

# CHAPTER 1

## THE NORWEGIAN BETTER REGULATION COUNCIL – AN IMPORTANT SIMPLIFICATION MEASURE

The past year was in many ways an important one for the Norwegian Better Regulation Council. We maintained a high activity level, producing statements and providing guidance, and we benefited greatly from leading the European Regulatory Scrutiny Board's co-operation in RegWatchEurope. In June, the Storting discussed simplification measures for the business sector and, with broad political support, adopted the following:

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*"The Storting requests that the government set a target of a NOK 11 billion reduction in the business sector's administrative costs related to rules and red tape imposed by the public sector by 2025."*

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At the same time, KPMG began an evaluation of the Norwegian Better Regulation Council on behalf of the Norwegian Ministry of Trade, Industry and Fisheries. The evaluation was presented in November 2021. It concluded that the Norwegian Better

Regulation Council is a cost-effective measure for making everyday life easier for the Norwegian business sector and a tool for achieving the simplification goals set by the Storting.

### THE NORWEGIAN BETTER REGULATION COUNCIL MAPS ALL PROPOSALS FOR NEW RULES

The Norwegian Better Regulation Council reviews all cases concerning new or amended regulations that affect the business community and issues statements in the cases that we consider to be most important for the business community. In this work, we determine whether the effects on the business community have been adequately identified and calculated. We also examine whether the goals of new regulations can be achieved at a relatively low cost to the business community.

The Norwegian Better Regulation Council has only existed for five years. According to the recently presented evaluation, we have already contributed to savings for the business community. In my opinion, these savings will exceed the cost of running the Norwegian Better Regulation Council for many years to come.

Weaknesses in the quality of regulatory and reports studies and reports are a problem for decision-makers, which increases the risk of rules that will increase costs for businesses and weaken economic growth. However, our data on this area shows a gradual trend in the right direction. Furthermore, the evaluation illustrates that the Norwegian Better Regulation Council's role in providing information and guidance has led several who are responsible for drafting rules and regulations to place greater emphasis on producing impact assessments. For this positive trend to continue, simplification and cost-effectiveness must be clear goals in all new regulation of the business sector, and new regulations must be based on good and thorough impact assessments.

#### A STEADY STREAM OF LEGISLATIVE AND REGULATORY PROPOSALS AFFECTING THE BUSINESS COMMUNITY

In the last five years, there have been more than 1,400 proposals for new or amended acts and regulations concerning the business community, and just under half of these are related to the EEA. All proposals have been mapped by the Norwegian Better Regulation Council and the data is recorded in a dedicated database. The question we ask ourselves is: are the consequences for the business community adequately investigated prior to adopting new regulations?

As illustrated by the review in this annual report (see Chapter 3), all too often, the answer is unfortunately no.

Of all proposals that affect the business community, which were sent out for consultation in 2021, one in five does not discuss the consequences for the business sector at all. Alternative measures are studied far too infrequently, and only about ten percent of cases take the smallest companies into consideration. The fact that consideration for the smallest companies is so seldom considered gives particular cause for concern. Small businesses make up the vast majority of Norwegian enterprises. These companies generally have limited administrative resources, and in some cases, there are few opportunities to buy services locally to meet their administrative needs.

The Norwegian Better Regulation Council notes that only one in five proposals explicitly proposes simplifications for the business community. More generally, we see that calculations of the economic consequences are often completely lacking, despite the fact that such calculations are necessary for following up the Storting's decision on a simplification for the business community. If public administration is to properly implement the Storting's decision to ensure simplification, each individual case must include a separate assessment of the effects on businesses.

#### REGULATION MUST BE EFFECTIVE AND CAREFULLY ASSESSED AGAINST ALTERNATIVE PATHS TO THE GOAL

One of our important tasks is to monitor national and international developments in this field and provide information and guidance that

promotes effective regulation. There is a lot happening in this area internationally. We believe we can learn a lot from others. The Norwegian Better Regulation Council maintains good contact with international resource pools in this area, and we focus on disseminating best practices.

Best practices in regulatory policy involve implementing more policy instruments and involving the business community in this work. Effective regulation should be targeted, based on common sense, easy to comply with, and should avoid creating unnecessary burdens. Good regulation focuses on the effective use of data, and it is technology-neutral, takes into account requirements for sustainability, promotes innovation and is coordinated with other countries. Last but not least, arrangements must be made to ensure that regulation can stand the test of time. One should always ask whether there are less burdensome alternatives, such as the use of standards and function-based regulation, providing information and incentives, motivating new behaviours, creating certifications or conducting market surveillance.

#### INTERNATIONAL REGULATORY COOPERATION IS BECOMING INCREASINGLY IMPORTANT

About 40 per cent of all regulations we review are linked to the EEA Agreement. Based on our experience, the Norwegian Better Regulation Council has provided input to the

ongoing work in public administration to review and to improve the process of implementing new EU regulations in Norwegian law. The Norwegian Better Regulation Council has, among other things, pointed out various ways to improve the consultation process, including the involvement of affected industries in Norway. We have observed that some agencies work closely with the EU on new regulations and are well informed on what is to come, while others do not seem to prioritise EEA matters well enough.

In our area, exchanging knowledge with the EU Regulatory Scrutiny Board is key. Through our RegWatchEurope network, we have access to other countries' assessments of European developments. Our European colleagues have important experience in implementing EU regulations.

For a small, open economy such as Norway, ensuring good regulatory frameworks for the business community gives companies a key competitive advantage. We must constantly work to regulate the business community and adopt simplifications to ensure that Norwegian companies do not underperform in relation to their international competitors.



*Sandra Riise, Chair of the Norwegian Better Regulation Council*