

**GUIDE TO THE EX ANTE ASSESSMENT OF ADMINISTRATIVE COSTS IN  
ACCORDANCE WITH THE STANDARD COST MODEL (SCM)**

- Second revised version -

(major changes: insertion of section entitled “Ex ante assessment of the administrative burden for citizens”)

Berlin, November 2008

## CONTENTS

<b>1</b>	<b>BACKGROUND AND PRELIMINARY REMARKS .....</b>	<b>3</b>
<b>2</b>	<b>EX ANTE ASSESSMENT OF ADMINISTRATIVE COSTS FOR BUSINESSES .....</b>	<b>5</b>
<b>Step 1</b>	<b>Identification of Information Obligations .....</b>	<b>5</b>
<b>Step 2</b>	<b>Investigation of Alternatives and Options to Simplify Information Obligations .....</b>	<b>7</b>
<b>Step 3</b>	<b>Assessment of Price Components .....</b>	<b>8</b>
Step 3.1	Required Data .....	9
Step 3.2	Standard Activities .....	10
Step 3.3	Time Required .....	13
Step 3.4	Standard Rates of Pay .....	14
Step 3.5	Taking Other Costs into Account .....	15
<b>Step 4</b>	<b>Assessment of the Quantitative Component .....</b>	<b>16</b>
Step 4.1	Frequency .....	16
Step 4.2	Number of Cases / Businesses .....	16
<b>Step 5</b>	<b>Determining the Overall Result .....</b>	<b>17</b>
<b>3</b>	<b>EX ANTE ASSESSMENT OF THE ADMINISTRATIVE BURDEN FOR CITIZENS .....</b>	<b>19</b>
<b>Step 1</b>	<b>Identification of Information Obligations .....</b>	<b>19</b>
<b>Step 2</b>	<b>Investigation of Alternatives and Options to Simplify Information Obligations .....</b>	<b>20</b>
<b>Step 3</b>	<b>Assessment of Time Components .....</b>	<b>22</b>
Step 3.1	Required Data .....	23
Step 3.2	Standard Activities .....	24
Step 3.3	Time Required .....	26
Step 3.4	Standard Rates of Pay .....	27
Step 3.5	Taking Other Costs into Account .....	27
Step 3.6	Inclusion of travelling and waiting times .....	28
<b>Step 4</b>	<b>Assessment of the Quantitative Component .....</b>	<b>30</b>
Step 4.1	Frequency .....	30
Step 4.2	Number of Cases/Citizens Concerned .....	30
<b>Step 5</b>	<b>Determining the Overall Result .....</b>	<b>31</b>
<b>4</b>	<b>PRESENTATION OF THE RESULTS .....</b>	<b>32</b>
<b>Step 6</b>	<b>Presentation of Administrative Costs in Ministerial Draft Laws .....</b>	<b>32</b>
Step 6.1	Presentation in Preamble .....	32
Step 6.2	Presentation in the Explanatory Statement .....	33
<b>5.1</b>	<b>Letter from the Federal Ministry of the Interior .....</b>	<b>38</b>
<b>5.2</b>	<b>Decision of the Committee of State Secretaries on Bureaucracy Reduction of 19 March 2008 .....</b>	<b>40</b>
<b>5.3</b>	<b>Simplified Procedure and Cost Classes .....</b>	<b>42</b>
<b>5.4</b>	<b>Time-Value Table for Businesses .....</b>	<b>44</b>
<b>5.5</b>	<b>Time-Value Table for Citizens .....</b>	<b>45</b>
<b>5.6</b>	<b>Standard Pay Table of the German Statistical Office for Businesses .....</b>	<b>45</b>
5.6.1	Methodological Explanation of the Standard Pay Table .....	45
5.6.2	Standard Pay Table of the German Statistical Office for Ex Ante Assessments <sup>1)</sup> .....	46
5.6.3	Administrative Activities by Qualification Level .....	47

## 1 BACKGROUND AND PRELIMINARY REMARKS

In accordance with the Common Rules of Procedure of the Federal Ministries of the Federal Republic of Germany, the federal ministries have been obliged since 1 December 2006 – as part of a comprehensive legislation impact assessment – to prepare an ex ante assessment of the administrative costs for businesses, citizens and public administrations as a result of information obligations and to present these costs in a comprehensible manner in draft laws. The National Regulatory Control Council (*Nationaler Normenkontrollrat* - NKR) reviews draft laws to determine the extent to which the above-mentioned requirements of the Common Rules of Procedure have been taken into account (see also the attached letter from the Federal Ministry of the Interior, Annex 5.1).

This guide has been developed by the National Regulatory Control Council and the Better Regulation Unit of the Federal Chancellery (*Geschäftsstelle Bürokratieabbau*) in close coordination with the federal ministries. It is a working aid for the legislative branches within the ministries and contains lessons learned and suggestions for incorporating into draft laws the legislative requirements laid down in the Common Rules of Procedure.

Three questions serve as a basis for evaluation:

1. Have the expected administrative costs – resulting from information obligations – been quantified and described in a comprehensible manner?
2. Have appropriate efforts been made to consider alternatives that might result in lower administrative costs?
3. Was the alternative with the smallest burden chosen to achieve the intended regulation aim?

The National Regulatory Control Council is available for informal consultation with the federal ministries.

In order that submitted ex ante assessments can be systematically reviewed with reasonable effort, the ministries must present their ex ante assessments as uniformly as possible (see Step 6). The legislative branches should use this "format" provided by the National Regulatory Control Council when preparing and conducting ex ante assessments.

For baseline measurements at a later date, the competent branch should document its considerations during the ex ante assessment.

If you have any questions about this guide, please contact the competent branches in the federal ministries or the following personnel at the Better Regulation Unit, the German Statistical Office, and the Secretariat of the National Regulatory Control Council:

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This guide will be updated periodically in close coordination with the federal ministries to incorporate new lessons learned.

The following step-by-step approach has proven useful in case studies:

#### Ex ante analysis in seven steps

##### Ex ante assessment

- Step 1: identification of information obligations
- Step 2: investigation of alternatives and options to simplify information obligations
- Step 3: assessment of time and price components (businesses)
- Step 4: assessment of quantitative components
- Step 5: calculation of total costs (administrative costs)

##### Presentation of findings

- Step 6: presentation in ministerial draft laws
- Step 7: entry into database (after draft law enters into force)

Unlike baseline measurement, it is necessary to identify not only information obligations for businesses but also new information obligations for citizens and public administrations. Since there is no detailed procedure for public administrations comparable to the SCM method for businesses, the National Regulatory Control Council decided at its meeting on 23 November 2006 that for the time being information obligations would only have to be identified. The burden associated with these information obligations should only be quantified if an adequate estimate can be reasonably made.

## 2 EX ANTE ASSESSMENT OF ADMINISTRATIVE COSTS FOR BUSINESSES

### Step 1 Identification of Information Obligations

The first step is to determine whether there are any new information obligations in a specific regulatory proposal and what these are. It is important to note that a regulatory proposal may contain several information obligations.

The following definition in the German National Regulatory Control Council Act and in the Methodology Manual of the German Government serves as a basis for identifying information obligations:

"Information obligations are obligations arising from laws, ordinances, by-laws or administrative regulations to provide or keep available data and other information for government authorities or private parties."<sup>1</sup>

"This includes all applications, forms, statistics and documentation obligations required of businesses, citizens and public administrations."<sup>2</sup>

If doubts arise as to whether there is an information obligation, the contact person in the relevant ministry must first be consulted.

In an ex ante analysis, a distinction is made between three types of information obligations:

#### a) New Information Obligation

A new information obligation is introduced in the ministerial draft law.

A new information obligation always results in a burden.

#### b) Change in an Existing Information Obligation

The ministerial draft law aims at amending an existing information obligation or a regulation concerning the information obligation and resulting cost parameters.

Such changes may either increase or reduce burdens. Against this background, the previous costs of an information obligation must be taken into account.

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<sup>1</sup> Section 2 (1), sentence 2 of the Act Establishing a National Regulatory Control Council (*Gesetz zur Einsetzung eines Nationalen Normenkontrollrates*.)

<sup>2</sup> German Government Manual for the Identification and Reduction of Administrative Burdens Created by Federal Information Obligations (*Handbuch der Bundesregierung zur Ermittlung und Reduzierung der durch bundesstaatliche Informationspflichten verursachten Bürokratielasten*), p. 7 f.

