



Kafka works:

Administrative burden reduced by 25%

October 5th, 2005

Guy VERHOFSTADT, Prime Minister

Vincent VAN QUICKENBORNE, Secretary of State for Administrative Simplification



Agenda

- I. Unique approach to simplification
- II. Administrative burden in Belgium – 2004
- III. Kafka works: our simplifications
- IV. Conclusion
- V. Question and answer



I. Unique approach to simplification

Guy VERHOFSTADT

Prime Minister



Unique approach to simplification (1)

- Better regulation everywhere hot issue on the political agenda
 - cf. European Commission wants to repeal 68 pending legislative initiatives
- However, approach usually theoretical, vague and formal
 - Often only formal adaptation of legislation (codification & coordination)
 - Too much focus on general reports, analyses
 - Unclear political responsibility



Unique approach to simplification (2)

- Belgium opted for a different approach:
 - 12 simplification projects in Belgian Coalition agreement July 2003: focus on tangible simplifications for citizens and entrepreneurs
 - Appointment of a full-time political decision-maker
 - Kafka plan: simplification projects for every member of Government

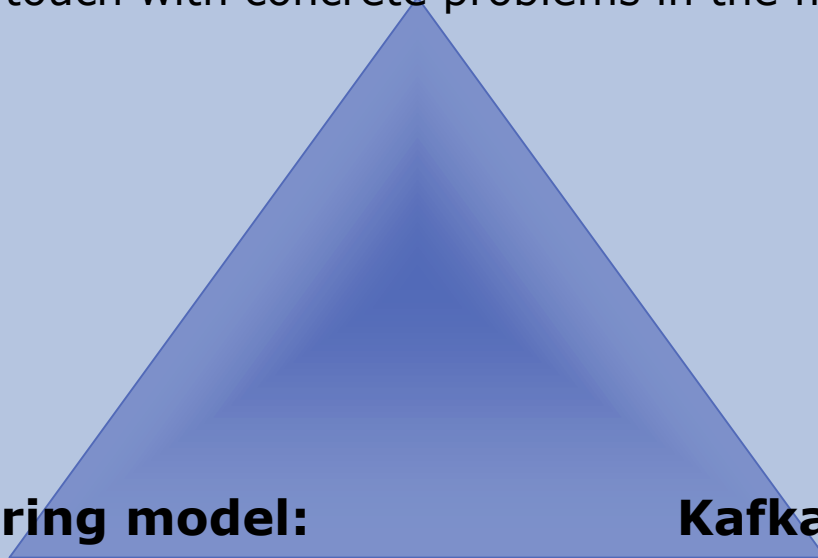


Unique approach to simplification (3)

KAFKA = THE SOLUTION

Kafka contact point:

in touch with concrete problems in the field



Kafka measuring model:

exact calculation of every
simplification

Kafka test:

screen and simplify new
regulations



II. Administrative burden in Belgium – 2004

First results study administrative burden by the Federal Planning Bureau

Vincent VAN QUICKENBORNE

Secretary of State for Administrative Simplification



Methodology

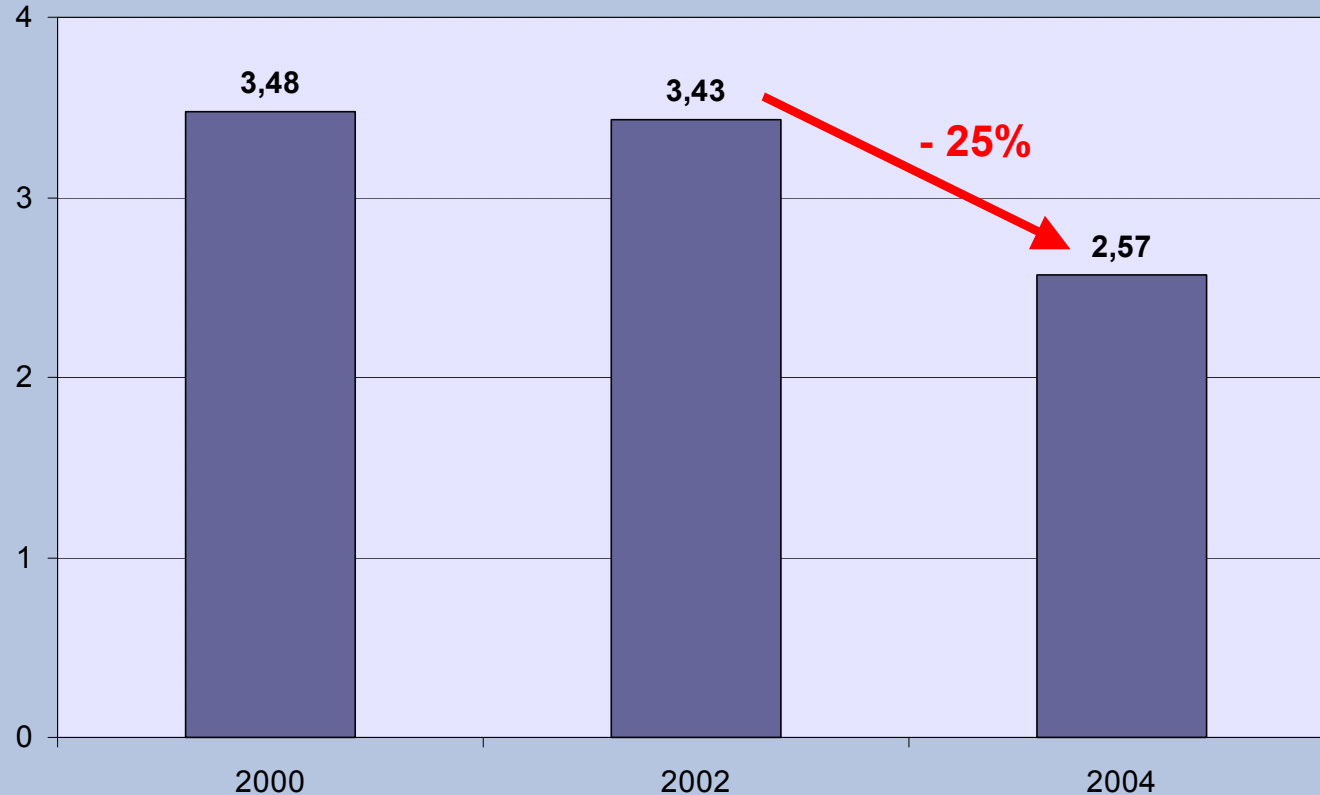
- Biennial study by the Federal Planning Bureau:
 - 2000 / 2002 / 2004
- Approach:
 - representative sample of 5969 enterprises and self-employed entrepreneurs
 - written survey (post/internet), reminder by telephone
 - 926 companies answered: 521 enterprises and 405 self-employed entrepreneurs
 - assess the number of hours and costs caused by administrative obligations
 - results survey extrapolated to macroeconomic estimate
- Detailed report available in December 2005



Results survey 2004 (1)

