



Berenschot

Standard Cost Model Manual (DRAFT)

Romanian manual for measuring administrative costs for businesses

Berenschot
Business Development Group

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Standard Cost Model Manual

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ABBREVIATIONS

AA	Administrative Activities
BDG	Business Development Group
CCU	Central Coordination Unit
EC	European Commission
EU	European Union
G2G	Government-to-Government
GSG	Government Secretariat-General
IO	Information Obligations
IT	Information Technology
NACE	National Activities Classification in the Economy
NIS	National Institute of Statistics
OECD	Organization for Economic Co-operation and Development
SCM	Standard Cost Model
VAT	Value Added Tax

FOREWORD: ON ROMANIAN-DUTCH COOPERATION IN REGULATORY REFORM

A few years ago, the European Commission reached the conclusion that the economy is currently allocating valuable resources to less than necessary administrative activities, and decided to create a better regulatory environment for businesses, one that is **simple, understandable, effective and enforceable**. To this end, an action plan was created to reduce administrative burdens by 25% by 2012. And it is not by accident that the plan is carried out under the motto: "*Less Paperwork = More Jobs*".

By the time this aim was defined, the considerations were related to efficiency and cost-reduction, as a simplification and optimisation of the administrative requirements to companies is bound to reduce the time and money spent for compliance. The economic crisis that has meanwhile hit the EU states adds a sense of urgency to this aim, and adds value to the money that can thus be saved for businesses as well as government. And in the context created by the reduction of Romania's administrative apparatus, it is of increased importance that resources here are allocated in an efficient manner.

As with most major European issues, the Netherlands became involved in Romania's efforts to improve regulation and reduce administrative burdens, through its representatives, the Dutch Agency for International Business and Cooperation (EVD) and the Regulatory Reform Group of the Dutch Ministry of Finance and Economic Affairs. In collaboration with the Romanian Government Secretariat General (GSG), two major G2G projects were set up, benefiting from Dutch financing, in order to facilitate the transfer of better regulation knowledge from the Netherlands to Romania.

Within the first Dutch-Romanian project, 'Framework for designing a methodology for measuring administrative burdens in Romania', representatives of the Romanian Government were trained by the Dutch company Berenschot, with regard to principles of better regulation and using the Standard Cost Model to measure administrative burdens. The project was concluded with the successful implementation of a pilot measurement of administrative burdens in a sector of Romanian legislation, performed by the Romanian consultancy company Business Development Group. In this context, a new project was submitted within the framework of the G2G-short Programme, 'Preparing a baseline measurement in Romania'. Berenschot and Business Development Group were assigned to carry out this project, as a consortium.

The current project that has, as main end-product, the Romanian SCM manual, combines Dutch expertise with local knowledge and research in order to facilitate future measurement projects in Romania. Not only does the project offer two essential tools for performing SCM measurements (SCM manual + guidelines), it also acts as a platform for public consultation with regard to administrative burdens (causes, effects and possible solutions), through the research conducted in Romania. Staying true to the Dutch approach to public policy, the project also aims to bring together the public and private sector in a productive dialogue that can form a solid basis for future administrative reform in Romania. Dutch input has also been invaluable for developing best practices with regard to business participation in regulation, which are based on direct input from the private sector in the Netherlands. Last but not least, Dutch experience was used to optimize an IT solution for storing and processing administrative burdens measurement results.

Lessons learned

Companies and administration would both substantially benefit from a reduction of administrative burdens. Research carried out in Romania revealed that, indeed, the public and private sector share a common idea that such a reduction would be beneficial, and sometimes they also share the same views on how to best address the issue.

When evaluating the administrative costs related to Romania's abundant legislation, public institutions are confronted with their capacity limitations – mostly due to reorganisation and fluctuation of personnel – and the difficult task of coordinating the various institutions and departments involved. Moreover, they have to face the complex tasks of evaluating legislation that they have developed themselves, as well as to find the balance between maintaining the essential information requirements and abolishing the obsolete and superfluous obligations.

Although there is confidence that the scrutiny of future legislation from the point of view of administrative costs is now more feasible, due to the accumulated experience and the mechanisms developed at EU and national level, *ex-post* evaluation (evaluation of existing legislation) would remain a challenge. This is similar to other countries in Europe, where this field of expertise can still be improved.