### **c) Repeal of an Existing Information Obligation**

The ministerial draft law is designed to repeal an existing information obligation.

As a rule, the repeal of an existing information obligation reduces administrative burdens. Only previous costs must therefore be taken into account.

If existing information obligations that have been registered and measured in the IDEV database are simplified in connection with a regulatory proposal (i.e. if an existing information obligation is changed, resulting in a reduced burden), the German Statistical Office can calculate the resulting reduction in administrative burden. Ministries can thus skip steps 2 to 5 for these information obligations and continue with step 6.

It is in the best interests of the ministries to ensure that the reduction is expressed in figures. It can then be credited for compliance with reduction obligations (see also step 7).

## Step 2 Investigation of Alternatives and Options to Simplify Information Obligations

The aim of the ex ante assessment is to keep the cost burden associated with new or modified information obligations as low as possible from the outset, as far as this feasible and appropriate.

- a) It is therefore necessary to investigate potential alternatives to planned information obligations and briefly state the reason why they cannot or should not be implemented.
- b) Every information obligation identified in Step 1 must be reviewed to determine whether the potential burden can be reduced by an alternative implementation of the information obligation or of the regulation specifying the information obligation. The following questions are important in this context:
  - Is it possible to reduce the area of application?
  - Are exceptions for small- and medium-sized businesses feasible?
  - Can the frequency (see Step 4.1) be reduced?
  - Can individual data requirements (see Step 3.1) be waived?
  - Are data from other agencies already available or accessible?
  - Can the information obligation be met within the scope of an existing information obligation, and can they thus be combined?
  - Can the burdens be reduced by an IT solution?

For more information, please see the remarks in the Methodology Manual on developing burden reduction potential (see Version 1 of the Manual, p. 61 ff.) and the checklist for identifying simplification measures (Version 1 of the Manual, Annex III, p. 82).

The investigation of alternatives only refers to the simplest and most appropriate compliance with the information obligation. Political and material content is not debatable.

The investigation of alternatives can also be conducted in a subsequent step, in which case it should precede Step 5.

### Step 3 Assessment of Price Components

The third step determines the costs of complying with an information obligation. It identifies the **data required** and the activities to be carried out (**standard activities**) when complying with an information obligation.

Subsequently, the price of various standard activities is obtained by determining the **time required**, **labour costs** (standard rates) and **other costs**:

$$\text{Price (EUR)} = \text{Time (hours)} \times \text{Standard pay/fee (EUR/hour)} + \text{Other costs (EUR)}$$

The costs of complying with an information obligation are then determined by adding all the costs of standard activities.

The most important difference between baseline measurements and assessing the costs of new information obligations is that for new information obligations the resulting administrative burden cannot be measured. The likely administrative burden must be estimated for every new information obligation, even for those based on European or international laws.

As long as findings from baseline measurements are unavailable, the responsible branch must first assess on the basis of the definition in the Manual (see p. 42) whether a complex information obligation is being introduced. If the branch comes to the conclusion that a "complex information obligation" must be introduced, estimates should be prepared by the German Statistical Office. If the German Statistical Office prepares the assessment, please continue with Step 6.

In cases of less complex information obligations, the responsible ministry should assess the price components. For this purpose, it should use the findings of existing analyses, studies or measurements. It can also make use of its own experience and/or consult experts and the German Statistical Office.

A special procedure applies to information obligations where the number of cases does not exceed 10,000 per year. Here the burden can be assessed by a simplified procedure. For this purpose, the information obligation is allocated to a cost class (Annex 5.3, "Simplified Procedure and Cost Classes") depending on its type (e.g. approval, certification or labelling requirements). In order to establish the burden value, the number of cases is multiplied by the cost factor of the cost class. It is thus advisable to always establish the number of cases first (see description in Step 4).

If the information obligation is assessed in accordance with the simplified procedure, please continue with Step 6.

Price parameters and their role in ex ante assessment are explained below.

### Step 3.1 Required Data

The data to be provided and/or transmitted must be determined for every information obligation. In this context, data is any piece of legally required information. Strictly speaking, the boxes in a form represent pieces of required data. This level of detail is not, however, appropriate in the ex ante process. Instead, data should be combined to form meaningful units, unless the financial magnitude is such that a detailed description is more appropriate.

#### **Example 1: "Recognition Procedure"**

As part of a recognition procedure for the establishment of health professionals in Germany, the following data are usually required by law:

- application;
- proof of citizenship;
- proof of professional qualification and
- certificate of legitimate establishment.

**Example 2: "Keeping a Register"**

As part of the general information obligation to keep a visitors' register, details such as personal data, arrival, departure, etc. are usually mandatory.

For the ex ante assessment, not all of the above-mentioned data are shown separately. Instead, the entry as a whole is regarded as a single entity and the important question is how much time is required for one entry.

For particularly extensive forms and data requirements, a more detailed approach may be expedient. For example, the Dutch have found that individual parts of forms – especially in the fields of fiscal and social security legislation – may require a significant amount of effort. In such cases, the material should be divided into groups in order to highlight the potential for simplification.

**Segmentation of Required Data**

In many cases, there are different case groups when it comes to information obligations. For example, some businesses may only have to provide five pieces of data, while others have to provide ten. In this case we have two different segments.

Different case groups can have different administrative burdens (in terms of the time required) and application frequencies. For this reason, case groups should always be taken into account.

**Step 3.2      Standard Activities**

In order to assess the burden involved in complying with an information obligation, it is helpful to bear in mind the specific workflow, e.g. within a business, and to break down this workflow into standardised steps (standard activities).

For this purpose, the following **General Standard Process** can be used:<sup>3</sup>

General standard activity	Explanation
I. Familiarisation with the information obligation	Relevant if the information obligation is regularly changed or rarely applied.
II. Gathering data	What effort is required to gather the necessary information and data?
III. Filling in forms, labeling, marking	For example, the effort required to fill in a request form
IV. Making calculations	What calculations, assessments or counts must be made?
V. Reviewing the data and entries	Work involved in checking data and entries?
VI. Error correction	Work involved in correcting errors?
VII. Preparation of data	Effort required to prepare data?
VIII. Data transfer and publication	What effort is required for data transfer and/or the publication of data or information?
IX. Internal meetings	What effort is required for internal meetings?
X. External meetings	What effort is required for external meetings (e.g. with tax consultants)?
XI. Settlement/payment	For example, the work involved in making payments
XII. Copying, archiving, distributing	Requirements regarding the further handling of data
XIII. Auditing by public authorities	For example, the work entailed in an audit
XIV. Corrections required following a public audit	Revision of data, provision of additional information
XV. Further information gathering in case of difficulties with the competent authorities	The effort required to provide additional information
XVI. Further training	Only relevant if information obligations necessitate training

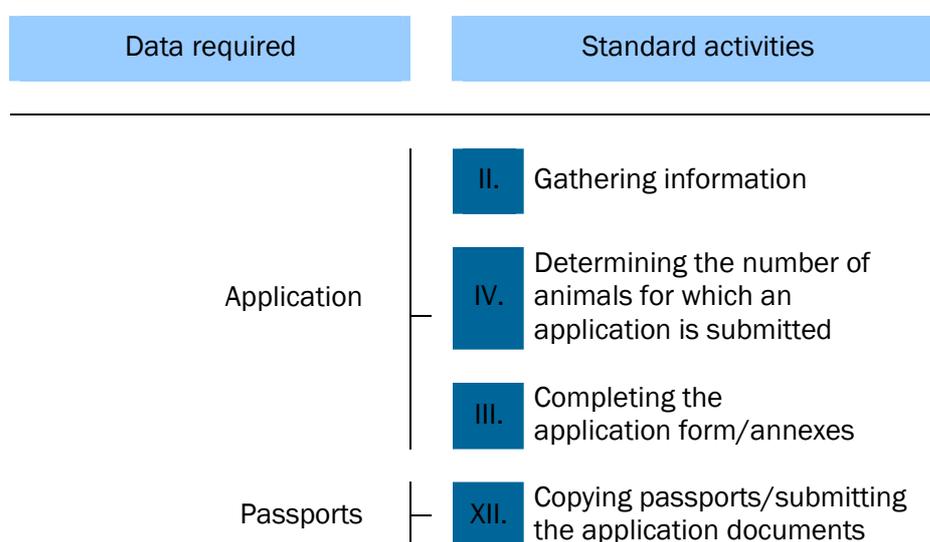
This General Standard Process can usually be applied to any information obligation and should be used as a working aid for the formation of specific standard processes. It provides the analyst and/or the competent specialist with fundamental questions and reference points that usually arise in any information obligation. Figuratively speaking, the task is to translate the General Standard Process into the language of the individual information obligation.

