

The Federal Government Initiative to Reduce Bureaucracy – Strategy and Measures –

Reducing bureaucracy is one of the Federal Government's declared objectives. The Cabinet adopted the initial key points and measures on 26 February 2003 in order to foster innovation and investment by reducing bureaucratic requirements.

The overall approach to reducing bureaucracy chosen by the Federal Government is based on the following principles:

- concentration on a few crucial areas of activity;
- targeted and noticeable reduction of burdens for as many citizens and businesses as possible;
- use of the latest technology to simplify operating procedures.

In this approach, reducing bureaucracy is regarded as an ongoing process requiring constant support.

Increasing Germany's competitiveness as a place to do business

The Federal Government regards the task of making Germany more attractive to domestic and foreign investors as one of its central responsibilities. Measures for reducing bureaucracy must have an effect above all in areas that foster competitiveness of Germany as a business location, which contributes to economic growth and job creation.

Targeted and noticeable reduction of burdens on citizens

Further, the Federal Government is striving to reduce bureaucratic burdens on citizens by doing away with time-consuming and unnecessary administrative obligations. This adds to the quality of life and leads to more satisfied citizens as well

as improves service and the public administration's image at home and abroad, which also makes Germany a more attractive place to do business.

Five strategic areas of action

With these considerations in mind, the Federal Government's initiative for reducing bureaucracy concentrates on five strategic areas of action that are especially important for improving Germany's attractiveness to investors and relieving citizens of bureaucratic burdens:

- Unemployment is Germany's central problem. All those in a position of responsibility must do their utmost to make it easier to start businesses and create jobs. Beyond the measures the Federal Government has already taken, identifying and removing possible bureaucratic barriers in the labour market and to self-employment remain crucial.
- Small businesses produce more than 40% of all taxable revenue and provide nearly 70% of all jobs and 80% of apprenticeships and trainee positions. Small businesses are the engine for growth and employment in Germany. But small and medium-sized businesses in particular suffer under bureaucratic burdens, since they – unlike large companies – can rarely afford to hire specialists to deal with labour and social legislation, tax issues, statistics, environmental protection, etc. Relieving small businesses and the private sector of bureaucratic burdens will have a positive impact on growth and employment, and thus on jobs and trainee positions.
- Germany has few significant natural resources. It is dependent on being able to sell its products and services around the world. That means constantly developing new products at the cutting edge of technology. Improving the conditions for research and technology by cutting red tape and passing innovation-friendly legislation is therefore another important area of action.
- The notion of an “omnipresent” state that does everything for its citizens is outdated. The number and complexity of public services have driven the state to the limits of its capacity and inhibited citizens' sense of social responsibility. If Germany is to achieve a new division of labour between state and society, it will be necessary to remove those bureaucratic obstacles that could stand in the way of strengthening civil society and volunteerism.
- Effective and efficient public administration is a significant factor for companies' decisions on where to invest and do business. Constantly improving services for

businesses and citizens and serving clients quickly, unbureaucratically and at a reasonable cost remains an ongoing task. The Federal Government is therefore building on its successful programme to modernise the federal administration, “Modern State – Modern Administration”, introduced in the previous legislative term. Organisational structures and operating procedures will be examined at regular intervals to see how they can be organised better and less bureaucratically.

Concentrating on these strategic areas of action does not mean that nothing must be done in other areas, nor that other areas are not important for competitiveness and public satisfaction. But the point is to set priorities for the targeted reduction of bureaucracy, instead of getting bogged down in myriad endeavours. Resources are limited – including those allocated to reducing bureaucracy.

Measures in the strategic areas of action

In its immediate action programme for reducing bureaucracy, adopted 26 February 2003, the Federal Government initiated 13 projects that are currently being implemented (“first wave”).

In parallel, the Cabinet called on all federal ministries to designate additional projects. These projects make up the “second wave” of the initiative to reduce bureaucracy (Annex 1).

Because this initiative is an ongoing process, in addition to the projects previously mentioned, the ministries are charged with looking for further ways to cut red tape and including these as projects (“third wave”).

The aim of permanently reducing bureaucratic obstacles for citizens and businesses requires concentration on areas of special importance. In order to provide tangible results rapidly for as many people as possible, it is necessary to look at the administrative areas having the greatest number of contacts with the public. The following figures give an idea of the frequency of contacts with the public administration in Germany each year (as of 2001/2002):

- roughly 700 million paper prescription forms from health insurers for more than 900 million prescriptions;
- roughly 113 million reports by employers to the offices responsible for collecting social insurance contributions; for processing contributions, roughly 120 million

contribution statements and as many bank transfers by employers to the offices responsible for collecting social insurance contributions;

- more than 34 million statements of income tax and social insurance contributions paid;
- roughly 29 million income tax returns;
- more than 15 million new car registrations, title transfers and cancellations;
- roughly 14 million applications for identity cards and passports;
- roughly 6.5 million change of address registrations;
- roughly 750,000 births, with impact on registry offices and offices for child and child-raising benefits.

Further, in 2001 alone the courts handled nearly 4 million civil and family-related cases, 8 million debt recovery proceedings, nearly 12 million cases involving land registry, roughly 1.6 million cases related to guardianship and roughly 1.7 million criminal and administrative fines.

Many of these administrative services are provided in tandem by the federal, state and local administrations. Lasting improvements can thus only be achieved by viewing operations in their entirety, at all three levels, and fundamentally simplifying them. This requires significant investment in complex technical solutions (keyword: e-government). The federal, state and local governments have agreed to work together closely on e-government. Their joint strategy, known as DeutschlandOnline, will create an integrated e-government landscape, providing citizens and businesses online services spanning all three levels.

The initiative to reduce bureaucracy is a decisive step to foster innovation, increase growth and employment in Germany, and provide efficient, user-friendly administration.