The private sector perceives bureaucracy as burdensome in terms of the time invested, costs incurred with the fees of the experts hired to help insure the legal conformity, as well as with reserving own staff for administrative – thus non-productive or profitable - activities. They see bureaucracy as a waste of resources (time, money, work, etc.), which, ultimately, has an impact on their competitiveness, as the costs incurred cause an increase in their prices.

Research revealed a substantial difference in views concerning the efforts made by companies in order to comply with their legal obligations. The public sector is primarily of the opinion that there is sufficient clarity and guidance in the legislation for companies, so as to avoid unnecessary efforts, while the vast majority of the private sector feels that they do put in extra effort, in order to leave no room for official reprimand. This extra effort is made necessary mainly by the frequent changes in regulations and the lack of sufficient information or inconsistent interpretation by executives and inspectorates.

A permanent and structured dialogue between the public and the private sector is thus expected to lead to an optimal approach towards the reduction of administrative burdens, as it allows for a quick and relevant inventory of the stock of administrative burdens, as well as for checking the reduction ideas for feasibility at the earliest stage.

To this end, the practice of establishing a panel, to be officially mandated by the Government, appears as a solution favoured by both the public and private sector. Such a body should be coordinated by GSG and should consist of representatives of relevant public authorities (on both national and local level), experts, professional organisations and businesses. It could coordinate and streamline the process of identifying and reducing administrative burdens. This panel would advise the responsible ministries and agencies. In the Netherlands, such a panel exists - the

Wientjes Commission, chaired by the president of the main employers organization and with the secretariat provided by the Regulatory Reform Group.

A panel can also act as coordinating body for various communication processes, which could include a national campaign and/or a dedicated website for the process of reducing administrative burdens. It could also organize sector seminars and workshops that would facilitate the dialogue between the relevant public authorities and businesses, and foster integration of feedback and suggestions into future legislation, or amendments to existing ones.

Another kind of body exists in The Netherlands since 2000. Actal, the Dutch Advisory Board on Administrative Burdens, is an independent advisory body that advises the Dutch government on red tape reduction issues, acting as a watchdog and facilitator, giving strong backing to the Dutch government's own objective to reduce by 25% the overall administrative burden on businesses and citizens by 2011. One of Actal's goals is to internalize a sustainable focus on red tape issues within the governmental bodies and to advise the Dutch Government on how to implement a Regulatory Impact Assessment in The Netherlands. In practice, ministries submit all proposals for new laws or regulations to Actal for scrutinizing if they have an impact on the administrative burden of businesses and/or citizens. The Council of Ministers requires ministries to quantify the administrative burdens in planned legislation, using the Standard Cost Model, before proposals are sent to Actal. Ministries also report on alternative policies they have considered that may reduce administrative burdens on businesses. Actal then checks these calculations and the considerations of the ministries, taking the alternatives with the least impact as a starting point. At the end of the procedure, which takes a maximum of four weeks, Actal may propose improvements and even call for the withdrawal of proposed laws and regulations.

In order to identify and quantify the burdens and related costs, measurements have to be undertaken. Although the measurement process does not provide benefits in itself, and requires time and money, it is crucial for ensuring the fundament for taking the optimal reduction steps. Experience from other countries, among which The Netherlands, is that deep involvement of the authorities and the private sector is necessary, and that effective communication is paramount for obtaining accurate and relevant results. Then, measurements can be made productive for businesses and public authorities.

The project of drafting the Romanian SCM manual provided the proper context for facilitating a transfer of experience and expertise from Dutch business organizations to their Romanian counterparts. The information package delivered to Romanian business organizations is based on the experience of the project team (Berenschot and Business Development Group) in their respective countries and, most importantly, on an interview with a leading Dutch employers' organization.

