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Programme for Bureaucracy Reduction and Better Legislation

Introduction of the Standard Cost Model

Methodology Manual of the Federal Government



Federal Statistical Office

Federal Government Manual
for the Identification and Reduction of
Administrative Burdens Created
by Federal Information Obligations

Introduction of the Standard Cost Model
at Federal Level

Version 1

22 November 2006

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1 Preliminary remarks

The key impediment to the verifiability of bureaucracy reduction in Germany is the lack of a uniform method for measuring the administrative costs of existing and new regulations. Experience in other countries, notably Denmark, the Netherlands and the United Kingdom, shows that at least the systematic identification and assessment of individual administrative costs – in particular the costs of compliance with information obligations – is possible. Only on the basis of such a sound framework does reduction of administrative costs in these areas become verifiable.

With the Cabinet decision of 25 April 2006, the Federal Government therefore resolved that the Standard Cost Model (SCM) already employed in several other European countries should be introduced in Germany as well. This model is a methodological approach for systematically measuring a significant share of existing administrative burdens: the burdens borne by the economy, by citizens and by public administrations which are attributable to mandatory statutory information and reporting obligations (applications, forms, statistics, supporting documentation, etc.) – in other words, burdens which are imposed by government.

The priority aim of an administrative cost measurement on the basis of the Standard Cost Model is, first and foremost, to alleviate the burden on the economy by identifying and reducing costly and time-consuming information obligations. It represents a starting point for the elimination of duplicate information obligations, the simplification of existing obligations and the limitation of new information obligations to what is necessary. A systematic measurement of administrative costs is the indispensable prerequisite for a controlled, across-the-board reduction of administrative burdens. A comprehensible and reliable quantitative presentation of bureaucracy reduction becomes thus possible. Moreover, responsibilities for administrative costs are more clearly allocated (through classification of burdens by regulatory origin, i.e. national or European law, for example), and the possibilities for national and international comparisons are improved.

The SCM focuses above all on two analytical questions: Which government-imposed information obligations exist/arise, and what costs do they entail or are they likely to entail? The benefit associated with a law or with an information obligation is not examined in the context of the SCM. Assessment of the benefit of statutory regulations remains a political decision. From the standpoint of costs, however, the SCM provides indispensable information for designing legal norms as efficiently as possible in order to avoid unnecessary red tape, simplify procedures and achieve a balanced cost-benefit ratio especially for the addressees of the norms. For the duty of public administration to operate efficiently calls for careful management of the people's resources.

A further long-term aim of this approach is to heighten awareness of the extent and impact of the burdens imposed by government information obligations and, in the future, to consider the need for such obligations more closely in the light of their economic implications for the affected parties.

Experience from other countries has shown that a consistent and compulsory methodology is the indispensable prerequisite for the introduction of the Standard Cost Model. Only if a prescribed procedure is followed can the collected data be compared. Only a consistent methodology makes it possible to assign responsibility where burdens arise, specify binding reduction targets and cultivate an objective public discourse, thus avoiding credibility problems. This does not, however, mean that the methodology employed in other states can be adopted unchanged. Rather, certain technical adjustments must be made, for example in the definition of the terms "economy" and "information obligations". The aim of this manual is to introduce the international SCM methodology at federal level. To this end, the model as it has evolved thus far shall be transposed into the German setting and adapted only where necessary. An occasional overlap with other previously published manuals on this subject referred to in the form of quotations is therefore unavoidable.

The aim of this manual is to set out the SCM methodology binding on the federal ministries. At the same time, it is to serve as a practical tool for users in the individual specialist divisions of the federal ministries. Specific guidelines on specific topics – such as development, maintenance and use of the SCM database – will be drawn up and likewise made available to users in the federal ministries. A further purpose of this manual is to document the fundamentals and procedures of the SCM for the interested public. It therefore contains not only practical procedures for the federal ministries but also explains the theoretical fundamentals of the SCM and the cost calculation model in detail. This is essential in order to ensure acceptance of the administrative cost measurement conducted at federal level, both among experts in this field and among the public at large.

The following sections will therefore

- set out the theoretical fundamentals of the Standard Cost Model and formulate the necessary definitions (chapter 2, page 8);
- introduce the cost calculation model (chapter 3, page 15);
- provide information concerning documentation and the requisite database (chapter 4, page 25);
- present a practical step-by-step introduction to the measurement of costs of existing information obligations with the aid of the Standard Cost Model (chapter 5, page 28);
- provide practical information on cost reduction measures (chapter 6, page 55);
- explain the procedure for measuring the costs of new information obligations (chapter 7, page 57);
- explain the procedure for assessing information obligations originating in European law (chapter 8, page 64).

2 Fundamentals and definitions

The following chapter sets out the theoretical fundamentals of SCM measurement, introduces the necessary definitions and specifies the subject of the analysis as well as the target groups of the measurement.

2.1 Subject of the analysis

The subject of analysis when measuring administrative burdens with the aid of the SCM is the direct and indirect transfer of information by the economy, citizens and public administrations as a consequence of government-imposed obligations. The aim is to ascertain the costs incurred by these groups in complying with their statutory information obligations.

2.1.1 *Information obligations and their components*

Section 2 (1) of the Act to Institute a National Council for the Review of Legal Norms defines an information obligation as follows:

(1) Administrative costs within the meaning of this Act are costs incurred by natural persons or legal entities as a consequence of information obligations. Information obligations are obligations existing on the basis of laws, ordinances, by-laws or administrative regulations to procure or keep available for, or transfer to, authorities or third parties data and other information. Other costs arising on the basis of laws, ordinances, by-laws or administrative regulations shall not be encompassed.

This definition is the basis for the implementation of the Standard Cost Model at federal level.

All cases in which the obligation to satisfy a government information requirement is imposed upon economy, citizens or public administrations thus fall in the category of information obligations. As a rule, this includes all applications, forms and statistics as well as evidentiary and documentation obligations (disclosure, notification, reporting, publication, registration and licensing obligations, etc.) required of the economy, citizens and the administration (see the list of examples). This definition does not just encompass information obligations to a public authority but rather all information obligations to be met pursuant to government norms (general abstract rules laid down by law, ordinance or administrative regulation, for instance), i.e. obligations to third parties as well (such as information obligations of the economy towards consumers). These can take the form of an information obligation directly leading to a written, electronic or other information transfer as well as an information obligation requiring that data be kept available (such as the obligation to maintain a visitors register from which information must be supplied to public authorities upon request).

On the whole, the information obligations in question are the ones which the economy, citizens and public administrations cannot evade without infringing the law or forfeiting eligibility for funding, grants or other applied-for benefits.

Note:

The aim of the SCM is to measure the costs entailed in compliance with an information obligation, not to assess the benefit to the addressee of the norm. If a statutory regulation has positive consequences for the citizen (such as financial assistance), then it is not the assistance itself which is the focus of attention but rather the attendant information obligation. What does this "cost" the addressee of the norm, and how can it be designed so as to serve its intended purpose and at the same time impose the least possible burden on the addressee of the norm?

In applying SCM measurement, it is assumed as a matter of principle that the economy, citizens and public administrations do not infringe the law, i.e. everyone who is subject to an information obligation also complies with this obligation (assumption of full compliance).

Example:

For the purposes of measurement, this assumption of full compliance means that if 100,000 enterprises are subject by law to an information obligation, this number is also taken as the basis for a projection. No assumption is made as to how many enterprises unlawfully evade the information obligation. The number of affected enterprises is not corrected.

Information obligations existing vis-à-vis government-authorized institutions such as the Technical Inspection Association (TÜV) likewise fall in the category of statutory information obligations.

Features of an information obligation are:

1. It is government-imposed.
2. It takes the form of a general abstract rule.
3. The data or information is transmitted or kept available in written, electronic or other form.

The following is a brief overview of the different types of information obligations.

Information obligations – list of examples:

- **General notifications and notifications of specific activities**

Examples:

- Filing/reporting obligations to fiscal authorities, such as wages tax returns or preliminary turnover tax returns
- Filing an insurance report in the event of an industrial accident
- Certification of the continuation/end of vocational training
- Notification obligations in the case of transportation of hazardous goods

- **Recurring documentation and reporting obligations**

Examples:

- Obligation to collect, process and keep available information/data on an ad hoc or regular basis, e.g. for statistical purposes or for purposes of government oversight
- Accounting obligations of enterprises

- **Information labelling for third parties**

Examples:

- Energy labelling of household appliances
- Price labelling obligation

- **Non-labelling information for third parties**

Examples:

- Disclosure obligations of employers towards employees
- Obligation to make an official announcement
- Obligation to publish information, e.g. within the framework of consumer protection, nature conservation and environmental protection (financial prospectus, labelling of products or technical installations, etc.)

- **Authorisation obligations: Applications for an authorisation, a permit, recognition or exemption (general authorisation or individual authorisation)**

Examples:

- All types of applications for authorisations/permits (construction permits and operating licences, authorisation to operate a particular business, recognition of occupations)
- Authorisation to deviate from the Sunday and holiday driving ban, application for a certificate of exemption

- **Entry and registration obligations**

Examples:

- Obligation to have an entry made in the Commercial Register, Land Register or Crafts Register
- Obligation to maintain a register of residents, visitors register, etc.

- **Certification of products or processes**

Examples:

- Certification as an organic farm
- Certification procedure for pharmaceuticals

- **Inspections, cooperation with audits**

Example:

- Data that must be made available for an inspection

- **Applications for government financial assistance (application for a subsidy or a grant)**

Example:

- Applications for social benefits, allowances, funding, grants, aid or subsidies (including information/supporting documentation to be supplied by applicant)

The following in particular are not to be deemed information obligations:

- **Form specifications and individual content specifications for an information obligation**

Example:

- The obligation to compile a report is an information obligation – but not, however, individual specifications as to the report's form and content; these details must, however, be taken into account when calculating the resource consumption for the entire information obligation.

- **Purely substantive obligations**

Example:

- Even though the installation of a filter system may be subject to an information obligation, the installation as such is not.

- **Collection and transfer (payment) of funds to fiscal authorities**

Example:

- Only the notice of the amounts collected and their composition is an information obligation, not the transfer itself.

- **Pictorial displays designed to directly influence behaviour (signs, traffic signs, pictograms, etc.)**

Examples:

- A road traffic sign that defines a specific behaviour (30 km/h speed limit zone) is part of a material obligation and hence not an information obligation.
- Only data which must be kept available and/or transmitted in writing (also in label form) or electronically fall in the category of information obligations.

- **Voluntary information transfers**

Example:

- Since voluntary transfers yield no measurable results, only compulsory obligations (directory/mandatory provisions) are assessed.

Each information obligation usually consists of a number of different elements of information or data that must be made available (hereinafter referred to as "data requirements"). For example, each of the individual elements of information required on an application form pursuant to a given norm constitutes a data requirement in its own right (name, income, marital status, etc.). However, these individual elements of information are combined to form the overall process "submission of an application" and treated as a single information obligation. Not until the resource consumption is calculated is it necessary to take into account how difficult or time-consuming it is or can be to provide information on the individual data requirement.

2.1.2 Norms to be assessed

When considering the norms to be assessed and their attendant information obligations, a distinction must be made between legal provisions that already exist and laws that are new or are to be amended/ broadened in scope. In the case of information obligations associated with new/amended laws, irrespective of whether they are addressed to the economy, citizens or public administrations, the procedure set out in chapter 6 is to be followed.

The following applies in the case of existing information obligations (chapter 5):

- Initially, only federal laws and ordinances shall be scanned for information obligations. The federal ministries are in principle free to decide whether and to what extent they will include administrative regulations from the very beginning.
- The (time) measurement exercise shall include those information obligations which have already been in force for at least two years. As a rule, information obligations which have not been in force this long and new information obligations shall not be measured until after the expiration of this time period. A time measurement may, however, be carried out before expiration of the two-year time period if there are good reasons for doing so.
- Given the opportunities for more growth and employment accompanying an alleviation of the burden borne by economy, the information costs of the economy shall be measured first. As a rule, the information obligations incumbent upon citizens and public administrations shall not be included in the measurement until afterwards. The federal ministries are free to already include them in the assessment now, however.

- Existing EU law shall be taken into account in the time measurement only if it has already been transposed into national law by a federal legislative act and if in the process parliament imposed an additional information obligation or went beyond the requirements of an information obligation introduced by the EU (see chapters 5 and 8 for further details).
- The regulatory stock of the Länder (Regions), i.e. the constituent German federal states, shall not be included in the assessment. The Länder shall be offered opportunities for an intensive exchange of experience and cooperation on specific individual projects. Cooperation is especially called for in cases where an information obligation is based on federal law but the details are governed by Land law (so-called cascading regulatory accountability).

2.2 Target groups

The target groups of SCM measurement are the norm addressees of the statutory regulation of an information obligation. These can be economy or citizens but also public administration itself.

- **Economy**

For the purposes of implementation of the Standard Cost Model in Germany, the target group "economy" shall include every unit which is engaged in an economic activity that contributes to the gross domestic product (GDP) at market prices and falls within the category of the private sector. The private sector also encompasses charitable organizations and the voluntary community but not – according to the 2003 Classification of Economic Activities (NACE) – the sections L (public administration), P (private households) and Q (extraterritorial organizations and bodies). This definition is in line with the system of national accounts, which is based on a uniform methodology throughout Europe (European System of National and Regional Accounts, ESA).

There is no standard definition of the term "enterprise", the most important group of the norm addressee "economy". In the system of economic statistics of the statistical offices, an enterprise is defined as the smallest legally independent unit that keeps books for commercial and tax purposes and is required to compile an annual account of its assets or the success of its economic activity. The term "enterprise" encompasses all business operations and includes the self-employed. According to this definition, public authorities (Federal Statistical Office, Federal Employment Agency, etc.) are not enterprises because they do not keep books for commercial or tax purposes.

A data set from the business register of Germany's statistical offices (Table 1) gives a first impression of the size of the target group "business". SCM-relevant areas such as agriculture, forestry and fishing are not included in this table, however.

Table 1: Number of enterprises by branch of economic activity

Section of economic activity ¹⁾	Total number of enterprises	Enterprises with ... to ... employees liable to pay social insurance contributions			
		0 – 9	10 – 49	50 – 249	250 and more
C Mining and quarrying	2,872	2,147	578	124	23
D Manufacturing	282,535	217,231	47,124	14,411	3,769
E Electricity, gas and water supply	9,707	8,233	750	535	189
F Construction	315,650	279,836	32,678	2,941	195
G Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	719,114	662,156	48,294	7,489	1,175
H Hotels and restaurants	258,931	246,649	10,968	1,198	116
I Transport, storage and communication	130,633	115,026	12,979	2,195	433
J Financial intermediation	43,297	39,644	1,622	1,301	730
K Real estate, renting and business activities	827,308	784,845	34,707	6,613	1,143
M Education	53,940	43,839	8,099	1,618	384
N Health and social work	222,871	195,034	20,012	6,312	1,513
O Other community, social and personal service activities	301,857	286,071	12,637	2,590	559
Total	3,168,715	2,880,711	230,448	47,327	10,229

1) Classification of economic activities: 2003 (WZ 2003)

Source: Nahm, M; Philipp, K.: Strukturdaten aus dem Unternehmensregister und Aspekte der Unternehmensdemografie, WiSta, Heft 9, 2005, p. 940

The business register and the economic statistics of the statistical offices form an important basis for statistical analyses in the context of SCM measurement (for measurement of the quantity component). Generally, the business register will only be an initial basis that can be used for analysis if no subject matter statistic is available. In order to measure information obligations that specifically concern the agricultural sector, for instance, it is necessary to draw on agricultural statistics. In the case of information obligations existing within the framework of the tax assessment procedure, the pertinent official tax statistics will define the quantity component.

