated with immigration of skilled workers. In particular, the NKR recommended further consolidation of responsibility for the recognition of foreign professional qualifications, proposing that this task be transferred at least to the *Länder* level. Even greater benefits in terms of specialisation and professionalisation could be achieved by means of a Federal authority for immigration of skilled workers, however. This would provide skilled workers interested in immigrating to Germany with a one-stop-shop able to process their application centrally. Another possible approach would be to concentrate at least certain parts of the process in a single office. This could enable faster processing of claims following the example of successful immigration countries, besides reducing the burden on municipal immigration authorities. With the Act on the Further Development of Skilled Immigration, the legislator paved the way for the creation of a nationwide first point of contact within

the Federal Office for Migration and Refugees to assist skilled workers and companies with difficulties in the immigration process. The NKR views this as an important first step. It welcomes the express mandate of this authority to develop proposals for optimisation of procedures. Streamlining and digitalisation have the potential to reduce processing and wait times. This requires an entirely online-based visa application procedure, with digital interfaces connecting all of the authorities involved, as well as standardised rules and forms for the application process.



Scan QR code

[Link to the NKR position paper on skilled immigration \(in German\)](#)

Planning and approval procedures – halve processing times and specify scrutiny mandates

In the reporting period under review, the NKR conducted an in-depth examination of how planning and approval procedures might be expedited. Concrete proposals for streamlining the relevant legislation, processes and procedures were formulated in a position paper. Furthermore, the NKR calls for all approval procedures to be processed entirely via digital platforms in future. The personnel shortage in approval authorities constitutes a significant delaying factor in the NKR's view. Accordingly, far-reaching and innovative measures to optimise staff deployment are imperative. This might include outsourcing project management or bundling expertise at the *Land* level. Furthermore, a cultural shift towards a more solution and client-oriented approach and greater agility and flexibility is needed within approval authorities.

In its position paper, the NKR also recommended an important change to the methodology for regulatory impact assessments by the Federal Government for more effective documentation of the

extent to which legislative changes result in faster processing times. For regulatory initiatives of the Federal Government intended to speed up processing, the NKR will devote particular attention to this area in future. Moreover, the NKR will seek to ensure that the expediting effects of individual policy measures are also examined in an ex post evaluation. This is the only way for political decision-makers to be able to judge the effectiveness of their actions and identify potential improvements.



Scan QR code

[Link to the NKR position paper on the Pact to Accelerate Planning and Approval Procedures \(in German\)](#)

Consultation with associations and key points of the Federal Government for the Bureaucracy Reduction Act IV

In spring 2023, the Federal Government invited a broad range of associations representing business and civil society to take part in a survey on bureaucracy reduction. The purpose of the survey was to collect feedback on regulatory burdens and proposals on how these burdens might be alleviated with a view to drafting a fourth Bureaucracy Reduction Act (Bürokratieentlastungsgesetz, BEG IV). It yielded over 440 proposals from around 60 associations. The Federal Statistical Office classified and ranked the submissions received according to their potential alleviating effect.

The initiative sends an important signal, allowing stakeholders to make their particular views on bureaucracy reduction heard. However, it is important that the survey is followed up with action and concrete results. In the period under review, compliance costs to citizens, business and public administration have skyrocketed. At the same time, citizens and business are faced with rampant inflation, soaring energy prices and disruptions to global supply chains. The BEG IV must bring annual savings well in excess of a billion euros in order to compete with similar acts in previous legislative terms, and even that amount would not be enough to offset the burdens of the last year.

An initial ministerial draft is due to be completed in autumn 2023. The BEG IV is expected to be adopted by the German Bundestag in the course of 2024. The NKR will closely monitor the legislative process and contribute its expertise on matters of bureaucracy reduction.



The survey results (scan the QR code or follow [this link](#)) show which of the proposals submitted offer the greatest potential for savings based on quantitative and qualitative criteria.

2

*The digital-
readiness check
one year on*

On 1 January 2023, pursuant to article 4 (3) of the Act Establishing a National Regulatory Control Council (*Gesetz zur Einsetzung eines Nationalen Normenkontrollrates*, NKR), the NKR was tasked with assessing the digital-readiness of new legislative proposals. The digital-readiness check was designed to help ministries avoid obstacles to digitalisation in new legislative texts from the outset, with a view to increasing the quality and feasibility of regulation.

2.1 Involved parties, methodology and procedure

Responsibility for methodological and procedural aspects of the digital-readiness check lies with the Federal Ministry of the Interior. The digital-readiness check and associated guidance materials are created by the federally-owned company DigitalService GmbH by order of the Federal Ministry of the Interior and Community and in consultation with the NKR. Refinements to the digital-readiness check are made on an ongoing basis in response to feedback from the users in the ministries.

The digital-readiness check comprises two stages. First, ministries conduct a preliminary assessment to determine whether a given legislative proposal has implications in terms of digitalisation (digital relevance). This is the case if, for example, the initiative involves the exchange of data or other forms of communication. In these cases, a second stage is begun. This stage includes creating a visual representation of the implementation process, taking the needs of stakeholders into account in the drafting process and examining aspects of the legislation's digital feasibility. These aspects include laying the groundwork for digital communication, process automation, reuse of data and standards, and ensuring data protection and information

security. Moreover, an assessment must be made of whether and to what extent clear requirements for digital implementation are included in the proposal.

“Digital feasibility is enhanced by visual representations providing a clear overview of how implementation is to be accomplished. This can boost the potential for – as well as eliminating obstacles to – digitalisation.”

Malte Spitz, NKR member, Tagesspiegel
Background of 31 March 2023

The plausibility of this information is assessed by the NKR. Initial structural findings regarding the digital-readiness check are currently being collected in a peer learning process. Early experience shows that the difficulty of ensuring compliance with digital feasibility requirements increases as the drafting process progresses. Ideally, digital feasibility issues should be considered before the first draft is prepared. Visual representation of interdependencies, affected groups and interfaces, and above all modelling of the implementation process all constitute important methodological tools for digital feasibility. In particular, they help to uncover media discontinuities, analogue procedures and other obstacles. Methodologically precise visual representations are especially relevant in terms of potential savings to the addressees of regulation. Despite their great potential, visualisations featured only rarely in digital-readiness checks in the reporting period under review. Nevertheless, those of sufficient methodological quality are included in the NKR's statements (see Figure 12).

The NKR, the Federal Ministry of the Interior and the Federal Ministry of Justice are all in agreement that visualisations and process models should become an integral part of legislative drafting.

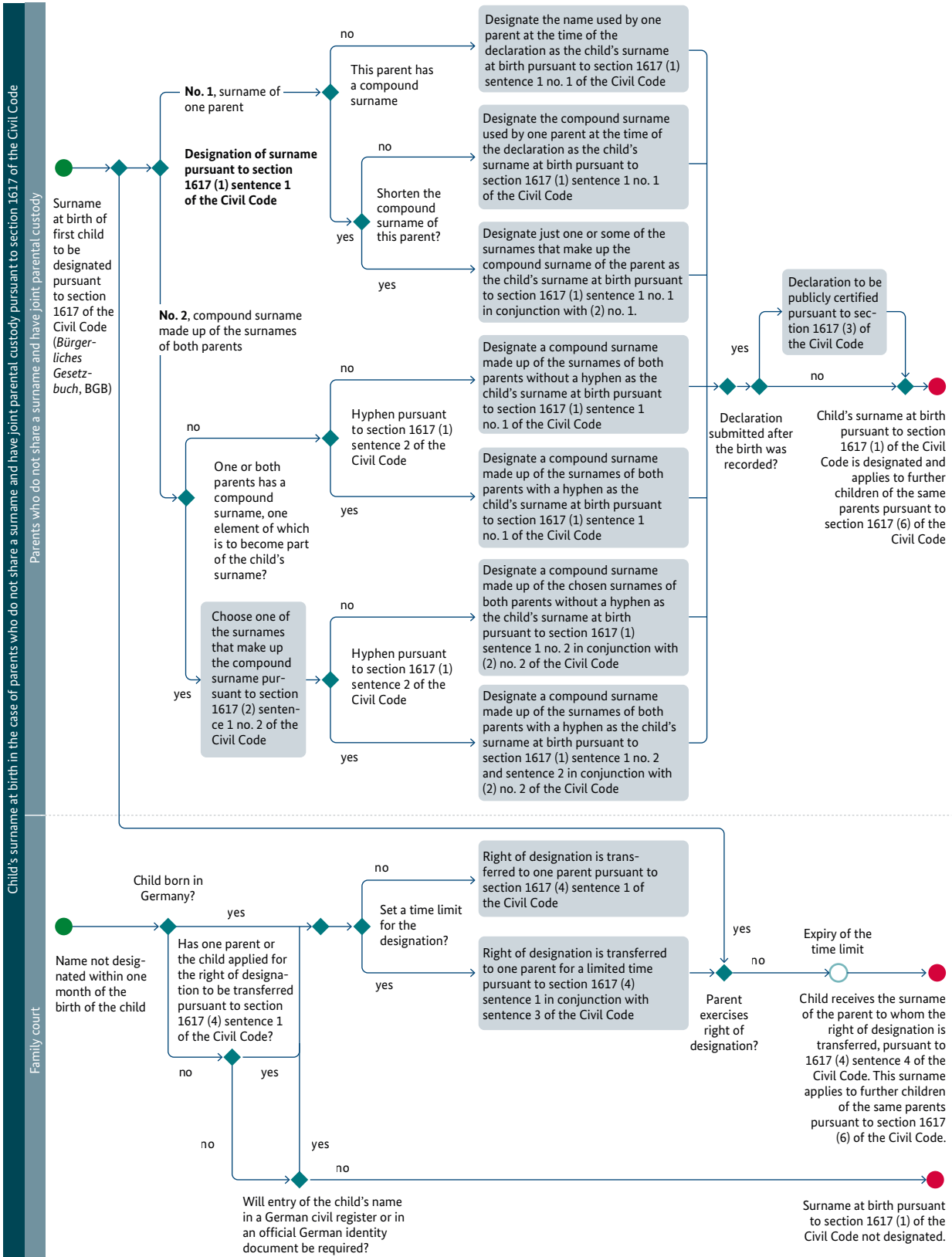


Figure 12: Visual representation from NKR-No. 6652, source: https://www.normenkontrollrat.bund.de/Webs/NKR/DE/veroeffentlichungen/nkr-stellungnahmen/nkr-stellungnahmen_node.html

2.2. The digital-readiness check in figures

As of April 2023, when the transition period came to an end, the digital-readiness check has been mandatory for all ministries. Since then, the number of completed digital-readiness checks has risen steadily.

In Q1, a digital-readiness check was completed for 48% of all regulatory proposals, compared to 68% in Q2. The figure rose once again in Q3 2023. Digital-readiness checks were not conducted for regulatory initiatives begun before this instrument was introduced, or for those which do not generally fall within the scrutiny of the NKR, such as legislation confirming international agreements. In all, around 160 digital-readiness checks were assessed in the first three quarters.

Digital relevance was established in some 60% of the regulatory proposals for which a

digital-readiness check was conducted in each quarter. In many of them, the ministries gave positive answers to at least two questions in the preliminary assessment. As regards the extended digital-readiness check, some early lessons have been learned: for instance, experts and stakeholders is often involved in the process.

Furthermore, the necessary conditions for data protection, IT security and digital communication are for the most part ensured. On the other hand, aspects such as process automation or enabling the reuse of data and standards have been less successful. Another area with scope for improvement is the formulation of clear rules for digital implementation. A welcome development from the NKR's perspective is the rise in the number of process visualisations submitted for regulatory initiatives of digital relevance, up from between 10% and 15% in the first two quarters to almost 30% in the third quarter.

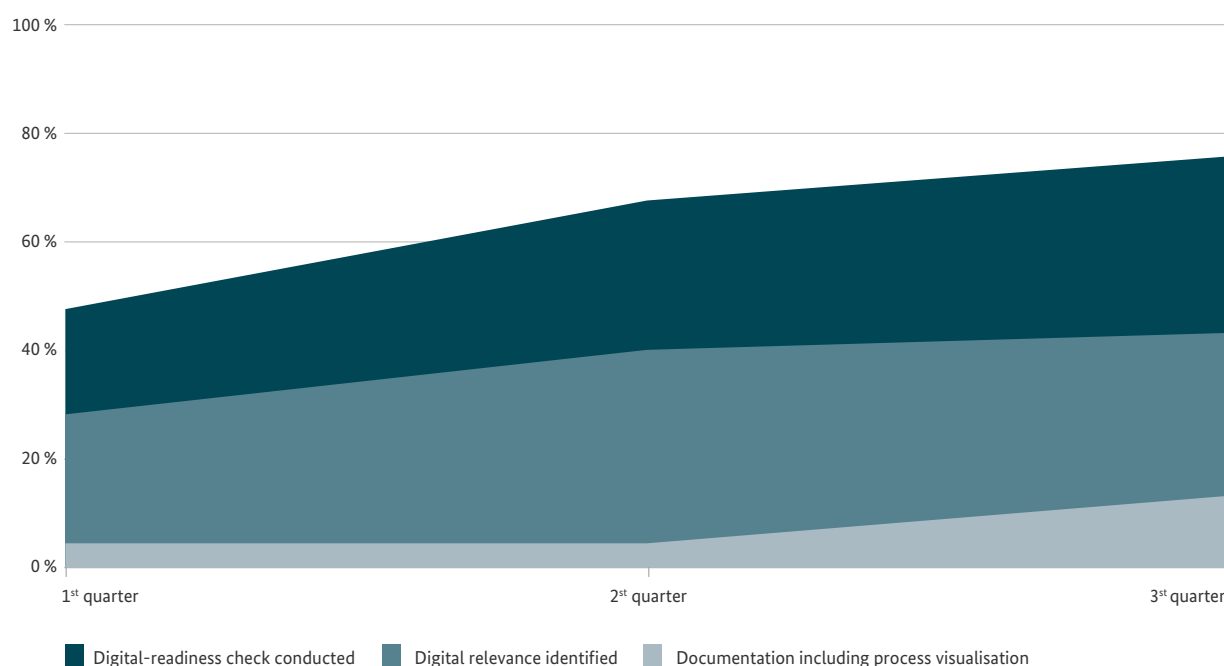


Figure 13: Development of the share of regulatory proposals processed by the NKR per quarter;
source: Secretariat of the National Regulatory Control Council, current as of: 5 September 2023

“The digital-readiness check is not in itself a new idea. However, it only really took off with the coalition agreement, which establishes it as a central element of better regulation. Since then, the digital-readiness check has been developed in an interdisciplinary and collaborative process by a working group comprising representatives of four ministries that have a strategic role to play in better regulation, and with the involvement of legal drafters and the National Regulatory Control Council. This has given rise to a toolkit based on five principles designed to provide appropriate processes, methods and skills. These principles apply from the outset in the preparation of new legislation, serving as a guide to legal drafters. The digital-readiness check is a constructive and practice-oriented tool with a supporting rather than merely controlling function, as the name unfortunately suggests. Since January 2023, it has been a mandatory part of the legislative process at federal level, and is actively applied.”

Christina Lang, Executive Director of DigitalService (the Federal Government’s central digitalisation unit), column in *Behörden Spiegel* No. 1173, March 2023

2.3 Evaluation and recommendations

Besides providing advisory support, to begin with the NKR assessed the thoroughness with which the digital-readiness check was deployed by the ministries. While this assessment revealed that the information provided by the ministries in the course of the digital-readiness check

was for the most part plausible, it was not able to draw any conclusions as to the actual digital-readiness of the legislative proposals at this stage. A more detailed and substantive assessment has only been possible since summer 2023, when version 1.2 of the digital-readiness check was expanded to include more concrete details (see Figure 14).

What steps have been taken to determine whether the impact of the regulatory proposal is consistent with the needs of those affected and of the implementation process?

Please provide a concise list of steps taken, if any.

For example: early dialogue with affected citizens, meetings with implementation authorities or experts, formal consultation processes.

How are the findings from the steps listed above reflected in the regulatory proposal? Please provide a concise list of the findings incorporated, indicating e.g. the sections governing implementation.

Figure 14: Excerpt from Version 1.2 of the Digital-Readiness Check of 30 June 2023,

Source: <https://www.onlinezugangsgesetz.de/Webs/OZG/DE/grundlagen/digitaltaugliche-gesetzgebung/digitalcheck-gesetze-tauglich-gestalten/entwicklung-digitalcheck/entwicklung-digitalcheck-node.html>

As more experience is gathered, a more detailed methodology for conducting the check will be developed. This is expected to result in an increase in the number of digital-readiness checks for which objections are raised.

The digital-readiness check is not intended as a mere check-list; it is part of a more broad-based approach to ensure the digital-readiness of legislation, but also to enhance its overall feasibility. Building on the core message of the NKR's 2019 annual report – “content first, legal text second” – the premise of the digital-readiness check is that the implementation process must also take precedence over the legal text itself. In particular, visual representations of the implementation process can help to ensure the digital-readiness – and therefore the feasibility – of a regulatory initiative during the drafting process. When consulted early on in the process, the NKR suggests appropriate methodological models, such as approaches involving rule mapping (see Figure 15). In future, methodologically appropriate process

modelling could even help flag up the specifications that must in any case be identified in the description of regulatory impact (compliance costs), which would enable deployment of simulation procedures.

This constitutes a fundamental cultural shift in the legislative process that cannot be achieved overnight, but is a process in its own right. Process-based thinking and visual representation of interrelationships in regulation and implementation are novel perspectives for legal drafters, and a departure from the often highly text-based and theoretical approach to legislative drafting.

While the digital-readiness check poses new challenges to the ministries and to the NKR alike, it is also an opportunity for the introduction of simpler and more efficient rules. This is in contrast to the recent trend towards tighter drafting deadlines in the legislative process, which often leave insufficient time to assess the feasibility of a given legislative proposal (see Chapter 1.4).

