



Governo italiano

Presidenza del Consiglio dei Ministri

Modernization of the Public Administration

Measuring: a way to “simplification”





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The international context

- The Lisbon Strategy has set out measures aimed at enhancing regulation and reducing administrative burden to boost competitiveness, growth and employment.
- The European Commission and Council with regard to the burdens resulting from community legislation have fixed a 25% reduction goal by 2012 and have requested the Member States to adopt similar targets at national level.
- With a view to this goal, the Commission has adopted a specific measurement method - the EU Standard Cost Model (SCM) - developed according to the best practices used in some European countries, including among others the Netherlands, the United Kingdom, Denmark.
- The European Commission has estimated that the administrative costs burdening Italian enterprises amounts to 4.6% of GDP.



From measurement to cost cutting

- The Ministry for Public Administration and Innovation, in agreement with the Ministry for Legislative Simplification and other relevant administrations, has adopted a multi-year program and has carried out a survey aimed at measuring administrative burdens on SMEs. Such measurement was carried out with the same methodology adopted by the European Commission.
- The assessed yearly cost for SMEs operating in the privacy, environment, fire prevention, landscape, cultural heritage, employment and social security sectors amounts to € 16.2 bn.
- In line with the Commission's Action Program to reduce by 25% administrative burdens by 2012, with the Decree-law n. 112/2008 the Government has approved a number of measures aimed at cost-cutting, structure simplification and administrative processes streamlining.
- First estimates indicate that the assessed simplification measures in labour, social security and fire prevention areas would mean an yearly saving for enterprises of € 5,3 bn, equal to a 32% cut of the burdens measured in Italy.
- Reduction plans are in progress in the environment and cultural heritage sectors. In addition, within the "Administrative Burdens Measurement Program", we are completing measurement in tax, environment and public procurement sectors.



The cost cutting process

- In order to reduce administrative burden on Italian businesses, the Government has embarked on a regulatory action called “administrative burden and cost-cutting process” (“taglia-oneri”).
- The program to measure and reduce costs and burdens by 25% will be completed by 2012.
- It is based on a new method, in line with international best practices:
 - It begins by reconsidering the activity carried out by administrations with regards to bureaucracy compliance costs and burdens resting on enterprises;
 - It identifies accordingly the most expensive procedures and outdated, repetitive or excessive bureaucratic burdens to cut or to reduce;
 - It involves all the stakeholders at all stages of the measurement and reduction process;
 - It allows to verify the effects of the simplification measures adopted.



Which costs to measure?

■ The measuring includes:

- Costs incurred by businesses to comply with information obligations, i.e. to produce, process and transfer information on their action or production to public authorities or to private parties. For example: forms to fill, documents to submit, notices to give, costs for labelling, reporting, monitoring, assessment and costs concerning information filing and support for administrations in case of inspections and checks.

■ The measuring excludes:

- “substantive” compliance costs (related to production processes, products, activities);
- fiscal and monetary costs (duties, stamps, taxes, etc.).

■ The measurement of administrative burdens allowed to:

- systematically identify the most burdensome obligations to simplify;
- identify critical issues and reduction assumptions, and implement all actions necessary to reduce the burdens.



The standard cost model in Italy

- In Italy, the method was applied taking into account peculiarities such as:
 - the Italian regulatory scenario (presence of several government levels with regulatory powers);
 - the structural characteristics of the production system, with a strong presence of small and medium enterprises (4,446,137 units, 88.6% with less than 5 employees);
 - the role of brokers and of trade associations.

- The direct survey was carried out on a larger sample of businesses as commonly done in measurements in other European States.



Examples of the most expensive procedures

- Payroll: € 6 bn
- Authorization of waste water disposal: € 1 bn
- Monthly statement of wage daTA: € 1 bn
- Monthly statements of contributions: € 1 bn
- Fire prevention certificate : € 800 million
- Statement of wages and INAIL (national institution for insurance against accidents at work) premium payment : € 500 million