Example:

The agricultural structure survey of the Federal Statistical Office identifies 13,563 agricultural operations as organic farms (this represents 3.5% of all agricultural operations). In the case of information obligations that specifically concern organic farms (obligations arising in connection with certification as an organic farm, for instance) this figure must therefore be taken as the basis for the assessment.

Enterprises domiciled abroad likewise fall in the category of the norm addressee "economy" if they are affected by an information obligation which is based on German federal law or international treaty.

Citizens

All information obligations that are addressed to natural persons and do not concern public administration or economy are information obligations incumbent upon citizens. If a natural person is an entrepreneur, those information obligations addressed to the person in his/her capacity as an entrepreneur are information obligations of the economy.

- **Public administration**

The term "public administration" encompasses the administrative units entrusted with the performance of public-sector administrative tasks (corporate bodies, institutions and foundations with legal capacity which have been established under public law, including natural persons and private legal entities charged with fulfilling state functions within the scope of the authority conferred upon them). Pursuant to the 2003 classification of economic activities (NACE), these units are assigned to section L. No statistical information on this section is presently contained in the business register.

- **Inclusion of the target groups in the measurement**

As set out in section 2.1.2, SCM measurement of existing information obligations is initially limited to the target group "economy" and will only be broadened to encompass citizens and public administration at a later stage. However, the fact that the information costs affecting citizens and public administrations are also ultimately to be measured must already be taken into account in preparations for the SCM measurement of economy obligations. In order to avoid duplication of work, the analysis of legal norms to identify information obligations (see section 5.1) should already include the information obligations of citizens and public administrations, even though these will not be considered in the first stage of the actual SCM measurement, which exclusively deals with the norm addressee "economy". Only in this way can it be ensured that many regulatory acts will not have to be analysed repeatedly during the subsequent measurement of the administrative costs affecting citizens and public administrations.

3 Cost calculation model

The core element of the Standard Cost Model is a cost calculation model. The assumptions and structure of this model are explained in greater detail in the following section.

3.1 Assumptions and prerequisites of the model

3.1.1 Examination of typical patterns in the performance of standard activities

In the case of the Standard Cost Model, the work necessary to fulfil an information obligation are broken down into so-called "standard activities". Underlying this approach is the realisation that the fulfilment of information obligations involves very similar work steps that can be classified in categories. This is true irrespective of the specific features of the given information obligation. Experience from the Netherlands has shown that an information obligation can be broken down into 14 standard activities (see Table 6, page 49). The typology of the standard activities need not be finalised until preparations for the time measurement get under way. Developments at EU level (EU methodology manual) shall be taken into account in the process.

The purpose of the SCM is not to cover every conceivable activity but rather to obtain a picture of normally efficient activity patterns. In this context, "normally efficient" means that enterprises indeed strive to follow an "ideal" activity pattern but are unsuccessful in practice. However, out of their endeavours emerge typical activity patterns which are the focus of attention for the purposes of the SCM analysis. Within the framework of the SCM, administrative processes, actions and costs are standardised by proceeding on the basis of "normally efficient" or average activity patterns. Thus the model does not focus on the exceptions but instead examines typical activity and typical processes. This approach is conducive to the greatest possible representativity, which is necessary in order to generate reliable results. If, by contrast, extremely inefficient or extremely efficient enterprises are examined, the actual administrative costs will be over- or underestimated.

It is therefore not the purpose of the SCM to measure the actual costs incurred by an individual enterprise in complying with an information obligation. Application of the SCM takes place under the assumption of normally efficient compliance by the enterprises. This means that legislators anticipate average activity patterns in meeting statutory information obligations. There are two aspects to this assumption: Firstly, only those work steps may be taken into account which are essential and plausible from the legislators' point of view. Secondly, a normally efficient time consumption is assumed.

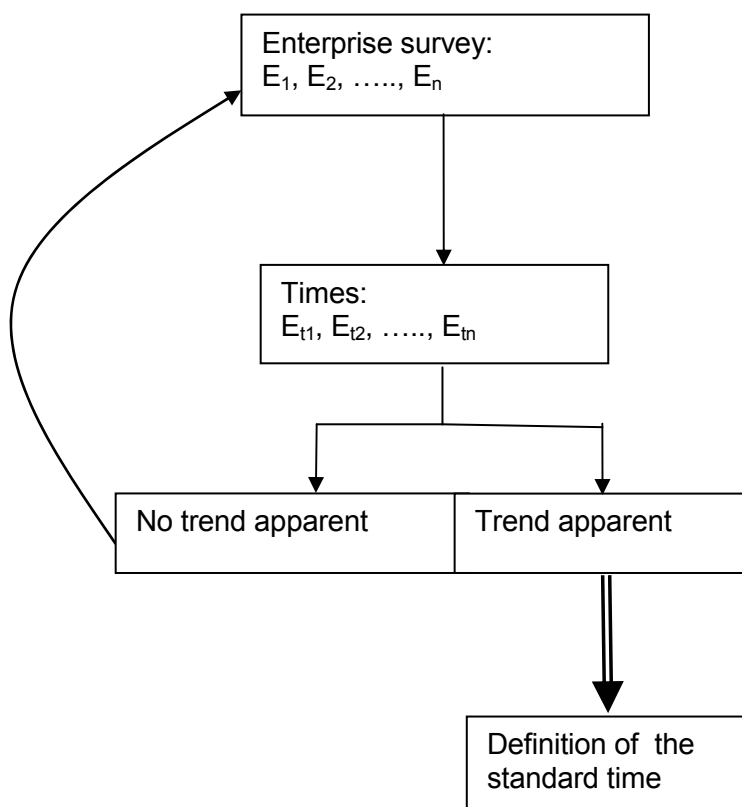
The normally efficient enterprise is identified by interviewing a number of typical enterprises belonging to the target group along with any external service providers who may handle tasks outsourced by the enterprises and, under certain circumstances, other experts as well. The purpose of the surveys in the enterprises is to determine how much time they spend on an individual activity associated with the fulfilment of an information obligation. Upon completion of the surveys, the results are checked to determine whether they are consistent. If they are not, additional enterprises are interviewed until a standardised time consumption can be defined.

Note:

In the course of analysing the fulfilment of information obligations one may encounter enterprises with unusually efficient procedures. Even if these enterprises are not taken into account when determining the standardised time consumption, they may afford the federal ministries insights into established procedures that are worthy of encouragement and broader implementation.

An enterprise that carries out an administrative activity within a reasonably normal period of time is distinguished by the fact that the time it needs to carry out the activity does not deviate significantly from that of other – similar – enterprises. On this basis, a normal time consumption can be calculated by comparing the times reported by the enterprises. If, for example, the comparison shows that more than 80% of the enterprises need approximately ten minutes for an administrative activity, this time can be taken as the standard time for a normal enterprise. This figure then applies, irrespective of the times of the remaining enterprises. If no trend becomes apparent after the first survey wave, additional enterprises must be surveyed until a stable value can be ascertained. The following figure illustrates this procedure.

Figure 1: Necessary number of surveyed enterprises



Another example from the International Standard Cost Model Manual compiled by the SCM Network is reproduced in slightly modified form in Table 2.

Table 2: Time measurements in enterprises (examples)

Administrative activity A		Administrative activity B	
Enterprise 1	10 min	Enterprise 1	10 min
Enterprise 2	10 min	Enterprise 2	20 min
Enterprise 3	10 min	Enterprise 3	10 min
Enterprise 4	10 min	Enterprise 4	20 min
Enterprise 5	30 min	Enterprise 5	15 min
Administrative activity C		Administrative activity D	
Enterprise 1	10 min	Enterprise 1	10 min
Enterprise 2	20 min	Enterprise 2	20 min
Enterprise 3	50 min	Enterprise 3	25 min
Enterprise 4	2 min	Expert 1	20 min
Enterprise 5	5 min	Expert 2	15 min

Source: Charité, D., et al.: The International Standard Cost Model Manual, 2005, p. 41;
AMVAB (pub.), Manual for conducting Standard Cost Model measurements, p. 55

On the basis of the foregoing table, additional enterprises must be surveyed in order to obtain a standard time for administrative activity C. In the case of the other activities, by contrast, clear trends are discernible. 10 minutes are assumed for administrative activity A, 15 minutes for administrative activity B and 20 minutes for administrative activity D. However, experts must be consulted in order to obtain the result for D.

3.1.2 Consistent application of the model

The aim of the SCM measurements is to present exhaustive findings on the extent of administrative burdens not only for individual norms but also for entire areas of legislation. In order to accomplish this, it is essential that the various area-specific SCM measurements be based on a single uniform procedure. Reliable and meaningful policy recommendations are only possible if the model is applied consistently, if a uniform procedure is followed and if the results of the measurements are interpreted in the same way. This presupposes systematic and consistent documentation and a sound methodological basis. Such a frame of reference setting out definitions and concepts enhances comprehensibility and the quality of the measurements.

The SCM is a pragmatic measurement approach that yields indicative data on the extent of burdens. Reduction targets can then be set and focal areas for action designated. It is therefore essential that the model be applied consistently by the federal ministries so that the indicative data obtained are based on the same methodology.

The methodology underlying the measurement is not static, however, but will instead be further developed in the course of the measurement exercise in light of the insights gained.

Any unresolved methodological issues that may arise in the context of implementation of the SCM are to be clarified with the Better Regulation Unit at the Federal Chancellery as long as they have no major impact on the methodology itself. In the event that far-reaching changes to the methodology prove necessary, these are to be approved by the Committee of State Secretaries on Bureaucracy Reduction.

3.2 Parameters for the measurement of information obligations

Attention must be given to four parameters when measuring administrative burdens: costs per unit of time, time, frequency and size of the target group. These parameters are discussed in greater detail in the following.

- **Costs per unit of time**

The costs arising in the course of performance of an administrative activity consist of wage costs and overhead as well as the costs of acquisitions, if any. The wage rate (tariff TA) is the price per unit of time for the performance of an administrative activity by enterprises and public administrations. A distinction is made between an internal wage rate and an external tariff. In the case of information obligations affecting citizens, no wage rate is ascertained; only the time consumption is quantified.

Internal wage rate

As a rule, the administrative activities required to comply with information obligations are carried out by the affected enterprises or public administrative units themselves. This gives rise to costs in the form of wages and salaries. An administrative activity is judged qualitatively on the basis of what qualification level is necessary in order to carry it out. The qualification level determines the amount of the wage costs to be taken as the basis for that activity. In the case of simpler information obligations, however, differentiation by qualification level is not necessary; here, for reasons of practicability, if nothing else (financial expense, time involved) it can be dispensed with and an average value may be used.

The question of which wage rate should be taken as the basis for a given statutory information obligation depends on whether the obligation in question is sector-specific or cross-sectoral. In the case of sector-specific information obligations, the wage costs of the affected sectors shall be used; in the case of cross-sectoral obligations, by contrast, the wage costs of all sectors.

External tariff

If specific administrative processes are outsourced to external service providers (such as tax consultants, notaries, lawyers), the tariff of these external providers shall be taken as a basis for calculation.

"Anyway costs"

A certain amount of the information to be made available in connection with a government-imposed information obligation is compiled by enterprises "anyway" in the course of normal business operations and is hence not necessarily to be considered an administrative burden resulting from government-imposed information obligations. An enterprise would carry out these administrative activities even if no statutory information obligation existed. In practice, however, it is difficult to determine which administrative activities an entrepreneur would carry out "anyway". They should thus not be excluded from the measurement straight away.

Overhead

Overhead encompasses certain costs that must be added to the direct wage costs for an individual employee. Depending on the context, this includes fixed costs e.g. for real estate (rent or depreciation), telephone, heating, electricity, IT equipment, etc. Overhead is not factored into the SCM calculations at federal level. In the cases involving international comparisons (benchmarking), a comparable overhead percentage is to be used (25% for a comparison with the Netherlands and 30% for a comparison with the United Kingdom, for instance). It remains to be seen what further developments will be forthcoming in this regard, especially at EU level.

Costs of acquisitions

If an acquisition is made solely to enable the enterprise to comply with specific information obligations, the amount corresponding to the annual depreciation rate for that acquisition can be factored into the calculations. The annual depreciation cost is then multiplied by the number of affected enterprises.

If the acquisition is not made solely for the purpose of complying with the information obligation or procuring data, it shall not be factored into the measurement. If, for example, an enterprise needs an Internet connection in order to comply with a digital reporting obligation but also uses the connection for other business communication purposes, this acquisition shall not be taken into account.

- **Time**

The parameter time (TI) is amount of time (in minutes) required to fulfil an information obligation, for instance the time required to fill out an application.

Hypothetical example:

The amount of time an enterprise needs to issue a certificate of employment is generally 22 minutes.

- **Frequency / Periodicity**

The frequency (F) indicates how many times a year a certain information obligation must be fulfilled. This figure is often specified in the statutory regulation.

Example:

As a rule, a wages tax return must be filed by every enterprise twelve times a year. The frequency is thus twelve.

- **Size of the target group**

This means the number of enterprises, citizens or administrative units affected by a specific information obligation. On the one hand, the size of the target group can be determined by the fact that the addressee of the norm is obligated by law to comply with an information obligation on a periodically recurring basis. In this case the size of the target group is the number of entities affected by the statutory regulation. On the other hand, the size of the target group can also be defined merely by the number of cases that actually arise. This is true of information obligations that economy, citizens or public administrations must only fulfil if they undertake certain actions.

Examples:

- 1) As a rule, all enterprises must file a preliminary turnover tax return, i.e. approximately 3 million enterprises are affected by this information obligation.
- 2) If 300,000 applications for business licences were submitted in one year, then 300,000 enterprises were affected by the information obligation "Application for a business licence".

3.3 Formula for calculating the administrative burdens caused by information obligations

The overall administrative burden resulting from existing information obligations is the sum total of the administrative costs of the individual information obligations.

$$AB = \sum_{i=1}^N AC_i \quad \text{(I)}$$

AB = total administrative burden resulting from existing information obligations
 AC_i = administrative costs of the information obligation i
 N = number of information obligations included

In practice, this means that the costs of each specific information obligation must first be calculated separately. The individual results are then added together to yield the total.

The costs of an individual information obligation (AC_i) are measured on the basis of the following formula:

$$AC_i = P_i * Q_i \quad \text{(II)}$$

P_i = price for the fulfilment of the information obligation i
 Q_i = annual number of times (= quantity) the information obligation i must be fulfilled

The components "price" and "quantity" in the formula are calculated with the parameters described in section 3.2. The price (P_i) of an information obligation can be determined by multiplying the wage rate per time unit for the administrative activity associated with that information obligation (see the parameter "costs per unit of time") by the time required to carry it out (see the parameter "time"):

$$P_i = TA_i * TI_i \quad \text{(III)}$$

TA_i = tariff for carrying out the information obligation i
 TI_i = time required to carry out the information obligation i

In the course of the SCM measurement, the times for certain standard activities required to carry out the information obligation are measured. TI_i is therefore the sum total of the times for the standard activities required to fulfil the information obligation.

$$TI_i = \sum_{j=1}^M TIS_{ij} \quad \text{(IV)}$$

TIS_{ij} = time for carrying out the standard activity j of the information obligation i
 N = number of standard activities

Experience in the Netherlands has shown that the fulfilment of an information obligation can be broken down into a maximum of 14 standard activities (N = 14).