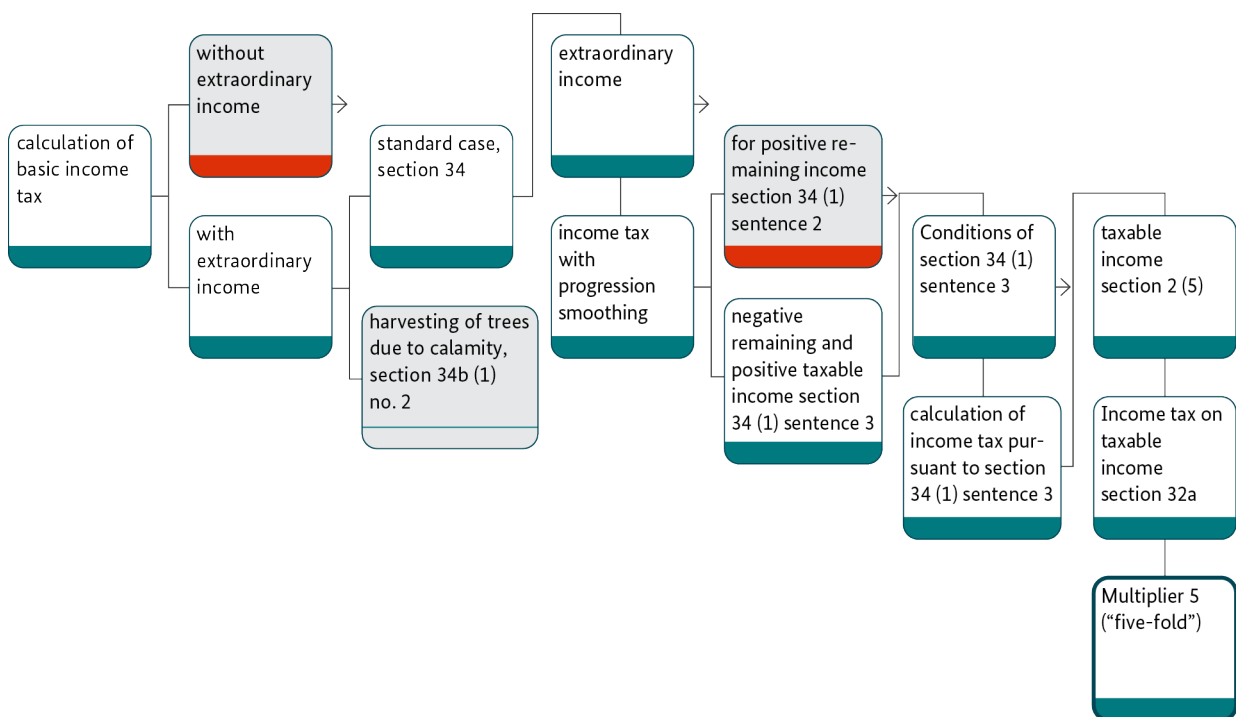


Figure 15: Example of Rule Mapping, Source: Rethinking Tax, issue 2, 2023, p. 39

3

Digitalisation and future-proof administration

In order to produce an effect, laws must first be implemented. Public administration has a crucial role to play in this regard. Whether in service provision or enforcement, its ability to function effectively determines the level of quality with which services are delivered, administrative decisions are taken or compliance with the law is assured. Amid surging regulation and the obligation to provide an ever-broader range of services, public administration is by no means immune to the effects of rising compliance costs and bureaucratic procedures.

The All-day Childcare Act alone costs public administration over 3.2 billion euros per year (see Chapter 1). This amount consists primarily in personnel costs. Commendable as the policy objective behind the Act may be, it poses considerable challenges for the implementing authorities. Increasingly, the central issue is no longer the

financial viability of policy projects of this kind. The challenge is finding sufficient staff to perform the tasks involved. Qualified personnel – whether in childcare, IT, urban planning, youth welfare or immigration authorities – is in short supply across the board.

Conditions initially limited to the refugee and later the Covid-19 crises have become the day-to-day reality of public authorities. Just like Germany's businesses, municipal authorities are struggling to recruit, and buckling under the strain of regulatory provisions. Open letters warn that municipal authorities are on the verge of collapse, while local officials are making it emphatically clear that even core tasks can no longer be assured.

Out of desperation, the law is no longer being applied in full. Application procedures take longer to process, approvals are delayed, and benefit



Figure 16: Excerpt from the open letter

payments arrive late. The fault undoubtedly does not lie solely with rules from Brussels, Berlin, or the capital of the *Land* in question. Some of the difficulty in implementing legislation is home-brewed: modern process and project management practices are far from being the norm in Germany's public authorities. The complex and heterogeneous nature of decision-making structures and the division of competences in the federal system are partly to blame for the failure of the much-vaunted new "Germany speed" to take hold either in the key transformational issues of our time or in day-to-day operations. Instead, German complexity hampers action, inhibits decision-making and curbs development. This complexity remains a defining feature of German thought and action, of the country itself.

The storm brewing in the country's public authorities is an undeniable threat to economic prosperity, social cohesion and the credibility of the political establishment. As with global warming, experts warn that without fundamental change a tipping point will soon be reached. Mirroring mean global temperatures, the average age of public servants and the number of retirements are inexorably rising.

Bureaucracy reduction and practice-oriented regulation, digitalisation and automation in public administration, and reforms to state structures are much more than just tools with which to boost efficiency and foster citizen-friendly administrative services. Together, these measures are a precondition of the public administration's continued ability to function and the future resilience of our State. For many years, the NKR has warned of the need for extensive reforms, repeatedly offering ideas and suggestions to this effect. The following section provides an overview of key developments in the past year, and a summary of the NKR's

latest recommendations regarding digitalisation in public administration, register modernisation and modernisation of the administrative system.

3.1. *Online Access Act*

Digitalisation of the public administration system is not an end in itself, but serves to simplify the life of citizens and the work of businesses. It is among the most effective instruments for bureaucracy reduction, lowering travel times, waiting times and costs for those affected. Done right, digitalisation in public administration leads to more streamlined processes for all concerned. It also has a vital role to play in overcoming the personnel shortage and increasing workload faced by authorities, especially where it frees up resources for the important task of engaging with people face-to-face. In this way, besides saving time for administrative personnel, digitalisation also contributes qualitatively to a better working environment.

The Online Access Act (*Onlinezugangsgesetz, OZG*) began life with the ambitious goal of creating a user-friendly nationwide framework providing digital access to all administrative services in Germany by the end of 2022. The Act was intended to provide crucial momentum for the digitalisation of public administration and secure Germany's compliance with the requirements of the European Single Digital Gateway Regulation, which must be implemented by the end of this year. A year on from the original deadline for implementation of the Online Access Act, its achievements are underwhelming. A new iteration of the Act has since been adopted. It remains to be seen whether the right lessons have been learned from the experience gained with the first Act, and the right decisions taken for the future.

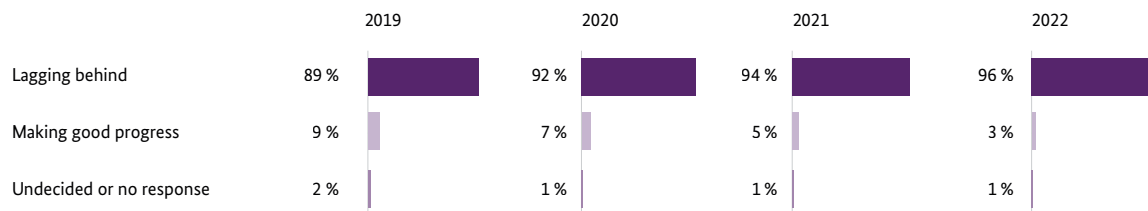
“Germany is still a long way from having successfully digitalised its public administration. Increasing fragmentation of IT solutions makes this process even harder. When Länder and municipalities all do their own thing, the result is a proliferation of “island solutions”: services work marvellously with the IT systems of a particular municipality, but fail miserably with those of another.”

Klaus-Heiner Röhl, economist at the German Economic Institute, quote from an article in Frankfurter Allgemeine Zeitung (FAZ) of 9 August 2023

The verdict on the Online Access Act 1.0

The current Online Access Act has led to actors at all levels of German public administration engaging more intensively with the digitalisation of administrative services than in previous years. Many projects were begun, but only very few produced the intended results by the deadline for implementation of the Act. In five years of implementation, the Act failed to achieve nationwide digital availability of all administrative services in Germany – let alone dispel the popular impression of backwardness in public administration by introducing a user-friendly interface.

QUESTION: “Considering the current state of the digital transformation in Germany: Do you have the impression that Germany is making good progress overall, or is the country lagging behind in many areas?”



QUESTION: “And how would you rate Germany’s chances of recovering the lost ground in the foreseeable future?”

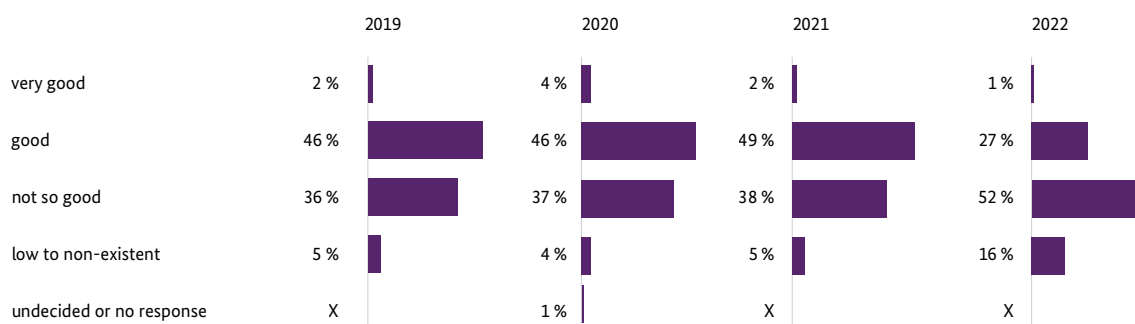


Figure 17: Survey by the Allensbach Institute (IfD), basis: Federal Republic of Germany, population aged 16 and over

In summer 2023, the Federal Court of Audit (*Bundesrechnungshof*) published a report¹ on the progress of the Online Access Act. By the implementation deadline, of 6,193 administrative services that could be offered digitally, 5.4% had been digitalised to the extent prescribed by the Online Access Act² (see Figure 18). Considering only services provided by federal authorities, the figure is higher, at almost 10%.

This lack of success is not due to insufficient motivation or ability on the part of those involved, but to an unfavourable project environment and challenging framework conditions. The conclusion of the Federal Court of Audit was that the Federal Ministry of the Interior had failed in its duty to provide adequate and prompt “expert guidance and technical preconditions”.

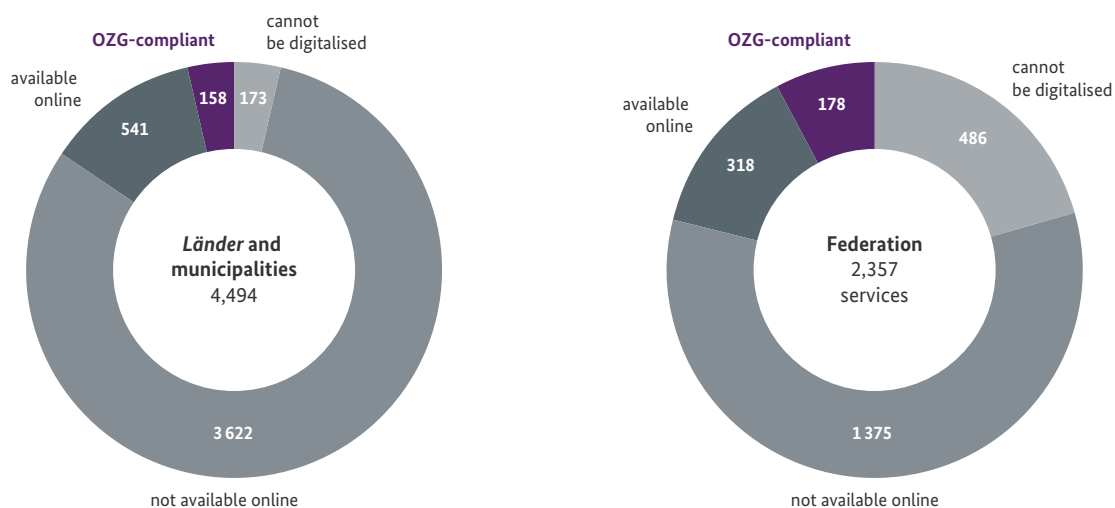
Outlook and expectations for the Online Access Act 2.0

In light of this disappointing outcome, the NKR welcomes the reform presented by the Federal Government – albeit without having conducted a systematic evaluation of the Online Access Act 1.0. Nevertheless, the Federal Government’s draft for a revised Online Access Act contains some improvements. The NKR has already acknowledged these improvements in its comprehensive statement. In addition to the draft itself, the Federal Government also adopted an accompanying paper listing measures which, according to the Federal Government, could not or should not be regulated in the actual Act.



Scan QR code

[Link to the NKR expert statement on the draft act amending the Online Access Act \(in German\)](#)



Source: BMI

Figure 18: Implementation status of the Online Access Act

¹ https://www.bundesrechnungshof.de/SharedDocs/Downloads/DE/Berichte/2023/onlinezugangsgesetz-volltext.pdf?__blob=publication-File&v=2 (in German)

² Cf. the Online Access Act maturity model: <https://leitfaden.ozg-umsetzung.de/display/OZG/2.2+Digitale+Services+im+Sinne+des+OZG> (in German)

“The draft act does include some positive measures, such as a general clause on the ‘once-only’ principle or the introduction of uniform nationwide user accounts for citizens and companies. However, it does not envisage substantial changes either to the targets or the underlying mechanisms and structures pertaining to the digitalisation of public administration – even though this is where the greatest potential for a bold and above all sustainable trend reversal in this regard is to be found.”

Excerpt from the NKR position paper on the draft act amending the Online Access Act

In the NKR’s view, these rules and measures are still not enough to bring about the urgently needed trend reversal in the digitalisation of public administration. The NKR held an expert hearing on the Online Access Act in which specialists from business, academia and government were invited to contribute their expertise. On the basis of the resulting findings, the NKR has updated its demands:

- **Swift adoption of a common strategy and shared targets for a state-of-the-art digital public administration:** The revised Online Access Act once again lacks a clear vision and implementation strategy on how to elevate the digitalisation of public administration in Germany to an internationally competitive level. Although the new Online Access Act comprises elements of a platform strategy, at no point are they specified in conceptual terms. According to a report by the Federal Court of Audit, a strategy process launched in 2019 and 2020 by the IT Planning Council (*IT-Planungsrat*) and FITKO (the body for federal IT cooperation) was postponed at the request of the Federal Government, and has yet to be concluded. Meanwhile, the National e-Government Strategy was abandoned altogether. This strategy vacuum must be remedied as soon as possible.
- **Departure from the “single-source” principle:** The NKR believes that the new strategy should take a critical view of the hitherto prevalent “single-source” approach whereby solutions

are developed by a particular *Land* and subsequently adopted by others. Although this may at first glance appear to be an ingenious form of effort-sharing, it in fact promotes the emergence of technological “island solutions” and dependence on specific providers. The Federal Court of Audit criticised the “limited potential for re-use” of these “single-source” solutions, recommending instead that infrastructure and basic services, i.e., solutions offering broader usability, be developed using federal resources.

This recommendation and the results of the expert hearing reinforce the NKR’s conviction that a platform approach is the most appropriate strategy for the modernisation of public administration.

- **Development and enforcement of standards and interfaces:** The development of open, unified standards and interfaces would enable authorities in the *Länder* to independently procure solutions in a decentralised fashion. These solutions would be interoperable with other systems, compatible with basic services and easier to replace with alternative products. Standardisation of this sort reduces barriers to market entry, enhances competition and lowers the cost of software procurement.

The Federal Ministries should be required to define binding standards and interfaces for their respective areas of competence. Interdisciplinary

standards enabling participation in the platform infrastructure should be developed, maintained and enforced by a common digitalisation agency.

- **Provision of core IT components (basic services):** The Federation should focus on providing the necessary technical framework and on the components used in the majority of digital services (such as ePayment, statistics, data protection cockpit). The requirement for standardised user accounts could serve as an example.

The development of basic services should not require a consensus among the *Länder*. It should be possible for the Federation and a coalition of *Länder* to commission the desired basic services from a jointly funded digitalisation agency. As an incentive to participation, the Federation should bear the costs of operation and further development. Even with centralised financing, decentralised operation should remain possible.

- **Enable widespread deployment of IT solutions:** These standards and basic services could give rise to a market for interoperable software. For this to happen, connectivity of basic services and compliance with/application of standards must be mandatory conditions of procurement. Furthermore, there is a need for a central agency responsible for verifying the software's compliance with these and other criteria, such as IT security and data protection. Once a software application has successfully passed this verification process, there is no need for each individual authority to repeat this demanding task itself. The software should then be made available via a marketplace where it is easy to locate and procure.
- **Establish a common digitalisation agency:** A standardisation and auditing scheme of this scope requires a professional and highly effective organisation to oversee the platform. The Coordinating Agency for IT Standards should be integrated into FITKO, and the resulting

A call for honest monitoring and regular evaluation of the Online Access Act implementation status

Neutral information on the status of administrative services in Germany is hard to find. We need honest progress monitoring of both implementation and usage. This is the only way to ensure effective control over the implementation of the Online Access Act. Furthermore, monitoring of this sort provides a foundation for public reporting, which is crucial in maintaining political focus and a sense of urgency. Accordingly, an implementation report on the Online Access Act including an evaluation by an independent audit body should be submitted to the Bundestag annually. To this end, the key indicators and relevant data for the monitoring process should be defined now. No independent evaluation was performed for the original Online Access Act. In order for the planned evaluation of the amended Online Access Act to be successful, however, a corresponding target must be specified – in other words, the intended effect of the initiative. The evaluation could draw on the indicators and data selected for the monitoring process.



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[Link to the statement by NKR member Malte Spitz on the hearing of the Committee on Internal Affairs of the German Bundestag regarding the draft act amending the Online Access Act.](#)

entity expanded to form a digitalisation agency with adequate personnel resources. The state treaty currently governing the establishment of FITKO is a cumbersome system that should be replaced with a clear legal framework and financing structure.

- **Reorganise the distribution of tasks in the federal system:** The aim of a platform approach is to lower transaction, development and operational costs in the provision of services while improving their quality. In order to achieve this, besides regulating the distribution of tasks involved in the creation and operation of the platform itself, it is also necessary to shine a critical light on the overall distribution of tasks within the federal system.

The NKR welcomes the inclusion of the Dresden Demands in the accompanying paper to the draft Online Access Act. Decentralised implementation of highly standardised administrative services has proven difficult in practice.