<sup>3</sup> Unlike the Netherlands, Germany uses 16 – rather than 14 – standard activities for the measurement process.

The following aspects must be observed when applying the General Standard Process:

1. In practice, rarely are all of the above activities relevant to an information obligation. For example, if a monthly report is sent to social security institutions, no familiarisation burden is involved; we can assume that personnel in the business are familiar with this routine process. In baseline measurements, experience has shown, for example, that only 4 to 6 standard activities are relevant to most information obligations.
2. A number of activities such as calculations are conducted automatically by computer. Automatic processes do not require extra working time.
3. Assessments are based on normal and efficient behaviour.

The "translation" of a business activity into standard activities is illustrated below based on the example of an application procedure for a suckler cow premium in Belgium:



As part of the application procedure for a suckler cow premium, an application must be submitted together with copies of cattle passports. The four activities described above constitute the **Specific Standard Process** for completing the application procedure (efficiency is considered to be normal).

The example clearly shows that not all of the activities listed in the General Standard Process apply. For example, it was assumed that there was no familiarisation burden (General Standard Activity I) or specific consultation burden with external parties (General Standard Activity X) involved.

It also becomes clear what is to be understood by "translation into the language of the relevant information obligation". For example, the General Standard Process does not contain a box for "determining the number of animals for which an application is submitted". This burden nevertheless arises and is covered by General Standard Activity IV ("making calculations").

### Step 3.3 Time Required

Another component of the costs of an information obligation is the time required to perform a standard activity. This means that after the standard activities are identified, we must measure how long it takes, for example, to

- fill in a form;
- write a notice or
- copy documents such as certificates.

Unlike with baseline measurement, the ex ante process does not involve a detailed analysis in businesses. For this reason, a pragmatic estimate is required which takes existing experience into account. The following graduated approach is recommended:

#### **1. Use of Existing Analysis Results**

If an information obligation is comparable to previously measured information obligations, such parameters should be used.

#### **2. Use of the Time-Value Table**

If no comparable data are available, or if general activities such as copying or sending information are concerned, the time-value table<sup>4</sup> should be used (see Annex 5.4).

For each of the General Standard Activities described above, the time-value table lists minute values for simple, medium and complex tasks. The values in the time-value table provide only an initial starting point for further considerations. The competent ministerial branch should always check and assess the time value obtained from the time-value table. If there are clear indications that the value obtained from the table is too high or too low, a "more realistic" value should be used for the assessment.

#### **3. Assessment by the Analyst**

If plausible time values cannot be obtained from the time-value table, the competent ministerial branch must make an independent assessment.

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<sup>4</sup> The time-value table is based on findings of the baseline measurement of information obligations of businesses. Unlike the Netherlands, Germany uses 16 – rather than 14 – standard activities for the measurement process.

### Step 3.4 Standard Rates of Pay

After determining the standard process and the time required, we must also determine the labour costs for performing an activity. For this purpose, the Standard Pay Table of the German Statistical Office is used to calculate administrative costs (see Annex 5.6). The Standard Pay Table distinguishes between branch of the economy and qualification level.

#### **Sector-specific Standard Rate vs. Cross-sector Standard Rate**

The sector-specific standard rate is used when an information obligation applies only to a specific sector of the economy. This is why the invoicing obligation for financial services only applies to "Category J – Banking and insurance".

The cross-sector standard rate (A-O) applies when no specific sector of the economy is addressed – for example, in the field of general turnover tax law.

#### **Qualification Level**

In addition, the Standard Pay Table distinguishes between simple, medium and high qualification levels:

- The simple qualification level corresponds to simple office work.
- The medium qualification level corresponds to the administrative duties of a bookkeeper.
- The high qualification level corresponds to the administrative duties of an executive.

#### **Specific Standard Rates of Pay**

In many cases, standard activities for complying with information obligations are not performed by the business itself but by external specialists such as tax consultants. A separate standard rate is used for such specialists. For the ex ante assessment, EUR 65.00 per hour can be used as a separate standard rate for a tax consultant.<sup>5</sup>

In addition, the German Statistical Office has extensive and detailed information on wages and salaries. If there is a justified need for specific information beyond the Pay Table, relevant individual evaluations can be provided by the German Statistical Office on request.

For information obligations imposed on citizens, the time required is not converted to money; the administrative burden is specified only in hours.

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<sup>5</sup> This standard rate constitutes a mean value based on Section 13 ("Time Fee") of the German Fee Schedule for Tax Consultants, Authorized Tax Agents, and Tax Consultancy Companies (EUR 19.00–46.00 per 30 minutes). As the rates for tax consultants very much depend on the activity performed (see also Section 23 of the German Fee Schedule for Tax Consultants), they are charged on the basis of activity. If special rates for tax consultants are needed for specific information obligations, the Federal Statistical Office will provide these rates on request (for contact information, see Annex 5.6).

### Step 3.5 Taking Other Costs into Account

Apart from the time required, other costs of complying with information obligations can be incurred. This includes, for example, costs for

- software that must be purchased to comply with an information obligation;
- postage for sending information;
- copying;
- having a photo taken.

In an SCM analysis, acquisition costs are only taken into account if they are incurred exclusively for compliance with an information obligation. The costs of purchasing general word-processing software are thus not taken into account.

**Costs of charges and fees for the obligatory acquisition of services from third parties for which there is no alternative (e.g. preparation of a construction drawing by an architect) and the administrative effort required – provided the latter is not based on a change of the information obligation – must always be specified under Item E of the preamble. Depending on the case, however, charges and fees must also be entered under Item F if they are incurred in connection with a specific information obligation.**

## Step 4 Assessment of the Quantitative Component

In a fourth step, the quantitative component is determined, i.e. how often is an information obligation applied on an annual basis. This quantitative component is the product of frequency multiplied by the number of cases or businesses concerned.

$$\text{Quantity} = \text{Frequency} \times \text{Number of cases/ businesses concerned}$$

### Step 4.1 Frequency

Frequency is how many times a year an information obligation is applicable in a business. We must differentiate between the legally required transfer of information on a regular basis and case-related information obligations.

If employers are obliged to submit a monthly report on the income of their employees to social security institutions, the frequency is 12.

If an information obligation is applicable every five years, the frequency is 0.2.

If, on the other hand, we are dealing with a **case-related information obligation**, we must estimate the number of cases per year or the number of businesses concerned.

$$\text{Quantity} = \text{Number of cases/ businesses}$$

### Step 4.2 Number of Cases / Businesses

The second element of the quantitative component is the number of cases or businesses affected. The standard activities mentioned above can, in some cases, exhibit varying frequencies when quantitative components are determined.

#### Example

If employers are required to submit a monthly report on the income of their employees to social security institutions, a specific data set must be prepared for each employee (number of cases).

In addition, the data are transferred together as a group, in other words once for all the employees of a business. This means that for the activity of "data transfer" it is necessary to determine the number of submitting agencies or businesses affected.

### Sources for Quantitative Parameters

Information relevant to the quantitative component may be available at various agencies such as German federal, state and local authorities (including the German Statistical Office, the German Office for Motor Traffic, the German Employment Agency, and the German Office of Administration), associations, chambers of industry and commerce, chambers of crafts and trades, professional associations, and research institutes.

If there are no data or statistics available, a rough estimate of the quantitative component must be made, if necessary and possible according to segments (see Step 3.1). In this context, the ministries are expressly invited to roughly estimate initial figures, to provide them for the calculation steps according to their own experience and "common sense," and thus to present them as a matter for discussion. If required, these initial figures can be adjusted in the legislative process in cooperation with the German National Regulatory Control Council, other ministries, and businesses. As far as possible, responsible personnel should document for the National Regulatory Control Council the considerations on which their rough estimates are based.

The German Statistical Office will provide assistance if the group in question is large and if there is considerable uncertainty as to its size.