The standard activities of an information obligation can be carried out by persons with different qualification levels. In addition, the standard activities take different lengths of time, so the cost rates of the different qualification levels factor into the tariff differently. The tariff for the fulfilment of an information obligation (TA_i) is consequently a time-weighted arithmetic mean of the tariffs of the persons tasked with carrying out the standard activities associated with the information obligation.

$$TA_i = \frac{1}{TI_i} \sum_{j=1}^N TAS_{ij} * TIS_{ij} \quad (V)$$

TAS_{ij} = tariff for carrying out the standard activity j of the information obligation i

The quantity (Q_i) is measured by multiplying the number of enterprises, citizens or public administrative units affected by the information obligation by the annual frequency:

$$Q_i = NN * F \quad (VI)$$

NN = number of norm addressees (enterprises, citizens, public administrative units affected by the information obligation)
 F = frequency of transfer (how often is the defined activity carried out by a norm addressee each year)

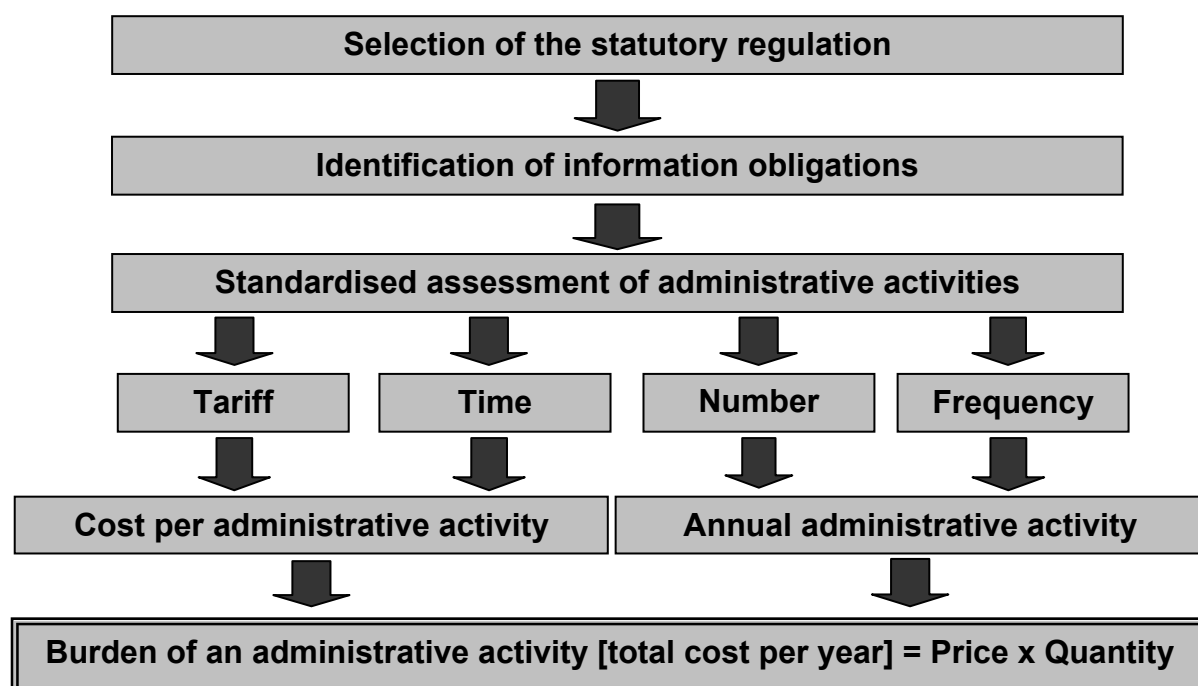
In conclusion, the following example illustrates the measurement of the administrative costs of an information obligation (AC_i = (TA_i * TI_i) (NN * F)):

Example:

The administrative activity takes three hours (TI_i) and the tariff (TA_i) for the employee of the enterprise, who is the only person carrying out the activity, is € 10.00. The price (P_i) is therefore 3 x € 10.00 = € 30.00. If the information obligation is incumbent upon 100,000 enterprises (NN), which must each fulfil the obligation two times per year (F), the quantity (Q_i) is 200,000 administrative activities per year. The total administrative costs (AC_i) are: 200,000 x € 30.00 = € 6 million.

The following figure depicts the entire process from the selection of the statutory regulation to the application of the formula described on the foregoing pages.

Figure 2: Application of the cost calculation model



The cost calculation model applies irrespective of whether the costs of new or existing information obligations are to be measured.

- **The special case of information obligations incumbent upon citizens**

On principle, no tariff (TA_i) is calculated if the information obligation in question is incumbent upon citizens because no meaningful monetary values can be defined as a basis for the calculation here. In the case of information obligations affecting citizens, the parameters "time" (TI_i) and "frequency" (F) are thus the crucial variables.

The administrative costs of an information obligation incumbent upon citizens are thus calculated by multiplying the necessary time (TI_i) by the quantity (Q_i). The formula for the administrative costs of an information obligation in this case can be depicted as follows:

$$AC_i = TI_i * Q_i$$

The sum total of the administrative costs (AC_i) incurred in the fulfilment of the individual information obligations yields the overall administrative burden borne by citizens. In the event that developments at EU level necessitate adjustments to the procedure for measuring the information obligations of citizens, such adjustments shall be made.

4 Documentation and database

The documentation and systematic recording of the individual steps of the measurement process is of paramount importance for the successful introduction and implementation of the SCM methodology. Only in this way can it be ensured that the results will be transparent and understandable to outside parties. This applies to all phases of the cost measurement exercise, from the identification/analysis of the legal bases and information obligations and the determination of the quantity components and time consumption figures to the processing and evaluation of the data. The record must capture not only the variables indispensable for the cost measurement – laws, information obligations, quantity parameters (frequency, size of the target group), time consumption (hours, minutes), cost parameters, etc. – but also metadata (information concerning the variables, such as sources in law, references to other norms, sources for quantity and time parameters, original value or estimated value, etc.).

The Federal Statistical Office has made a data entry mask available to facilitate the systematic mapping of information obligations in the federal ministries. This data entry mask ensures structured documentation and storage of the entries made by the individual ministries in a central database. It utilises the IDEV data entry system developed by the statistical offices for online surveys, which has been modified in line with the requirements of the SCM measurement. Through this system it is possible for staff members in different ministries to simultaneously collect data on information obligations and store these in a central database. The system can be accessed decentrally via the Internet (<http://www-idev.destatis.de>). In order to log into the system, each participating staff member receives a username and a personal password. No additional software or hardware other than an Internet browser and Internet access is needed. Each staff member can thus carry out the necessary steps from his or her own workstation. The captured data are transmitted online to the Federal Statistical Office and can be directly processed there.

At the time the relevant staff in the federal ministries are issued their usernames and user passwords, they are registered by the Federal Statistical Office in a registration database. With the aid of this registration database, a message concerning an information obligation can be automatically traced to a given staff member in the event of further inquiries. No separate query to this effect is therefore needed in the data entry mask. Moreover, this system ensures that only authorised users can send messages via the Internet.

A form must be filled out for each information obligation. This form consists of the following sub forms:

- Legal basis: Here the legal norm in question (law, ordinance, administrative regulation) is specified in greater detail.
- Information obligation: Here the staff member assigns a meaningful keyword or keyword phrase to the information obligation to be mapped and describes its precise foundations in law.

- Description: This provides a more precise description of the content of the information obligation.
- Coverage: This provides an estimate of how often the information obligation must be fulfilled by the norm addressees overall each year.
- Data requirements: This provides a description of the data/information which must be transmitted by the norm addressee to the recipient of the information.

The following Figure 3 depicts the IDEV data entry mask with the sub form "Coverage" and the information obligation "Preliminary turnover tax return":

The sub forms "Legal basis", "Information obligation" and "Description" all contain so-called "compulsory fields", i.e. these variables must be entered by staff members because the cost measurement cannot be properly carried out without this information. The remaining sub forms contain exclusively optional fields that are only to be filled in if staff members have reliable information on the queried items. This of course does not mean that these optional fields are any less important for the determination of information costs.

Figure 3: The IDEV-data entry mask with the subform “quantity” and the information obligation turnover tax return

If an information obligation is addressed to more than one norm addressee (e.g. to citizens *and* economy), it is to be treated as more than one information obligation and a separate form is consequently to be filled out for each one. This can be done without much effort, however, simply by activating the "Copy form" function of the data entry system. Separate recording of these information obligations is necessary because the assessment of information obligations addressed to economy differs monetarily from that of information obligations addressed to citizens.

Detailed step-by-step instructions for use of the data entry mask, including the mask query items, is made available to the federal ministries separately. The table in Annex I of this manual contains an overview of the features of the data entry mask.

In addition to the characteristics of the information obligations to be entered in the SCM database by the individual federal ministries, the information (quantities, times, wage costs, etc.) to be collected in subsequent steps during the actual measurement exercise must be entered as well. Moreover, the central database shall also contain the calculated standard costs of each information obligation. The information from the database shall be available to the Council for the Review of Legal Norms and the ministries for their areas of competence.

5 Measurement of costs and reduction of existing information obligations on the basis of the Standard Cost Model

5.1 Identification of existing information obligations

An indispensable prerequisite for controlled reduction of existing information costs is the full identification and categorisation of all existing information obligations by the federal ministry responsible for the given individual norm (law, ordinance, administrative regulation).

Since full identification of existing information obligations is the basis for the subsequent measurement of the costs they entail for economy, citizens and public administration, this process must be carried out with the greatest care. Only a complete and error-free listing and categorization of the existing information obligations ensures that the results of the SCM measurement will realistically reflect the actual burdens imposed by information obligations. Errors in this first step of the process inevitably lead to a distorted picture of the actual costs. Here the data entry mask described in chapter 4 serves as an aid to the federal ministries. It not only facilitates the entry of data but also simplifies the evaluation of the (overall) data by the Better Regulation Unit at the Federal Chancellery and the Federal Statistical Office. Any points that remain unclear shall be addressed and resolved in cooperation with the Better Regulation Unit.

5.1.1 Categorisation of regulatory acts

As a first step, regulatory acts must be classified by legislative level of origin in one of the categories that can be the subject of the SCM measurement:

- **Category D:** This category encompasses information obligations that are exclusively a consequence of rules formulated at federal level. If an information obligation imposed by the Bundestag (= the federal parliament) comes to constitute a burden only as a result of the interplay of several different legal norms (federal law → ordinance → administrative regulation), this so-called regulatory cascade must be documented. This also applies in the event that the information obligation created by the Bundestag is further elaborated by

Land law and/or local by-laws.

- Category I: Information obligations that are exclusively and completely a consequence of EU legal acts (EU Regulations, EU Directives) or international regulations, i.e. information obligations that are directly applicable or that will be or have been transposed 1:1 into national law. While these obligations shall indeed be categorised, they shall not be included in the measurement for the time being in anticipation of further developments at EU level.
- Category ID: This category encompasses information obligations that are a consequence of international law but the specific requirements of which (such as frequency and content) will be/have been broadened by the Bundestag. Only that part of the information obligation which can be traced back to federal legislative action shall be measured.

This classification serves two purposes: On the one hand, it presents a balanced picture of the composition of the information obligations falling within the purview of a given federal ministry; it indicates the potential for reduction of statutory information costs in the short term. A ministry which is mainly responsible for national legislation has better chances of reducing administrative costs in the short term than a ministry which is largely responsible for regulations reflecting international law.

On the other hand, the classification in categories serves a long-term purpose as well: If substantial and significant costs are identified in connection with EU legislation, and if the EU legislation itself definitively regulates the details of the information obligations, the analysis can make an important contribution to simplification of this EU provision.

On the basis of the definitions set out in chapter 2 (information obligation, subject of the analysis)

- federal laws,
- ordinances and
- EU Regulations

shall be analysed first to identify existing information obligations. Administrative regulations are to be included if these obviously cause high administrative costs.

The aim of this first step is to identify the regulatory acts which are of relevance for the measurement from a legal standpoint (federal laws, ordinances, cost-intensive administrative regulations) and which contain information obligations. Regulatory acts which do not contain information obligations are not the subject of the SCM measurement. For purposes of checking for completeness, however, it is important that these regulatory acts too be documented. Only in this way is it possible to verify the extent to which all regulatory acts have been included in the analysis.

Furthermore, all information obligations which have been in force for less than two years shall be flagged. They shall not be measured until after the expiration of this time period.

5.1.2 Categorisation of information obligations

After all the regulatory acts have been categorised in terms of information obligations (yes/no), the information obligations must be mapped in structured form with the aid of the data entry mask. The information obligation is first allocated to one or more of the three target groups (norm addressees):

- E: Economy
- C: Citizens
- PA: Public administration

The (end) addressee of the data associated with the information obligation must also be documented:

- Addressee E: Economy
- Addressee C: Citizens
- Addressee PA: Public administration

Note:

In the case of an indirect information transfer, the information is not transmitted from the norm addressee to the end addressee directly but via a third party instead. The given norm addressee and end addressee must always be documented, however.

Example:

In the case of the income certificate to be issued by an employer for an employee's housing allowance application, the entries are norm addressee B and end addressee PA. The norm addressee is the economy since it is obligated by law to issue this certificate; although the employer hands the certificate to his employee, the end addressee is the public administrative unit that rules on the employee's application. For the employee, the certificate can be part of his compliance with his specific information obligation if he applies for government assistance, for instance. The time he needs to request the certificate from his employer is considered part of the overall time he spends in complying with his information obligation. This case thus involves two different information obligations that are based on one norm: the (indirect) information obligation of the employer to the public administration and the information obligation of the citizen to the public administration in connection with the application for a housing allowance.

If the target group involved is economy, it is necessary to document which branches of economic

activity are affected by the information obligation. This largely determines how many enterprises must comply with the information obligation. The size of the target group – as shown in section 3.2 – is one parameter (as part of the quantity component) for the measurement of the administrative burden.

The basis for the categorisation of enterprises by branch of economic activity is the section level of the NACE classification of economic activities described in section 2.2. All the affected sections must be listed individually (A, B, C, D, etc.). If the economy as a whole is affected by the information obligation, this is to be duly noted by the entry "all".

Examples:

- 1) If an agricultural operation wishes to become/remain recognised as an organic farm, it must undergo an inspection procedure. To this end it must keep information available concerning areas under cultivation and cultivation methods. Only enterprises falling under NACE section A are affected by this information obligation.
- 2) A preliminary turnover tax return, by contrast, must (with just a few exceptions) be filed by every enterprise over a certain minimum size. "All" enterprises are consequently affected by this information obligation.

Figures concerning frequency of transmission are also important for the SCM measurement. The question of frequency – like the question of the target group – is often already regulated by law and can thus be answered by consulting the given legal reference texts.

Information on the number of affected enterprises and the quantity of reported cases per year is likewise very valuable for the assessment of the quantitative significance of an information obligation. However, it can be presumed that these figures are neither readily available in the individual federal ministries for each information obligation nor can they be easily ascertained. If they can be produced, the source must also be entered in the designated field next to the corresponding figures. Potential sources of information include official statistics, register entries, etc.