The main suggestion offered by the Dutch private sector is that Romanian business organizations should act like a driving force behind regulatory improvement in Romania, by being spokesmen for the private sector and mobilizing their members for full commitment and involvement in the administrative reform process. Business organizations can help in several ways:

- By giving information on time and resources spent on complying with legislation (during the measurements)
- By identifying legislation that is irritant and requires simplification
- By giving concrete simplification proposals
- By organizing grassroots support for simplification proposals
- By influencing the decision making process to make simplifications happen
- By influencing the political debate about the need of simplification

To be effective, it is important for business organizations to be well organized and to have a substantive numbers of members and/or member organizations. A relatively large organization can provide a substantial contribution in the better regulation program and is an interesting counterpart for the government. The message business organizations convey can have an impact on the quality of the cooperation with the administrative burden reduction program and its results. The message of business organizations in The Netherlands is that they do not want to challenge the objectives of a law and do not question the importance of legislation; they just want to solve the problem of very high administrative burdens involved.

A substantial part of the administrative burdens results from EU law. Therefore, business organizations are preferably also active in Brussels, in close cooperation with the Romanian officials. It seems business organization are most effective in the regulatory reform program if they feel some co-ownership towards the problem over overregulation. That kind of ownership is, generally, a key factor in the process.

The challenge for the Romanian government is to build an organizational infrastructure in which business organizations have a structured position (not ad-hoc). This provides a foundation on which interaction between public and private parties can grow. In addition, business organizations and public parties (like the Better Regulation Network) could help each other in this way. After all, they have the same objective: the reduction of administrative burdens.

For a business organization, it is fruitful to have an embedded (internal) organizational infrastructure and platform in which better regulation issues are discussed by members and member organizations. This platform's objective would be to identify simplification proposals and, also, to come up with alternative solutions. For maximum efficiency, this platform should have a working group and a high-level steering group. The working group can prepare the actual work, while the members of the high-level steering group have the connections necessary to put items on the agenda and to contact other high-level public officials and politicians. In The Netherlands, both private and public parties are represented in the (mixed) high-level steering group. It is a key success factor in the burden reduction process in The Netherlands.

Naturally, a key actor in the Dutch regulatory reform infrastructure is Actal. Even though Actal is a relatively small organization (10-12 employees and 3 board members), it has a large impact at policy level. Sweden, Germany and the United Kingdom also have (successful) watchdogs. In the Netherlands, this organization is highly appreciated by the umbrella business organizations.

The reduction of administrative burdens is a challenge and there seldom are rapid results. Consequently, it is often a challenge to keep members of business organizations motivated. It is therefore important that the government addresses regulatory issues that seem to be a bottleneck for businesses, regardless of whether it is an administrative burden or not. Secondly, it is important to first address (part of) those burdens that the businesses identify as most urgent. It is also useful to identify bottlenecks that cause irritation to businesses, but that are relatively easy to reduce; these 'quick wins' will help keep businesses motivated.

When it comes to simplification proposals, business organizations could, alternatively, cooperate and make joint proposals to the government, which are endorsed by several different business organizations. It could also be useful to cooperate with the Chamber of Commerce, in case the organization level is low.

For business organizations, it is important to be involved in the legislative process at an early stage. In The Netherlands, this sometimes seems a challenge for the Government. When the business organizations are involved too late, it will be unrealistic to provide a meaningful contribution. What generally helps is a clear legislative process and insight into the various stages of development - business organizations are best addressed when consultations take place, and not after the proposals have been finalized.

1. Introduction

1.1 Background

Current obligations of Romania as an EU Member State, with regard to better regulation, include supporting European Commission efforts to reduce administrative burdens at EU level (EC Action Programme on reducing administrative burdens in the European Union by 25% by 2012 (COM(2007) 23, January 2007))¹.

The EC Action Programme, transposed in Romania through the Government Strategy for Better Regulation at the Level of Central Public Administration 2008-2013, supports the actions and conforms to the requirements of the European Commission with regard to better regulation. Member States are required to perform ex-post measurements of the administrative costs, set reduction targets and take measures to simplify legislation. This is expected to contribute to a less burdensome business environment, which stimulates economic growth and makes life easier for businesses.

The Romanian Government will perform baseline ex-post measurements in 2010-2011, according to EU recommendations. The Government Secretariat-General (GSG) has already performed pre-measurement activities, in collaboration with relevant ministries in Romania and with other stakeholders.

1.2 Objectives

This manual describes how administrative costs are measured in Romania with the help of the Standard Cost Model (SCM). The overall aim is to implement a system of measuring the administrative costs imposed by the Government through regulation in a way that allows targets for reduction of the burden to be set and provides incentives to policymakers to pay increased attention to the administrative burden they may impose.