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[Link to the Federal Government's accompanying paper to the draft Online Access Act \(in German\)](#)

Tasks of this sort could either be returned to the federal level, to be implemented centrally, or replaced by a centralised digital solution provided by the Federal Government. However, rather than waiting for unanimous proposals from the *Länder*, the Federal Government should be required to take responsibility for implementation or provide a centralised solution of its own whenever this is requested by more than one *Land* or a significant number of municipal or local authorities. These authorities should in turn be required to collaborate in the development of a centralised solution. Additional *Länder* and

municipal or local authorities could then follow suit on a voluntary basis.

The full potential of the platform approach can only be harnessed with consistent implementation of all aspects. Nevertheless, implementation of any of the Dresden Demands would already constitute a significant improvement.

“Over the last 15 years, the dominant model for provision of digital services has, generally speaking, been the platform economy. Other countries have had positive experiences with this model for the provision of administrative services spanning different levels and sectors, such as the UK or Italy.”

Inga Karrer and Moritz Ahlers, quote from the discussion paper “*Rechtliche Wege hin zum föderalen Plattform-Ökosystem*” (Legal routes towards a federal platform ecosystem) of 12 May 2023

3.2 Register modernisation

23 years ago, the Federal Government coined the motto “Move data, not people” on the occasion of Expo 2000. The idea is for data and documentation relating to applications to be exchanged among authorities, so that citizens and businesses only have to provide them once, and to a single entity (once-only principle). This could save a great deal of time and money (around 6 billion euros per year; see the NKR expert report of 2017).



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[Link to the NKR expert report “Better Performance for Citizens and Businesses: Digital administration. Modern registers.” \(in German\)](#)

“The modernisation of registers is a key requirement for a modern public administration. Aside from enabling citizen-friendly application procedures, it also lays the foundations for inter-authority automation of administrative procedures, including services not requiring an application.”

Markus Richter, Federal Government CIO, on 2 May 2023 in the Federal Office of Administration

Property tax – outsourcing data entry to citizens

Many citizens were made painfully aware of just how far Germany’s public administration is from this goal by the recent property tax reform. Following a decision of the Federal Constitutional Court in 2018, some 36 million properties in Germany had to be reassessed in order to determine the new property tax rate. From July 2022 to January 2023, property owners were required to submit the necessary information to the tax authorities themselves. As some data was sent in paper form and had to be manually re-entered on a computer, citizens had the impression of doing the authorities’ work for them.

The Online Access Act can only succeed with register modernisation

Data on Germany’s citizens and businesses is stored in over 350 (specialised) registers and administrative databases. Often, the exact same data (e.g., name, date of birth, address) is required again and again, complemented by more specific information. However, the basic data can be stored in slightly different ways in each database. Consequently, even if the exchange of data between registers were legally permissible, it would be impossible to rule out mix-ups due to inconsistencies in the data – a stumbling block for digitalisation.

Whereas in the past the Online Access Act focussed primarily on forms, the aim of register modernisation is to cross-reference and harmonise the data stored by the individual authorities.

The maturity model deployed in the implementation of the Online Access Act and the once-only principle form a link between the Online Access Act project and register modernisation: in order to achieve maturity level 4 in the implementation of the Online Access Act, an online service must allow digital once-only applications. This requires the data and documentation relating to a service under the Online Access Act to be directly retrievable from the registers. Accordingly, modern registers are the foundation for more effective administrative services.



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[Link to the Maturity Model
\(in German\)](#)

Overview of registers: a duplicate statutory mandate

The existing fragmented register system, which emerged over many years, is uncritically accepted by policy-makers, and there are currently no plans to consolidate it. If no suitable register existed, a new one was simply created for each political problem that arose. Tellingly, the task of creating an overview of all data and registers held by the public administration has been assigned to two different authorities by two different pieces of legislation in virtually identical manner. The Federal Statistical Office was tasked with operating an Information Platform for Administrative Data (*Verwaltungsdateninformationsplattform*,

VIP), while the Federal Office of Administration is to create a Register Map (*Registerlandkarte*). The result: the two authorities, both of which are affiliated with the Federal Ministry of the Interior, concluded an administrative agreement to operate a joint database with shared responsibilities.

In response to the 2017 NKR Expert Report “Better Performance for Citizens and Businesses: Digitalise public administration. Modernise registers.”, the German Bundestag adopted the Register Modernisation Act (*Registermodernisierungsgesetz*, RegMoG) called for in the expert report, and the Basic Business Data Register Act (*Unternehmensbasisdatenregistergesetz*, UBRegG).

“There is still a lack of awareness in public administration of just how important a project register modernisation is, even in the federal institutions. This is apparent from the fact that the first pilot register is the National Firearms Register, which is maintained here at the Federal Office of Administration – no other institution was willing to take the first step.”

Christoph Verenkotte, President of the Federal Office of Administration, quote from Tagesspiegel Background of 25 May 2023

But when can citizens and businesses expect the first concrete use cases? Blueprints for certain kinds of local registers are lacking. In the NKR’s view, the Federal Ministry of the Interior has a responsibility to remedy this. The ministry should do more to coordinate efforts and ensure that the necessary expertise and technical requirements are in place in good time. Precisely because the task of register modernisation is shared by numerous entities as a result of Germany’s federal structure, uniform standards are crucial. Otherwise, there is a danger that register modernisation will share the fate of the Online Access Act.

Accordingly, the NKR endorses the recommendation made by the Federal Court of Audit that the Federal Ministry of the Interior should promptly join and bring renewed impetus to the federal strategy process. Federal and *Land* authorities should formulate and adopt a federal digital strategy comprising binding common organisational and technological targets.

At present, there is still a lack of transparency in register modernisation processes. The NKR calls upon the Federal Government to make these processes public.



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[Link to the recommendations of the Federal Court of Audit \(in German\)](#)

Register modernisation: countless projects, no federal target vision

Within the framework of an EU requirement for the digitalisation of certain registers (Single Digital Gateway Regulation), two major modernisation projects are currently under way (register modernisation and basic data register). By mid-December 2023, German authorities must be in a position to provide online access to certain documents Europe-wide. But when the exchange of documents will be possible within Germany remains to be seen.

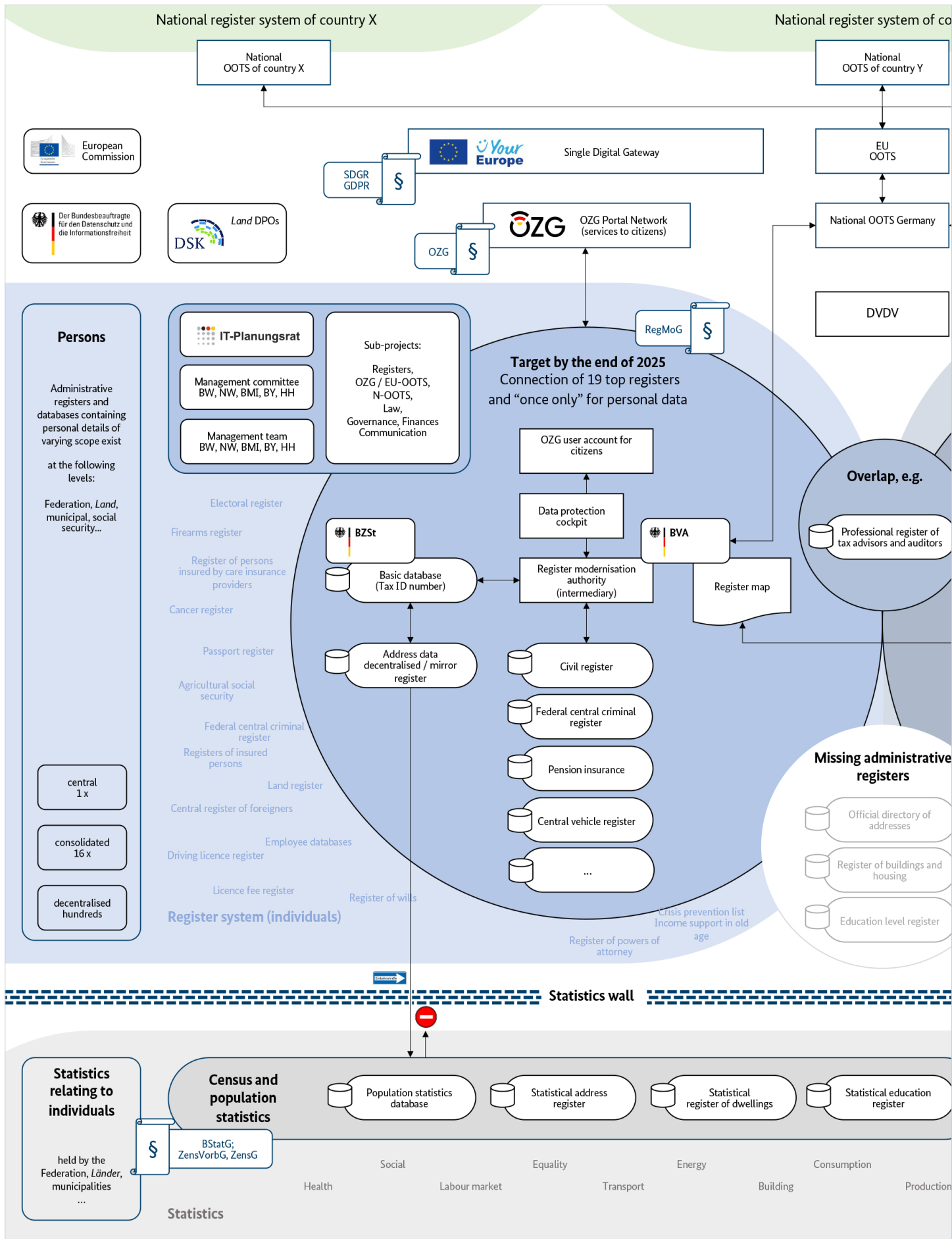
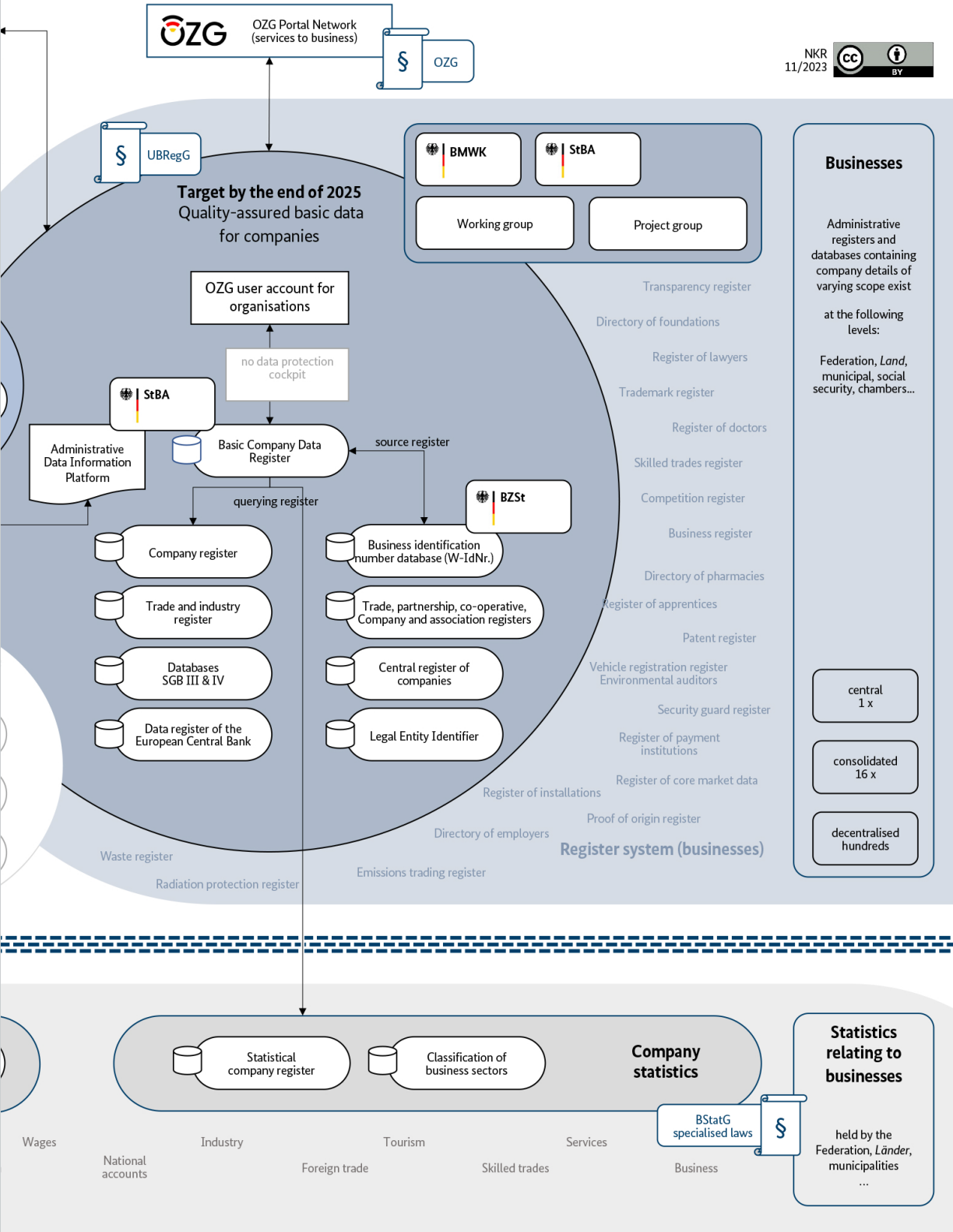


Figure 19: Overview of the register modernisation process



OOTS = Once Only Technical System

Register modernisation – a daunting challenge



Register modernisation = data on citizens

At present, the term “register modernisation” is primarily understood to refer to the harmonisation of registers containing citizens’ data (e.g. mostly locally-operated population registers). This was the goal of the Register Modernisation Act, the implementation of which is coordinated by the Federal Ministry of the Interior and the Federal Office of Administration. Data quality assurance is conducted among the registers via the Tax Identification Number (*SteuerID*).

Basic Data Register = Data for Businesses

With the Basic Business Data Register Act, the Federal Statistical Office was tasked with creating a register of basic business data (“basic register”). The basic register is intended to function as a data hub, passing on company data from source registers to other registers to help avoid multiple collection of statistical data. An important source register for the basic register is the Business Identification Number Database operated by the Federal Central Tax Office. Unfortunately, the Business Identification Number Database will not be operational until the fourth quarter of 2024. Use cases for companies cannot realistically be expected before 2025.

In planning – register-based census

The legal foundations are currently being laid for a third major modernisation project: the introduction of a register-based census. This census will establish how many people live in Germany, and how they live and work. The previous census system relied on random sample surveys, costing more than a billion euros each time it was conducted. Modern and interconnected registers could enable the census to be taken with a much higher degree of automation. Here too, many questions remain, in particular with regard to quality assurance of data held by registration

authorities and missing building and housing registers. Draft legislation to this effect should already be before parliament, but has so far not been forthcoming.

“A register system in line with data protection requirements is crucial to achieving the legally binding digitalisation targets set by the Online Access Act and the European Single Digital Gateway Regulation.”

Prof. Peter Parycek, Chair of the Advisory Board on Register Modernisation and Director of the Competence Centre for Public IT, Initiative D21
blog entry of 16 March 2023

The NKR considers the following aspects to be crucial to the process of register modernisation:

- The Federal Ministry of the Interior should join the federal strategy process. We need a target vision for a digital public administration spanning all federal levels. In the NKR’s view, this vision must comprise a holistic approach to digitalisation with a constant focus on complete processes for citizens and businesses as well as internal administrative processes.
- The Federal Government should regard the register modernisation project as an investment in the digital infrastructure of the future, and allocate adequate funds to this end. Without appropriate funding for register modernisation, the Online Access Act cannot succeed either.
- The Federal Government should provide local actors with concrete recommendations and blueprints by the end of this year. The Federal Ministry of the Interior should ensure that the necessary expertise and technical requirements are in place for efforts on the ground to begin in earnest, and provide transparency regarding the governance process.

- Whenever the State embarks on a new endeavour requiring data on citizens or businesses, it should be required to determine whether some or all of this data is already held in existing registers as part of the digital-readiness check. Using existing data should be a mandatory requirement. We need a moratorium on new registers.
- In order for the basic business data register to offer real value, the associated authorities should be required to accept core data from the basic register. In order for the once-only principle to function, the registers maintained by the judiciary and financial authorities in particular must abandon their claim to being the sole source of data truth and allow automated processing of changes from other entities.

3.3 Modern State

Digitalisation of public administration is one of the main avenues for simplifying interactions with the State. Despite enormous pressure to act, Germany is progressing slowly – too slowly to keep pace with popular expectations or compensate for the shortfall in public service personnel. As the previous chapters show, the challenges of digitalising the public administration do not consist merely in streamlining the underlying processes and legal requirements. Rather, this process must overcome the inhibitions on decision-making and action posed by the federal system. When it comes to tasks that must be performed collaboratively, even highly motivated entities often encounter structural, institutional and cultural barriers. Complex hierarchical structures, a lack of common strategies and binding standards, and inadequately defined responsibilities for the regulation, financing and execution of state tasks hamper the swift implementation of political targets. The problems are by no means limited to implementation of the Online Access

Act. Numerous fields of state action are plagued by structural hurdles that stand in the way of effective and efficient policy-making.

“Germany is too slow, too complex, too compartmentalised and too lacking in commitment. Under these circumstances, the State cannot be successfully modernised, and governments cannot take effective action. Germany needs a reform of its state structures, greater commitment to the agreements reached between the Länder, and centralised solutions at the Federal level when no agreement can be reached.”

Thomas de Maizière, former Federal Minister of the Interior, interview with Frankfurter Allgemeine Zeitung (FAZ) of 21 May 2023

Recognising these challenges and the growing strain on municipal authorities, the Dresden Demands chart a potential way forward. To relieve the strain on municipal authorities, specialised tasks should be passed back to the *Länder* and the Federation. As a minimum, specialised IT applications should be provided centrally, rather than being procured and operated individually by the municipalities. This is intended to allow municipal authorities to focus on tasks with local relevance or involving direct advisory services for citizens and businesses. These considerations were addressed by the Federal Government in the accompanying paper to the draft act amending the Online Access Act, in which the government proposes to bring relief for municipalities by centralising the technical execution of core tasks. To this end, the *Länder* were asked to submit proposals in collaboration with municipal authorities before the Conference of Minister-Presidents in November 2023.