Examples:

- 1) According to the statistics of the Federation of Institutions for Statutory Accident Insurance and Prevention (HVBG), the obligation of entrepreneurs to report an accident is an information obligation which enterprises had to meet in close to one million cases in the year 2004. In this example, only the fact that enterprises of all sectors could be affected by this obligation and the number of reported cases (one million) are of interest.
- 2) According to the turnover tax statistics of the Federal Statistical Office, approximately 2.9 million enterprises are required to file preliminary turnover tax returns. Turnover tax statis-

tics for the year 2003 show that for just under 1.8 million enterprises the frequency is twelve (because returns must be filed monthly) and for close to 1.1 million enterprises the frequency is four (because returns must be filed quarterly), so approximately 26 million returns are filed each year. Enterprises from nearly all sectors could be affected by this information obligation.

The information obligations are categorised according to further characteristics which are not directly required for the measurement but are important in order to correctly record the origin and the purpose of the obligation. Examples include:

- the type of information obligation
- the form in which it is recorded (application, report, etc.)
- the subject area under which the legislation giving rise to the information obligation is classified (see Annex II)

As in the Netherlands, the classification by policy areas is based on the existing portfolios of the federal ministries (such as economics and technology, labour and social affairs). Only through correct categorisation is the allocation of costs to policy areas, functions, etc. possible, thus facilitating the elaboration of specific policy recommendations.

5.1.3 Categorisation of the data requirements

In order to detect existing duplication of work and identify streamlining potential, analysis and documentation of the data requirements based on an information obligation are necessary. Examples of data requirements are:

- turnover
- number of employees
- income
- social insurance contributions
- hours worked

This step is initially only mandatory for the information obligations of the economy. Nevertheless, it would appear sensible to similarly analyse and document the information obligations of citizens and public administrations as well.

The purpose of the analysis is to determine whether identical information obligations or data requirements are associated with different regulations. If administrative costs are based on two or more regulations, care must be taken to ensure that they are only measured once.

Example:

The obligation to report turnover is imposed upon enterprises by a variety of regulations: The regu-

lations governing the annual financial statement, for instance, obligate enterprises to furnish information on their turnover. At the same time, tax law stipulates that turnover be reported on tax returns and preliminary turnover tax returns. The costs of compiling the information on turnover are incurred only once and are therefore only measured once.

As the foregoing example shows, it is possible for the data requirements stipulated by law to overlap. In a case where two regulations require the same information, the costs of procuring the information must either be allocated to one of the two regulations or split equally between them. Here the Better Regulation Unit at the Federal Chancellery can be of assistance by functioning as a clearinghouse.

5.1.4 Validation of the categorisation of regulatory acts, information obligations and data requirements

Of key importance for the success of the SCM measurement is public credibility and acceptance of the measurement. In order to achieve high credibility and the broadest possible acceptance from the very beginning, it is essential that the parties affected by the information obligation be involved in the analysis at an early stage. For this reason the list of existing information obligations compiled by a given federal ministry should be discussed with representatives of the affected sectors and reviewed for accuracy and completeness.

It is important already during this early phase of SCM application to consider possibilities for simplification (see also section 6.1 and Annex III). The same also applies to the subsequent phases of the measurement exercise. The validation steps to be carried out in cooperation with experts and the economy should be utilised to explore possibilities for alleviating burdens. Simplification potential identified during the entire process should be noted and documented. The identification of possible duplication of data requirements figures prominently in this context.

Example:

If enterprises are required to report the number of employees for the purposes of several statistics, this may represent a duplication of data requirements. By eliminating one such case of duplication – by changing the procedural channels, for instance – the burden on the economy can be alleviated without diminishing the statistical benefit of the information. If the number of employees serves the purposes of several statistics, these statistics can still be compiled even though the enterprises report the number only once.

Up to this point, information obligations have been analysed independently of the norm addressees (economy, citizens, public administration). The following steps, by contrast, focus exclusively on information obligations of the economy as a norm addressee.

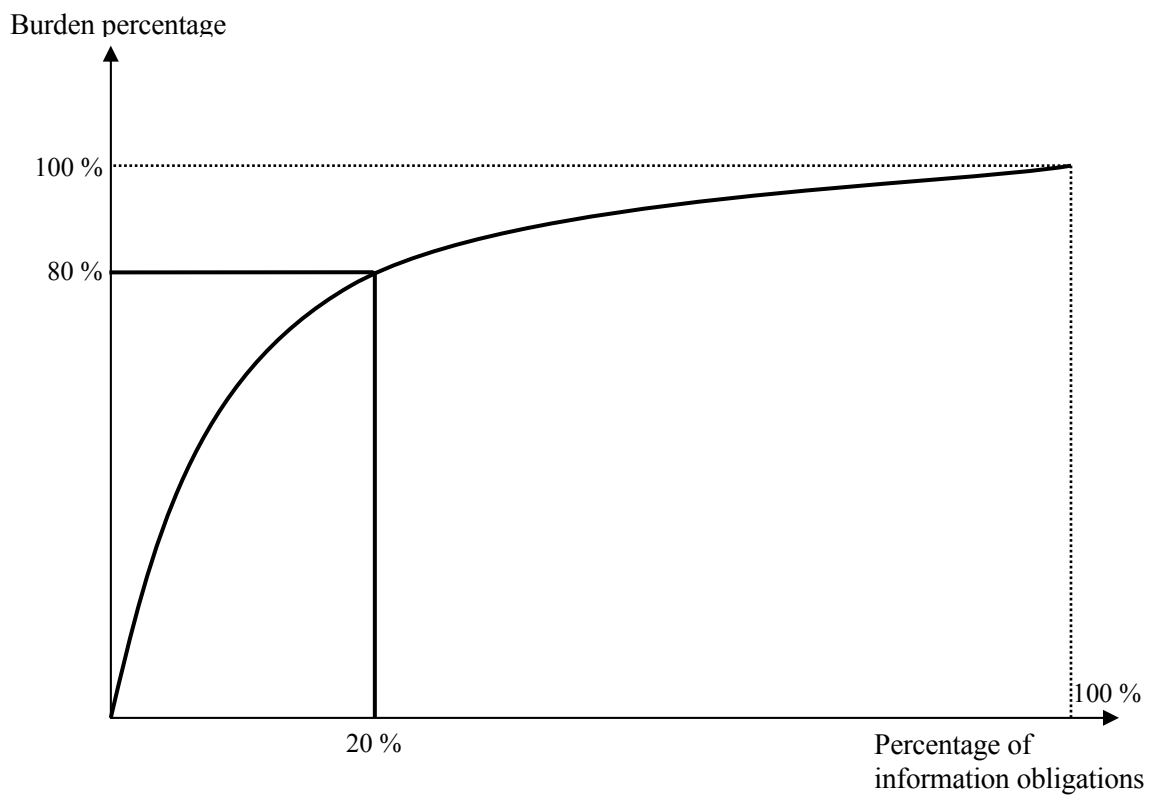
Due to capacity limitations, an exhaustive SCM measurement of the obligations of the norm addressees "citizens" and "public administration" is not envisioned until later (see section 5.5). At that time, however, the data already captured will be a good basis for carrying out those measurements.

5.2 Prioritisation of existing information obligations according to their anticipated cost relevance

In order to tackle the real challenge – reducing administrative costs – as quickly as possible, fast results of the SCM measurement are needed. The impact of individual information obligations on the overall burden can be expected to differ widely. If – as experience from the Netherlands suggests – the assumption proves true that a substantial share of the burden is attributable to a small share of the information obligations, the right measurement sequence can yield a high percentage of the administrative costs already at an early stage.

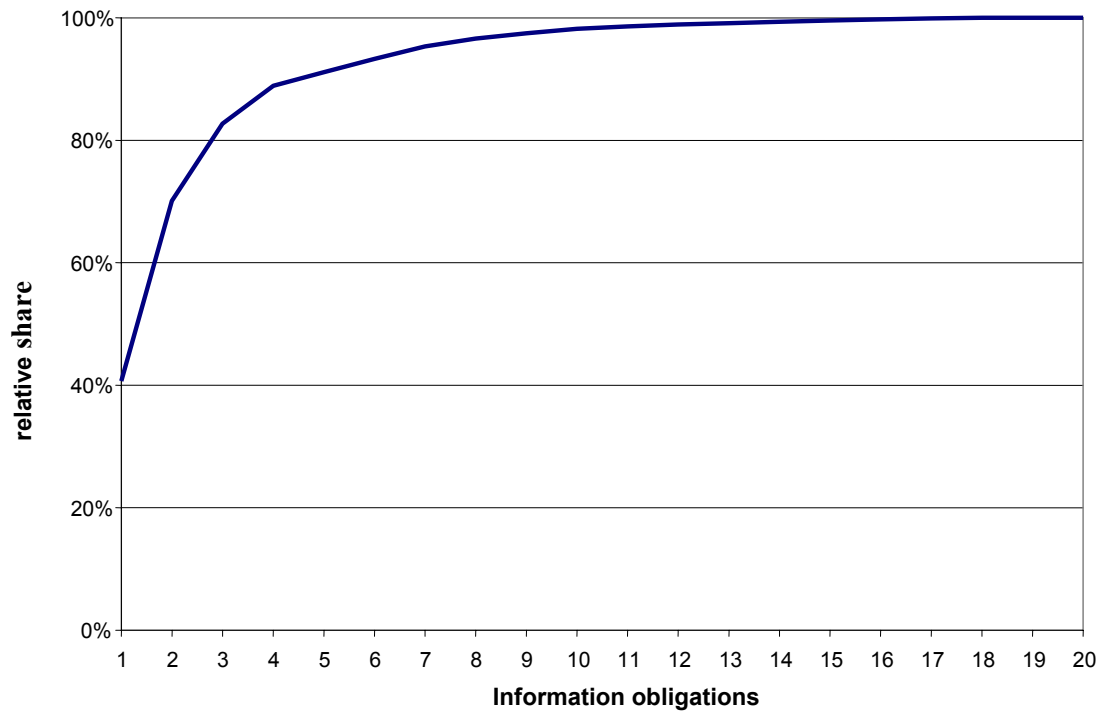
Figure 4 illustrates this connection under the assumption that 20% of the information obligations generate 80% of the administrative burdens.

Figure 4: Theoretical relative distribution of burdens among information obligations]



A study conducted by the Institute for Small Business Research (Institut für Mittelstandsforschung, IfM) in Bonn analysed a total of 20 information obligations from different areas and calculated their costs. Figure 5 depicts the cumulative relative distribution of burdens for this case study and shows that more than 90% of the total burden was generated by the four most resource-intensive information obligations.

Figure 5: Relative distribution of burdens – IfM study



Source: Own depiction on the basis of: Institut für Mittelstandsforschung (pub.): Ermittlung bürokratischer Kostenbelastung in ausgewählten Bereichen, Bonn, 2006

Even though these results are not representative due to the small number of information obligations examined, they nevertheless show how different the impact of information obligations can be and how important it is to set targeted priorities when selecting the information obligations to be included in the measurement.

The two foregoing figures show that reliable results can be presented more quickly if the information obligations likely to entail the highest administrative costs are the first to be measured in the SCM assessment. It is hence important to review the list of information obligations compiled in the first phase in light of their probable cost relevance.

In addition to the level of complexity, the overall costs of an information obligation hinge primarily on how many enterprises are affected and how often the economy must comply with the information

obligation (quantity component). Both variables must already be ascertained prior to actual determination of the time consumption, as this information is indispensable for a structured measurement that is initially oriented towards the so-called cost drivers.

5.2.1 Determination of the quantity component for each information obligation

The quantity component of an information obligation shall be determined by the competent federal ministry in cooperation with the Better Regulation Unit at the Federal Chancellery and the Federal Statistical Office. If reliable figures are already available in the ministries, the quantity component shall be determined on this basis. If the ministries have no reliable figures and are also unable to give any estimates, the Federal Statistical Office shall determine and agree the quantity component with the competent ministries.

The quantity component (Q) hinges on two variables: how many enterprises are affected by an information obligation and how often the enterprises must comply with the information obligation each year (frequency). In the case of the first variable, the potential target groups are either all enterprises or just the enterprises of certain sectors. In the case of frequency, a distinction must be made between two kinds of information obligations: those which are defined by law and periodically recurring, and those which are only incurred on a case-by-case basis when an enterprise voluntarily decides to undertake an action that entails an information obligation.

Examples:

- 1) The preliminary turnover tax return is an example of a statutorily defined and periodically recurring information obligation. For enterprises required to file the return on a monthly basis, the frequency is twelve; for those required to file on a quarterly basis, the frequency is four.
- 2) An enterprise must only submit an application for a building permit if it decides to build an installation, plant, etc.

Four categories of information obligations can thus be derived on the basis of this distinction:

- periodically recurring information obligations for all enterprises
- periodically recurring information obligations for some enterprises
- case-based information obligations for all enterprises
- case-based information obligations for some enterprises

In the case of a **periodically recurring information obligation for all enterprises**, the frequency is generally specified in the pertinent statutory regulation. The next step is to examine whether and to what extent there are exceptions to the rule that all enterprises of all economical sectors are by law affected by the information obligation. Microenterprises, for instance, are exempted from the general turnover tax obligation, as are certain individual sectors. As a result, the actual number of enterprises

affected by the turnover tax obligation (2.9 million) is somewhat smaller than the official number of enterprises listed in the business register. Here the number of enterprises from the business register, adjusted to reflect the exceptions to the rule, yields the quantity component of the information obligation.

In the case of a **periodically recurring information obligation for some enterprises**, the frequency is likewise to be ascertained from the statutory regulation giving rise to the obligation. To determine the number of affected enterprises, it is necessary to draw on statistics and/or consult the competent bodies to which the information is transmitted. The number of cases ascertained in this manner must then be multiplied by the frequency stipulated by law.

Example:

The cost structure survey of the manufacturing sector (including mining and quarrying) involves only enterprises from this sector. In addition, the survey has a lower threshold limit, i.e. only enterprises with at least 20 employees are included. The survey is conducted annually (frequency = 1). According to the information provided by the statistical offices, a maximum of 18,000 enterprises are surveyed. Thus in this case the figure 18,000 is the corresponding quantity component.

The same applies mutatis mutandis to the two **case-based categories**. Since neither a constant frequency nor a clearly definable target group can be presumed in such cases, however, determination of the two quantity parameters is considerably more difficult and hence also more time-consuming than in the case of periodically recurring information obligations. If no case-based statistics are available, or if the frequency of reported cases cannot be learned directly from the competent bodies, the frequency must be estimated.

Determination of the quantity components, including the drawing up of estimates, is primarily the responsibility of the federal ministries. The Federal Statistical Office will provide assistance in difficult cases. When fine-tuning the quantity parameters of particularly complex information obligations, it makes sense to validate the results in the context of the time measurement in the enterprises.

Example:

Within the framework of its study to measure administrative burdens in selected areas, the Institute for Small Business Research in Bonn estimated the costs of the notification "Planning of execution of a construction project". The quantity components could not be derived from any statistics. However, it was possible to make a conservative estimate on the basis of an empirical survey carried out in the context of the European Construction Safety Campaign. According to this, approximately 10,000 messages can be expected each year.

In addition, the IfM study showed that the quantity component was far more critical than the price component for the ranking of information obligations by cost relevance.

After the quantity components for all the individual information obligations have been determined, a quantitative ranking of the obligations can be made, i.e. the information obligations can be listed in descending order of their "quantitative importance" (as an overall list, a ministry list or a list for a specific policy area, for instance).