Administrative burden reduced by 25%

Administrative burden in % GDP



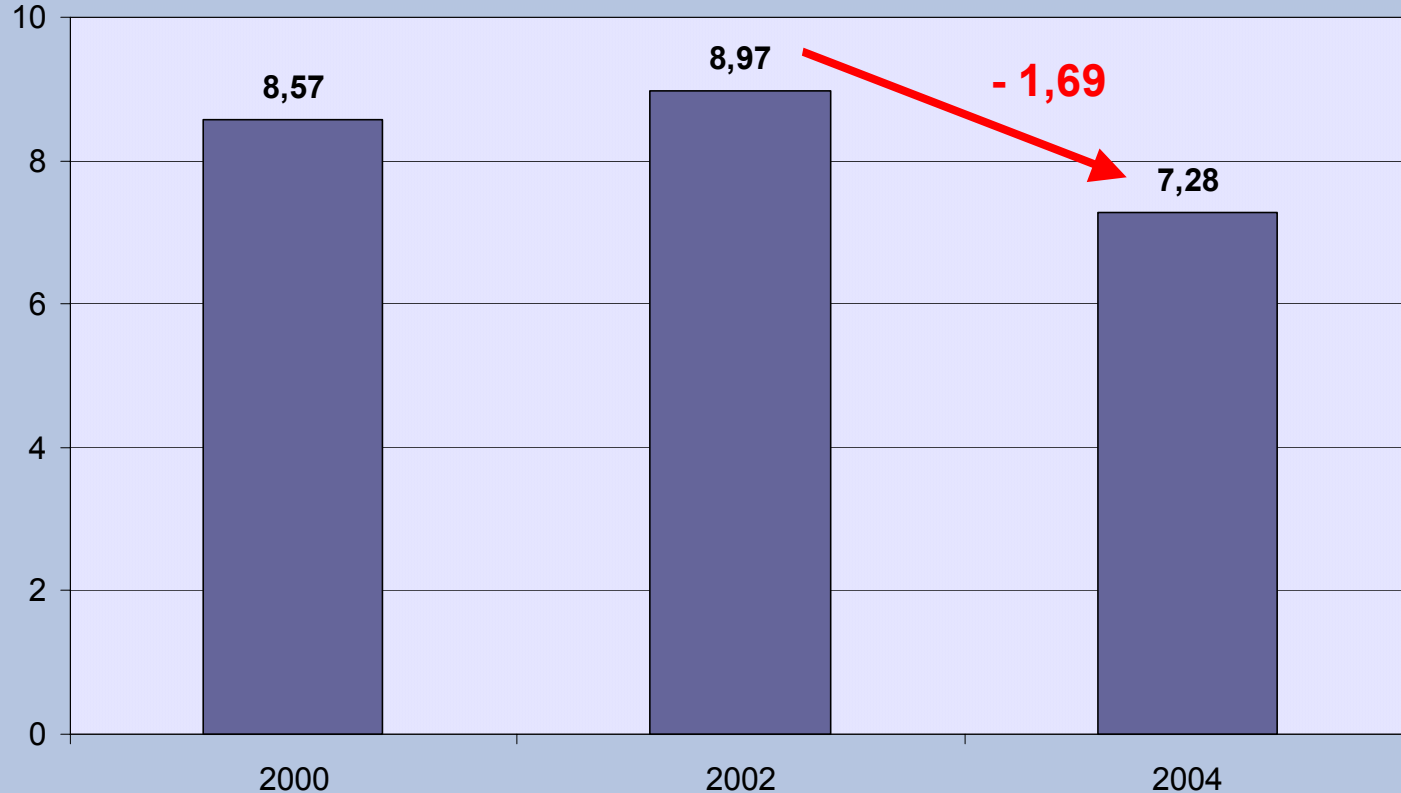
Source: Federal Planning Bureau



Results survey 2004 (2)

Administrative costs reduced by 1.7 billion euros

Administrative burden in billion euros



Source: Federal Planning Bureau



Results survey 2004 (3)

Administrative burden reduced by 28% for enterprises and by 18% for enterprises

	in billion euros			% GDP		
	2002	2004	difference	2002	2004	difference
Total	8,97	7,28	-1,69	3,43	2,57	-25%
Entreprises	6,31	4,91	-1,4	2,41	1,73	-28%
Self-employed	2,66	2,37	-0,29	1,02	0,84	-18%

Source: Federal Planning Bureau



Results survey 2004 (4)

Internal costs = costs internal administration

External costs = costs contracting out professional services

	in billion euros		
	2002	2004	difference
Total	8,97	7,28	-1,69
Internal costs	6,15	4,09	-2,06
External costs	2,82	3,19	0,37