The NKR emphatically supports these considerations. A redistribution of digitalisation tasks taking into account the capacity of municipal authorities would be an important first step in a reform of state and administrative structures. In conjunction with the announced benchmarking procedures and comparison of services in public administration, this could give rise to a dynamic in which State and municipal performance are effectively enhanced.

“A technologically proficient, digital State is a crucial prerequisite for economic growth and resilience – but this is a concept that Germany has yet to grasp. Developing a few apps that reduce the need for in-person visits to certain authorities does not solve the underlying problem: the State does not just need to be digitalised, it needs to be modernised as well. Even the finest digital solution is of no use if it runs on an operating system from the cold war era.”

Lars Zimmermann, co-founder and board member of GovTech Campus, interview with Stern of 3 August 2023

In the NKR’s view, the Dresden Demands and the modernisation strategy outlined in the accompanying paper to the Online Access Act should serve as a springboard for a debate that goes beyond merely expediting the digitalisation of public administration. The core issue is one of efficient distribution of tasks. Which tasks can be centralised or at least more effectively bundled? Where is there a need for greater harmonisation and standardisation? How can this information be leveraged to minimise production costs while maximising quality?

Many of the NKR’s recommendations with regard to the overhaul of the Online Access Act are concerned with these questions (see Chapter 3.1). The answers are informed by a principle known as “Government as a Platform”, which can also be applied to other use cases. For instance, in a position paper on skilled immigration (see Chapter 1.2), the NKR recommends consolidating procedures and organisational responsibilities in a single authority, in particular with regard to the recognition of foreign professional qualifications.

To date, however, there is still no systematic approach to determine which steps in the process should be allocated to which level of administration, according to which criteria, and with what degree of consolidation. An evaluation metric of this sort would help to make the highly abstract debate about the reorganisation of administrative responsibilities more concrete.

Just how urgent these systematic considerations about state and administrative reform are is highlighted by the increasingly emphatic calls for a critical review of task allocation, a moratorium on new promises and increased support for municipal authorities. A prominent example is the open letter by municipal associations and the leading economic and financial associations in Baden-Württemberg demanding extensive reform. The letter complains of authorities stretched to the limit, unable to adequately perform even core tasks – let alone engage in transformative projects. What is more, growing staff shortages are only expected to exacerbate the problem further.



Scan QR code

[Link to the open letter \(in German\)](#)

“Sadly, we must report that in view of these circumstances, functionaries in municipal authorities, businesses, savings banks and cooperative banks alike are deeply concerned about the future.”

Baden-Württemberg Federation of Cooperatives, extract from the open letter *“In großer Sorge um unser Land”* (Gravely concerned about our country) of 27 October 2022

The letter demands tangible relief at the municipal level, i.e., a candid critical review of task allocation and a discussion about the limits of the services they can still be expected to provide. If political decision-makers continue to make promises they cannot deliver, they risk further eroding trust in the political system and confidence in the State, the signatories argue.

The annual citizen survey on public service by the German Civil Service Federation (*Deutscher Beamtenbund*, dbb) reveals a downward trend in the public’s trust in the government and the effectiveness of the State. Moreover, 32% of civil service employees expressed the opinion that the State’s ability to function is in decline.

In view of these wake-up calls, the NKR believes there is an urgent need to combine conceptual considerations such as the platform approach with a concrete political agenda. Ideas for how the State and public administration could be modernised so as to retain their functional capability and ensure future resilience have already been put forward in previous crises. In a 2021 position paper, the NKR proposed ten potential elements for a modernisation strategy.



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[Link to the NKR position paper “Effective public administration – Future-proof State” \(in German\)](#)

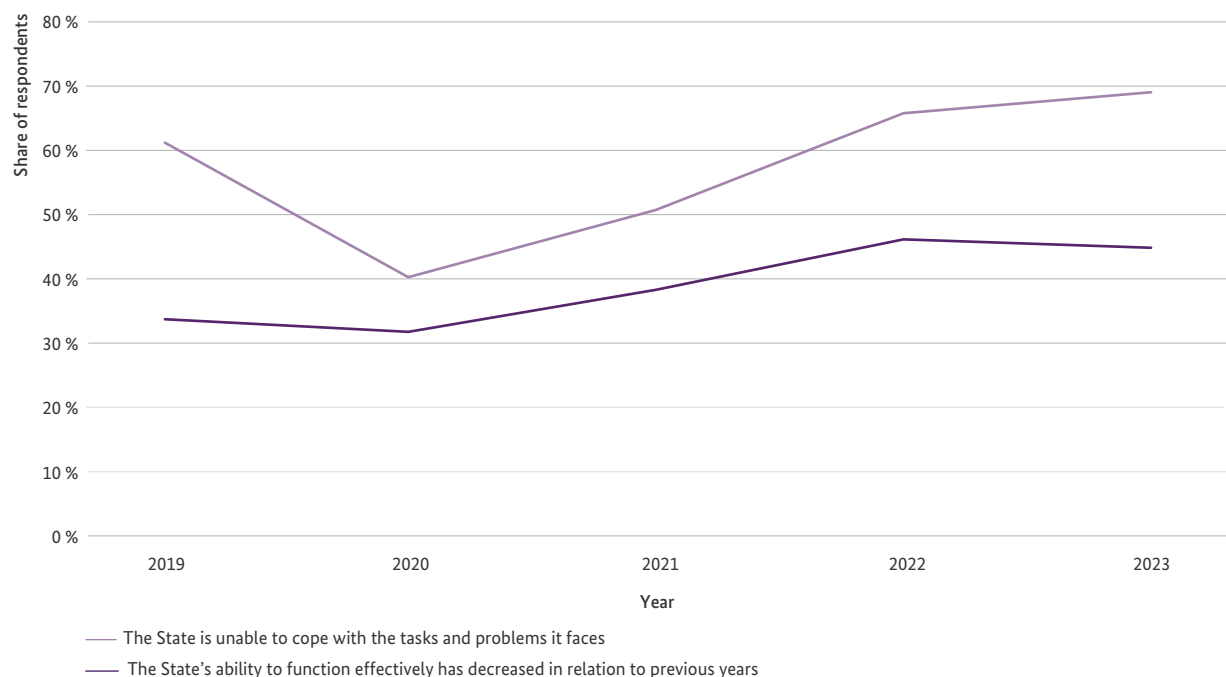


Figure 20: Results of the citizen survey on public service, Source: German Civil Service Federation (*Deutscher Beamtenbund*, dbb), Forsa citizen survey on public service, 2023

Ten recommendations for sustainable modernisation by the NKR:

1. **Audits** – measuring an authority’s effectiveness and degree of modernisation
2. **Stress tests** – assessing an authority’s ability to function in extreme circumstances
3. **Council of experts “Effective Administration, Future-Proof State”** – permanent lobby for modernisation of the state and public administration, independent of day-to-day politics
4. **Strategic foresight** – anticipating crisis scenarios and trends, and modifying the responsive capabilities of the State accordingly
5. **Forecasting** – anticipating crises and implementing meaningful monitoring procedures
6. **Civil crisis mechanism** – for crises of national or international relevance, there is a need for predetermined decision-making and control structures analogous to the emergency mechanisms for states of tension or national defence.
7. **Civilian personnel pool** – managing peak loads by recourse to prepared personnel pools and substitution arrangements
8. **Benchlearning, benchmarking, modernisation index** – no control without prior measurement. Comparison is crucial to learning.
9. **Feedback on administrative services** – assessing the individual quality of administrative services from the perspective of addressees and creating incentives to boost quality
10. **The State as a platform** – strategic overhaul of the distribution of tasks and cooperation structures within the federal system

The need for modernisation in Germany is also a concern for the Federal Government, earning – if the order of the chapters in the current coalition agreement are to be taken as reflecting its political priorities – a spot at the top of its agenda. The first chapter of the agreement outlines the Federal Government’s intention to pursue the modernisation of the state in order to ensure its functional capability and effectiveness. A particular focus is placed on the areas of disaster management and civil protection, education, internal security and digitalisation. A key instrument invoked in this regard is the *Föderalismusdialog* (dialogue between the Federal Government, local authorities and *Länder*), intended to “ensure a more transparent and efficient distribution of tasks, in particular on the topics of disaster management and civil protection, education and internal security, as well as on the use of the opportunities offered by digitisation”.

“Germany can be flexible, we can be unbureaucratic; and we can be fast. We will make this German speed the benchmark – also for the transformation of the economy as a whole. Your companies can hold us to this standard.”

Federal Chancellor Olaf Scholz,
speech at the World Economic Forum in Davos
on 18 January 2023

These announcements have yet to produce much in the way of tangible results. The promised Pact to Accelerate Planning and Approval Procedures has also failed to appear.

In the NKR’s view, the second half of the legislative term must bring a revitalisation of the reform agenda and a renewed focus on the modernisation of the State. The NKR strongly advocates a thorough reform that encompasses systematic institutional and procedural changes to State and public administration, including the possibility of amendments to the Basic Law where necessary.

4

Compliance cost – figures, facts, assessments

The NKR's mandate includes scrutiny of the extent to which the Federal Government provides a plausible and transparent account of the cost implications arising from the laws, regulations and administrative provisions for which it is responsible. In fulfilling this task, the NKR places particular emphasis on compliance costs. Compliance costs refer to the entire measurable time expenditure and monetary costs either incurred or saved by citizens, business and public administration as a direct result of a new regulation. It can be divided into one-off and recurring costs and savings.

The determination and reporting of compliance costs by the Federal Government is subject to a binding set of methodological guidelines. On the basis of this methodology and drawing on estimates by the addressee groups concerned, the NKR scrutinises the costs reported by the ministries. In addition, the NKR advises the ministries on the application of the methodology. The results of its scrutiny are presented in a statement. This statement is submitted to the Cabinet before new regulatory proposals are adopted. NKR statements on the Federal Government's regulatory initiatives become part of the Bundestag printed papers, thereby entering the public domain.



Scan QR code

[Link to the methodological guidelines \(in German\)](#)

Besides compliance costs, the NKR also assesses other aspects of better legislation and advises the ministries accordingly. These aspects include benefit analyses, consideration of alternative approaches, planning and execution of evaluations, and avenues for legislative and administrative simplification.

Since the introduction of compliance cost assessments in 2011, the NKR has issued annual reports on the development of compliance costs. These reports examine compliance costs to citizens, business and public administration in the period from July of the previous year to June of the current year. It should be noted that the compliance costs calculated are not adjusted for inflation.

4.1 Scrutiny on the rise

In the 2022/23 reporting period, the NKR examined a total of 425 legislative drafts – up 20% from the previous year (348). This increase is explained by the fact that the previous reporting period occurred at the start of a new legislative term. This initial period is typically characterised by a lull in legislative activity following the formation of the new Bundestag and Federal Government. It should therefore come as no surprise that the second year of the new legislative term brought a significant increase in new legislation. Nevertheless, the figure is slightly higher than in the corresponding period of the previous legislative term, 2018/19, in which the NKR only examined 330 legislative drafts. Since the assessment of compliance costs began in 2011, over 4,700 regulatory initiatives by the Federal Government have undergone scrutiny by the NKR.

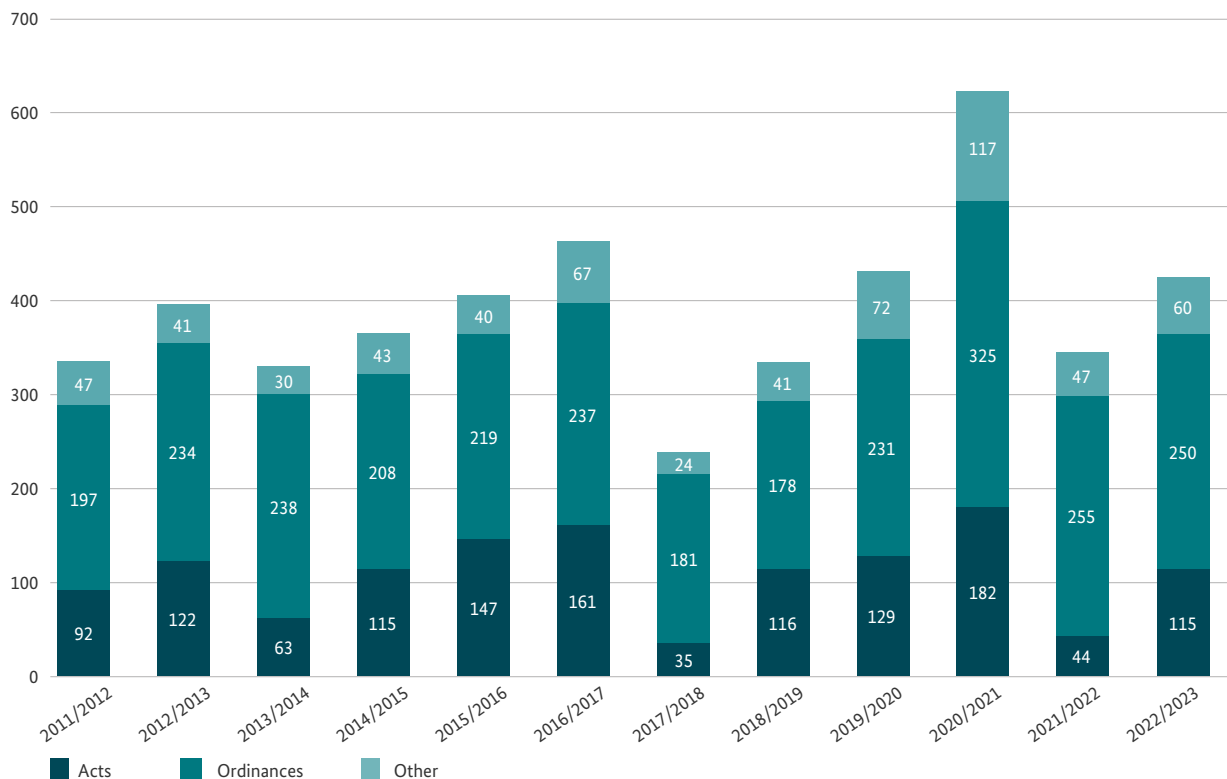


Figure 21: Regulatory initiatives scrutinised by the NKR by type of instrument and reporting period

Of the 425 initiatives scrutinised in the 2022/23 reporting period, 253 were of either marginal or no relevance in terms of compliance costs. The remaining 172 led to changes in one-off and/or recurring compliance costs. The NKR issued statements on 92 legislative initiatives, bringing the total number of initiatives for which a statement has been issued since 2011 to around 2,150.

4.2 Significant increase in compliance costs as bureaucracy costs remain largely stable

Like the previous reporting period, 2023/23 brought a substantial rise in recurring compliance costs compared to previous years. For all three addressee groups (citizens, business and public administration), compliance costs rose by approximately 9.3 billion euros (roughly 54 percent) to

around 26.8 billion euros in total. In the 2021/22 reporting period, annual compliance costs had already risen by 6.7 billion euros (over 60 percent) to some 17.4 billion euros, a trend that continued in the period under review. However, in both this and the preceding period, the rise in compliance costs can for the most part be attributed to a single regulatory initiative. While the increased compliance costs in the previous reporting period were caused primarily by the statutory minimum wage increase (compliance costs to business), in the period under review the main culprit was the amended Buildings Energy Act. This instrument alone gave rise to additional recurring compliance costs of 9.2 billion euros per year. Additional regulatory proposals caused – relatively minor by comparison – recurring costs of 180 million euros.

In addition to the rise in annual compliance costs, one-off compliance costs in the period under review were also substantial, totalling 23.7 billion euros – the highest figure since 2011 by a considerable margin. As a result, adjustment costs in the reporting period under review

account for more than half of the total adjustment costs from all reporting periods since 2011 added together (around 41 billion euros). Business in particular is facing one-off compliance costs at an unprecedented scale.