5.2.2 Categorisation of information obligations by level of complexity

As explained in chapter 3, the quantity component is only one of the two components that determine the costs of an information obligation. The second is the price component, consisting of the time needed to fulfil the information obligation (time) multiplied by a tariff/wage rate. The price component is not conclusively calculated until after the actual SCM measurement has been carried out in the enterprises (determination of the time consumption). In order to be able to actually include the most significant (i.e. potentially most time-consuming) information obligations in the measurement first, however, it makes sense to additionally weight the information obligations listed under section 5.2.1 with a factor that reflects the complexity of the information obligation and the corresponding amount of time required to carry it out.

To this end the entire process of activity associated with an information obligation is classified in one of three categories of complexity (simple/medium/complex). It is sufficient to look at the information obligation as a whole and not break it down into individual standard activities of a standard process. Categorisation by standard activities and standard processes is not necessary until the actual SCM measurement (determination of the time consumption) takes place.

Note:

Classification of information obligations by level of complexity is a subjective judgment. The following rule of thumb can aid the federal ministries in this endeavour and help ensure the greatest possible consistency in procedure:

Simple: Simple information obligations are distinguished by a low number of data requirements. The required data can be produced by the norm addressee without much effort or expense because they may already be known to him (such as the turnover of the enterprise). The norm addressee is familiar with the information obligation as such because he may have to fulfil it regularly, for instance. The procedure is very standardised.

Medium: In the case of information obligations of medium complexity, one or more of the aforementioned criteria are not met. In other words, either the number of data requirements is high (ten or more) or the data cannot be derived from normal business operations and/or the procedure is not

standardised and/or the norm addressee is unfamiliar with the provision because it applies to him only once, or at least only rarely.

Complex: Information obligations can be considered complex if none or nearly none of the aforementioned criteria are met, i.e. if a multitude of data requirements must be satisfied, these are unusual in normal business operations, their fulfilment is a rare or one-time necessity, and the procedure is not standardised.

Since the categorisation by levels of complexity – together with the determination of the quantity parameters – prestructures the later, very resource- and time-intensive process of ascertaining burdens, these steps are of great importance and call for a well-balanced and well-considered approach. Given the federal ministries' expertise and familiarity with the legislation/information obligations, it is logical for them to assess the complexity themselves. In cases of uncertainty, the Federal Statistical Office, in consultation with the Better Regulation Unit at the Federal Chancellery, shall call in experts for a definitive assessment of complexity.

5.2.3 *Compilation of a prioritised list of information obligations*

The next step is to draw up a prioritised list of information obligations on the basis of the unweighted ranking compiled according to section 5.2.1 and the complexity assessments undertaken according to section 5.2.2. This list ultimately represents the order in which the information obligations are subsequently subjected to a precise time measurement.

The factors following from the complexity assessment are subjectively influenced to a certain degree. This is, after all, unavoidable within the framework of an arbitrary, random (unweighted) measurement sequence, for in that case it is subjectively assumed that all information obligations take the same amount of time. The object at this stage, however, is not yet to ascertain the most exact values possible. That is the purpose of the later SCM measurement. The purpose of this section is rather to design the SCM measurement sequence as efficiently as possible. Efficient in this context means following the line depicted in the foregoing Figure 4 as closely as possible, in other words, measuring those information obligations first (whenever possible) which generate the highest costs. This decision will always be inherently subjective to a certain degree. However, the procedure described in this manual fosters greater accuracy.

In order to obtain a weighted measurement sequence for the information obligations, the quantity parameters are multiplied by the relevant complexity factor. To this end, points are assigned to the individual levels of complexity. In order to obtain information on the stability of the ranking of the information obligations resulting from the point assignment, it is a good idea to vary the point system, i.e. to draw up different measurement sequences on the basis of different point systems according to the following table.

Table 3: Different point systems

Point system	Level of complexity			Remarks
	Simple	Medium	Complex	
Logarithmic	1	10	100	Complexity highly significant
Linear	1	2	3	Complexity less significant
Uniform	1	1	1	Corresponds to the original order
CASH table	15	100	353	Factors correspond to the benchmark figures of the Dutch CASH table

Source: Own depiction

5.3 Selection of the information obligations to be measured on the basis of the Standard Cost Model

The ranking of the most costly information obligations established according to section 5.2 is the basis for deciding which information obligations shall be subjected to an SCM measurement first. The question of how many information obligations must be included in the first measurement wave in order to obtain reliable SCM results, and hence the earliest possible time when high-quality results will be available, hinges crucially on

- (1) the total number of existing information obligations;
- (2) the available capacity;
- (3) the skewness of the distribution of costs; and
- (4) the stability of the prioritisation.

The available capacity is an inevitable bottleneck factor. The greater the available capacity, the larger the number of information obligations that can be included in the measurement simultaneously and the sooner it will be possible to obtain exhaustive and reliable SCM results.

The skewness and stability of the cost relevance assessment figure are more prominently in terms of content in the selection of the information obligations to be measured with the SCM, but they also have a direct influence on the number of information obligations that must be measured in order to obtain qualitatively reliable results.

The more skewed the distribution, i.e. the larger the share of a few major cost drivers in the overall information costs, the smaller the number of information obligations that must be measured in order

to obtain reliable results. The greater the success in limiting the first wave of the measurement to just a few information obligations, the sooner the first results will be available.

Table 4: Hypothetical order of significance in the case of different results

Information obligation	Relative shares of the burden attributable to specific information obligations by federal ministry (in %)				
	A	B	C	D	E
1	70	50	25	20	10
2	10	15	20	15	10
3	6	10	15	15	10
4	4	5	10	12	10
5	2	4	7	10	10
6	2	4	6	7	10
7	2	4	5	7	10
8	2	4	5	5	10
9	1	2	4	5	10
10	1	2	3	4	10
Total	100	100	100	100	100

Source: Own depiction

Table 4 illustrates the connection between the distribution and the number of information obligations that must necessarily be included in the first measurement wave. It lists information obligations incumbent upon five federal ministries (A-E) in the order of their probable relative share of the costs. In order to measure at least 80% of the anticipated cost burden, the different ministries must include a different number of information obligations in the measurement. Ministry A already obtains the desired result if it measures the two biggest cost drivers (information obligations 1 and 2); Ministry E, by contrast, must measure eight information obligations, with the selection in this extreme case being random.

In addition to the available capacity and the skewness of distribution, the stability of the prioritisation has a crucial influence on the connection between the number of measurements to be conducted and the reliability of the ensuing SCM results. Stability in this sense means the sensitivity of the order to different point systems.

Table 5: Hypothetical order of significance under different point systems

Information obligation	Rank of the information obligation under different point systems			
	Logarithmic	Linear	Uniform	CASH
1	1	1	1	1
2	2	2	2	2
3	3	3	5	3
4	4	5	10	4
5	5	4	3	5
6	6	10	4	7
7	7	7	7	10
8	8	6	8	6
9	9	8	9	8
10	10	9	6	9

Source: Own depiction

Table 5 illustrates the rankings for ten information obligations that could conceivably result from the different point systems. The example indisputably shows that the first two information obligations should fall in the first measurement wave. Information obligation 3 should likewise be accorded priority. If the ranking is based on a uniform distribution, this information obligation admittedly only ranks fifth, but under the weighted point systems it consistently ranks third. It therefore exhibits a higher level of complexity. The opposite is true of information obligations 5 and 10. These rank very high if a uniform assignment of points is assumed and drop as soon as complexity plays a role. Both should be included in the measurement. The same applies to information obligation 4, which exhibits a higher level of complexity.

The less stable the weighted results prove to be, the greater the number of information obligations that must be included in the first wave in order to avoid the risk of measuring important cost drivers too late.

A selection on the basis of the procedure outlined above ensures that the available resources will be utilised efficiently and accelerates delivery of the initial results. Efficient and successful application of the SCM method as a whole hinges on this decision, which is consequently to be prepared by the Better Regulation Unit at the Federal Chancellery in cooperation with the Federal Statistical Office after consultation with all the federal ministries involved and taken by the Committee of State Secretaries on Bureaucracy Reduction.

5.4 Measurement of the costs of information obligations

5.4.1 Selection of the measurement methods

Responsibility for coordination of the time measurement exercise lies with the Federal Statistical Office. As a rule, the time measurements in the enterprises are not carried out by the federal ministries themselves. If external service providers are charged with conducting the measurements, the Better Regulation Unit at the Federal Chancellery – in cooperation with the Federal Statistical Office and after checking with the ministries concerned – shall decide on their selection. External participants in the measurement exercise shall be obliged to follow the methodology set out in this manual. The results obtained in the course of the time measurement exercise shall be checked with the competent ministries.

Different measurement methods are available for the time measurement exercise. These include in particular:

- telephone interviews;
- on-site face-to face interviews;
- expert interviews;
- questionnaires;
- Delphi surveys (written surveys of experts); and
- the stopwatch method.

Each measurement method has specific advantages and disadvantages, so different methods are employed for different information obligations.

The advantage of a **telephone interview** is that results can be obtained quickly and relatively inexpensively. Since the costs per interviewed enterprise are comparatively low, a relatively large number of enterprises can be included in the survey. The lack of direct contact between the interviewer and the interviewed person could prove to be a disadvantage, however. It is also not possible to simulate situations if necessary in order to clearly ascertain the time burden entailed in compliance with an information obligation (this is the essence of the stopwatch method). Such simulations are necessary especially in the case of information obligations involving complex processes. In light of these advantages and disadvantages, telephone interviews are the method of choice when quick results are needed, a relatively large number of enterprises are to be interviewed and the processes to be measured are not too complex.

The (structured) **on-site face-to-face interview** eliminates the problem of lack of direct contact between interviewer and interviewed person. The interviewer can verify the plausibility of the responses on site. Situations can be simulated if necessary. Disadvantages of this method vis-à-vis the telephone interview are its higher costs and greater time consumption, which means that fewer

enterprises can be interviewed. On-site interviews are therefore more suitable for complex information obligations that do not affect all enterprises and for which a smaller number of interviewed enterprises is consequently sufficient.

The distinctive feature of an **expert interview** is the fact that it is not necessarily the party actually affected by the information obligation who is interviewed but rather a group of people who are selected because they have a particularly good knowledge of the material as a consequence of their professional or other activities (such as tax consultants in regard to tax-related information obligations or architects in matters pertaining to construction). The experts then substitute for a whole group of enterprises. In an ideal case it is thus possible to profit from the knowledge of many by interviewing just a few. This makes a survey cheaper and faster. Experts can above all be consulted on complex issues, since it can be assumed that they have a higher level of knowledge. Expert interviews are therefore particularly suitable for cases involving complex issues that affect a relatively large number of enterprises (given the experts' "substitute" function). They can also be useful for verifying the plausibility of results obtained with the aid of one of the other methods described in this section.

It is precisely such complex issues – for which experts are especially well-suited – that are extremely sensitive to measurement errors and consequently particularly problematic in the context of the measurement. Expert interviews should therefore complement other measurement methods in such cases to validate the results of the measurements.

One of the problems with expert interviews is finding suitable experts; such experts are not necessarily available for each and every issue. Moreover, many experts tend to be somewhat conservative, which can prove disadvantageous especially in the case of group interviews. If several experts are interviewed in a group setting, the inclination to quickly reach a consensus on an issue that is in fact a matter of dispute can lead to conservative estimates, which could distort the results. Another problem inherent in group discussions is that opinion may be led by individual participants who thus unduly influence the outcome of the discussion. In order to avoid these effects, it is wise to interview experts individually – a process which is more expensive and more time consuming, however.

Questionnaires have the advantage that many enterprises can be interviewed relatively inexpensively. The disadvantage of such surveys is that the response rate is often low. It is possible to compensate for this by sending out considerably more questionnaires than the actual number of enterprises required for the survey. The bigger problem associated with this method is that the person filling out the questionnaire must answer the questions without assistance. The questionnaire must consequently be clearly and simply designed. Possibilities for further inquiries are either non-existent or very limited (via a telephone hotline, for example), and simulation of situations is out of the question. Furthermore, there is no guarantee that the person in the enterprise who fills out the questionnaire is actually the person most qualified to do so. For these reasons questionnaires are only

suitable for cases involving information obligations which are relatively simple but must be met by a very large number of enterprises and where it therefore appears sensible to survey a large pool of enterprises.

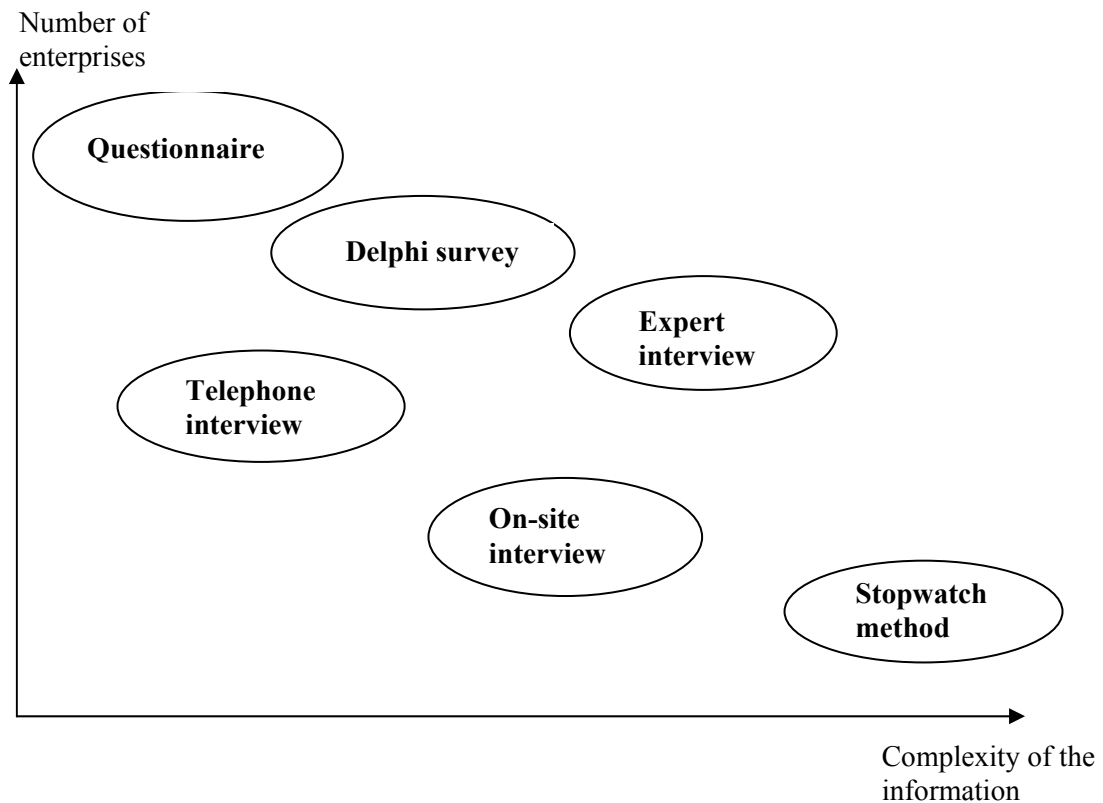
The **Delphi survey** is a written survey of experts. In contrast to a traditional survey, the experts are confronted with the results of the survey and are given the opportunity to revise their own assessments accordingly. When conducting a Delphi survey, the participating experts are first asked to fill out a questionnaire. Their responses are evaluated and the results are then enclosed with the questionnaire to be filled out by the experts in the second round. The object is to reach the greatest possible consensus among the experts on specific issues. Confronting them with the results from the previous round simulates a group discussion. Because the discussion is written and not oral, however, it is not possible for a single person to sway the opinion of the group, as is often the case with "normal" group discussions. Another advantage is that a larger number of experts can be approached. In the case of a Delphi survey, moreover, validation of results is an inherent feature of the system. However, the disadvantages of a questionnaire (response rate, etc.) hold true for the Delphi method as well, although experience has shown that particularly the response rate is significantly higher here than in the case of traditional surveys. Since questions addressed to experts can be more difficult than questions posed in normal written surveys, the Delphi method is suitable for use in measurements involving slightly complex questions that affect a relatively large number of enterprises.