The ambition to find simplification measures should be placed in the context of Romania's impact assessment process, meaning that in making and reviewing policy the relative costs and benefits of each option overall should be considered and weighed up against the administrative burden that would be imposed while meeting the policy objectives.

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0023:FIN:EN:PDF>

1.3 About this manual

This manual was drafted by the consultancy firms **Berenschot**² from the Netherlands and **Business Development Group (BDG)**³ from Romania, in close collaboration with the **Government Secretariat General (GSG)**, the **Central Coordination Unit for better regulation (CCU)**, as well as other relevant government structures. A vital part in the drafting of the manual was played by representatives of the public and private sectors, which took part in the research performed by the project team. The purpose of the research was to consult the two sectors with regard to the measurement methodology (aspects specific to Romania), the view on bureaucracy and the communication between the public and private sector.

When drafting this manual we heavily relied on work carried out already by, for example, the Netherlands, Denmark and the United Kingdom. Many countries work on measurements and the reduction of administrative costs. These countries already have an SCM manual, and the European Commission has also issued guidelines in this context. We thankfully used all knowledge, experience and expertise available.

² www.berenschot.com

³ www.bdggroup.ro

2. What are administrative costs?

2.1 Impacts of regulation

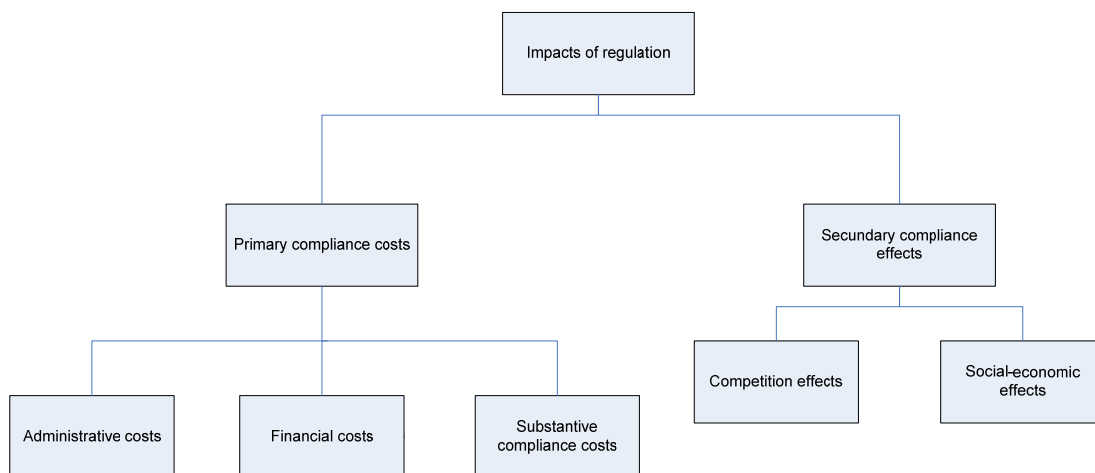
Regulation has a number of impacts on businesses. Therefore, businesses face different regulatory costs when complying with legislation. Administrative costs are only one type of costs that regulation can entail.

Regulation imposes both primary compliance costs and secondary compliance effects. Secondary effects are competition effects and social economic effects. Primary compliance costs are substantive compliance costs, financial costs and administrative costs:

- Substantive compliance costs are the result of a legal obligation. Businesses make these costs to comply with *direct* norms, standards, lines of conducts and all other demands aimed at serving public goals. Examples of substantive compliance costs include: filters in accordance with environmental requirements and physical facilities in compliance with working conditions regulations.
- Financial costs are the result of a concrete and direct legal obligation to transfer a sum of money to the Government or the competent authority. These costs are therefore not related to a need for information on the part of the Government. Such costs include administrative charges, retributions, taxes, etc. For example, the fees for applying for a permit.

The figure below illustrates the different types of costs that regulation can impose.

Figure 1: Types of impacts of regulation



This manual only focuses on administrative costs and administrative burdens, described in the following chapter.