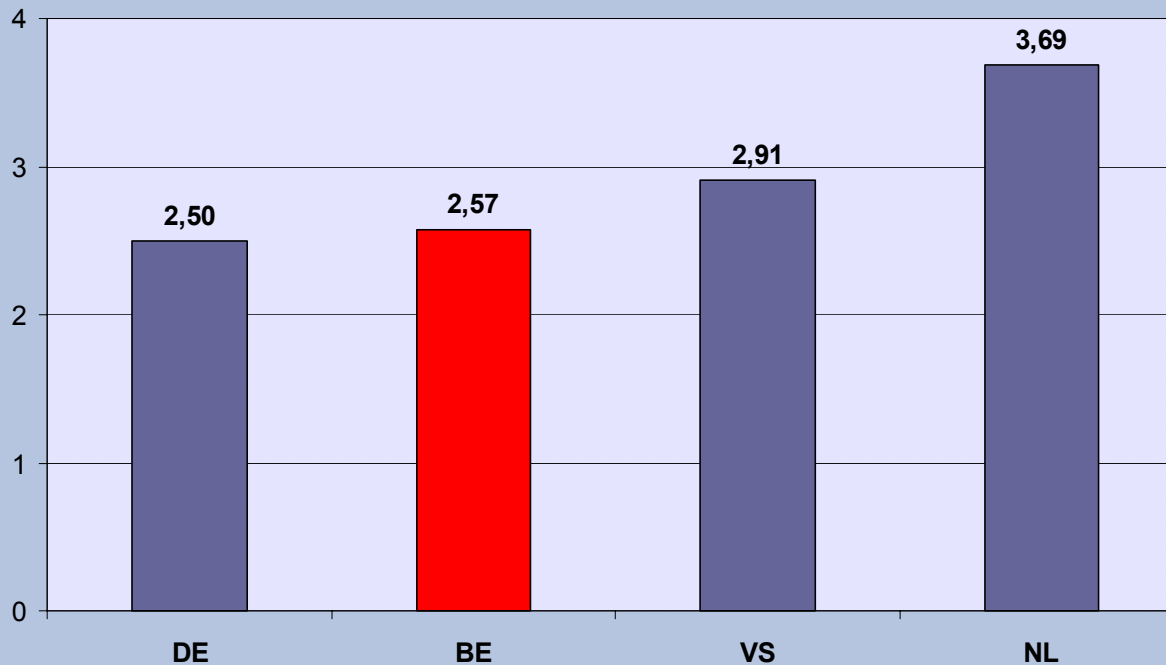
Source: Federal Planning Bureau



Results survey 2004 (5)

Administrative burden in Belgium now lower than in the Netherlands and in the United States

Administrative burden in % GDP





III. Kafka works: our simplifications

Vincent VAN QUICKENBORNE

Secretary of State for Administrative Simplification



Kafka works: our simplifications

- Execution Kafka plan:
 - **2/3 of Coalition agreement executed** by the end of 2005 (8 out of 12 Works), including:
 - Work VIII: elimination of certification notes for federal public procurement
 - Work X: single identification number for enterprises (thanks to the Crossroads Bank for Enterprises)
 - In addition, **another 100 tangible simplifications** realised, including:
 - simplification plans for creation of jobs: from 27 to 5
 - introduction Dimona and DMFA (thanks to the Crossroads Bank for Social Security)
 - number of days to start up a business reduced from 56 to 26
 - elimination of paper accounting books
 - simplification convocation general meeting



IV. Conclusion

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Prime Minister

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Conclusion

- **Kafka works:** approach to simplification pays off
- **Administrative burden minus 25%** in 2 years' time
- **Fundamental break realised**
- **Strive for further simplification**, including:
 - simplification legislation construction sector (registration, recognition, establishment)
 - strong development e-invoicing and e-archiving



V. Question and answer