The **stopwatch method** is the most complex measurement method introduced here. It was utilised by the Bonn Institute for Small Business Research in its study measuring the costs of administrative burdens in selected areas. In contrast to the other methods introduced earlier, test subjects are not asked for subjective assessments. Instead, an information obligation is broken down into individual steps. A stopwatch is then used to measure the time needed to complete each step. Here simulation of a situation is not merely an option but rather an integral part of the method. Under no other method are times ascertained more precisely than under the stopwatch method. Time measurement data are objectivised. Here too, however, subjective elements play a role. The "design of the experiment", for instance, can influence the way the test subject carries out his activity and thus distort the results. Also problematic are the extremely high time consumption and attendant high costs. This method therefore appears particularly suitable for highly complex information obligations that must be met by a smaller number of enterprises. The measurement is then conducted in a relatively small number of enterprises. The stopwatch method is also particularly useful for validation of unclear or uncertain results obtained through other measurement methods.

Experience has shown that methods involving direct contact – whether with experts or the affected parties themselves, with the aid of a stopwatch or with the aid of a structured conversation – generate the best results. Given the multitude of information obligations and the high number of enterprises affected in some cases, it will nevertheless be necessary to resort to the other types of surveys as

well. In order to optimally utilise the available resources, the decision as to which method is used in a given case will be made on the basis of the approach described above.

Figure 6: Selection of measurement method depending on the complexity of the information obligation and the number of affected enterprises



[Source: Own depiction]

In order to minimise the burden on the interviewed persons or test subjects and enhance the efficiency of the exercise, several related information obligations should be pooled to form a single measurement or survey involving the norm addressees.

5.4.2 Time measurement

The time measurement exercise does not query or measure the overall period of time an affected entity needs in order to comply with a government-imposed information obligation. Rather, the entire process is broken down into individual standardised activities, and the times required for their completion or the completion of standard activities is then measured. The sum total of the times for the individual standard activities is the standard time for the fulfilment of the information obligation.

The basis for conducting interviews, stopwatch studies or other assessments in the enterprises is

consequently the standard process. Defining standard processes gives the interviewer clear guidelines concerning the work processes that are necessary in order to satisfy a statutory information obligation in an normally efficient manner. This aspect is of key importance for the determination of standardised costs and must always be observed.

The aim is not to develop new standard processes but rather to define precise time and tariff parameters for the established standard processes. Targeted questions are therefore posed to determine how much time an employee needs to carry out an administrative activity specified in the standard process. If the result appears unrealistic to the analyst, efforts are made to uncover the reasons for this. In addition to the time parameters, it makes sense to obtain information on the qualification level (e.g. executive, desk officer) of the employees who are usually responsible for carrying out the government-imposed administrative activity in the enterprise. It is likewise necessary in this context to obtain data on any external service providers (tax consultant, architect, etc.) who may be involved in fulfilling the information obligation.

Experience with the application of the Standard Cost Model in the Netherlands shows that in practice information obligations can be described very well in terms of 14 standard activities (see Table 6, page 49). This is attributable to the fact that the activities involved in the fulfilment of information obligations are essentially much the same, irrespective of the specific characteristics and target group of the given information obligation. What is different, by contrast, is the amount of time and the qualification level necessary in order to fulfil the information obligation. These two points must therefore be measured or queried. In the Netherlands, these considerations culminated in the Classification System of Administrative Activities (CASH), which is reproduced in slightly modified form in Table 6.

The breakdown of activities into small individual steps makes it possible to conduct a very detailed analysis of the overall process. In addition, it yields initial information on the techniques utilised by the enterprises and the qualification level of the employees involved and can thus reveal differences in the individual procedural steps in the enterprises.

Table 6: Standard activities to fulfil an information obligation

No.	General standard activity	General question
1	Familiarisation with the information obligation	What experience does a relevant target group have in complying with an information obligation?
2	Receiving the information	What framework exists for the transfer of information from the authority to the enterprise?
3	Collecting the required information	What information is available in the enterprise?
4	Assessing the required information and data	Is the information sufficient to comply with the information obligation?
5	Filling in or entering the required data	How is the data entered (by hand, electronically)?
6	Making calculations and/or estimates	What calculations, assessments, counts or estimates must be made by the enterprises?
7	Printing out/recording the results	How must the collected data be processed?
8	Checking and possibly correcting the results	How much time and expense is involved in checking and correcting?
9	Obtaining information from third parties	Are certain acquisitions or external procurement of information indispensable?
10	Consultation	Does the entrepreneur need additional advice from third parties in order to adequately comply with the information obligation?
11	Declarations/explanations	Are further declarations/explanations necessary in addition to the prescribed forms?
12	Settlement/payment	What steps are carried out for the indispensable outsourcing to third parties?
13	Sending the information	What framework exists for the transfer of information from the enterprise to the authority?
14	Filing the information	What rules govern the further handling of data in the enterprise?

Sources: Nijssen/Vellinga: A model to measure the administrative burden of businesses, Zoetermeer 2002;
Bertelsmann Stiftung (pub.): Handbuch zur Messung von Bürokratiekosten, scheduled to appear in 2006

It should be noted here that not all 14 standard activities will always be required to fulfil specific information obligations.

In the runup to the actual measurement in Germany, these standard processes and the associated standard activities must be reviewed to determine the extent to which they should be adopted for the German SCM measurement at federal level.

After the information obligations have been set out in detail, the next step is to draw up a corresponding interview guide for the oral interviews, a questionnaire for the written surveys or a time study sheet for the stopwatch method. It must be emphasised again that the question of the

qualification level of the person tasked with the activity should also be raised when conducting the measurement or when inquiring how much time is needed to perform the activity.

In the event that the measurement is carried out by interviewing experts (orally or in writing), suitable experts must be chosen and contacted at this point. If enterprises are to be surveyed directly instead, these must likewise be selected. If group-specific results are of particular relevance (results segmented by enterprise size or branch of economic activity, for instance), care should be taken to ensure that a sufficiently large number of enterprises is selected for each group. Otherwise there is a risk that the desired evaluations will not be possible at all or will yield only marginally reliable results.

In order to minimise the burdens imposed on enterprises by the SCM time measurement exercise, enterprises should be assessed in rotation and similar information obligations should be pooled for query purposes. The same applies to expert interviews, i.e. several information obligations should be addressed in a single survey.

5.4.3 Consolidation of the data into an overall result

With the data from the time measurement, the tariff, and the quantity components ascertained in accordance with section 5.2.1, all the data on the cost parameters are available. The following sections explain how an overall result can be derived from these individual elements of information. First the price components of each information obligation must be calculated from the results of the measurement (see section 5.4.3.1 in this context). With the aid of the quantity components ascertained for each information obligation pursuant to section 5.2.1, an assessment is then made of both the administrative burden for each information obligation and the overall administrative burden. The Federal Statistical Office is responsible for carrying out these tasks.

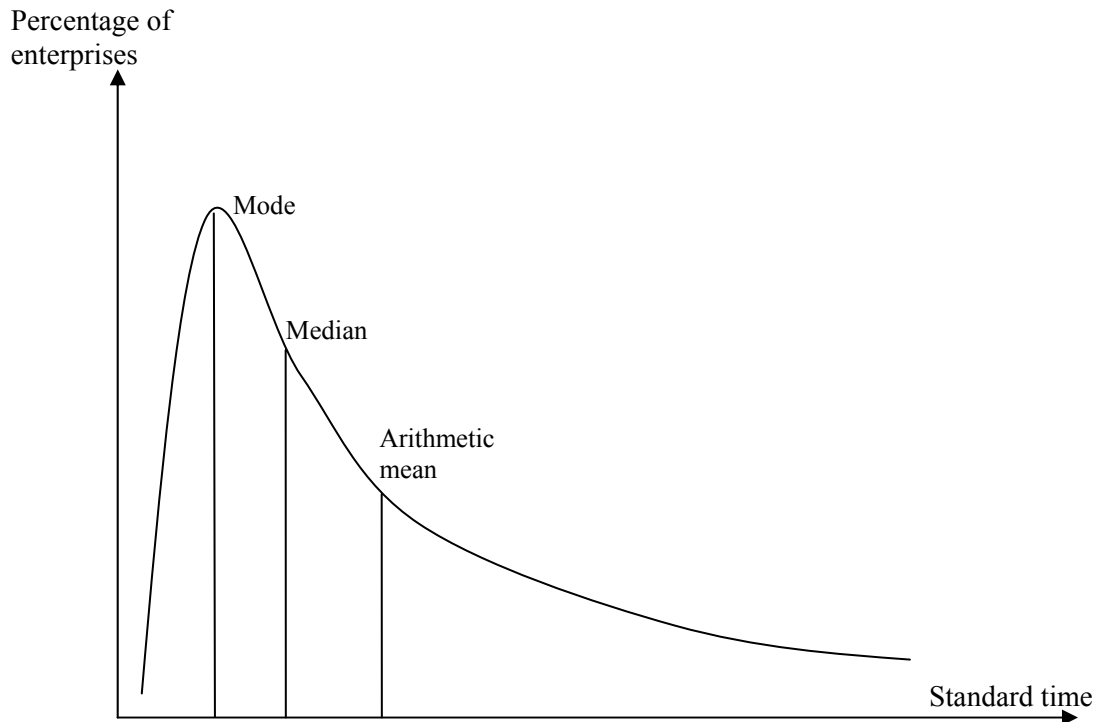
5.4.3.1 Calculation of the price component

The time data ascertained for each standard process of an information obligation during the field-work phase are merged in the SCM database. On the basis of this data, the time required to fulfil an information obligation is calculated. In addition, the wage costs are entered in the database. Depending on the information obligation, this is done on a cross-sectoral or sector-specific basis and segmented by qualification level.

The time variable entered in the database is an normally efficient standardised time for the completion of a standard process. In other words, the time entered in the database for a standard process is the length of time that the enterprises generally need to carry it out. Depending on the measurement method, varying numbers of individual entries will be available for a specific standard process (depending on how many enterprises were surveyed). Given a set lower limit of zero minutes for the time variable and a sufficiently

large number of surveyed enterprises, the distribution of data depicted in the following figure can be anticipated:

Figure 7: Anticipated distribution of the time data for a standard process



Source: Own depiction

The value to be taken as the standard time is the time that enterprises typically need to carry out the standard process. The distribution curve depicted above is characterised by the fact that the mode is less than the median and the median is in turn less than the arithmetic mean (arithmetic average). Both the mode and the median could be taken as the typical value in the context of the SCM: the mode because no other value is as frequently produced by the enterprises; the median due to its central position in the distribution. The arithmetic mean, by contrast, is distorted upwards by extreme values; it consequently does not correspond to the value for a typical enterprise and must therefore be excluded from assessment. Speaking in favour of the median versus the mode is the fact that the mode cannot always be unambiguously determined (there can be two most frequent values, for instance), whereas the median, by contrast, is always clearly defined. Overall, it is therefore advisable to take the value corresponding to the median as the standard time.

Example:

In the course of the assessment of the burden imposed on the economy by official statistics, data was obtained from more than 3,000 enterprises on the amount of time required to comply with the obligation to furnish information for the statistics on investments for environmental protection by enterprises in industry. The distribution exhibits the expected lognormal structure. However, there are at least two modal values: 30 minutes and 60 minutes. The median is 40 minutes and the arithmetic mean – which is distorted upwards by extreme values – is 75 minutes. On the basis of this data set, a typical enterprise needs 40 minutes (median) to comply with the information obligation "Reporting for statistics on investments for environmental protection by enterprises in industry".

The procedure described in the foregoing is to be followed for all measured standard activities so that a reporting sheet can be filled out in the form of a table such as Table 7 depicted below and based on the assumption that all 14 standard activities are included in the measurement. For each standard activity, the median of the times measured in the enterprises is the standard time.

Table 7: Results of the measurement of an information obligation (example)

No.	General standard activity	Standard time (minutes)	Wage costs (€)
1	Familiarisation with the information obligation	10	33
2	Receiving the information	2	28
3	Collecting the required information	19	28
4	Assessing the required information and data	6	33
5	Filling in or entering the required data	5	28
6	Making calculations and/or estimates	5	61
7	Printing out/recording the results	3	33
8	Checking and possibly correcting the results	12	33
9	Obtaining information from third parties	20	28
10	Consultation	10	61
11	Declarations/explanations	14	33
12	Settlement/payment	4	33
13	Sending the information	1	28
14	Filing the information	2	28
	Information obligation	113	34.5

Source: Own depiction

The sum total of the individual standard times in the example – 113 minutes – is the standard time for the fulfilment of the entire information obligation. It is important to emphasise that this value was not directly ascertained at a single enterprise but instead represents the median of the measured values. As a result, no enterprise may actually need 113 minutes for the information obligation. The standard time is the time an enterprise needs if it carries out all standard activities in the standard time specified for each activity. If the enterprise deviates in one of the 14 categories, its time will also deviate from the calculated standard time.

In the last column, the average wage costs (labour costs per hour worked) of this sample sector are listed under the assumption that a distinction is made among three qualification levels of the employees involved in fulfilling the information obligation. For each standard activity, the given tariff of the person tasked with the activity is listed (in the example: 28/33/61 euros per hour worked). The qualification level involved in carrying out a standard activity is to be queried by the given interviewer; the tariffs are to be taken from the statistics of the statistical offices (possible data sources: national accounts, labour cost survey in industry, structure of earnings survey). The average wage costs for the information obligation are the weighted arithmetic mean of all wage costs per standard time (see formula V, section 3.3). In the example this is € 34.50. Since the figure in the example is, again, a hypothetical average figure, it firstly deviates from the tariffs of the three performance groups and secondly need not correspond to the average wage of a specific enterprise.

If the survey also asks for data concerning the size (number of employees and/or turnover) of the given surveyed enterprise, the results depicted in the table can additionally be segmented by enterprise size (small/medium-size/large) to reflect potential differences in the burden. This makes sense in particular when the burden associated with an information obligation is thought to vary depending on the size of the enterprise.

5.4.3.2 Calculation of the administrative burden

The administrative burden for one-time compliance with an information obligation can be calculated by multiplying the average hourly rate of pay with the standard time required to carry out the information obligation. In the example set out in Table 7, the costs incurred by a normally efficient enterprise in fulfilling this information obligation once would thus be € 64.98. In order to calculate the overall administrative burden of an information obligation, it is necessary to draw on the results from section 5.2.1. As explained in that section, the quantity component may be derived either from the number of reported cases (the number of building permits, for example) or by multiplying the number of affected enterprises with the statutory annual frequency (as in the case of the preliminary turnover tax return, for instance, which 1.8 million enterprises must file monthly, i.e. twelve times per year, and just under 1.1 million enterprises must file quarterly, i.e. four times per year). If the quantitative analysis indicates that the information obligation must be met 500,000 times per year, for instance, in the example set out in Table 7 this adds up to an administrative burden totalling € 32.49 million.

Through this procedure, a value for the administrative burden can be ascertained for every information obligation measured. The sum total of all the values is equal to the administrative burden of German economy as a whole (see also formula I, section 3.3).