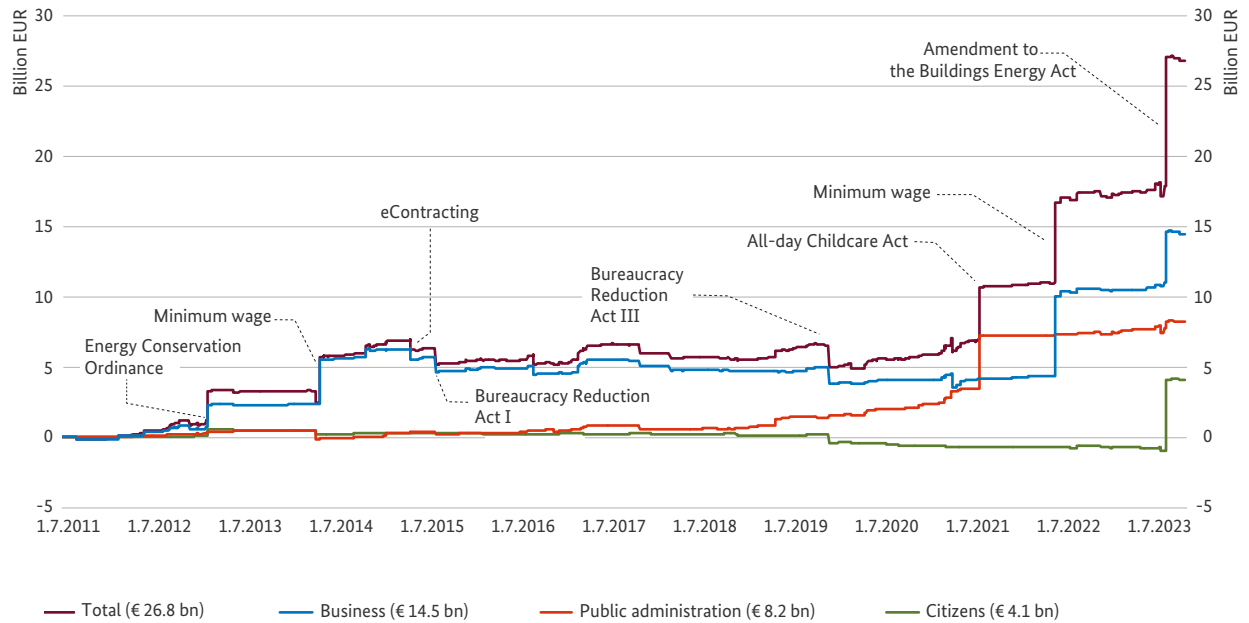


Figure 22: Development of recurring compliance costs (up to 30 June 2023)

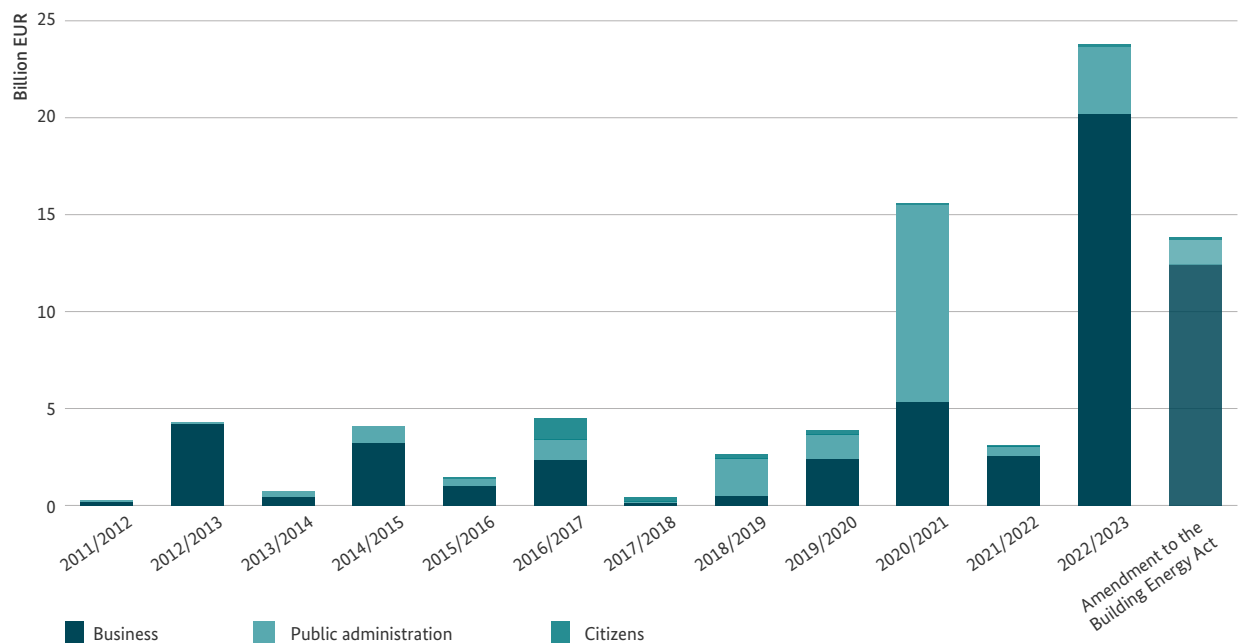


Figure 23: Development of one-off compliance costs (up to 30 June 2023)

4.2.1 Sharp rise in compliance costs to citizens

Whereas compliance costs to citizens had previously remained largely stable since 2011, even falling slightly, the reporting period under review brought a substantial net increase of more

than 4.7 billion euros annually. This additional burden is almost entirely caused by the amended Buildings Energy Act, which triggered annual compliance costs of around 5.1 billion euros to this addressee group.

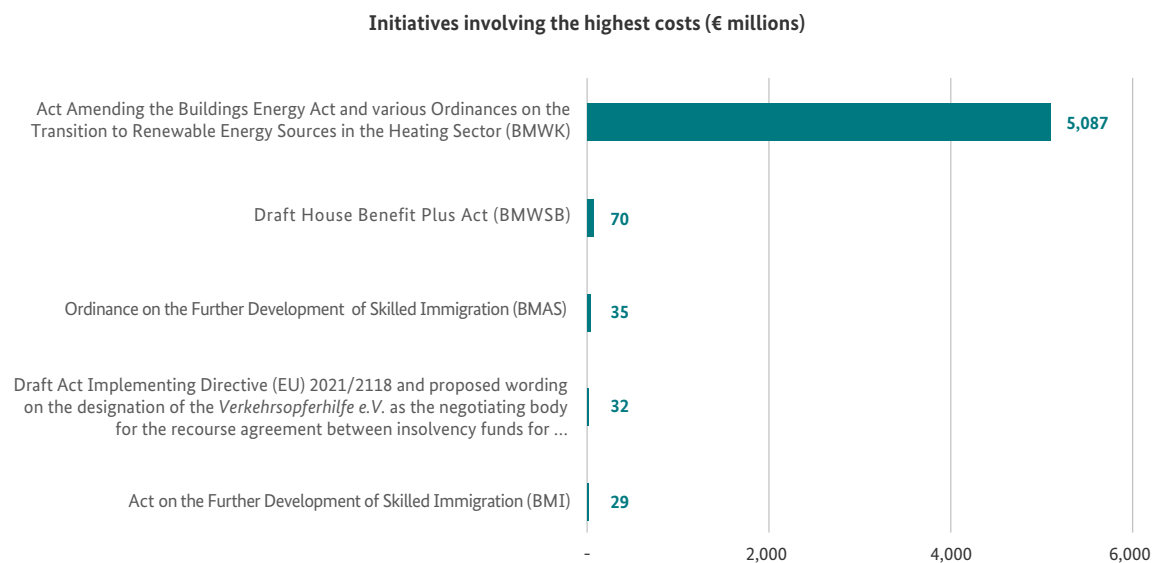


Figure 24: Regulatory initiatives imposing the greatest annual burdens on citizens in the 2022/22 reporting period

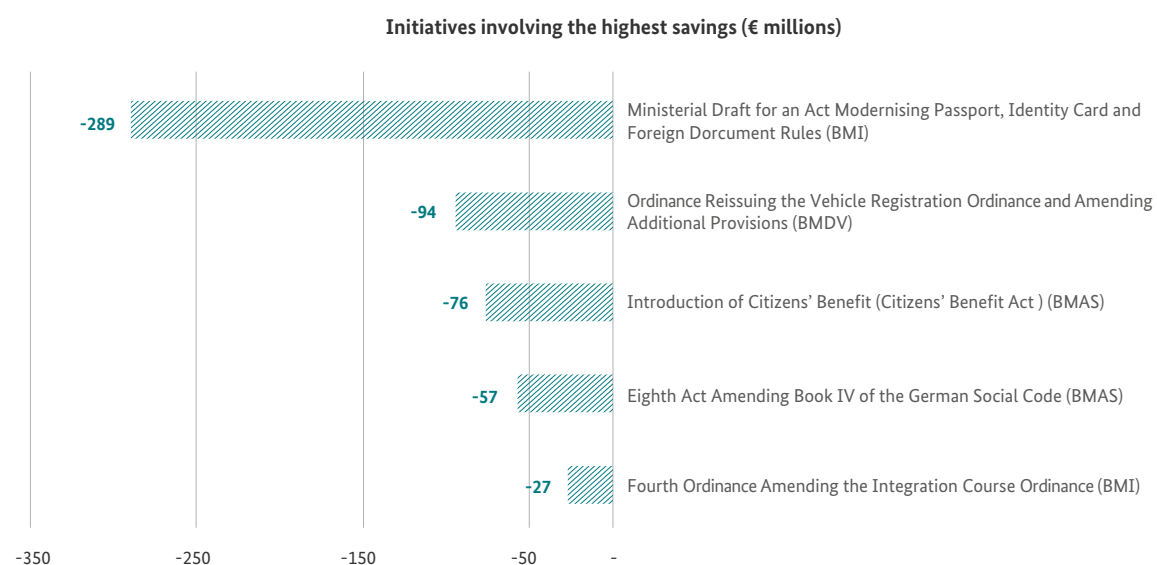


Figure 25: Regulatory initiatives involving the highest annual savings to citizens in the 2022/23 reporting period

Act Modernising Passport and Identity Card Rules

The purpose of this Act was to modernise administrative procedures concerning passports, identity cards and foreign documents, in particular with a view to minimising the effort required of citizens. In addition, the reforms were intended to reduce the administrative costs incurred by authorities that use passport or identity card data, as well as the passport, identity card and immigration authorities themselves. Accordingly, the Act empowered security authorities to automatically transfer data collected from passports or identity cards to a data processing system, and automatically access photographs. The reforms resulted in total time savings of around 11 million hours per year for citizens. The cost savings to public administration were also considerable, totalling around 491 million euros per year.

Disregarding the amendments to the Buildings Energy Act, the current reporting period once again delivered net savings in terms of compliance costs to citizens. The greatest reduction by far (-289 million euros) was caused by the Act Modernising Passport, Identity Card and Foreign Document Rules. The Ordinance Reissuing the Vehicle Registration Ordinance, which introduced additional identification options to boost digital registrations, led to savings of almost 100 million euros for citizens

Development of one-off compliance costs to citizens

One-off compliance costs to citizens in the reporting period totalled some 148 million euros. By way of comparison: in the 2021/22 reporting period, one-off compliance costs to citizens were approximately 24 million euros. As with recurring compliance costs, one-off compliance costs to citizens were also almost entirely due to the changes to the Buildings Energy Act.

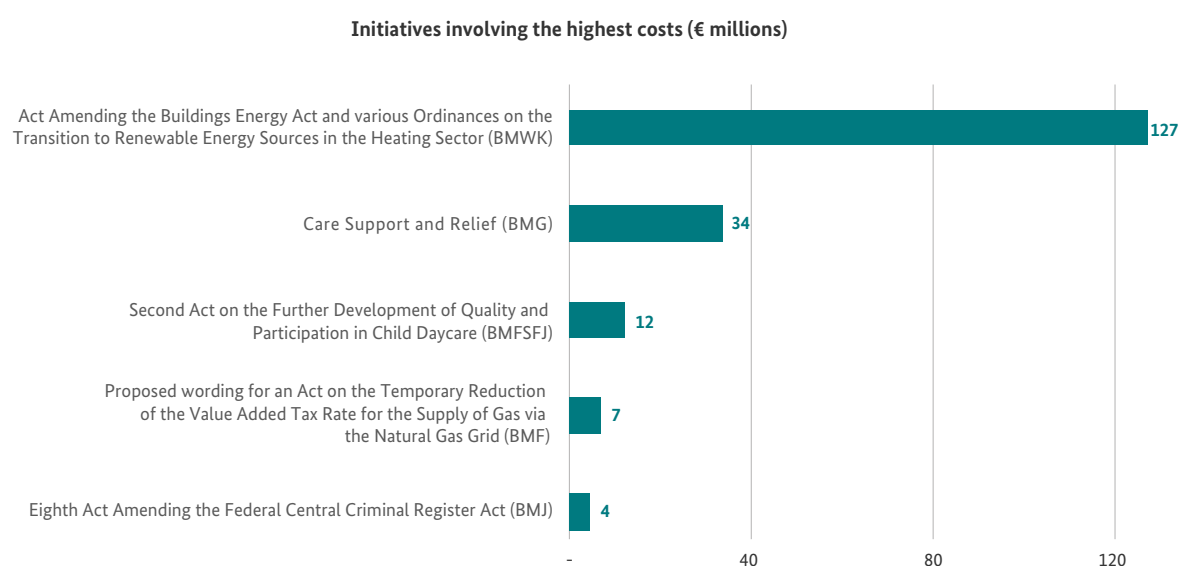


Figure 26: Regulatory initiatives imposing the greatest one-off burdens on citizens in the 2022/22 reporting period

Amended Buildings Energy Act

The goal of the Act Amending the Buildings Energy Act, the Heating Cost Ordinance and the Chimney Sweeping and Inspection Ordinance is to expedite the transition to renewables in the heating sector. Under the Act, at least 65% of heating in Germany must be powered with renewable energy by 2045.

Accordingly, the draft adopted by the Cabinet involved the highest compliance costs recorded to date by the NKR: 20.8 billion euros in one-off costs and 5.1 billion euros in recurring costs to citizens, and 13.3 billion euros in one-off costs and 3.6 billion euros in recurring costs to business.

On the other hand, the reforms allow extensive savings in relation to the status quo, as detailed by the ministry responsible. The considerable benefits in terms of climate action and energy sovereignty were plausibly outlined by the ministry, but cannot be expressed in quantitative terms.

The Act attracted a great deal of media attention, in part due to doubts over its practical feasibility raised in the media and by professional associations. The NKR also expressed reservations about the Act's entry into force, and raised questions concerning price developments in the heat pump market or additional costs incurred with new heating systems and insulation measures.

The Act was intensely discussed in the course of the parliamentary process and subsequently overhauled by the competent ministry. The change with the greatest impact in terms of compliance costs was the linking of the Buildings Energy Act to the Act on Heat Planning and Decarbonisation of Heat Grids. This resulted in the postponement of the requirement for newly installed heating systems to be powered by at least 65% renewable energy or unavoidable waste heat from 1 January 2024. Under the revised Act, this provision will only apply from 1 July 2026 for municipalities with more than 100,000 inhabitants, and from 1 July 2028 for smaller communities.

This reduces the estimated 20,8 billion euros in one-off compliance costs to citizens to just 127 million euros.

4.2.2 Compliance costs and bureaucracy costs to business – significantly higher burdens

Once again, recurring compliance costs to business rose significantly in the period under review, from around 10.6 billion to 14.4 billion euros – an increase of 3.8 billion. As in the 2021/22 reporting period, businesses were once again faced with

substantial new recurring compliance costs. The additional burden – as was the case for citizens – was caused for the most part (3.6 billion euros) by the amendments to the Buildings Energy Act.

Energy efficiency requirements in pursuit of the EU's climate target for 2030 continued to cause annual costs of 286 million euros, while the

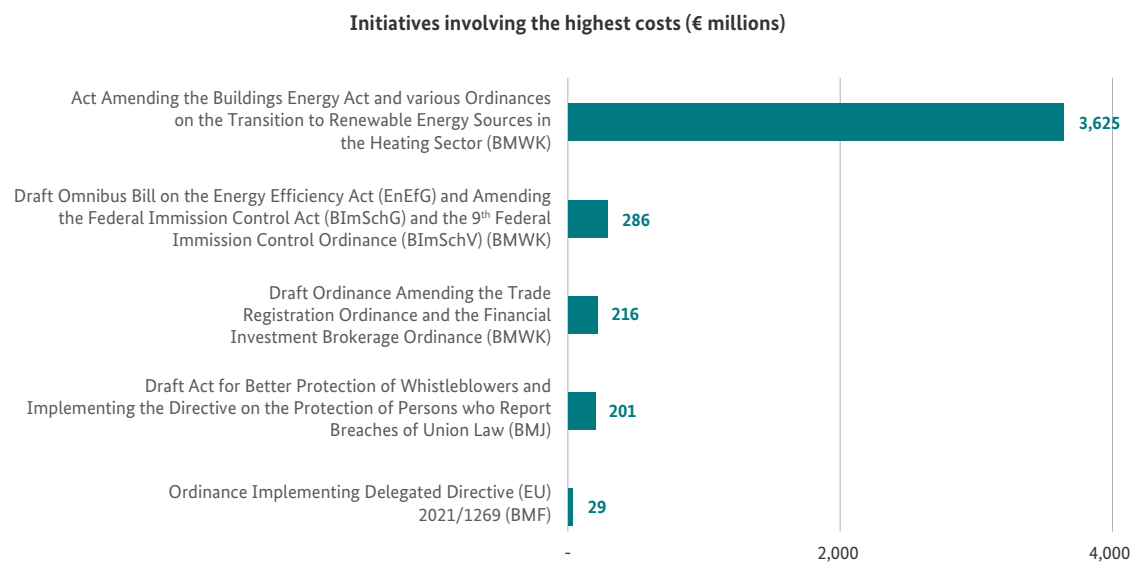


Figure 27: Regulatory initiatives involving the highest annual costs to citizens in the 2022/23 reporting period

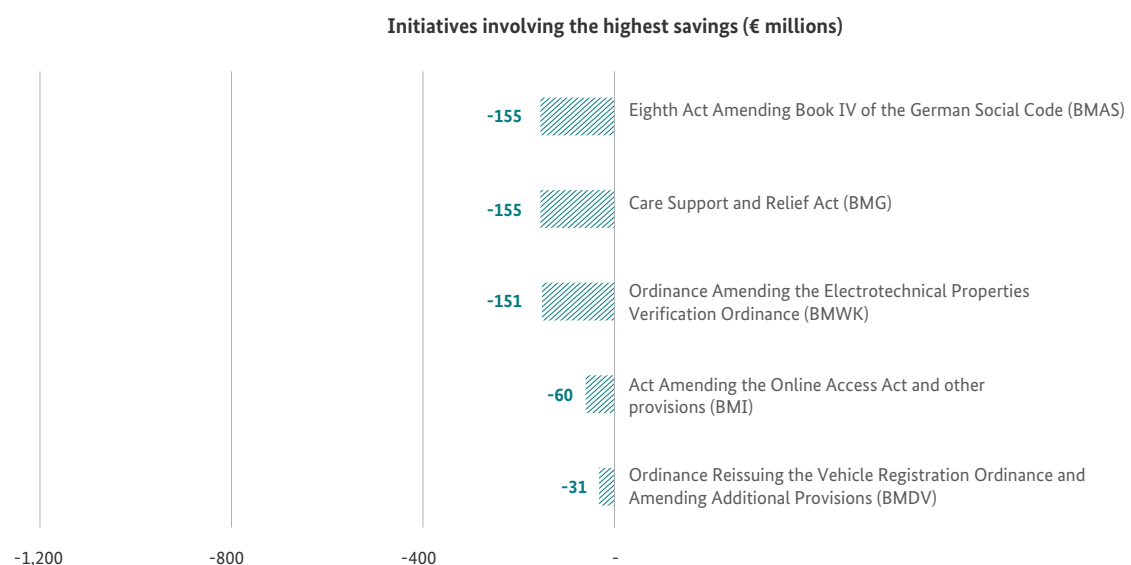


Figure 28: Regulatory initiatives involving the highest annual savings to business in the 2022/23 reporting period

requirement on financial intermediaries and advisors to consider their clients' sustainability preferences triggered additional annual compliance costs of almost 220 million euros.

In the current reporting period, regulatory initiatives with an alleviating effect reduced total compliance costs to business by around 650 million euros. The largest savings in the period under review came about as a result of the electronic exchange of data in connection with social security contributions and associated reporting obligations, and the connection of care facilities to the telematics infrastructure (around 155 million euros each).

Development of bureaucracy costs

A separate focus of the NKR's attention is on the bureaucracy costs incurred by businesses. Bureaucracy costs are a subset of annual compliance costs, arising from obligations on companies to secure, retain or transmit data and other information for authorities or third parties.

Each of the last two reporting periods saw a net annual increase in bureaucracy costs of around 164 million euros.