### Step 5 Determining the Overall Result

As a result of the work performed in the previous steps, all parameters of the administrative burden should now be available, if only as a rough estimate. **Multiplication** of the quantitative component by the price component will then result in the likely administrative burden for all addressees of the legal norm (businesses/citizens/public administration). If required, other costs must be taken into account (see Step 3.5).

$$\text{Administrative Costs (EUR)} = \text{Price (EUR)} \times \text{Quantity}$$

For the above-mentioned example from Belgium, i.e. the application procedure for a suckler cow premium, the overall result is as follows:

Data required	Standard activities	Number of cases/ applications	Frequency	Time (hours)	Labor costs (EUR/h)	Administrative costs (EUR)
Application	II. Gathering information	11,000	X 1 X	30/60	X 13.80 =	75,900
	IV. Determining the number of animals for which an application is submitted, and selecting the animals	11,000	X 1 X	65/60	X 13.80 =	164,450
	III. Completing the application form / annexes	11,000	X 1 X	56.50/60	X 13.80 =	142,945
Passports	XII. Copying passports	66,000	X 1 X	5/60	X 13.80 =	75,900
						459,195

The calculation was based on the assumption that approximately 11,000 applications for suckler cow premiums are submitted every year. Activities II, III, IV and XII are performed once per application. For Standard Activity XII we assume that an average of six passports per application are copied, requiring a time of five minutes each.

In addition, the time parameters for the individual activities are shown. The qualification level was assumed to be "low" in accordance with the section on agriculture and forestry in the table in Annex 5.6.

In total, the application procedure results in administrative costs of EUR 459,195 per year.

### 3 EX ANTE ASSESSMENT OF THE ADMINISTRATIVE BURDEN FOR CITIZENS

The Decision of the Committee of State Secretaries on Bureaucracy Reduction of 19 March 2008 expresses in concrete terms the objectives of the Common Rules of Procedure and of the German National Regulatory Control Council Act concerning the bureaucratic burden on citizens as a result of information obligations (see Annex 5.2).

In terms of method, the ex ante procedure for evaluating bureaucratic burdens for citizens as a result of information obligations is different from that for businesses. For citizens, burdens are always estimated and shown in terms of time and – if required by the ministry – other costs. If requested by the ministry, the burden can also be expressed entirely in monetary terms.

#### Step 1 Identification of Information Obligations

It is first of all necessary to determine whether there are any new information obligations in a specific regulatory proposal and what these are. It should be taken into account that a regulatory proposal may contain several information obligations.

The foundation for identifying information obligations is the definition given in the German National Regulatory Control Council Act and in the Methodology Manual of the German Government (*Methodenhandbuch der Bundesregierung*):

"Information obligations are obligations arising from laws, ordinances, by-laws or administrative regulations to provide or keep available data and other information for authorities or third parties."<sup>6</sup>

"This includes all applications, forms, statistics and documentation obligations required of businesses, citizens and public administrations."<sup>7</sup>

If there are doubts as to whether there is an information obligation, the contact person in the relevant ministry must first be consulted.

<sup>6</sup> Section 2, paragraph 1, sentence 2 of the Act Establishing a National Regulatory Council (*Gesetz zur Einsetzung eines Nationalen Normenkontrollrates*).

<sup>7</sup> German Government Manual for the Identification and Reduction of Administrative Burdens Created by Federal Information Obligations (*Handbuch der Bundesregierung zur Ermittlung und Reduzierung der durch bundesstaatliche Informationspflichten verursachten Bürokratielasten*), p. 7 f.

In an ex ante analysis, a distinction is made between three types of information obligations:

**a) New Information Obligation**

A new information obligation is introduced in the ministerial draft law.

A new information obligation always results in a burden.

**b) Change in an Existing Information Obligation**

The ministerial draft law aims at changing an existing information obligation or a regulation concerning the information obligation and resulting cost parameters.

Such changes may either increase or reduce burdens. Against this background, the previous costs of an information obligation must be taken into account.

**c) Repeal of an Existing Information Obligation**

The ministerial draft law is designed to repeal an existing information obligation.

As a rule, the repeal of an existing information obligation reduces administrative burdens. Only previous costs must therefore be taken into account.

If existing information obligations that have been registered and measured in the IDEV database are simplified in connection with a regulatory proposal (i.e. if an existing information obligation is changed, resulting in a reduced burden), the German Statistical Office can calculate the resulting reduction in administrative burden. Ministries can thus skip steps 2 to 5 for these information obligations and continue with step 6.

## Step 2 Investigation of Alternatives and Options to Simplify Information Obligations

The aim of the ex ante assessment is to keep the cost burden associated with the new or changed information obligation as low as possible from the outset, as far as this is feasible and appropriate.

- a) It is therefore necessary to investigate potential alternatives to the planned information obligations and briefly state the reason why they cannot or should not be implemented.
- b) Every information obligation identified in Step 1 must be reviewed to determine whether the potential burden can be reduced by an alternative implementation of the information obligation or of the regulation specifying the information obligation. The following questions are important in this context:
  - Is it possible to reduce the area of application?
  - Are exceptions for certain groups of people – e.g. people above or below a certain age – feasible?
  - Can the frequency (see Step 4.1) be reduced?

- Can individual data requirements (see Step 3.1) be waived?
- Are data from other agencies already available or accessible?
- Can the information obligation be met within the scope of an existing information obligation, and can they thus be combined?
- Can the burdens be reduced by an IT solution?
- Can we simplify the way in which we inform citizens about new or changed information obligations?

For more information, please see the remarks in the Methodology Manual on developing burden reduction potential (see Version 1 of the Manual, p. 61 ff.) and the checklist for identifying simplification measures (Version 1 of the Manual, Annex III, p. 82).

The investigation of alternatives only refers to the simplest and most appropriate compliance with the information obligation. Political and material content is not debatable.

Since certain information requirements are necessary for reasons of public interest (for example, limited government benefits should only be given to entitled persons), simplification measures can also aim at consolidating information for citizens. This can improve access to the information needed by citizens and make it easier for them to comply with information obligations.

The investigation of alternatives can also be conducted in a subsequent step, in which case it should precede Step 5.

### Step 3 Assessment of Time Components

The third step calculates the work involved in complying with an information obligation. It identifies the **data required** and the activities to be carried out (**standard activities**) when complying with an information obligation.

Subsequently, the work involved in various standard activities will be obtained by determining the **time required**, and, if applicable, **other costs**.

The administrative burden for citizens is always expressed in units of time (hours/minutes). As part of their assessments, ministries may decide from case to case on other ways of expressing the bureaucratic burden (e.g. verbally in qualitative categories, other costs, or monetary evaluation).

The work involved in a standard activity is thus measured in terms of time. Standard rates are not used. If deemed necessary by the ministry in question, other costs are expressed in euros.

$$\text{Burden} = \text{Time (hours)} + \text{(if applicable)} \text{ Other costs (EUR)}$$

#### Example

Registration after moving to a new place of residence

Registration burden = 7 minutes plus, if applicable, EUR 1 in other costs.

The overall effort involved in complying with an information obligation is then the sum of the time required for the various standard activities and, if applicable, other costs. This figure is always expressed in hours/minutes (for the time required) and – if requested by the ministry – in euros (for other costs).

The most important difference between baseline measurements and assessing the costs of new information obligations is that for new information obligations the resulting administrative burden cannot be measured. The likely administrative burden must be estimated for every new information obligation, even for those based on European or international laws.

As long as findings from baseline measurements are unavailable, the responsible branch must first assess on the basis of the definition in the Manual (see p. 42) whether a complex information obligation is being introduced. If the branch comes to the conclusion that a "complex information obligation" must be introduced, estimates should be prepared by the German Statistical Office. If the German Statistical Office prepares the assessment, please continue with Step 6.

For less complex information obligations, time components are assessed by the ministry. For this purpose, the results of existing surveys, studies or measurements are primarily to be used. It can also make use of its own experience and/or consult experts and the German Statistical Office.

*[simplified procedure]*

**NOTE:**

***To date there is no simplified procedure available for estimating the burden of information obligations for citizens. The German Statistical Office is preparing proposals for such a procedure. Until a decision has been made, please continue with Step 3.1.***

The various time parameters and their role in the ex ante assessment are explained below.

### Step 3.1 Required Data

The data to be provided and/or transmitted must be determined for every information obligation. In this context, data is any piece of legally required information. Strictly speaking, the boxes in a form represent pieces of required data. This level of detail is not, however, appropriate in the ex ante process. Instead, data should be combined to form meaningful units, unless the financial magnitude is such that a detailed description is more appropriate.

**Example 1: “Applying for a passport”**

The following are required for a passport application:

- application;
- photograph;
- handwritten signature;
- appearance in person (if explicitly required under federal law).

**Example 2: “Keeping a trainee report book”**

Trainee report books must generally contain certain information about the training in question.