2.2 Administrative costs

Administrative costs are defined as follows:

Administrative costs are the costs regarding the administrative activities that businesses have to carry out in order to comply with the information obligations that are imposed through central government regulation.

This definition contains different key elements, which are explained below:

Businesses

SCM is designed to measure the administrative burdens that affect private businesses. Before commencing a SCM measurement, the concept of “private business” must be clearly defined. In Romania, this concept includes all organizations which are considered as belonging to the private sector due to their NACE code. “Semi-private” organizations, such as charity organizations, hospitals or partially/fully state owned companies are excluded from the measurement.

Information obligations

Information obligations (IO) are the obligations to provide information and data to the public sector (or third parties), and which arise from regulation. An IO does not always mean that information has to be transferred to the public authority, but may include a duty to have information available for inspection or supply on request. Information is thus to be construed in a broad sense, i.e. including costs of labeling, reporting, monitoring and assessment needed to provide the information and registration.

Central government regulation

Central government is all bodies that are principally controlled and financed by central Government. It includes all agencies and arms-length bodies. Regulation is such that failure to comply with it would result either in the business coming into conflict with the law, or being ineligible for continued funding, grants or participation in schemes.

Types of central government legislation to be included in the measurement: primary, secondary and tertiary legislation, depending on the exact location of the IOs.

2.3 Administrative costs versus administrative burdens

The SCM measures administrative costs faced by businesses. It is important to understand what this means, in particular how administrative costs relate to administrative burdens.

Administrative costs are the costs regarding the administrative activities that businesses have to carry out in order to comply with the information obligations that are imposed through central government regulation.

This concept describes the part of administrative costs that businesses sustain simply because it is a requirement from regulation. Administrative burdens are thus a subset of administrative costs, in that costs also encompass the activities that businesses will continue to conduct even if the

regulations were removed. The distinction between administrative costs and burdens should be taken into account when doing a measurement. In other words, administrative activities that have no relation to regulation should be quantified but filtered out, i.e. administrative tasks that the business carries out in connection with running the business and that are not essential to complying with regulatory requirements. Generally, this is made operational by calculating the administrative costs first. Next, in interviews an investigation can be made with regard to what percentage of these costs businesses would not carry out in the absence of that regulation. Based on these percentages, administrative burdens can be calculated.

3. Method

3.1 Standard Cost Model

The Standard Cost Model (SCM) has been developed to provide a simplified, consistent method for estimating the administrative costs imposed on business by central government. It takes a pragmatic approach to measurement, and aims to provide estimates that are consistent across policy areas, but which are indicative rather than statistically representative.

The SCM method is a way of breaking down regulation into a range of manageable components that can be measured. The SCM does not focus on the policy objectives of a regulation. As such, the measurement focuses only on the administrative activities that must be undertaken in order to comply with regulation and not whether the regulation itself is reasonable or not.

A key strength of the SCM is that it uses a high degree of detail in the measurement of administrative costs, in particular going down to the level of individual activities. However, it is important that it is understood that SCM measurement outcomes are indicative and not statistically representative, which would be both a very expensive and lengthy process. Instead, it is a pragmatic approach to measurement that gives indicative data on the size of burdens, to allow setting reduction targets and identifying areas to focus on.

Experience shows that businesses are better able to assess time and resource consumption in connection with the individual regulations using the SCM approach than with methods used previously in both countries. Moreover, interview results in Romania show that Romanian businesses regularly measure their time and resource consumption, within the context of complying with legislation (see Private Sector Interview Results). Therefore, they have the knowledge, experience and inside view necessary to assess these costs. Moreover, their own methods are similar to the SCM principles of measuring bureaucratic costs

One other important strength of the SCM method is that it is highly action-orientated, which works well as part of a broader regulatory simplification programme. It enables the identification of parts of regulation that are particularly difficult for businesses to comply with.