A substantial portion of these costs (216 million euros) arises from the obligation on financial intermediaries and advisors to collect information from clients on their sustainability preferences.

The most significant reduction in bureaucracy costs was brought about by the extension of the exemption from obligatory certification for renewable energy plants with a maximum installed capacity of 500 kW and a maximum feed-in capacity of 270 kW. This provision was intended to expedite the connection of renewable energy systems to the grid.

In spite of the additional costs, the Federal Government's Bureaucracy Cost Index remains below the reference value adopted in 2012 (=100), at 98.4 percentage points.

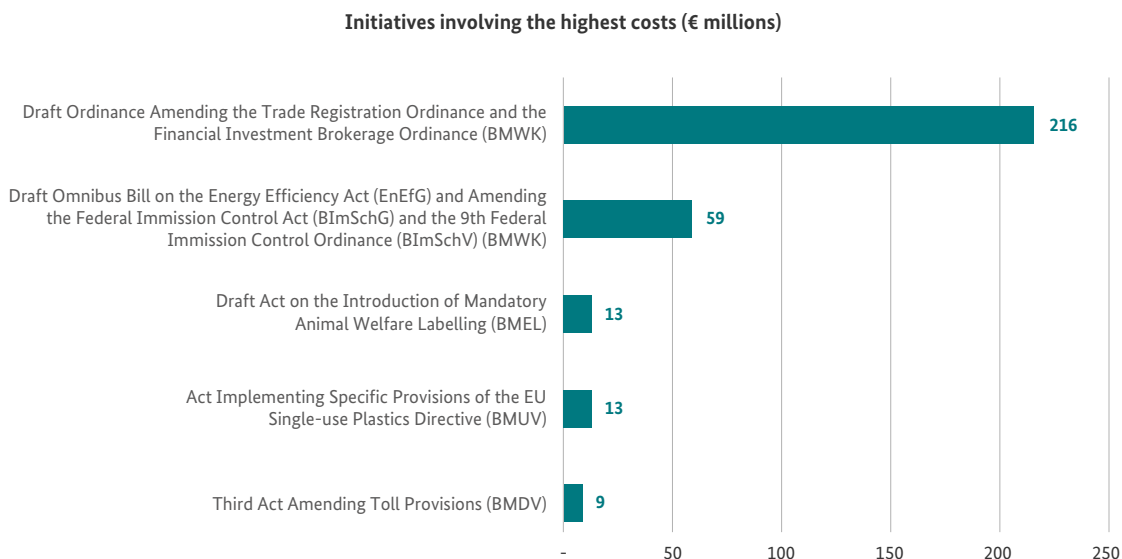


Figure 29: Regulatory initiatives involving the highest annual bureaucracy costs to citizens in the 2022/23 reporting period

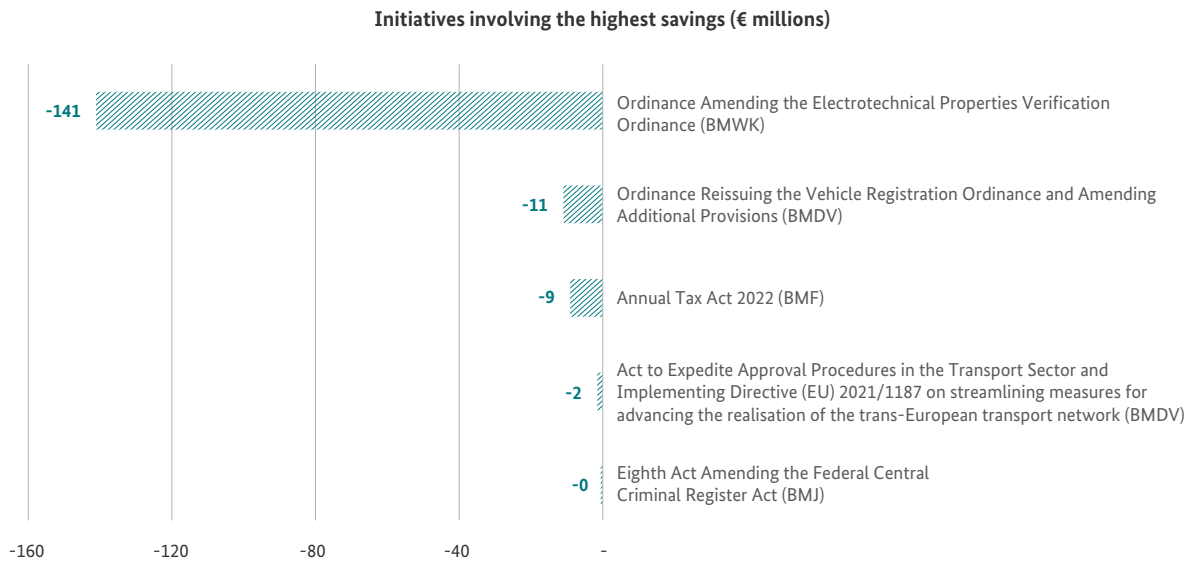


Figure 30: Regulatory initiatives involving the highest annual savings in bureaucracy costs for business in the 2022/23 reporting period

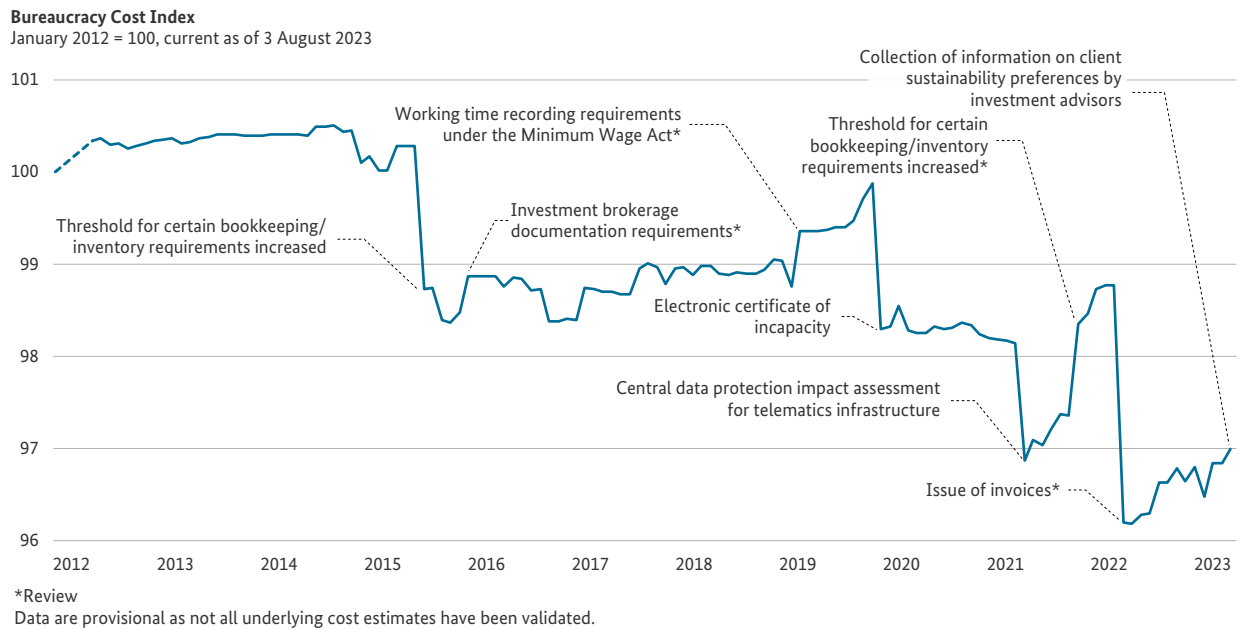


Figure 31: Development of the Bureaucracy Cost Index since the baseline measurement

Development of one-off compliance costs to business

One-off compliance costs to business totalled around 20.2 billion euros in the period under review. This is around eight times the figure for the previous year (2.6 billion euros), and by far the highest one-off compliance costs recorded in a single reporting period since 2011. It even exceeds the total from the entire previous legislative term (11.4 billion euros).

These exceptionally high one-off compliance costs are largely explained by Federal Government measures concerning energy security and efficiency, and the consequences of Russia's attack on Ukraine: around 62% of one-off compliance costs were caused by the amended Buildings Energy Act, which alone triggered one-off costs of 12.5 billion euros. Further one-off compliance costs of 5.5 billion euros were caused by energy conservation measures in the buildings

sector to counter the decline in gas imports from Russian suppliers. The primary culprits were the provisions on the inspection and optimisation of heating systems and the replacement of heating pumps. Further one-off compliance costs of around 1.1 billion euros were caused by energy efficiency requirements aimed at meeting the EU's 2030 climate target (reducing greenhouse gas emissions by at least 55 percent compared to 1990 levels).

Although some of the one-off compliance costs in the reporting period under review were crisis-related, a further 15 billion euros were triggered by other regulation not attributable to the crisis.

Initiatives involving the highest costs (€ millions)

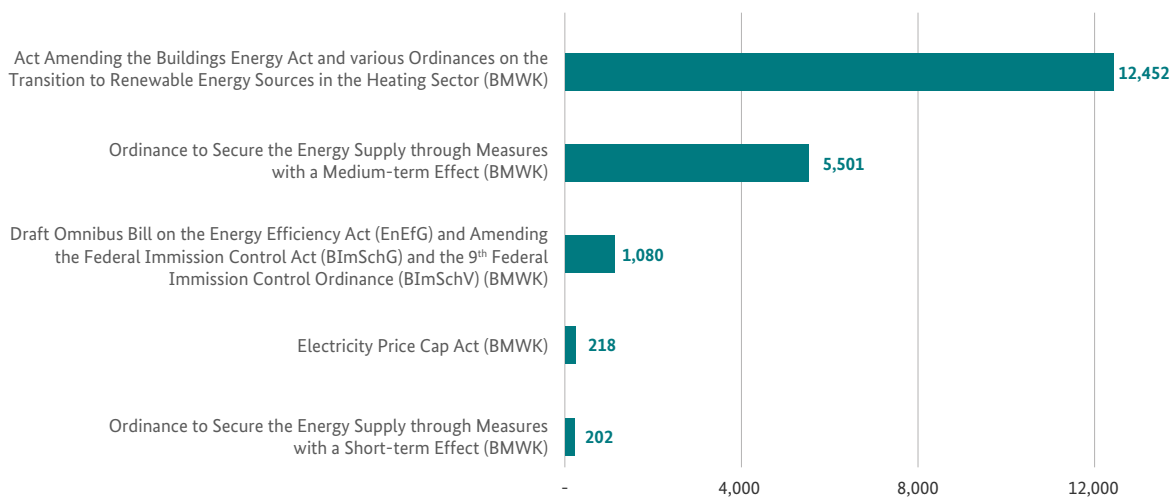


Figure 32: Regulatory initiatives involving the highest one-off costs to citizens in the 2022/23 reporting period

4.2.3 Compliance costs to public administration – authorities under pressure

The reporting period under review brought a net increase in annual compliance costs to public administration of around 790 million euros, bringing the total to around 8.2 billion euros. This marks the second consecutive year in which compliance costs to public administration were not the primary driver of overall compliance costs. Nevertheless, additional annual compliance costs rose significantly compared to the previous year (210 million euros).

Regulatory initiatives with a negative cost impact contributed to a 1.6 billion euros increase in recurring compliance costs. Once again, the amended Buildings Energy Act was the largest contributor to additional recurring compliance costs (around 450 million euros). However, in contrast to the situation for citizens and business, the costs are more evenly distributed over

multiple regulatory initiatives. Other sources of additional compliance costs include in particular the stricter efficiency requirements in connection with the EU's climate target for 2030 (around 340 million euros). Additional recurring compliance costs of around 220 million euros were incurred with the operation of reporting offices in connection with whistleblower protection.

Initiatives with an alleviating effect led to a reduction of around 820 million euros in recurring compliance costs. Over half of these savings (-491 euros) can be attributed to the amended rules for passport, identity card and immigration authorities and other authorities that use passport and identity card data. Under the new rules, security authorities are authorised to automatically transfer data collected from passports or identity cards to a data processing system – yet another example of the cost-cutting potential of digitalising administrative procedures.

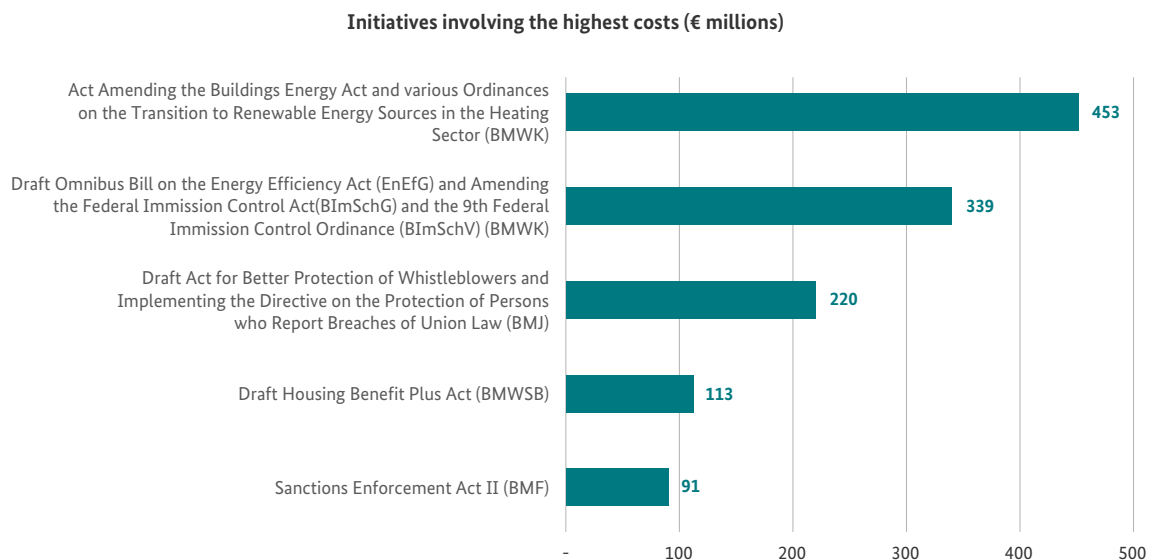


Figure 33: Regulatory initiatives involving the highest annual costs to citizens in the 2022/23 reporting period

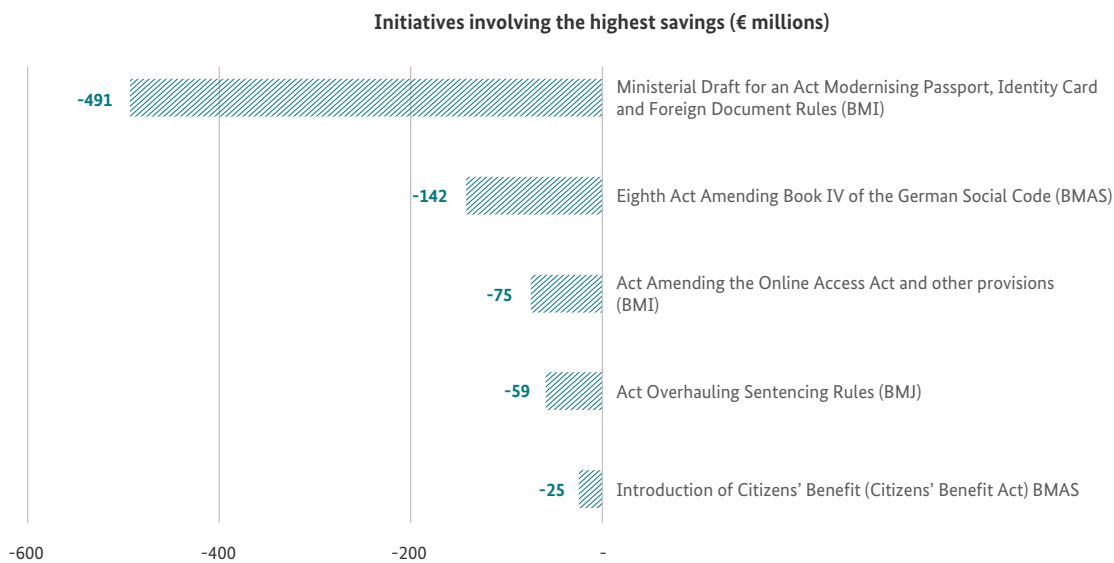


Figure 34: Regulatory initiatives involving the highest annual savings to public administration in the 2022/23 reporting period

At around 3.4 billion euros, one-off costs to public administration were once again significantly higher than in the previous year (around 490 million euros), but still much lower than the peak value of over 10 billion euros in the 2020/21 reporting period. Moreover, one-off costs to public administration were significantly lower than those to business. The reason for this is that while the amendments to the Buildings Energy Act were also the primary source of adjustment costs to public administration, the overwhelming majority of one-off costs caused by the Act were incurred by business. The second-highest source of one-off compliance costs to public

administration was the Act Amending the Online Access Act (almost 700 million euros). However, as this Act is expected to result in recurring savings to all addressee groups, the costs are likely to be recovered in the near future (see in this regard Chapter 3.1).