For ex ante assessments, the individual entries are not shown as separate data.

Instead, the report book is regarded as a unit, and the question is how much time is required for the book as a whole.

For particularly extensive forms and data requirements, a more detailed approach may be expedient. For example, the Dutch have found that individual parts of forms – especially in the fields of fiscal and social security legislation – may require a significant amount of effort. In such cases, the material should be divided into groups in order to highlight the potential for simplification.

**Segmentation of Required Data**

In many cases, there are different case groups when it comes to information obligations. For example, there may be a group of people who must provide only five pieces of data, while all other people must provide ten. In this case we have two different segments.

Different case groups can have different administrative burdens (in terms of the time required) and application frequencies. For this reason, case groups should always be taken into account.

**Step 3.2 Standard Activities**

In order to assess the burden involved in complying with an information obligation, it is helpful to bear in mind the workflow in question (for example, submitting an application) and to break down this workflow into standardised steps (standard activities).

The German Statistical Office has developed a shortened General Standard Process for citizens.

**General standard activity**

- I. Familiarisation with the statutory obligation
- II. Gathering and compiling data and information (e.g. forms, documents, photographs, etc.)
- III. Consulting specialists (advice centres, legal advisors, municipal administration, etc.)
- IV. Preparing information and data (including calculations and checks)

V.	Filling in forms
VI.	Correspondence (letters, faxes, e-mail, etc.)
VII.	Submitting information or data to the proper agency (if necessary, appearing in person)
VIII.	Authorising payment
IX.	Copying, filing and storing documents
X.	Having checks carried out by public agencies (Technical Monitoring Association, inspections, public health officer, etc.)
XI.	Submitting additional information as part of the verification process (documents etc.)
XII.	Participating in prescribed training (instruction, first-aid courses, etc.)

This General Standard Process can usually be applied to any information obligation and should be used as a working aid for the formation of specific standard processes. It provides the analyst and/or the competent specialist with fundamental issues and reference points which usually arise in any information obligation. Figuratively speaking, the task is to translate the General Standard Process into the language of the individual information obligation.

The following aspects must be observed when applying the General Standard Process:

1. In practice, rarely are all of the above activities relevant to an information obligation. For example, if a regular report must be submitted, no familiarisation burden is involved; we can assume that citizens have a certain routine. In baseline measurement for businesses, experience has shown, for example, that only 4 to 6 standard activities are relevant to most information obligations.
2. In businesses, a number of activities such as calculations are conducted automatically by computer. Automatic processes do not require extra working time.
3. Assessments are based on normal and efficient behaviour.

**The example of “registration of a new place of residence” can be used to show the application of standard activities:**

Information obligation	Standard activities
Registration	<ul style="list-style-type: none"> <li>V. Filling in forms</li> <li>VII. Transferring data</li> </ul>

### Step 3.3 Time Required

Another component of the burden of an information obligation is the time required to perform a standard activity. This means that after the standard activities are identified, we must measure how long it takes, for example, to

- fill in a form;
- write a notice or
- copy documents such as certificates.

Unlike with baseline measurement, the ex ante process does not involve a detailed analysis. For this reason, a pragmatic estimate is required which takes existing experience into account. The following graduated approach is recommended:

#### **1. Use of Existing Analysis Results**

If an information obligation is comparable to previously measured information obligations, such parameters should be used.

## 2. [Use of the Time-Value Table]

Please note:

At present, there is no time-value table on standard activities for citizens. This table is being prepared by the German Statistical Office and will be made available to the ministries.

## 3. Assessment by the Analyst

If plausible time values cannot be obtained from the time-value table, the competent ministerial branch must make an independent assessment.

Example: Registration of a new place of residence

Information obligation	Standard activities	Time
Registration	V. Filling in forms	4 minutes
	VII. Transferring data	3 minutes
Minutes per case:		7 minutes

### Step 3.4 Standard Rates of Pay

Standard rates of pay are not used.

### Step 3.5 Taking Other Costs into Account

Apart from the time required, other costs of complying with information obligations can be incurred. The ministries may decide on a case-by-case about presenting further costs as part of their assessment. This includes, for example, costs for

- postage for sending information;
- making photocopies (only if explicitly required for an information obligation);
- photographs.

In an SCM analysis, acquisition costs are only taken into account if they are incurred exclusively as a result of compliance with an information obligation. The costs of purchasing general word-processing software are thus not taken into account.

Example: Registration of a new place of residence

Information obligation	Standard activities	Time
Registration	V. Filling in forms	4 minutes
	VII. Transferring data	3 minutes
Minutes per case:		7 minutes

other costs per case: EUR 1 (postage)

### Step 3.6 Inclusion of travelling and waiting times

In the example of registering a new place of residence, the standard activities only represent part of the bureaucratic process for citizens, namely the time they are actually at the authority. In addition, travelling and waiting times are important parameters in the administrative burden on citizens. The extent of this burden depends, however, on the way in which federal regulations are actually implemented. For this reason it is particularly important to consider the likely effects of implementation (e.g. the duty to appear in person at the responsible authority or the possibility of electronic application processes).

In order to indicate the burden resulting from travelling and waiting times, these are shown separately for cases in which federal law explicitly requires the person concerned to appear in person at the authority. Internal administrative processing times (e.g. the amount of time needed to issue documents or to pay requested benefits) are not taken into account.

If waiting and travelling times occur, they will be shown using standard values that are currently being developed by the German Statistical Office.

Until these standard values have been developed, flat-rate time values can be used. Depending on the level of administration, the German Statistical Office has specified the following flat-rate values for travelling time:

- Municipality: 15 minutes
- District 22 minutes
- Administrative region 59 minutes

At this stage, there are no standardised time values for waiting times. For this reason, it is appropriate for the time being to specify whether waiting times occur.

Example: Registration of a new place of residence (administration level: municipality)

Information obligation	Standard activities	Time
Registration	V. Filling in forms	4 minutes
	VII. Transferring data	3 minutes
Minutes per case:		7 minutes

other costs per case: EUR 1 (postage)

Travelling and waiting times per case: 15 minutes  
of which travelling time: 15 minutes  
waiting time: yes

## Step 4 Assessment of the Quantitative Component

In a fourth step, the quantitative component is determined, i.e. how often is an information obligation applied on an annual basis. This quantitative component is the product of frequency multiplied by the number of cases/citizens concerned.

$$\text{Quantity} = \text{Frequency} \times \text{Number of cases/citizens concerned}$$

### Step 4.1 Frequency

Frequency is how many times a year an information obligation is applicable to citizens. We must differentiate between the legally required transfer of information on a regular basis and case-related information obligations.

If citizens are obliged to submit certain information once a year (e.g. tax declaration), the frequency is 1. If an application has to be made only once every ten years (e.g. passport), the frequency is 0.1.

If, on the other hand, we are dealing with a **case-related information obligation**, we must estimate the annual number of cases or citizens concerned.

$$\text{Quantity} = \text{Number of cases/citizens concerned}$$

### Step 4.2 Number of Cases/Citizens Concerned

The second element of the quantitative component is the number of cases or citizens concerned. The standard activities mentioned above can, in some cases, exhibit varying frequencies when quantitative components are determined.

#### Example

If a survey is conducted that involves 1% of the population, the number of cases in a population of 80 million is approximately 800,000.

## Sources for Quantitative Parameters

Information relevant to the determination of the quantitative component may be available at various organisations, e.g. the German federal, state and local authorities (including the Federal Statistical Office, but also authorities such as the Federal Office for Motor Traffic, the Federal Agency for Employment, or the Federal Office of Administration), associations, chambers of industry and commerce, chambers of crafts and trades, consumer protection organisations, lobby groups for certain groups of persons (e.g. welfare associations, charities, aid organisations, advisory services, NGOs etc.) and research institutes. If there are no data or statistics available, a rough estimate of the quantitative component must be made, if necessary and possible according to segments (see Step 3.1). In this context, the ministries are expressly invited to roughly estimate initial figures, to provide them for the calculation steps according to their own experience and "common sense," and thus to present them as a matter for discussion. If required, these initial figures can be adjusted in the legislative process in cooperation with the German National Regulatory Control Council, other ministries, and relevant associations. As far as possible, responsible personnel should document for the National Regulatory Control Council the considerations on which their rough estimates are based.

The German Statistical Office will provide assistance if the group in question is large and if there is considerable uncertainty as to its size.