If data are also segmented by size class at the time they are collected, it is also possible to determine the extent to which the burden of information costs differs according to enterprise size. Potential differences may arise if information obligations only become relevant for enterprises above a certain size due to threshold limits. Moreover, normally efficient enterprises may differ depending on their size class.

Examples:

- 1) The cost structure survey of the manufacturing sector only involves enterprises with 20 or more employees. Small enterprises are thus completely exempt from this information obligation and incur no burden whatsoever. The overall administrative burden is correspondingly lower.
- 2) In the case of one-person enterprises, the information obligation is by definition fulfilled by the owner of the enterprise or by an external service provider (such as a tax consultant). Both have higher cost rates than a subordinate-level employee. The overall administrative burden incurred by these enterprises is thus correspondingly higher.

On the basis of the data entered in the database by the federal ministries and the Federal Statistical Office concerning each information obligation (see chapter 4 and section 5.1), it is possible to analyse the overall costs in terms of different variables. A results index can be generated according to the following categorisations:

- by ministry;
- by the enterprises' branch of economic activity;
- by policy area;
- by area of legislation;
- by legislative level;
- by degree of obligation (obligatory or optional);
- by the necessity of the information obligation.

Especially the last two categorisations facilitate identification of burden reduction potential at the earliest possible stage (see section 6.1 in this context).

5.5 Inclusion of information obligations incumbent upon citizens and public administration as well as of administrative regulations

The procedure described in the foregoing initially applies only to the information obligations of the economy which are based on laws or ordinances. The following section briefly explains how to handle information obligations incumbent upon citizens and public administration and defined by administrative regulations.

- **Measurement of information obligations incumbent upon citizens and public administration**

In principle, information obligations incumbent upon citizens and public administration are not to be measured until the second stage, i.e. after the conclusion of the measurement of the information obligations of the economy.

However, exceptions to this rule are to be made in the case of information obligations of citizens or public administration which already clearly appear to constitute an unusual onus. The federal ministries are free to also include other information obligations of citizens or public administration in the measurement process from the very beginning.

The measurement of existing information obligations of citizens and public administration is governed by the same methodological guidelines as the measurement of existing information obligations of the economy. The procedural sequence (phases and steps of the assessment) is likewise the same, except that in the case of citizens only a time variable is determined and no monetisation occurs. Here, as stated earlier in this manual, time is the only "price" component.

- **Inclusion of information obligations based on administrative regulations**

In principle, information obligations existing on the basis of administrative regulations are not to be measured until a later stage, i.e. not before completion of the measurements of the information obligations imposed on the economy by laws and ordinances. Here too, however, exceptions to this rule are to be made in the case of information obligations based on administrative regulations which already appear to constitute an unusual onus. The federal ministries are free to also include other information obligations created by administrative regulations in the measurement process from the very beginning.

The same methodological guidelines apply to the measurement of information obligations existing on the basis of administrative regulations; the procedural sequence (phases and steps of the assessment) is likewise essentially no different from the sequence set out for enterprises.

6 Cost reduction measures

6.1 Tapping the burden reduction potential

Reference was already made earlier to the fact that possible simplification measures must already be considered in each SCM substep. In order to identify simplification measures and uncover possibilities for cost savings, it is helpful to ask and obtain answers to the following questions:

- Where are administrative burdens actually incurred by the addressees of government regulatory

action (economy, citizens, public administration)?

- Which legal requirements and administrative acts of government are perceived by the addressees as unnecessary obstacles or cause difficulties or irritation in the course of their implementation?
- Which particularly burdensome administrative costs can be identified by breaking each information obligation down into individual steps?

To identify the potential for simplification and cost reduction, it is important to consider not only the results of the SCM measurements but also additional information obtained through talks with interest groups, affected addressees and public administrative authorities. A checklist to identify burden reduction potential is set out in Annex III.

A wide range of steps can be taken to reduce administrative costs. These essentially fall in the following simplification categories:

- Non-introduction or repeal/removal of information obligations;
- Simplification of information obligations by amending or streamlining individual regulatory acts;
- Improvement of coherence between regulatory acts, also beyond the scope of individual portfolios, and hence avoidance of duplicate work caused by parallel information requirements;
- Simplification of administrative processes, especially by drawing on information available at other public authorities, and simplification of forms;
- eGovernment: utilisation of information technologies to ensure that processes between authorities and addressees are free of media breaks, in particular steps to ensure IT-supported transmission of information by addressees to public authorities;
- Improvement of communication in the case of new or existing regulations: steps to ensure comprehensibility of regulations; accompanying measures to explain the objectives and means when new regulations are introduced by the competent bodies;
- Identification of simplification potential within the domain of the addressees affected by the regulations (especially enterprises) and identification of knowledge deficits in regard to government cost reduction initiatives.

6.2 Preparation of a package of measures to achieve and monitor the set reduction target

On the basis of the reduction target set by the Federal Cabinet, each federal ministry shall prepare a package of measures for its respective sphere of competence which shall spell out the individual simplification initiatives to reach this target and the timetables for their implementation. These individual packages of measures shall be forwarded to the Better Regulation Unit at the Federal Chancellery and, together with the resulting overall package and the timetables for implementation of the initiatives, subsequently submitted to the Committee of State Secretaries on Bureaucracy Reduction on approval.

The Better Regulation Unit shall monitor compliance with the binding targets set by the Committee of State Secretaries. This shall apply to both the substantive implementation of individual initiatives and adherence to the timetables. The federal ministries shall regularly inform the Unit of the progress of the implementation process as well as any circumstances that might jeopardise the realisation of individual initiatives ("early warning"). Potentially significant deviations from the target shall be reported to the Coordinator for Bureaucracy Reduction and Better Legislation and to the Committee of State Secretaries without delay. In the event that a ministry reduces administrative costs attributable to information obligations before binding reduction targets have been set, such reductions shall upon request be credited towards that ministry's ultimate reduction target. This shall apply to all legislative proposals entering into force after the Cabinet decision of 25 April 2006.

7 Measurement of the costs of new information obligations on the basis of the Standard Cost Model

The baseline measurement described in chapter 5 yields the information costs incurred by economy on the basis of the regulatory acts in force at a specific point in time. As a consequence of the repeal or revision of existing and the introduction of new information obligations, however, these information costs ascertained in the course of an exhaustive one-time exercise are constantly changing. In order to consistently provide adequate up-to-date information on the status and development of administrative burdens, the SCM measurement must be switched to a kind of "normal operation".

This normal operation consists of measuring the costs of new information obligations. Adaptation of the SCM method is indispensable in order to do this. Major adjustments must be made to the baseline methodology for defining the time parameter. Since no time consumption values for new information obligations are available in the enterprises yet, these time values must be ascertained by a method other than actual data collection.

The following sections show which procedures can be expedient in such cases.

7.1 Identification of new information obligations

New information obligations are likewise identified on the basis of the definitions set out in section 2.1. Accordingly, a new information obligation exhibits the following characteristic features:

- It is government-imposed (by law, ordinance, administrative regulation);
- It is based on an abstract rule;
- The data or information is transmitted or kept available in electronic or written form.

Extensions of existing information obligations (additional data requirements or increases in the reporting frequency, for instance) are also considered "new" information obligations.

As in the case of existing information obligations, all new obligations must be mapped, irrespective of whether they are addressed to economy, citizens or public administration. New information obligations are categorised essentially the same way as existing information obligations (see section 5.1).

The federal ministries must inform the Better Regulation Unit at the Federal Chancellery at an early stage of any plans to introduce new information obligations and must initiate the necessary steps to assess the costs.

7.2 Assessment of the costs of new information obligations

In order to determine the anticipated costs of a new information obligation, both the quantity component and the price component must be assessed. When making these assessments the experience from the measurement of existing information obligations as well as any available expertise should be used.

7.2.1 *Assessment of the quantity component*

When assessing the quantity component, a distinction can again be made between two types of information obligations:

1. Information obligations with a statutorily defined frequency and defined target group (enterprises, citizens or public administration);
2. Case-based information obligations.

In the **first case** the quantity component is determined essentially the same way as is the case with existing information obligations, i.e. the frequency can be derived from the text of the statutory

regulation and the number of affected citizens or enterprises can be gleaned from official statistics.

Example:

A new information obligation is to be introduced. It will require enterprises of the construction industry with a turnover of at least € 1 million to report the costs of further-training measures to the competent federal ministry every two years. According to official statistics, approximately 30,000 enterprises fall within the target group, which by law is subject to the information obligation with an annual frequency of 0.5. In this case, the assessed quantity component is 15,000.

Case-based information obligations are derived obligations. These arise when the affected party requests a government benefit which is subject to the condition that the party makes certain information available to the government. No statistics are available for case-based information obligations. While information may indeed be available as to how large the group of individuals/enterprises requesting the government benefit can (theoretically) be, the number that ultimately actually do so is not known. An estimate must therefore be made as to how many of the potentially affected enterprises or citizens will actually avail themselves of the benefit offered by the government (take-up rate). In order to make this forecast it is necessary – if possible – to refer to figures previously obtained in similar cases.

Example:

The information obligation mentioned in the foregoing example is to apply only if the affected enterprises wish to receive government funding for their further-training measures. On the basis of experience with similar measures, it can be assumed that only approximately 75% (take-up rate) of the enterprises will actually avail themselves of such funding opportunities (the remainder either have no further-training measures or will not apply for funding for other reasons). Otherwise the basic conditions described earlier apply. It can therefore be concluded that the quantity component would decrease to 11,250 ($15,000 \times 0.75 = 11,250$).

When notifying a new information obligation, the competent federal ministries must specify the number of potentially affected entities and the predicted take-up rate.

7.2.2 Assessment of the price component

The main difference between an SCM baseline measurement and an assessment of the costs of new information obligations lies in the fact that in the case of the latter it is not possible to conduct a separate measurement of the time required to fulfil the information obligation. In the case of new information obligations, the anticipated required time must be estimated.

The results of the baseline measurement form the basis for this estimate. It must first be determined whether the baseline regulatory stock already contains an information obligation similar to the new one, and if so, whether an assessment of the time burden is available for that information obligation.

If not, it is necessary to draw on standardised empirical values or expert assessments.

- **Estimate on the basis of comparable existing information obligations**

If the baseline regulatory stock already contains similar information obligations, the results of this measurement can then be taken as an estimate for the required time. In the case of tariffs, it must be ascertained whether and to what extent these also apply to the new information obligation. If they apply, the price component of the existing information obligation can be taken as the estimated value. If not – because a different sector is affected by the new regulation, for instance – the given applicable tariff must be applied to the times measured.

Note:

An existing information obligation can be restricted in scope or extended to encompass additional enterprises. As mentioned earlier, it is then to be treated as a new information obligation. In this special case a time measurement is already available, and perhaps also the price component.

Examples:

The aforementioned information obligation associated with the further-training measures is henceforth to apply only to enterprises with a minimum turnover of € 10 million. From the baseline measurement it is known that the price for this information obligation is € 36.85. This figure can be used for the cost calculation.

The information obligation associated with the further-training measure is henceforth to apply not only to enterprises of the primary construction industry but also to enterprises of the hotel and restaurant industry. From the baseline measurement it is known that the time requirement generated by this information obligation is 67 minutes. A tariff of € 30 is calculated for the hotel and restaurant industry. The price component is thus € 33.50 ($€ 30 \times 67/60 = € 33.50$).

- **Estimation with the aid of standardised empirical values**

The baseline measurement will yield empirical values for the times required to carry out the individual standard activities of an information obligation. These empirical values are determined on the basis of three levels of complexity and entered in a so-called CASH table. The values listed in this table serve as estimated values for the time required to carry out a standard activity depending on whether the activity is judged to be simple, medium or complex. A CASH table compiled on the basis of experience in the Netherlands is given in Table 8. The extent to which it resembles a German CASH table will not become apparent until the German baseline measurement has been conducted.

Table 8: CASH table of the Netherlands

No.	General standard activity	General question	Simple	Medium	Complex
1	Familiarisation with the information obligation	What experience does a relevant target group have in complying with an information obligation?	1	10	21
2	Receiving the information	What framework exists for the transfer of information from the authority to the enterprise?	1	2	3
3	Collecting the required information	What information is available in the enterprise?	1	6	19
4	Assessing the required information and data	Is the information sufficient to comply with the information obligation?	2	6	15
5	Filling in or entering the required data	How is the data entered (by hand, electronically)?	1	5	9
6	Making calculations and/or estimates	What calculations, assessments, counts or estimates must be made by the	2	5	12
7	Printing out/ recording the results	How must the collected data be processed?	0	3	5
8	Checking and possibly correcting the results	How much time and expense is involved in checking and correcting?	1	12	69
9	Obtaining information from third parties	Are certain acquisitions or external procurement of information indispensable?	2	20	100
10	Consultation	Does the entrepreneur need additional advice from third parties in order to adequately comply with the information obligation?	0	10	34
11	Declarations/explanations	Are further declarations/explanations necessary in addition to the prescribed forms?	1	14	54
12	Settlement/payment	What steps are carried out for indispensable outsourcing to third parties?	1	4	5
13	Sending the information	What framework exists for the transfer of information from the enterprise to the authority?	1	1	5
14	Filing the information	What rules govern the further handling of data in the enterprise?	1	2	2

Sources: Nijsen/Vellinga: A model to measure the administrative burden of businesses, Zoetermeer 2002;
 Bertelsmann Stiftung (pub.): Handbuch zur Messung von Bürokratiekosten (scheduled to appear in 2006)

In order to estimate the required time, the information obligation is broken down into the standard activities. These are then categorised according to three levels of complexity (simple, medium, complex). The given applicable time value is taken from the table. The sum total of the time values yields the estimated time required to comply with the information obligation. The allocation of the standard activities shall be made by the federal ministries. The Federal Statistical Office shall provide assistance as needed.

Example:

The following table sets out the estimated times for the individual standard activities of the new information obligation arising when an enterprise of the construction industry applies for government funding for further-training measures:

No.	General standard activity	Simple	Medium	Complex
1	Familiarisation with the information obligation		10	
2	Receiving the information	1		
3	Collecting the required information		6	
4	Assessing the required information and data			15
5	Filling in or entering the required data	1		
6	Making calculations		5	
7	Printing out/ recording the results	0		
8	Checking and possibly correcting the results	1		
9	Obtaining information from third parties		20	
10	Consultation	0		
11	Declarations/explanations	1		
12	Settlement/payment			5
13	Sending the information	1		
14	Filing the information	1		

The sum of these individual times yields an estimated total time of 67 minutes (on the basis of the Dutch CASH table) for this information obligation.

The time obtained from the assessment with the aid of the CASH table is then multiplied with the given applicable tariff in order to predict the price component. Which tariff is the applicable tariff for enterprises subject to a statutory information obligation depends on whether the obligation in question is a sector-specific or cross-sectoral information obligation. In the case of a sector-specific information obligation, the average wage costs of the affected sector are to be taken; in the case of a cross-sectoral obligation, by contrast, the average wage costs of all sectors. Differentiation by qualification level is possible in this case. The required tariffs shall be furnished by the Federal Statistical Office from official statistics.

Example:

Fulfilment of the information obligation associated with funding for a further-training measure requires an average qualification level. The applicable tariff is € 33. The price of this information obligation is thus $\text{€ } 33 \times 67/60 = \text{€ } 36.85$.