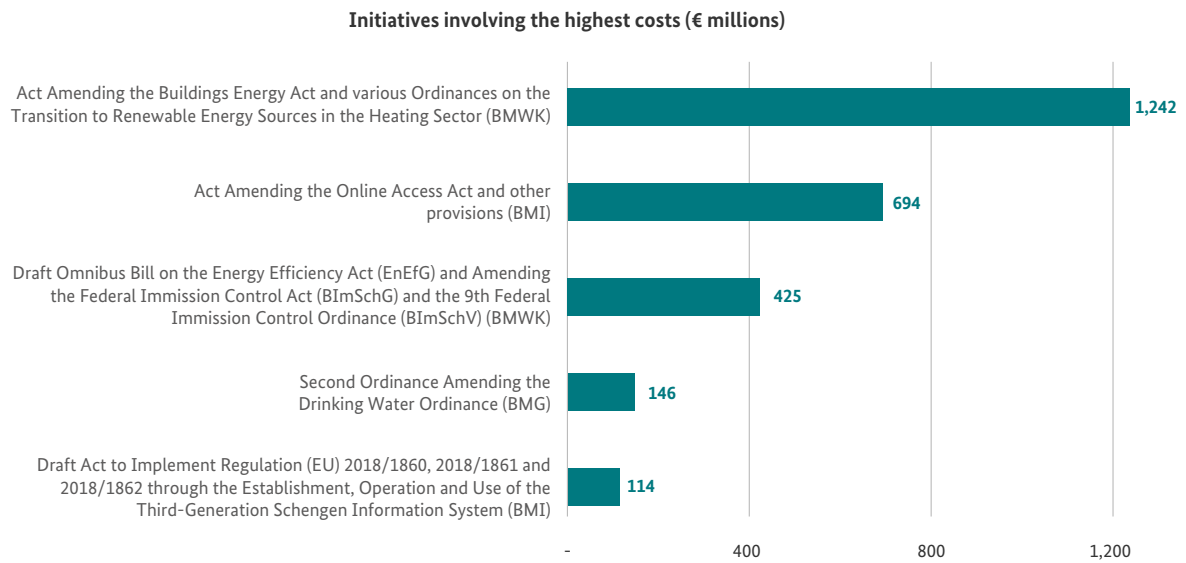


Figure 35: Regulatory initiatives involving the highest one-off costs to public administration in the 2022/23 reporting period

Annex

NKR methodological suggestions for discussion in the State Secretaries' Committee on Better Regulation and Bureaucracy Reduction

The purpose of bureaucracy and compliance cost reporting is to shine a light on the cost implications of new legislation. This is intended to help political decision-makers foresee the potential impact of policy measures and identify opportunities for corrective action to prevent unnecessary or disproportionate costs and bureaucratic burdens. A cost-limiting mechanism introduced in 2015 is the “one in, one out” rule, whereby every new burden must be compensated for by the removal of an existing one. In order to assess how the cost implications of new regulations played out in practice and the extent to which the regulations’ intended effect was actually achieved, there is a general obligation to evaluate regulatory initiatives after a period of three to five years.

The buzzwords “bureaucracy costs”, “compliance costs”, “one in, one out” and “evaluation” embody a host of methodological specifications that are further complemented by additional aspects and requirements of better regulation (e.g. SME test). Years of implementation have given rise to a sophisticated methodological framework and practical conventions, the application of which is associated with not inconsiderable effort on the part of the Federal Ministries. In the NKR’s view, it is important to regularly refine, adjust, and where necessary purge the “methodology of bureaucracy reduction”.

In April 2023, the NKR presented a list of suggestions for further development to the Federal Government. The overarching goal of these suggestions is to improve the methodology of compliance cost accounting and create additional cost reduction incentives, while simultaneously reducing the methodological effort involved.

A substantial portion of the suggestions concern *adjustments to the “one in, one out” rule*:

- ***Include one-off compliance costs to business in the “one in, one out” scheme:*** Although the statistics show a reduction in annual compliance costs to business in recent years, the situation as perceived by enterprises is quite different. This can be attributed to the high one-off costs incurred by businesses, which should be offset under the “one in, one out” scheme. We propose a “depreciation model” whereby 25% of one-off costs incurred throughout the year must be accounted for and offset under ongoing compliance costs.
- ***Include compliance costs to public administration in the “one in, one out” scheme:*** Almost without exception, ongoing compliance costs to public administration have risen in recent years. As a result, experts warn that public authorities are being stretched to their limit. The “one in, one out” scheme should therefore also be applied to public administration, here too with partial consideration of one-off costs.
- ***Include compliance costs to citizens in the “one in, one out” scheme:*** For reasons of consistency, compliance costs to citizens should also be quantified and included in the “one in, one out” scheme – once again taking one-off costs into account.

- **Include regulatory initiatives at EU level in the “one in, one out” scheme:** For the addressee groups concerned, it makes little difference whether compliance costs were caused by domestic legislation or transposition of EU law. In order to realistically portray the actual burden sustained, in future domestic transposition of EU regulations should also be included in the “one in, one out” balance.

In addition to the cost reductions targeted by the adjustments to the “one in, one out” rule, there is also a need to **refine the methodology of compliance cost accounting:**

- **Include time-saving measures in the calculations:** Waiting and processing times do not enter into the calculation of compliance costs, although the celerity of administrative procedures is an important factor. For initiatives that seek to reduce processing times, the expediting effects should be qualitatively described, and the time saved expressed in quantitative terms.
- **Particular focus on compliance costs to small and medium enterprises (SMEs):** SMEs often shoulder a disproportionately high share of the burden arising from new regulations. This should be taken into account in the determination and reporting of compliance and bureaucracy costs by creating separate categories for SMEs and larger companies.
- **Methodological reassessment of minimum wage and comparable cost categories:** Regulatory interventions in price formation should in future be excluded from compliance costs and presented under F. “Additional costs”, as this is already the correct category for effects on price levels under the current methodology. Furthermore, burdens on business are always accompanied by a corresponding immediate benefit to citizens in the exact same amount (see Chapter 1.1).
- **Separate presentation of bureaucracy costs to citizens and public administration:** In order to give bureaucratic burdens – the most pertinent sub-category of compliance costs – their due prominence, bureaucracy costs to citizens and public administration should also be published alongside bureaucracy costs to business.
- **Reporting of information costs incurred as a result of familiarisation with new legislative initiatives:** In future, the cost of familiarisation with new legislation should be recorded under compliance costs. This will provide an incentive to devote particular attention to the comprehensibility of regulations, plan accompanying information measures and avoid frequent amendments.

Determining cost implications is in some cases associated with disproportionate effort on the part of the Federal Ministries. At the same time, it is partially incompatible with the goal of cost reduction. With a view to reducing the effort expended with estimating cost implications by the Federal Ministries while potentially boosting effectiveness, the NKR submitted the following proposals:

- **Put E-Legislation into effect and expand its functions as a support tool:** E-Legislation can help simplify the process of presenting regulatory impacts, and should finally be adopted as a generally binding and established platform for the creation and discussion of legislative drafts by the Federal Government (see in this regard Chapter 1.4).
- **Tabular overview of minor costs:** For requirements resulting in low costs, a tabular overview should be sufficient in future, allowing a greater focus on the primary cost drivers.
- **More widespread use of simplified procedures (automated calculation of compliance costs):** For requirements resulting in low costs, the simplified procedure (page 61 of the Compliance Cost Guidelines) should be used and the use of AI should be pursued.

With a view to **improving the quality and transparency of ex-post evaluations**, the NKR has made the following recommendations to the Federal Government:

- **Quality assurance procedure for internal evaluation reports:** Although the evaluation of legislative initiatives is mandatory, the manner in which this requirement is fulfilled in practice varies. There is a need for greater methodological uniformity and more effective quality assurance conducted by a dedicated unit.
- **Online platform for evaluation reports:** To ensure transparency and availability of evaluation results, an online platform for evaluation reports should be created.
- **Higher threshold for evaluations:** In order to allow the ministries to focus on the most relevant initiatives and thereby increase the quality of individual evaluations, the threshold above which evaluations are required should be raised to 5 million euros.

Expert reports commissioned by the NKR to date

Date	Report title (Translator's note: Where published English translations exist, only the English title is given. For reports not translated into English, an explanatory translation of the German title is provided in brackets).
04/2013	Quantifying the benefits of regulatory proposals. International practice
10/2013	Expert report on the implementation of ex-post evaluations – Good practice and experience in other countries
2014	OECD Regulatory Compliance Cost Assessment Guidance
02/2015	Implementation-oriented legislation: How can the EU, the Federal Government, the Federal States and municipalities determine the follow-up costs of legal requirements better?
11/2015	<i>E-Government in Deutschland: Vom Abstieg zum Aufstieg</i> (E-Government in Germany: From Decline to Ascent)
06/2016	E-Government in Germany: Pathway to Success – A Work Programme
10/2017	<i>Mehr Leistung für Bürger und Unternehmen: Verwaltung digitalisieren. Register modernisieren.</i> (Better Performance for Citizens and Businesses: Digital Administration. Modern Registries.)
04/2019	Opportunities for speeding up administrative court proceedings pertaining to projects for the construction of infrastructure facilities and industrial installations
10/2019	Content First, Legal Text Second. Designing Effective and Practicable Legislation
06/2021	Digital Public Service Provision Needs Digitally Compatible Law – The Modular Concept of Income
06/2021	<i>Das Servicehandbuch – Wegweiser für die Digitalisierung von Verwaltungsleistungen</i> (The Digital Service Manual – Guide to the Digitalisation of Administrative Services)



Scan QR code

[Link to previous expert reports](#)

Selected NKR events in the reporting period

Date	Event	NKR represented by
05/07/2022	Presentation in the Working Group on Legal Affairs of the CDU/CSU parliamentary group	Goebel
07/07/2022	Meeting with Klaus-Peter Willsch, Member of the German Bundestag and spokesperson for bureaucracy reduction for the CDU/CSU parliamentary group	Goebel
07/07/2022	Meeting with Sonja Eichwede, Member of the German Bundestag and legal policy spokesperson for the SPD parliamentary group	Goebel
07/07/2022	Meeting with Dr Hendrik Hoppenstedt, Member of the German Bundestag and chair of the CDU/CSU parliamentary group	Goebel
08/07/2022	Meeting with Klara Geywitz, Federal Minister for Housing, Urban Development and Building	Goebel, Grieser
13/07/2022	Meeting with Reinhard Houben, Member of the German Bundestag and economic policy spokesperson for the FDP parliamentary group	Goebel
13/07/2022	Meeting with Dr Marco Buschmann, Federal Minister of Justice, and Dr Angelika Schlunck, State Secretary at the Federal Ministry of Justice	Goebel
20/07/2022	Meeting with Thomas Fischer, Director-General for Fundamental Issues at the German Trade Union Federation (DGB)	Goebel
22/08/2022	Meeting with Thomas Heilmann, Member of the German Bundestag and ordinary member of the Committee on Climate and Energy of the CDU/CSU parliamentary group, specialising in digitalisation and modernisation of public administration	Goebel
22/08/2022	Meeting with Dr Markus Richter, State Secretary at the Federal Ministry of the Interior and Community, Federal Government CIO and chairman of the IT Planning Council	Goebel, Spitz
31/08/2022	Meeting with Sven Giegold, State Secretary at the Federal Ministry for Economic Affairs and Climate Action (BMWK)	Goebel
05/09/2022	Meeting with Alexander Handschuh, Head of Digitalisation at the Association of German Cities and Municipalities (DStGB)	Goebel
07/09/2022	Meeting with Siegfried Russwurm, President of the Federation of German Industries (BDI)	Goebel, Duin
20/09/2022	Meeting with Dr Carsten Pillath, State Secretary for European Policy and International Financial Policy at the Federal Ministry of Finance (BMF)	Goebel
21/09/2022	Participation in the launch meeting of the Research and Innovation Advisory Council on Register Modernisation	Spitz
21/09/2022	Participation in the Working Group on Modernisation of the Administrative System of the Federation of German Industries (BDI)	Störr-Ritter
27/09/2022	Participation in the event “Modern State” held by the Joint Committee of German Associations in Trade and Industry	Störr-Ritter
27/09/2022	Meeting with the chair of the German Dental Association	Wicklein
06/10/2022	Participation in the “Partnership Germany” project presentation	Spitz
11/10/2022	Meeting with Prof. Meyer-Falcke, North Rhine-Westphalia CIO	Goebel

Date	Event	NKR represented by
12/10/2022	Meeting with Dr Florian Stegmann, Minister of State of Baden-Württemberg	Müller
12/10/2022	Meeting with Philipp Amthor, Member of the German Bundestag and spokesperson for State Organisation and Modernisation of the State for the CDU/CSU parliamentary group; participation in the “State Reform” working group	Goebel
17/10/2022	Meeting with Steffi Lemke, Federal Minister for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection	Spitz
18/10/2022	Meeting with Dr Stefan Heumann, Director of Stiftung Neue Verantwortung	Goebel
18/10/2022	Meeting with Günther Oettinger, former member of the European Commission and former Minister-President of Baden Württemberg	Goebel
21/10/2022	Participation in the working group “Digital Transformation in Human Resources” of the Arbeitsgemeinschaft für wirtschaftliche Verwaltung e.V. (AWV)	Störr-Ritter
24/10/2022	Meeting with Prof. Edgar Franke, Member of the German Bundestag and Parliamentary State Secretary at the Federal Ministry of Health (BMG)	Wicklein
02/11/2022	Meeting with Dr Martin Wansleben, executive director of the Association of German Chambers of Industry and Commerce (DIHK) and Dr Rainer Kambeck, head of the DIHK Economics Division	Goebel
02/11/2022	Meeting with Prof. Lars-Hendrik Röller, Prof. of Economics at the European School of Management and Technology	Goebel
02/11/2022	Meeting with Prof. Marcel Fratzscher, President of the German Institute for Economic Research (DIW Berlin)	Goebel
07/11/2022	Participation in the University of Potsdam panel discussion: Digitalisierung „unter“ Dinosauriern? <i>Der Verwaltungsdigitalisierung in Deutschland und der Schweiz auf der Spur.</i>	Kuhlmann
07/11/2022	Meeting with Dr Angelika Schlunck, State Secretary at the Federal Ministry of Justice (BMJ)	Goebel
08/11/2022	Participation in the closing balance of the Baden-Württemberg Regulatory Control Council	Grieser
09/11/2022	Participation in the Schöneberger Forum of the German Trade Union Confederation (DGB)	Kuhlmann
14/11/2022	Meeting with Sandra Schubert, director of the Lower Saxony clearing agency	Ihnen
15/11/2022	Presentation to the DATABUND Forum	Spitz
15/11/2022	Meeting with Dr Florian Stegmann, Minister of State of Baden-Württemberg	Müller
18 to 29/11/2022	Working trip to Taiwan/Japan on topics including digitalisation of the public administration	Spitz
21/11/2022	Participation in the IIAS Conference	Duin
22/11/2022	Meeting with Regina T. Riphahn, Vice President of the German National Academy of Sciences Leopoldina	Goebel
22/11/2022	Meeting with Cem Özdemir, Federal Minister for Food and Agriculture	Goebel, Störr-Ritter
29/11/2022	Participation in the Frankfurt Regulatory Conference	Goebel

Date	Event	NKR represented by
30/11/2022	Meeting with Dr Robert Habeck, Minister of Economic Affairs and Climate Action	Goebel, Duin
30/11/2022	Meeting with Johann Saathoff, Member of the German Bundestag and Parliamentary State Secretary at the Federal Ministry of the Interior and Community (BMI)	Goebel, Spitz
05/12/2022	Meeting with Dr Giesela Meister-Scheufelen, chair of the Baden-Württemberg Regulatory Control Council	Goebel, Müller
06/12/2022	Meeting with Benjamin Strasser, Parliamentary State Secretary at the Federal Ministry of Justice (BMJ)	Goebel
07/12/2022	Participation in the RegWatchEurope workshop and board meeting in Prague	Goebel, Kuhlmann
08/12/2022	Meeting with Dr Angelika Schlunck, State Secretary at the Federal Ministry of Justice (BMJ)	Goebel
09/12/2022	Meeting with Dr Kerstin Andreae, chair of the Executive Board of the German Energy and Water Association (Bundesverband der Energie- und Wasserwirtschaft e.V., BDEW)	Grieser
13/12/2022	Meeting with Dr Marco Buschmann, Federal Minister of Justice	All
13/12/2022	Handover of the NKR Annual Report to Dr Marco Buschmann, Federal Minister of Justice	All
15/12/2022	Meeting with Vanessa Albowitz, head of the Bureaucracy Reduction Unit at the Lower Saxony Ministry of Economic Affairs, Transport, Building and Digitalisation	Ihnen
16/12/2022	Meeting with Prof. Rainer Kirchdörfer, chair of the Foundation for Family Businesses	Goebel
11/01/2023	Meeting with Gundula Roßbach, President of DRV Bund (German Pension Insurance)	Göhner
20/01/2023	Meeting with Michael Gremminger, Regulatory Scrutiny Board of the European Commission in Brussels	Goebel, Duin
23/01/2023	Meeting with Katja Hessel, Member of the German Bundestag and Parliamentary State Secretary at the Federal Ministry of Finance (BMF)	Ihnen
25/01/2023	Presentation to the Mechanical Engineering Industry Association (VDMA)	Goebel
31/01/2023	Meeting with Dr Martin Schlotter, head of office at the Regulatory Control Council in Bavaria	Kuhlmann
02/02/2023	Meeting with Dr Angelika Schlunck, State Secretary at the Federal Ministry of Justice (BMJ)	Goebel
07/02/2023	Meeting with Dr Florian Stegmann, Minister of State of Baden-Württemberg	Goebel
09/02/2023	Meeting with Bettina Stark-Watzinger, Federal Minister of Education and Research	Goebel, Duin
10/02/2023	Meeting with Astrid Hamker, President of the Economic Council of the CDU	Goebel
10/02/2023	Meeting with Jens Spahn, Member of the German Bundestag and deputy chair of the CDU/CSU parliamentary group	Goebel
14/02/2023	Meeting with Dr Ralf Resch and Dr Rolf Beyer, VITAKO	Spitz

Date	Event	NKR represented by
23/02/2023	Meeting with Prof. Stefan Zahradnik, chair of the Regulatory Control Council in Thuringia	Goebel
23/02/2023	Meeting with Dr Angelika Schlunck, State Secretary at the Federal Ministry of Justice (BMJ)	Goebel
27/02/2023	Presentation to the SME Advisory Board of the Federal Ministry for Economic Affairs and Climate Action (BMWK) on the topic of bureaucracy reduction and better regulation	Störr-Ritter
01/03/2023	Discussion with the National Association of Statutory Health Insurance Physicians (Kassenärztlichen Bundesvereinigung, KBV) on the Bureaucracy Reduction Act at the Federal Ministry of Health (BMG)	Wicklein
06/03/2023	Meeting with Oliver Zander, New Social Market Economy Initiative (<i>Initiative Neue Soziale Marktwirtschaft</i> , INSM)	Goebel
07/03/2023	Presentation on the NKR at Lions Club Düsseldorf and subsequent discussion	Goebel
10/03/2023	Participation in the public hearing of the study commission "Crisis-proof society"	Kuhlmann
14/03/2023	Meeting with Boris Velter, Director-General at the Federal Ministry of Health (BMG)	Wicklein
15/03/2023	Meeting with Nadine Schön, deputy chair of the CDU/CSU parliamentary group	Goebel
15/03/2023	Meeting with Hubertus Heil, Federal Minister of Labour and Social Affairs	Goebel, Göhner
16/03/2023	Meeting with Dr Jochen Steinhilber, Director-General at the Federal Ministry for Economic Cooperation and Development (BMZ)	Müller
20/03/2023	Meeting with Lars Feld, Professor of Economic Policy at the University of Freiburg and Director of the Walter Eucken Institute	Goebel
23/03/2023	Meeting with Ralph Brinkhaus, Member of the German Bundestag, CDU/CSU parliamentary group	Kuhlmann
23/03/2023	Meeting with Dirk Meyer, Director-General at the Federal Ministry for Economic Cooperation and Development (BMZ)	Müller
29/03/2023	Meeting with Jens Spahn, Member of the German Bundestag and deputy chair of the CDU/CSU parliamentary group	Göhner
29/03/2023	Meeting with Tabea Rößner, Alliance 90/The Greens, chair of the Bundestag Committee on Digital Affairs	Goebel, Müller, Spitz
30/03/2023	Meeting with Jens Spahn, Member of the German Bundestag and deputy chair of the CDU/CSU parliamentary group	Duin
30/03/2023	Meeting with Dagmar Schmidt, Member of the German Bundestag and deputy chair of the SPD parliamentary group	Wicklein
30/03/2023	Meeting with Heike Baehrens, Member of the German Bundestag and health policy spokesperson for the SPD parliamentary group	Wicklein
30/03/2023	Presentation to the New Social Market Economy Initiative	Goebel
31/03/2023	Meeting with Benjamin Mikfeld, Director-General at the Federal Chancellery	Kuhlmann
03/04/2023	Presentation to the Leipzig Legal Society on the NKR	Dr Göhner
25/04/2023	Presentation at the "Digital State" congress held by Behörden Spiegel	Goebel
25/04/2023	Meeting with Julia Reuss, META	Goebel

