

Legislative simplification for the future

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English summary

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Småföretagsdelegationen

The Swedish Commission for Small Businesses

The Swedish Commission for Small Businesses was appointed by the government in October 1996. Its terms of reference were to "identify problems and suggest measures to create growth in the country's small businesses and to make it simpler to start new businesses."

The establishment of the Commission should be seen in the light of the government's program to halve unemployment by the year 2000. The program includes, among other things, an initiative to increase growth and employment in the business sector.

The Commission's directives state that its work should be based on a broad dialogue with businesses and unions as well as national authorities and local government. The Commission should start by analysing the problems small businesses experience.

The directives stress the need to reform unnecessarily complicated regulations. The Commission has also given priority to the simplification of legislation. The first report from the Commission gave examples of regulation that could be abolished or simplified. The work on the report started with an "appeal for deregulation" – a letter that was sent to business organisations, authorities and ministries, asking for examples of regulation that could be abolished or

simplified. The appeal resulted in considerable input and was also recognised by the media. For example, the input from the appeal was published in a series of articles in *Dagens Industri*, Sweden's biggest business newspaper.

Simplification of legislation in the future

The Commission was, however, eager to suggest a method for permanent legislative reform that could ensure the work continued after the termination of the Commission in June 1998. This new system is drafted in the report, *Regelförenkling för framtiden* (Legislative simplification for the future). The report claims that previous initiatives for reform of legislation failed, regardless of the good intentions of these initiatives. Two lessons should be learned from previous Swedish initiatives as well as international experience:

- The need for political support at the highest level.
- The need for a joint structure, so that different parts of the system support each other.

Suggestions

The establishment of a simplification office at the Ministry of Trade and Industry. Models for such an office can be found in the U.K. and in the Netherlands.

The office should

- Ensure that the present policy of carrying out compliance cost analyses of new regulations is actually followed.
- Lead the work on simplification of present regulations in co-operation with other ministries and authorities.

- Develop methods for compliance cost analyses and serve as help-desk when government and authorities need assistance with these matters.
- Make a yearly report of how simplification of legislation has developed.
- Once per mandatory period make a similar report, this time submitted to parliament.
- Make sure that authorities in these yearly reports show how they have fulfilled their duty to continuously evaluate their own bulk of regulation.
- Co-ordinate Swedish activities in the EU concerning legislative reform at the European level.
- Oppose "gold-plating" of EU directives.

Task Force

A regulatory commission (i.e. task force) should be appointed and linked to the unit. The members of the task force should be representatives of the business world, universities and organisations. The unit should be independent to be able to act with credibility, keeping an eye on the work of legislative reform in the government and at authorities.

Panels

Panels to make "small business tests" on new proposals should be a natural complement to the traditional Swedish system of consultation with organisations.

Authorities

Each authority is responsible for its own work on legislative reform and compliance cost analyses. The Director-General should appoint one senior official as contact person responsible for work on these issues.

Quantitative goals for legislative reform

After the national election in September 1998, the new government should present a "program for legislative reform". In this program,

the goals for work in this field should be set for the mandatory period. The goal should be clear and quantitative.

Sunsetting

Sunset rules, that is rules which after a fixed term are automatically abolished, should be tested in Sweden. However, the use of sunseting should be limited. Stable regulation is in many cases as important for small businesses as good and simple regulation.

Attitudes and symbols

The way in which regulations are administered and presented at the local level is just as important as good and simple regulation. Instruments that could be used to improve communication with small businesses include:

- Symbolic acts at the highest political level.
- Highlighting of good examples. For example, the nomination of the most small business friendly authority of the year.
- Benchmarking between authorities when it comes to fulfilling goals of major importance for small businesses.