## Step 5 Determining the Overall Result

As a result of the work performed in the previous steps, all parameters of the administrative burden should now be available, if only as a rough estimate. The administrative burden for citizens is the sum of the time components (specified in time units) for each case. Further costs (specified in euros) and waiting and travelling times are, if applicable, shown separately for each case. The number of cases (quantitative component) is also shown separately for information purposes.

$$\begin{array}{ccccccc}
 \text{Administrative} & = & \text{Time required} & + & \text{Traveling and} & + & \text{Further costs} \\
 \text{burden per} & & \text{(in hours)} & & \text{waiting times} & & \text{(in Euro) per} \\
 \text{case} & & \text{per case} & & \text{per case} & & \text{case}
 \end{array}$$

### Example: "Registration of a new place of residence"

The quantitative component is based on statistics, according to which 6,750,000 registrations of this type are made in Germany each year.

Administrative burden = 0.12 (hours)

+ 1 euro (other costs)

+ 0.25 hours travelling time (standard value)

For information purposes: Number of cases = 6,750,000 per year

## 4 PRESENTATION OF THE RESULTS

### Step 6 Presentation of Administrative Costs in Ministerial Draft Laws

In accordance with Annex 5 of the Common Rules of Procedure of the Federal Ministries, it must be specified under Item F of the preamble whether information obligations for businesses, citizens and/or public administrations are being introduced, simplified or abolished.

Pursuant to Section 44 (5) of the Common Rules of Procedure, administrative costs as defined in Section 2 (1) of the German National Regulatory Control Council Act must also be presented in the explanatory statement.

The most important findings from analysis steps 1–5 are presented in the ministerial draft law. In principle, the three questions posed in Preliminary Remarks (see p. 4) should be answered.

#### Step 6.1 Presentation in Preamble

In accordance with the Common Rules of Procedure, the preamble should normally not exceed one page. For this reason, only the main findings of the ex ante assessment should be shown in "F. Administrative Costs". The following questions should be answered in the preamble:

##### **Administrative costs for businesses**

- How many information obligations have been newly introduced, changed or repealed? (Please state the relevant number.)
- What is the net administrative burden on the basis of the ex ante assessment? For the preamble, it is only necessary to state the net burden resulting from all information obligations.

##### **Administrative Burdens for Citizens**

- How many information obligations have been newly introduced, changed or repealed? (Please state the relevant number.)
- What is the net administrative burden – in terms of time and, if applicable, other costs – on the basis of the ex ante assessment? Does the regulatory proposal affect travelling and waiting times (does federal law explicitly require citizens to appear in person at the authority)? The categories “time” and “other costs” can be balanced off.

##### **Administrative costs for public administrations**

- How many information obligations have been newly introduced, changed or repealed? (Please state the relevant number.)

- If an adequate assessment of the burden is possible (given that a methodological basis does not yet exist), the findings should be shown.

The following is a **sample passage** for describing administrative costs in the preamble:

"This draft law will make a significant contribution to achieving the objective of noticeably reducing the administrative burden resulting from legal information obligations.

a) Administrative costs for businesses

This draft law contains three new information obligations. In addition, four existing information obligations will be changed.

The ex ante assessment indicates a net relief of EUR 10 million as a result of the present draft.

b) Administrative burdens for citizens

No information obligations for citizens are introduced, changed or repealed.

c) Administrative costs for public administrations

The draft law contains one new information obligation for public administrations.“

## Step 6.2 Presentation in the Explanatory Statement

In contrast to the preamble, the explanatory statement contains more details on information obligations and the resulting burdens.

As an aid to calculating and presenting administrative burdens, a burden calculation tool has been developed that can be used by the federal ministries. The use of this tool, however, cannot entirely replace a written explanation. The burden calculation tool is available through CIRCA (<http://circa.bund.de>) or through your contact person at the ministry.

*Please note:*

*A version for burdens on citizens is currently being developed. This version will be available at the beginning of the ex ante assessment.*

## General requirements

- **Separate section**

The burden should be described in a separate section as part of the General Explanatory Statement.

- **Introduction**

In the explanatory statement, a brief introduction summarising the overall effects of the draft law should precede the description of administrative burdens.

If the aim of an information obligation is to help applicants (e.g.

approval for subsidies, or granting of waivers) and if the burden associated with an information obligation is negligible in comparison, this can be pointed out in the description of the overall effects of the draft law.

— **Transparency regarding information obligations**

In order to ensure the desired transparency with regard to administrative costs, all new, changed or repealed information obligations must be addressed separately in the explanatory statement.

### **Presentation of Information Obligations**

The explanatory statement must contain the following information on administrative costs:

- The location (section) of the information obligation.
- Brief description of the main price, time and quantity parameters of an information obligation (see Step 3 and Step 4).
- If existing information obligations are changed, the most important implications for price, time and quantity parameters must be indicated.
- For every information obligation, the net administrative costs or the net administrative time required, i.e. the balance of new burdens and relief, must be described.
- Brief description of regulatory alternatives and explanation of the decision.

**The following passage is an example:**

"In accordance with Section ..., businesses must submit a monthly report on ... to the responsible authority. This information obligation applies to all businesses that ... Against this background, a frequency of 20,000 reports was assumed as a basis for the ex ante assessment of administrative costs. The total time required to comply with the information obligation is 2 hours, with a labour cost of EUR 28.50 per hour. This results in a total cost of approximately EUR 3.2 million.

In comparison with the existing regulation (Section ...), an additional burden amounting to EUR 1 million will arise, which results from the additional requirement of...

Regulatory alternatives that could result in a lower burden for businesses were considered. For example, a report submitted every two months would result in lower costs but would not ensure that..."

### **(Consolidated) Presentation for a Large Number of Information Obligations**

If the draft law contains a large number of information obligations, we recommend a consolidated presentation. For this purpose, it is advisable to differentiate between new, changed and repealed information obligations. However, a consolidated description should be provided for similar information obligations.

This approach is shown below based on the example of the draft law for the introduction of an electronic income record (*elektronischer Einkommensnachweis*) in Germany:

In this example, there are a number of information obligations with similar implications for administrative costs. At the same time, the draft law contains both new and changed information obligations. For this draft law, the National Regulatory Control Council recommended the following consolidated description:

### Description of Administrative Costs for businesses

### Explanation

#### Administrative Costs for Businesses

With an overall relief effect of approx. EUR 250 million, this draft law will make a significant contribution to reducing administrative burdens for businesses. In total, ... existing information obligations will be changed and ... new information obligations will be introduced for businesses.

##### a. Administrative costs of changed information obligations

An overall relief of EUR 288 million will result from changes to 17 existing information obligations, especially in the German Code of Social Law. The following information obligations will be changed:

- Employer information pursuant to Section 57 of the Code of Social Law II
- Income statement pursuant to Section 58 of the Code of Social Law II
- ...

Administrative costs of the certificate of employment:

In accordance with existing legislation, an employer incurs a cost of EUR 11.52 for issuing a certificate of employment (Section 312 of the Code of Social Law III). Every year, approx. 9,790,000 certificates are issued. The current burden for businesses thus amounts to EUR 112,780,800 for this certificate alone.

With respect to all information obligations:

With respect to all of the above-mentioned information obligations, approximately 25 million certificates are issued annually. The costs of these certificates are comparable to the cost of a certificate of employment. Against this background, the current total burden amounts to EUR 288 million.

With this draft law, the electronic income record system will be used to comply with these information obligations. As a result, the time required to issue 22 different certificates will be reduced to

**Summary of**  
administrative costs for  
businesses, especially the balance  
of net relief and "new" burden (see  
below)

Summary of relief

List of changed regulations by  
section

Brief description of  
previous costs based on  
the example of the certificate of  
employment

As the "unit costs" of a certificate of  
employment are comparable to  
other certificates, their costs are  
extrapolated and described in a  
consolidated manner.

zero. The change to information obligations results in a net relief of EUR 288 million.

b. Administrative costs of new information obligations

With the present draft law, five new information obligations will be introduced for businesses. The resulting administrative costs are estimated at EUR 38 million.

The following information obligations will be introduced:

- Transfer of a data set pursuant to Section 16:

Employers must transfer a data set to the central storage location every month.

This information obligation applies to 126,000 employers. Every month, 30 million data sets are transferred. The transfer cost of a data set is EUR 0.05. This results in total administrative costs of EUR 18 million.

Regulatory alternatives that could result in a lower burden were considered. For example, a report submitted every two months would be associated with lower costs, but would not ensure that...