Date	Event	NKR represented by
25/04/2023	Meeting with Susanne Baumann, State Secretary at the Federal Foreign Office	Goebel, Müller
28/04/2023	Meeting with Dr Ruth Brand, President of the Federal Statistical Office (Destasis)	Goebel
03/05/2023	Participation in an event held by the German Civil Service Federation (DBB) on the Online Access Act	Spitz
03/05/2023		Spitz
09/05/2023		Spitz
09/05/2023	Meeting with Prof. Achim Wambach, President of the Leibniz Centre for European Economic Research	Goebel
16/05/2023	Meeting with Dr Kerstin Andreae, Chair of the Executive Board of the German Energy and Water Association (<i>Bundesverband der Energie- und Wasserwirtschaft e.V.</i> , BDEW)	Goebel
22/05/2023	Participation in the RegWatchEurope meeting in Brussels with Vice-President Šefčovič	Müller
24/05/2023	Meeting with Benjamin Strasser, Member of the German Bundestag and Parliamentary State Secretary at the Federal Ministry of Justice	Ihnen
25/05/2023	Meeting with Walter Nussel, Commissioner for Bureaucracy Reduction of the Bavarian State Government and Chair of the Regulatory Control Council in Bavaria	Kuhlmann
31/05/2023	Meeting with Leonie Gebers, State Secretary at the Federal Ministry of Labour and Social Affairs (BMAS)	Göhner
31/05/2023	Participation in the RSB Conference on Regulatory Scrutiny in Brussels	Goebel
05/06/2023	Meeting with Dr Rolf Bösing, State Secretary at the Federal Ministry of Housing, Urban Development and Building (BMWSB) and Sören Bartol, Member of the German Bundestag and Parliamentary State Secretary at the same Ministry	Goebel, Grieser
05/06/2023	Participation in the re-publica meetup self-help group on digitalisation of the public administration	Spitz
08/06/2023	Participation in the RegWatchEurope Board Meeting	Goebel
13/06/2023	Meeting with the Working Group on Digital Affairs of the CDU/CSU parliamentary group	Goebel
13/06/2023	Meeting with Prof. Stephan Breidenbach, SPRIND	Goebel
19/06/2023	Meeting with the Innovation Advisory Council on Register Modernisation	Spitz
22/06/2023	Participation in the panel discussion on the occasion of the 50th anniversary of the district of Breisgau-Hochschwarzwald	Kuhlmann, Störr-Ritter
28/06/2023	Meeting with Hermann Gröhe, Member of the German Bundestag and deputy chair of the CDU/CSU parliamentary group	Goebel
28/06/2023	Meeting with Dr Marco Buschmann, Federal Minister of Justice	Goebel, Müller
28/06/2023	Meeting with Dr Volker Wissing, Federal Minister for Digital and Transport	Goebel, Grieser
29/06/2023	Meeting with Thomas de Maizière on the topic of Modernisation of the State	Goebel, Kuhlmann, Störr-Ritter

Evaluation of regulatory initiatives

Year	Federal Ministry	Regulatory initiative
2023	BMAS (Labour and Social Affairs)	Second Ordinance Amending the Occupational Health Care Ordinance
2023	BMF (Finance)	Act on Risk Reduction and Proportionality in the Banking Sector
2023	BMWK (Economic Affairs and Climate Action)	Act Implementing Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution
2023	BMI (Interior and Community)	Act to Increase the Security of Information Technology Systems
2023	BMI (Interior and Community)	Act Reforming the Microcensus and Amending other Statistics Legislation
2023	BMI (Interior and Community)	Act Strengthening Data Protection and the Central Agency Role in the Act on the Bundeskriminalamt and Cooperation between Federal and State Authorities in Criminal Police Matters
2023	BMJ (Justice)	Ordinance on the Electronic Register of Protective Pleadings
2023	BMAS (Labour and Social Affairs)	Ordinance on Job-Related German Language Training
2023	BMWK (Economic Affairs and Climate Action)	Act Amending the E-Government Act and Introducing the Act on the Use of Open Data
2023	BMWK (Economic Affairs and Climate Action)	Ordinance Amending the Real Estate Agent and Property Developer Ordinance
2023	BMWK (Economic Affairs and Climate Action)	Act Introducing a Professional Licensing Regulation for Commercial Real Estate Agents and Residential Property Managers
2023	BMWK (Economic Affairs and Climate Action)	Gas Price Adjustment Ordinance pursuant to section 26 of the Energy Security Act
2023	BMVG (Defence)	Act to Increase the Long-Term Operational Readiness of the Federal Armed Forces
2023	BMDV (Digital and Transport)	Act Amending National Provisions in line with Commission Implementing Regulation (EU) 2019/947 of 24 May 2019 on the rules and procedures for the operation of unmanned aircraft
2023	BMG (Health)	Act on Fair Competition in the Statutory Health Insurance System
2023	BMJ (Justice)	Act on the Introduction of a Model Declaratory Action
2023	BMWK (Economic Affairs and Climate Action)	Sixth Act Amending the Telecommunications Act
2023	BMWK (Economic Affairs and Climate Action)	Act on the Digitalisation of the Energy Transition
2023	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	Eighth Ordinance Amending the Waste Water Ordinance
2023	BMJ (Justice)	Act to Counter Cost Traps
2023	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	Ordinance on the Management of Commercial Municipal Waste and of Certain Types of Construction and Demolition Waste
2023	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	Act on the Putting into Circulation, Return and High-quality Recovery of Packaging
2023	BMDV (Digital and Transport)	Thirteenth Ordinance Enacting and Amending Railway Provisions

Year	Federal Ministry	Regulatory initiative
2023	BMDV (Digital and Transport)	Ordinance on the Participation of Personal Light Electric Vehicles in Road Traffic and Amending Other Road Traffic Provisions
2023	BMF (Finance)	Ordinance on Product Information Documents and Other Information Requirements for Certified Retirement and Basic Pension Contracts under the Act Governing the Certification of Contracts for Retirement Provision
2023	BMEL (Food and Agriculture)	Ordinance Amending the Avian Influenza Ordinance
2023	BMEL (Food and Agriculture)	Second Ordinance Amending the Ordinance on Veterinary Dispensaries
2023	BMI (Interior and Community)	Act to Improve Registration and Data Exchange for Residence and Asylum Law Purposes
2023	BMWK (Economic Affairs and Climate Action)	Tenth Act Amending the Act against Restraints of Competition and creating a Focused, Proactive and Digital Competition Law 4.0
2023	BMAS (Labour and Social Affairs)	Act to Further Develop Part-Time Work Regulations - Introduction of Bridge Part-Time Working
2023	BMF (Finance)	Act and Technical Ordinance on Preventing the Manipulation of Digital Primary Records
2023	BMFSFJ (Family Affairs, Senior Citizens, Women and Youth)	Act to Supplement and Amend the Regulations concerning the Equal Participation of Women in Executive Positions in the Private and Public Sectors
2023	BMF (Finance)	Act Modernising the Taxation Process
2023	BMAS (Labour and Social Affairs)	Act to Increase Transparency in Pension Insurance and Rehabilitation and to Modernise Social Security Elections
2023	BMAS (Labour and Social Affairs)	Act to Improve Enforcement in Occupational Safety
2023	BMF (Finance)	Ordinance on Reporting Requirements in the Real Estate Sector Pursuant to the Money Laundering Act
2023	BMAS (Labour and Social Affairs)	Act to Introduce Subcontractor Liability in the Courier, Express and Parcel Industry for the Protection of Employees
2023	BMG (Health)	Ordinance Revising the Data Transparency Ordinance and Amending the Data Transparency Fee Ordinance
2023	BMWK (Economic Affairs and Climate Action)	Act to Reduce and End Coal-Fired Power Generation and to Amend Other Acts
2023	BMI (Interior and Community)	Act to Increase Housing Benefit
2023	BMF (Finance)	Crypto-Asset Transfer Ordinance
2023	BMJ (Justice)	Ordinance on the Levy of Contributions to the State Guarantee under the Travel Guarantee Fund Act
2023	BMJ (Justice)	Act on the Further Implementation of the Transparency Directive Amending Directive with Regard to a Uniform Electronic Format for Annual Financial Reports
2024	BMI (Interior and Community)	Ordinance on Advancement to the Higher Federal Non-Technical Administrative Service via the Master's Programme "Intelligence and Security Studies" at the Universität der Bundeswehr Munich and the Federal University of Applied Administrative Sciences
2024	BMAS (Labour and Social Affairs)	Act to Strengthen the Participation and Self-determination of Persons with Disabilities

Year	Federal Ministry	Regulatory initiative
2024	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	Fourth Amendment to the Federal Nature Conservation Act and the Federal Immission Control Act
2024	BMDV (Digital and Transport)	Fifth Act Amending the German Federal Trunk Road Toll Act
2024	BMI (Interior and Community)	Second Act Amending the Act on the Establishment of a Federal Agency for Digital Radio in Security Authorities and Organisations
2024	BMI (Interior and Community)	First Ordinance Amending the Critical Infrastructure Ordinance
2024	BMAS (Labour and Social Affairs)	Act to Further Develop Part-Time Work Regulations
2024	BMF (Finance)	Act to Prevent Sales Tax Losses from Goods Traded Online and Amending Additional Tax Provisions
2024	BMDV (Digital and Transport)	Act Implementing the Convention on Collection, Discharge and Reception of Waste arising from Rhine and Inland Navigation of 9 September 1996
2024	BMF (Finance)	Ordinance on the Content of Audit Reports on the Annual Accounts and Solvency Statements of Insurance Companies
2024	BMWK (Economic Affairs and Climate Action)	Ordinance on Compensation for Duplicate Accounting of Fuel Emissions
2024	BMWK (Economic Affairs and Climate Action)	Third Act to Reduce Bureaucracy for SMEs in Particular
2024	BMI (Interior and Community)	Act to Further Develop the Central Register of Foreigners
2024	BMEL (Food and Agriculture)	Act Amending the Animal Welfare Act / Animal Welfare Inspections on Animal Carcasses
2024	BMWK (Economic Affairs and Climate Action)	Act on the State Geological Survey and on the Transmission, Safeguarding and Public Provision of Geological Data
2024	BMF (Finance)	Sanctions Enforcement Act II
2024	BMDV (Digital and Transport)	Act to Implement Directive 2016/2370/EU of 14 December 2016 amending Directive 2012/34/EU on the opening of the market for domestic passenger rail services
2024	BMDV (Digital and Transport)	Ordinance on the Licensing and Operation of Motor Vehicles with Autonomous Driving Functions in Specified Operating Areas
2024	BMEL (Food and Agriculture)	Fifth Ordinance Amending the Ordinance on Plant Protection Products
2024	BMI (Interior and Community)	Second Act to Improve the Enforcement of the Obligation to Leave the Country
2024	BMF (Finance)	Ordinance on Enhanced Due Diligence Requirements for Crypto-Asset Transfers
2024	BMF (Finance)	Act Reforming Electricity Tax Exemptions and Amending Energy Tax Provisions
2024	BMI (Interior and Community)	Fourth Act Amending the Nationality Act and Other Acts
2024	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	Carbon Leakage Ordinance
2024	BMVG (Defence)	Ordinance on the Assignment of Duties and Powers to Persons under Private Law pursuant to section 30a of the Civil Aviation Act
2024	BMG (Health)	Act to Reform the Care Professions

Year	Federal Ministry	Regulatory initiative
2024	BMF (Finance)	Act on Tax Incentives for the Construction of New Rental Housing
2024	BMFSFJ (Family Affairs, Senior Citizens, Women and Youth)	Act to Strengthen the Rights of Children and Young People
2024	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	Act on Further Development of the Greenhouse Gas Reduction Quota
2024	BMJ (Justice)	Act Introducing a Storage Obligation and a Maximum Storage Period for Traffic Data
2024	BMEL (Food and Agriculture)	Act to Amend Hunting Provisions and the Federal Forest Act
2024	BMAS (Labour and Social Affairs)	Act to Promote Works Council Elections and Works Council Activities in a Digital Working World
2024	BMI (Interior and Community)	Act to Reduce the Burden of Heating Costs in Housing Benefit in the Context of Carbon Pricing
2024	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	Ordinance on the "Borkum Riffgrund" Nature Reserve
2024	BMF (Finance)	Act on the European Interconnection of Transparency Registers and Implementing Directive (EU) 2019/1153 of the European Parliament and the Council on the use of financial information to combat money laundering
2024	BMJ (Justice)	Act on the Sharing of Brokerage Fees for the Sale of Apartments and Single-Family Dwellings
2024	BMF (Finance)	Act to Restructure the Customs Investigation Service Act
2024	BMG (Health)	Act to Improve Security of Supply in the Pharmaceutical Sector
2024	BMBF (Education and Research)	Act to Modernise and Strengthen Vocational Education
2024	BMG (Health)	Act to Reform Psychotherapist Training
2024	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	General Administrative Provision on the Determination of Exposure of Members of the Public as a result of Activities Subject to Approval or Reporting
2024	BMF (Finance)	Act on Further Tax Incentives for Electromobility and Amending Additional Tax Provisions
2024	BMI (Interior and Community)	Act on the Preparation of a Register-based Census and Amending Provisions of Statistics Legislation
2024	BMUV (Environment, Nature Conservation, Nuclear Safety and Consumer Protection)	Act to Modernise Environmental Impact Assessment Law
2024	BMWK (Economic Affairs and Climate Action)	Fourth Act Amending the Crafts Code and Other Provisions Regulating Crafts and Trades
2024	BMBF (Education and Research)	Statutory instrument pursuant to section 14 (1) of the Act on Tax Incentives for Research and Development
2024	BMWK (Economic Affairs and Climate Action)	Act to Standardise Regulations on Energy Conservation in Buildings
2024	BMJ (Justice)	Act to Combat Right-Wing Extremism and Hate Crime
2024	BMF (Finance)	Act on Tax Incentives for Research and Development

Overview of NKR members during previous terms

Members of the National Regulatory Control Council (1st term, 2006–2011)

Dr Ludewig, Johannes (chair)
 Catenhusen, Wolf-Michael (deputy chair)
 Bachmaier, Hermann
 Dr Barbier, Hans D. (until February 2010)
 Prof. Färber, Gisela
 Funke, Rainer (from February 2010)
 Kreibohm, Henning
 Dr Schoser, Franz (from December 2006)
 Prof. Snower, Dennis J. (until December 2006)
 Prof. Wittmann, Johann

Enlargement of the Council to 10 Members (March 2011):

Lechner, Sebastian
 Prof. Verstejl, Andrea

Members of the National Regulatory Control Council (2nd term, 2011–2016)

Dr Ludewig, Johannes (chair)
 Catenhusen, Wolf-Michael (deputy chair)
 Dr Dückert, Thea
 Funke, Rainer (until September 2016)
 Grieser, Gudrun
 Hahlen, Johann (March 2013 to September 2016)
 Prof. Kuhlmann, Sabine
 Lechner, Sebastian (until March 2013)
 Schleyer, Hanns-Eberhard
 Störr-Ritter, Dorothea
 Prof. Dr. Verstejl, Andrea

Members of the National Regulatory Control Council (3rd term, 2016–2021)

Dr Ludewig, Johannes (chair)
 Prof. Kuhlmann, Sabine (deputy chair)
 Catenhusen, Wolf-Michael (until April 2019)
 Dr Dückert, Thea
 Grieser, Gudrun
 Dr Holtschneider, Rainer (from September 2016)
 Schleyer, Hanns-Eberhard
 Störr-Ritter, Dorothea
 Prof. Verstejl, Andrea
 Prof. Cornelia Mayer-Bonde (from September 2016)
 Wicklein, Andrea (from September 2019)

Members of the National Regulatory Control Council (4th term, 2022–2027)

Goebel, Lutz (chair)
Prof. Kuhlmann, Sabine (deputy chair)
Duin, Garrelt
Grieser, Gudrun
Dr Göhner, Reinhard
Innen, Ulla
Müller, Kerstin
Spitz, Malte
Störr-Ritter, Dorothea
Wicklein, Andrea

Heads of the Secretariat of the National Regulatory Control Council:

Henter, Alwin (1st term)
Dr Böllhoff, Dominik (2nd term)
Spengler, Florian (3rd term)
Kühn, Hannes (4th term)

Ministers of State for Bureaucracy Reduction in the Federal Chancellery since 2005:

Minister of State Hildegard Müller, November 2005 to September 2008
State Secretary Hans Bernhard Beus, October 2006 to December 2007, deputy for Minister of State Müller
Minister of State Hermann Gröhe, October 2008 to October 2009
Minister of State Eckardt von Klaeden, October 2009 to September 2013
Minister of State Prof. Helge Braun, December 2013 to March 2018
Minister of State Dr Hendrik Hoppenstedt, since March 2018

Federal Government Coordinator for Better Regulation and Bureaucracy Reduction since 2022:

Benjamin Strasser, Member of the German Bundestag and Parliamentary State Secretary to the Federal Minister of Justice

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