If the information obligation in question is incumbent upon citizens, no tariff is ascertained because no pertinent monetary values can be established. Here the time (together with the frequency) is the only critical variable. Thus the aim in cases involving citizens – in contrast to cases involving enterprises and public administration – is not to reduce the (overall) cost burden but above all to reduce

the (overall) time burden of administrative activities carried out by citizens in connection with the fulfilment of an information obligation.

- **Expert assessment**

Experts can be consulted to validate estimates made with the aid of comparable existing information obligations or with standardised empirical values. The methodology mix ensuing from expert assessments can enhance the reliability and hence increase public acceptance of the results of the estimates.

With the aid of experts it is possible to verify whether and to what extent the existing information obligation taken as the basis for the estimate is comparable to the new information obligation and if utilisation of its measurement results is thus justifiable. Experts can likewise judge whether the standardised empirical values meet the requirements of the new information obligation. If this is not the case, they can demand that one or more points be reworked or that the standardised values be discarded altogether. In addition, it is possible to have experts make assessments of the complexity of individual standard activities which can then be compared with results submitted for validation.

If a group of experts has sufficient expertise, assessment of the price component can be left to them entirely. The aids described earlier (list of existing information obligations, standardised empirical values) can be made available to them for this purpose. The advantage of this procedure is that the sensitive issue of price component estimation is handled externally, which is likely to positively influence public acceptance of the results.

One problem arising with expert assessments is the selection of individuals or institutions that are suitably qualified to function as experts on a given topic. This general problem associated with expert assessments is likely to figure even more prominently in the case of new information obligations, for these often lead into uncharted territory. It is thus more difficult to find a clearly definable group of experts. The topic may be so new that there cannot even be any experts in this field yet.

7.2.3 Assessment of the administrative burden

On the basis of the work set out in the two foregoing sections, all the parameters of the administrative burden have been defined (some on the basis of estimates). Multiplying the quantity component with the price component yields the anticipated additional administrative burden for the addressees of the norm (enterprises, citizens, public administration) as a consequence of the new information obligation.

Examples:

It is assumed that 11,250 messages will be sent on the basis of the information obligation associated with funding for further-training measures. A message has a price of € 36.85. This results in an administrative burden of € 414,562.50 for this information obligation.

By limiting the information obligation to enterprises with a turnover of more than € 10 million, only 1,500 enterprises are now subject to the information obligation – which must be fulfilled every two years – and 75% of them avail themselves of the funding. Whereas 11,250 messages were assumed in the first example, only 560 messages at the same tariff are now anticipated. The resulting administrative burden is € 20,636.

Extension of the information obligation to encompass the hotel and restaurant industry leads to 2,250 additional messages at a tariff of € 33.50. This generates an additional administrative burden of approximately € 75,000.

7.3 Flagging of new information obligations

New information obligations for enterprises, citizens and public administrations must be flagged, i.e. the information obligation (including the reasons for its necessity), the anticipated attendant overall costs and the addressees must be specifically mentioned in the Cabinet bill.

After the entry into force of the law or ordinance establishing the information obligation, the data are to be entered in the SCM database. In principle, the information obligation is to be subjected to an SCM measurement after a period of two years. The results of the cost estimate are then to be corrected as necessary in light of this measurement and the database is to be updated accordingly.

8 Examination of information obligations under European law

8.1 Flagging and measurement of information obligations under new and existing EU law

Bureaucracy reduction is not just limited to national law but includes European law as well. This applies on the one hand to initiatives of the European Commission to simplify and deregulate the European *acquis* and, on the other hand, to efforts to prevent or minimise the proliferation of new bureaucracy as a consequence of new EU rules. The Federal Government supports both approaches. This means that the federal ministries with primary responsibility should scrutinise the bureaucratic impact of existing and new EU legislation more closely than they have in the past.

On the basis of the established methodology, the Committee of State Secretaries for Bureaucracy Reduction also coordinates the national implementation of EU measurements to assess the administrative burdens of existing and new EU legislation.

This has the following consequences for the assessment of information obligations in new EU regulatory proposals:

- Within the framework of the European legislative process, the new administrative burdens arising at EU level and at national level, in particular the information obligations, also specifying the European Commission's grounds therefor wherever possible, should be flagged in German position papers and opinions as well as in communications for the information of the German Bundestag in matters concerning the EU, the information and involvement of the Bundesrat in matters concerning the EU, and the information of the German members of the European Parliament. To this end the costs associated with the introduction of the information obligation should be ascertained on the basis of an SCM measurement if possible (see the procedure described in chapter 6).
- New rules or amendments to existing EU law should always be scrutinised in terms of possibilities for avoiding, simplifying or removing information obligations.

When transposing EU law into national law, attention should be given to the following:

- The information obligations to be introduced through the national implementing act must be subjected to an SCM measurement and shown separately in the Cabinet bill. Data already obtained in the context of the negotiations at EU level may be drawn on where appropriate.
- If in the process of transposition into national law additional information obligations above and beyond those set out in the EU legislation are to be introduced at national level, or if the standard of the EU-induced information obligation is to be raised in the national interest, the ensuing costs must be flagged (see the procedure described in chapter 6).

In the wake of the Commission-initiated introduction of a procedure to identify and measure administrative costs on the basis of the SCM, the European Council recognised the special role of the Member States "to provide, on request and in a proportionate manner, the information needed to assess the administrative costs imposed by EU legislation".

The following procedure has been chosen for the assessment of information obligations associated with existing EU law:

- On request of the European Commission, the federal ministry with primary responsibility for the given field of European law shall, in consultation with the Better Regulation Unit at the Federal Chancellery, carry out the necessary measurements of national administrative burdens according to the procedure described in chapter 5.
- The Federal Statistical Office shall assist the federal ministries in carrying out the measurements, especially when available data or new data must be processed in a particular way due to specific methodological requirements at EU level.
- The federal ministries shall in particular also be free to assess the national administrative costs resulting from other EU regulatory acts and programmes not specified by the European Commission and forward the results, together with simplification proposals, to the competent European bodies with the aim of eliminating superfluous or unreasonable burdens imposed by information obligations.

8.2 Methodological fundamentals for the assessment of the administrative burden imposed by legislation

The European Commission has formulated guidelines for the assessment of administrative costs imposed by legislation and has published these as Annex 10 of the Impact Assessment Guidelines. The following remarks are based on the update of 15 March 2006 and explain the Commission's project within the framework of the SCM in the light of its possible implications for the German exercise.

The main aim of application of the model under the auspices of the European Commission is to assess the net costs of information obligations imposed by EU legislation. Net costs are defined as the "costs introduced by a proposal if adopted, minus the costs it would eliminate at EU and/or national level". The measurement focuses on the costs incurred by private enterprises, the voluntary sector and public authorities. The EU bodies are free to also include costs imposed on citizens in the measurement on a tentative basis. Here – as in Germany – administrative costs are defined as the costs incurred in meeting legal obligations to provide information. The European Commission deliberately chose to construe the definition in a broad sense that also includes the costs of product labelling, for example. The following types of obligations are distinguished:

- Notification of specific activities,
- Submission of recurring reports,
- Information labelling for third parties,
- Non-labelling information for third parties,
- Application for individual authorisation or exemption,
- Application for general authorisation or exemption,

- Registration,
- Certification of products or processes,
- Inspection,
- Cooperation with audits,
- Application for subsidy or grant,
- Other.

This typology is also used in Germany as the basis for classifying information obligations (see section 5.1.2).

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Annex I: Features of the SCM data entry mask

Field name	Description	Attributes	Obligation
Legal basis of the information obligation			
Official abbreviation of the norm	e.g. BGB for Bürgerliches Gesetzbuch (Civil Code)		Yes
Subject classification number / EU directory number	Federal norms: subject classification number of the directory of federal legislation (Fundstellennachweis A Bundesrecht), e.g. law on pricing and price clauses: 720-17 EU norms: subject classification number of the Directory of Community legislation		Yes
Type of norm		<ul style="list-style-type: none"> • Law • Ordinance • Administrative regulation • EU Regulation 	Yes
Norm contains no information obligations	Norms without information obligations can be designated here		
Legislative level	Regulatory level enacting the legislation	<ul style="list-style-type: none"> • Federation • EU/Federation • EU 	Yes
Information obligation			
Identifier code	Identifier code for the information obligation; automatically assigned by the system when stored/sent		Yes
Designation	Description of the statutory information obligation		Yes
Section and subsection /article and paragraph of the underlying norm	Specific section(s)/article(s) of the norm containing the information obligation		Yes
Reference to other norms	If the underlying section/article refers to other norms or regulations		Yes
Two-year time limit (after entry into force) reached	Has the information obligation already been in force for more than two years?		Yes
Date of entry into force of the information obligation	If the information obligation has not been in force for more than two years, when did it enter into force?		
Competent division			Yes

Field name	Description	Attributes	Obligation
Description			
Norm addressee	Target group	<ul style="list-style-type: none"> • Economy • Citizens • Public administration 	Yes
End addressee	Who is the ultimate recipient of the information?	<ul style="list-style-type: none"> • Economy • Citizens • Public administration 	Yes
Recipient of the information	Information can be transferred directly to an authority or to a third party entrusted with the task by the state (TÜV, for example)	<ul style="list-style-type: none"> • Authorities • Third parties 	Yes
Anyway costs	If the costs incurred in connection with the information obligation are costs that would largely have been incurred anyway, this is to be indicated here		
Type of information obligation		<ul style="list-style-type: none"> • Notification of specific activities • Submission of recurring reports • Information labelling for third parties • Non-labelling information for third parties • Application for individual authorisation or exemption • Application for general authorisation or exemption • Registration • Certification of products or processes • Inspections • Cooperation with audits • Application for subsidy or grant • Tax notifications/returns • Proof of entitlement to exemption from taxes • Exercise of right to vote • Other 	Yes
Type of message	What is to be filled out/compiled by the norm addressee?	<ul style="list-style-type: none"> • Application • Report • Register entry • Notification • Questionnaire • Maintenance of documentation • Other type of record 	Yes
Online transmission already possible	Can the information be transmitted from the norm addressee to the recipient via the Internet?	<ul style="list-style-type: none"> • Yes • No 	Yes
Online transmission obligatory		<ul style="list-style-type: none"> • Yes • No 	Yes

Field name	Description	Attributes	Obligation
Necessary documents available online	Documents which are necessary in order to fulfill the information obligation and can be downloaded online from a government service	<ul style="list-style-type: none"> • Yes • No 	Yes
Policy area of the information obligation	Corresponds to the portfolio of the federal ministry competent for the legislation		Yes
Information transfer	Information can be transferred by the norm addressee to the recipient either <i>directly</i> or <i>indirectly</i> via a third party (e.g. pay slip issued by an employer to an employee, who needs it)	<ul style="list-style-type: none"> • Directly • Indirectly 	Yes
Information transmission	Indication of whether information must directly be transmitted by the norm addressee to the recipient or stored by the norm addressee and transmitted on request	<ul style="list-style-type: none"> • As a rule • Only on request • Both 	Yes
Complexity of the information obligation	Assessment of how complicated the fulfilment of an information obligation is for the norm addressee	<ul style="list-style-type: none"> • Simple • Medium • Complicated 	Yes
Amendment of the information obligation planned	Are amendments planned which will affect the information obligation?		Yes
Date of the amendment	If amendments are planned, for when are they planned?		
Coverage			
Quantity per year	The number of cases corresponds to the number of information transfers made by the norm addressees to the end addressee on the basis of the information obligation in one year		No
Quantity; source	Source of estimate; must be given if the number of cases is estimated		No
Periodicity per year	Number of messages stipulated by law per year	<ul style="list-style-type: none"> • On a case-by-case basis if no periodicity is stipulated • Number of messages per year if periodicity is given 	No
Special remarks	Special characteristics of the information obligation which must be taken into account when conducting the time measurement can be entered here		No

Annex I

Field name	Description	Attributes	Obligation
Number of enterprises	Number of enterprises (potentially) affected by the information obligation		No
Number of enterprises; source	Source of estimate; must be given if the number of enterprises is estimated		No
Affected economical sectors	Economical sectors affected by the information obligation	Sections of economic activity pursuant to the 2003 NACE classification of economic activities	No
Data requirements			
Specific data required (turnover, number of employees, etc.)		<ul style="list-style-type: none"> • Turnover • Number of employees • Income • Social security contributions • Hours worked • Other 	No

Annex II: Classification of federal law by subject area (excerpt)

- 1 Public law and constitutional law**
- 2 Public administration**
- 3 Administration of justice**
- 4 Civil law and criminal law**
 - 40 Civil law – Civil Code and supplementary laws
 - 41 Commercial law
 - 42 Protection of industrial property
 - 43 Provisions against unfair competition
 - 44 Copyright law
 - 45 Criminal law
- 5 Defence**
- 6 Finance**
 - 60 Fiscal administration in the Federation, the Länder and the municipalities
 - 61 Taxes and levies
 - 62 Equalisation of burdens, war-induced losses
 - 63 Federal budget
 - 64 Federal property
 - 65 Federal debt
 - 66 Federal guarantees
 - 67 Coinage
- 7 Economic law**
 - 70 General economic law
 - 71 Trade and industry law
 - 72 Pricing law
 - 74 Foreign trade and payments law
 - 75 Mining, nuclear energy, electricity, gas, water resources management, energy supply
 - 76 Money, banking and insurance
 - 77 Other economic law
 - 78 Agriculture and food industry
 - 79 Forestry, nature conservation, hunting and fishing
- 8 Labour law, social security, assistance to war victims, integration of disabled persons**
 - 80 Labour law; occupational safety and health
 - 81 Employment promotion
 - 82 Social security
 - 83 Assistance to war victims
 - 84 Repatriation law
 - 85 Child benefit and child-raising allowance
 - 86 Social Code
 - 87 Integration of disabled persons
 - 88 Coordinating provisions
- 9 Posts and telecommunications, transport, federal waterways**

Annex III: Checklist to identify simplification measures (provisional)

	Measure already introduced	Implementation planned	Implementation not possible
1. Simplification of the law			
Removal of the information obligation			
Reduction of the number of enterprises or sectors affected by the regulation, exceptions for small and medium-size enterprises			
Reduction of the frequency of information transmission, increase in the intervals between individual information transmissions (transmission on special request instead of on a regular basis; quarterly instead of monthly, semiannually instead of quarterly)			
Existing information obligation can also be fulfilled entirely or in part by utilising data already available elsewhere (utilisation of public administration data, for instance)			
2. Simplification of administrative processes			
Identification and exclusion of duplicate assessments: Is the information already available at another government institution? Can the information be shared?			
Simplification of forms: Shortening of forms and simplification of their wording			
3. eGovernment			
Forms are available online			
Data are already pre-entered by government bodies to the greatest extent possible			
Information can be transmitted electronically to government bodies			

	Measure already introduced	Implementation planned	Implementation not possible
4. Improvement of communication			
Steps to ensure that regulations are comprehensible			
Advice and guidance from competent government bodies when new regulations are introduced			

Important advice:

In order to maximise simplification, particular attention should be given at the time of the assessment to whether the aforementioned measures can be used in combination.

The checklist can also be used to remove other bureaucratic obstacles.

Publisher
Federal Statistical Office

Contacts
Dr. Daniel Vorgrimler
Tel. +49(0)611 75-3486

Bernd Schmidt
Tel. +49(0)611 75-2632

skm@destatis.de

As at
August 2006

Cover Design
UVA Kommunikation und
Medien GmbH, Potsdam

Photo credit
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Order number
0000063-07900-1