- ...“

Description of the total  
“new” burden

Brief description of the  
administrative cost effects of the  
new  
information obligations

Consideration of regulatory  
alternatives

Hypothetical example: Registration of a new place of residence is simplified by an electronic procedure. At the same time, personal pet registration is introduced. Any other costs arising are shown.

### **Administrative Burden for Citizens**

This draft law amends an existing information obligation and introduced a new information obligation for citizens.

a) Administrative burdens of changed information obligations

This draft regulation simplifies the registration of a new place of residence.

With the present laws, administration burdens amounting to 0.12 hours per registration arise every year for citizens after they change their place of residence. There are 6,750,000 cases (registrations) every year. Other costs arise as a result of postage (EUR 1 per case). In addition, travelling times total 0.25 hours per case. Waiting times also occur.

This regulatory proposal simplifies this information obligation. With an electronic registration procedure, the time required is reduced to 5 minutes per case (the number of registrations will

remain at 6,750,000). In addition, the travelling time of 0.25 hours and the waiting time no longer apply since it is no longer necessary to appear in person.

b) Administrative burdens of new information obligations

This draft law introduces a new information obligation for citizens. This obligation involves taking fighting dogs to the responsible regulatory authority and registering them in person. The resulting administration burden is estimated at ... hours per case.

This information obligation applies to ... fighting dog owners, who require approximately ... minutes for the registration procedure. Since dog owners must appear in person, there are also travelling times amounting to ... hours per case and waiting times.

### **Step 7 Entry into the Database**

*If information obligations are to be introduced or changed, the ministries forward the regulatory proposal to the German Statistical Office and include the ex ante assessment of the administrative burden and a statement by the National Regulatory Control Council following coordination between the ministries. The German Statistical Office enters the new or changed information obligations into the database. The ministries are not required to make a database entry.*

5 ANNEX  
5.1 Letter from the Federal Ministry of the Interior



Bundesministerium  
des Innern

MAILING ADDRESS Bundesministerium des Innern, 11014 Berlin

To all  
Chiefs of the Cabinet and Parliamentary Branches,  
the Federal Chancellery, the Federal  
Ministries and the Federal Government  
Commissioner for Culture and the Media

**Arne Schlatmann**

Chief, Cabinet and Parliamentary Branch

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DATE Berlin, 7 December 2006

SUBJECT: **First Amendment to the Common Rules of Procedure of the Federal Ministries,  
Introduction of the Checklist for Better Regulation**  
REFERENCE: Cabinet decision of 8 November 2006  
ENCLOSURES: 2

On 8 November 2006, the Federal Government decided to amend the Common Rules of Procedure of the Federal Ministries so as to integrate the National Regulatory Control Council, introduce an assessment of administrative costs in new legislative projects of the ministries, and include the Federal Government Coordinator for Bureaucracy Reduction and Better Regulation in the list of federal government commissioners.

In future, the National Regulatory Control Council will support the Federal Government in reducing administrative costs attributable to information obligations. In order to perform this task, the National Regulatory Control Council must be involved in the legislative process. The National Regulatory Control Council will thus in future be treated as a ministry when participating in legislative Federal Government projects. The Council is to be consulted in the draft laws at the same time as the ministries and will be given the opportunity to make statements within the same deadlines. A prerequisite for the National Regulatory Control Council's work is that the administrative costs expected in new legislation are identified. The ministries will therefore be obliged to determine the administrative costs of regulatory projects and to describe them separately in the preamble and in the explanatory statement.

The amendment to the Common Rules of Procedure of the Federal Ministries, which entered into force on 1 December 2006, was published on page 1133 of the Joint Ministerial Gazette on 20 November 2006 (Annex 1). A consolidated version of the Common Rules of Procedure is available on the Internet at [www.verwaltung-innovativ.de/Bürokratieabbau](http://www.verwaltung-innovativ.de/Bürokratieabbau) and is likely to be available as a hard copy at the Federal Ministry of the Interior as of January.

In addition, the Committee of State Secretaries on Bureaucracy Reduction and Better Regulation decided in November 2006 that in future, the Checklist for Better Regulation is to be enclosed with the Cabinet bill (Annex 2). The Checklist, together with the project draft, is to be forwarded to the National Regulatory Control Council during its consultation. The Checklist serves to ensure a rapid ascertainment of results so as to permit the assessment of legislation impact, administrative costs, and legal validity. It will not be part of the draft law to be forwarded to parliament (*Bundestag*).

The following interim arrangement will apply to the amendment to the Common Rules of Procedure and to the Checklist:

The new procedure will apply to all legislative projects that have entered the interministerial coordination phase on 1 December 2006 or later (new projects).

Legislative projects that have entered the interministerial coordination phase prior to 1 December 2006 (old projects) may be completed in accordance with the original procedure. In this case, it is appropriate to enclose the amended preamble and to include, for example, the following comment in the newly inserted Item F ("Administrative Costs"): "Interministerial coordination initiated prior to 1 December 2006." The ministries may, at their discretion, apply the new procedure to old projects as well.

Regulations that take effect after 30 September 2006 (as-of date for the baseline measurements) or which entered interministerial coordination prior to 1 December 2006 (as-of date for measurements by the National Regulatory Control Council) are to be measured subsequently in an appropriate manner.

With these amendments, a modernisation project as part of the Federal Government Programme for Bureaucracy Reduction and Better Regulation is implemented.

If you have any questions, please contact Branch O 2 (tel.: +49(0)1888 681-1327/ -2393) of the Federal Ministry of the Interior.

For the Federal Ministry of the Interior



Schlatmann

## 5.2 Decision of the Committee of State Secretaries on Bureaucracy Reduction of 19 March 2008

Meeting of the Committee of State Secretaries on Bureaucracy Reduction  
19 March 2008

### Decision Proposal

#### **On Item 2 SCM for Citizens**

Like the economy, citizens, too, should be relieved of unnecessary bureaucracy.

By recording and measuring administrative burdens weighing on citizens, the federal government is now extending its Bureaucracy Reduction and Better Regulation programme to another area. Due to the specific features of this target group, the Standard Cost Model (SCM) is intended to be applied in a modified form. This development takes place in cooperation with the National Regulatory Control Council.

In this context it is important to bear in mind that certain information obligations imposed by the state are necessary also in the interest of the citizen. These obligations serve the purpose of ensuring that limited state benefits are only paid out to those persons who are actually entitled to receive them. Simplification measures should therefore be geared towards consolidating the information that is available to citizens in order to improve access to the information they need and to make it easier to comply with information obligations.

The ministries will proceed as follows:

1. As part of the ex ante procedure, the ministries – in discussion with the National Regulatory Control Council – also analyse and assess the existing information obligations that form the basis of this current project. The ministries decide whether a measurement on the basis of the German SCM would help to identify unnecessary administrative burdens. In individual cases, the ministries decide at their own discretion about the additional description of special consequences of burdens /

reducing the burdens of individual groups of persons. At any rate, the aim is a full-scale baseline measurement.

2. In addition, the ministries can determine which individual areas and circumstances are to be analysed for information obligations independently of the ex ante description. If required, the responsible ministry consults other ministries.
3. The administrative burden can be expressed in various ways. It is usually specified in time units (hours/minutes).  
Other ways of expressing the administrative burden (e.g. verbally in qualitative categories, or monetary evaluation) are decided on in individual cases by the ministries as part of their assessment.
4. The measurements are carried out by the Federal Statistical Office, but efforts must be made at an early stage towards close cooperation between the responsible ministry and this federal office. If the ministries are able to specify information sources (e.g. case figures) to facilitate the measuring procedure, use will be made of these sources.

### 5.3 Simplified Procedure and Cost Classes<sup>8</sup>

For information obligations where the number of cases does not exceed 10,000 per year, the federal ministries can determine the burden by means of a simplified procedure. For this purpose, the information obligation is classified in one of the cost classes specified below. The cost factor shown there serves as the basis for calculating the burden. If the burden is below EUR 100,000 (minimum threshold), no further assessments will be required as a rule (for exceptions, see below).

For information obligations where the case number exceeds 10,000 per year, or where the burden exceeds EUR 100,000 per year when calculated based on the simplified procedure, the original assessment procedure will be applied.

Irrespective of the burden value calculated according to the simplified procedure, an ex ante assessment should be made in individual cases if the responsible ministry or the National Regulatory Control Council deems it necessary.

Table: Cost Classes and Cost Factors:

Cost Class	Cost Factor in €
Reports of specific activities and reporting obligations that concern all economic sectors	0.41
Reports of specific activities and reporting obligations that concern specific economic sectors (low complexity)	2.48
Reports of specific activities and reporting obligations that concern specific economic sectors (medium complexity)	4.01
Reports of specific activities and reporting obligations that concern specific economic sectors (high complexity)	26.06
Labeling requirements for third parties (low complexity)	0,44
Labeling requirements for third parties (medium and high complexity)	11.34
Information without labeling requirements	4.38
Individual and general approvals (low complexity)	7.58
Individual and general approvals (medium and high complexity)	34.62
Registrations	88.33
Certification, inspections, cooperation obligations	70.31
Taxes/subsidies (low complexity)	6.76

<sup>8</sup> in accordance with the Decision of the Committee of State Secretaries on Bureaucracy Reduction of 4 December 2007

Taxes/subsidies (medium complexity)	16,64
Taxes/subsidies (high complexity)	188.09
Other information obligations (low complexity)	0.80
Other information obligations (medium and high complexity)	1.44

In order to determine the estimated costs of an information obligation, the information obligation is allocated to one of the 16 cost classes and the associated cost factor is multiplied by the case number of the information obligation.

## 5.4 Time-Value Table for Businesses

	General standard activity	Simple (mins.)	Medium (mins.)	Complex (mins.)	Explanation
<b>I.</b>	<b>Familiarisation</b> with the information obligation	3	15	120	Relevant if the information obligation is regularly changed or rarely applied.
<b>II.</b>	<b>Gathering</b> data	3	15	120	What effort is required for gathering the necessary information and data?
<b>III.</b>	<b>Filling in forms, labeling, marking</b>	3	7	30	For example, the effort required for filling in a request form
<b>IV.</b>	<b>Making calculations</b>	3	20	120	What calculations, what assessments or counts must be made?
<b>V.</b>	<b>Reviewing</b> the data and entries	1	5	45	Work involved in checking data and entries?
<b>VI.</b>	<b>Error correction</b>	2	10	60	Work involved in correcting errors?
<b>VII.</b>	<b>Preparation</b> of data	3	15	120	Effort required for preparing the data?
<b>VIII.</b>	<b>Data transfer and publication</b>	1	2	10	What effort is required for data transfer and/or the publication of data or information?
<b>IX.</b>	<b>Internal meetings</b>	5	30	480	What effort is required for internal meetings?
<b>X.</b>	<b>External meetings</b>	10	60	480	What effort is required for external meetings (e.g. with tax consultants)?
<b>XI.</b>	<b>Settlement/ payment</b>	2	8	30	For example, the work involved in making payments
<b>XII.</b>	<b>Copying, archiving, distributing</b>	2	5	15	Requirements regarding the further handling of data
<b>XIII.</b>	<b>Auditing</b> by public authorities	2	30	240	For example, the work entailed in an audit
<b>XIV.</b>	<b>Corrections</b> required following a public audit	3	90*	90*	Revision of data, provision of additional information
<b>XV.</b>	<b>Further information gathering</b> in case of difficulties with the competent authorities	3	15	120	The effort required for providing additional information
<b>XVI.</b>	<b>Further training</b>	3	35	480	Only relevant if information obligations necessitate training

\* Because of the limited number of cases, no differentiation was made between medium and complex.

## 5.5 Time-Value Table for Citizens

will be completed in due course

## 5.6 Standard Pay Table of the German Statistical Office for Businesses

### 5.6.1 Methodological Explanation of the Standard Pay Table

In order to show the price component in accordance with the German National Regulatory Control Council Act, estimated time values must be multiplied by the standard rates of the administrative activities of the respective sectors of the economy. For ex ante assessments, we must differentiate between simple, medium and complex qualification levels.

Statistical data on wages and salaries have been evaluated, and a table of administrative activities has been prepared for these requirements. In order to identify standard incomes for administrative activities, the evaluation concentrated on collective salary agreements for commercial employees. The standard rates of pay used here represent actual working hours and include special allowances and non-wage labour costs. In addition, the standard pay data are adjusted on the basis of labour cost surveys conducted by the German Statistical Office.

The Standard Pay Table is a tool for ministries to perform the ex ante assessment. It is designed to provide a clear overview of aggregate tariff values for assessing various information obligations. In some cases, however, the ministries may require a more detailed table. The wage and salary statistics of the German Statistical Office can, of course, be evaluated in a variety of ways. Individual evaluations can be provided on request.

For inquiries regarding evaluations of the wage and salary statistics or questions regarding the system of pay statistics, please contact Mr. Jörg Decker:

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5.6.2 Standard Pay Table of the German Statistical Office for Ex Ante Assessments<sup>1)</sup>

Economic sector <sup>2)</sup>	Qualification level			Average
	Low	Medium	High	
A Agriculture and forestry	13.8	18.4	22.1	18.1
B Fisheries and fish breeding	16.1	23.8	29.9	23.3
C Mining	19.9	27.5	36.7	28.0
D Manufacturing	20.9	33.5	53.7	36.0
E Power and water supply	25.2	38.0	54.8	39.3
F Construction	15.8	26.5	44.6	29.0
G Trade; maintenance and repair of motor vehicles and consumer goods	20.4	23.9	38.9	27.7
H Hotel and restaurant trade	11.5	18.6	23.7	17.9
I Transportation and communications	22.5	28.3	40.4	30.4
J Banking and insurance	24.7	37.6	52.8	38.4
K Real estate and housing, rental of movables, provision of services, not otherwise specified	18.8	28.9	46.4	31.4
L Public administration, defence, social security	21.2	32.6	52.4	35.4
M Education and training	20.7	31.9	51.1	34.6
N Health care, veterinary medicine, and social welfare	18.7	28.8	46.2	31.2
O Other public and personal services	19.0	29.3	47.0	31.8
Overall economy (A-O)	19.3	28.5	42.7	30.2

<sup>1)</sup> The standard rates are shown in EUR per hour

<sup>2)</sup> Classification of the sectors of the economy, 2003 (WZ 2003)

## 5.6.3 Administrative Activities by Qualification Level

Economic sector	Qualification level		
	Low	Medium	High
A Agriculture and forestry	Office assistant	Book-keeper	Accountant in a responsible position, representing the business in dealings with banks, authorities, etc.
B Fisheries and fish breeding	Data typists, junior clerks in administration	Payroll clerk	Accountant, office manager, head of department
C Mining	Preparation of printed forms; data collection	Independent work within functional areas, e.g. in personnel and social matters	Office manager in important business departments (accounting, auditing, personnel, etc.)
D Manufacturing	Predominantly standardised work (writing and calculating); no occupational training	Performing work according to general instructions (personnel matters); occupational training	Independent and responsible handling of a difficult task area (manager of a working group in the personnel department)
E Energy and water supply	Office assistant	Clerk in costing department	Head of the financial and accounting department
F Construction	Simple work, brief familiarisation period, no occupational training required	Office work in the personnel department	Special responsibility, managerial authority, college degree or similar
G Trade; maintenance and repair of motor vehicles and consumer goods	Employees performing simple bookkeeping activities	Chief bookkeeper	Head of administration
H Hotel and restaurant trade	Employees performing simple activities in administration	Assistant in commercial departments/administrative assistant	Head of an administrative department
I Transportation and communication	Simple activities, no formal training	Responsible activities performed according to general instructions; completed occupational training	Difficult but interesting activities performed independently in complex work areas
J Banking and insurance	Simple data collection work	Qualified handling of personnel matters	Commercial employee in a responsible position
K Real estate and housing, rental of movables, provision of services, not otherwise specified	Office clerks, mainly simple tasks	Office employees and bookkeepers with responsibility	Employees with university degrees and commensurate tasks

Economic sector	Qualification level		
	Low	Medium	High
L Public administration, defence, social security	Office clerks, mainly simple tasks	Office employees and bookkeepers with responsibility	Employees with university degrees and commensurate tasks
M Education and training	Office clerks, mainly simple tasks	Office employees and bookkeepers with responsibility	Employees with university degrees and commensurate tasks
N Health care, veterinary medicine, and social matters	Office clerks, mainly simple tasks	Office employees and bookkeepers with responsibility	Employees with university degrees and commensurate tasks
O Other public and personal services	Office clerks, mainly simple tasks	Office employees and bookkeepers with responsibility	Employees with university degrees and commensurate tasks