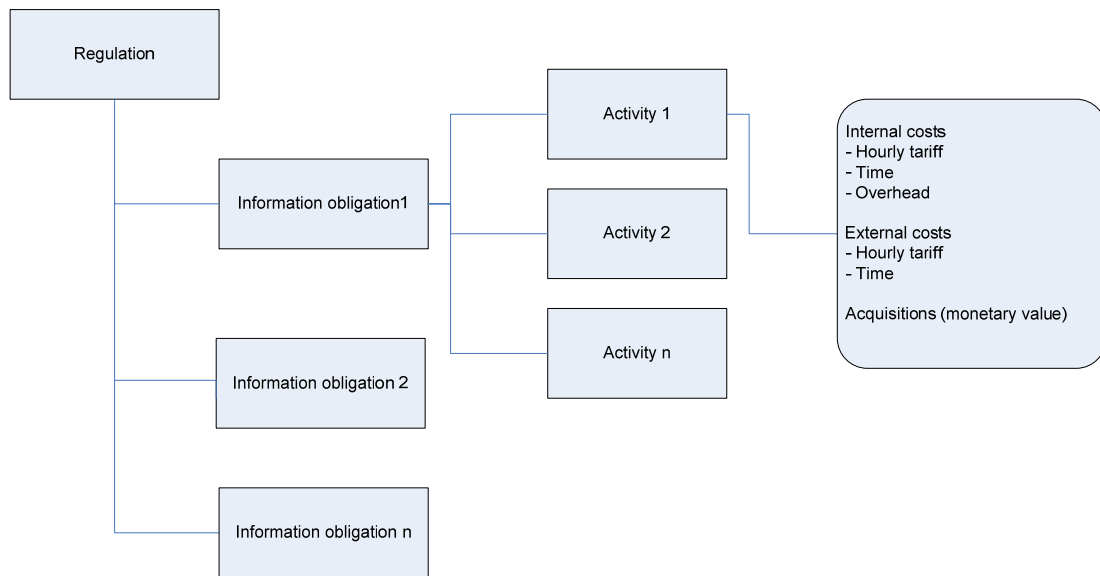
In order for measurements to be compared and for reduction targets to be set across Government institutions, consistency in methodology and measurement is critical. The SCM provides a framework methodology against this background. Nevertheless, in order to be able to implement this model in Romania, a number of specific implementation and methodological choices need to be made. These choices are covered by this manual.

3.2 How does it work?

The SCM method involves identifying those textual parts of regulation that require businesses to make information available to authorities or third parties. In order to produce the information concerned, the businesses have to carry out a range of administrative activities (e.g. gathering of information in the business). These activities may require, on the one hand, internal resource consumption in the form of use of employees' time and, on the other hand, an external consumption

of resources in the form of fees for auditors, external experts and the like. Taken as a whole, the administrative costs of a piece of legislation are the costs that are associated with having to carry out the various administrative activities. The figure illustrates the relationship between information obligations, administrative activities and cost parameters.

Figure 2: Breakdown of a law or rule by means of the Standard Cost Model



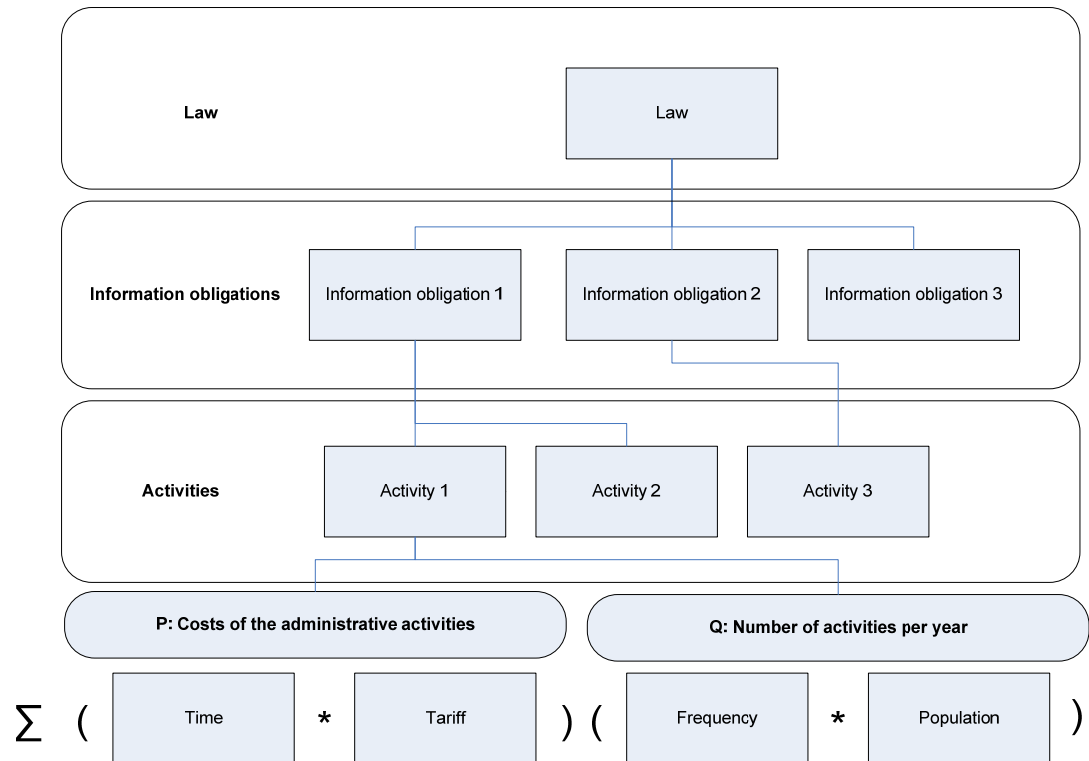
Administrative costs are measured using the following formula:

$$\begin{aligned}
 \text{Administrative costs} &= \text{Price} \times \text{Quantity} \\
 &= (\text{Time} \times \text{Tariff}) \times (\text{Frequency} \times \text{Population})
 \end{aligned}$$

Administrative costs are measured by multiplying the costs of the activities that have to be carried out to meet information obligations (Price) by the number of activities per year (Quantity). The costs of activities are calculated by multiplying the time used by an hourly tariff. This can be an internally tariff or hourly cost for external service providers and time. The yearly number of activities is calculated by multiplying the frequency by the population. The sum of all administrative costs of all activities ($\sum P \times Q$) are the total administrative costs of a regulation.

The framework of the Standard Cost Model is illustrated below:

Figure 3: The SCM framework



3.3 Cost parameters

In order to calculate the resource consumption in connection with an administrative activity, it is necessary to identify the cost parameters that are associated with the activity.

Cost parameters are the expense variables that are associated with the individual administrative activities. The cost parameters that are included in the SCM measurement are:

Internal cost parameters:

- Time
- Tariff (hourly rate plus overhead).

External cost parameters:

- Time
- Tariff (hourly rate).

Acquisitions

Acquisitions are defined as purchases that are necessary in order to comply with an IO and are used solely for that purpose. The costs of such an acquisition are included as a cost parameter in administrative burdens, alongside internal and external pay costs (they are added to internal and/or external costs to obtain the final price). If acquisitions are directly specified in (or can be reasonable deduced from) the law, they are added to internal and/or external costs to calculate the final price. If they are not specified in legislation, but are considered mandatory by companies, and therefore, are performed by companies, acquisitions will not be included in the final price, but they will be evaluated from a qualitative point of view (why do they occur? how much do they contribute to the actual costs incurred by companies? etc.)

3.4 Price

The cost parameters form the basis of the price element in the model, which consists of the tariff (plus overhead) for activities done internally (or hourly cost for external service providers) and the time required completing the activity. Furthermore, acquisitions should be taken into account.

Tariff

The internal tariff consists of:

- Gross wage. This is the median statistical wage of the employee who typically performs the administrative activity. Statistical data can also be compared against businesses' own estimates, obtained during interview, for a final estimate that is as close to reality as possible.
- Overhead costs are all the costs associated with the use of office materials, depreciation of desks, computers, and facilities for ancillary departments and such. Most countries which apply SCM use an overhead of between 20-25%.

The external tariff is made up of:

- The costs of contracting out: costs of accountants, legal workers, service bureaus, administration offices and the like. These costs apply to companies that carry out administrative and procedural tasks in order to enable a business to comply with legislation and regulations. These costs are usually offset at a commercial rate.

Acquisitions

Examples of an acquisition might be the postage for letters sent in order to comply with an IO. Another example might be the cost of purchasing and installing a meter to enable the business to take a reading for subsequent reporting. The costs are calculated per year. Where an acquisition has a service life of several years – e.g. a meter – a fixed annual cost equivalent to the total cost divided by expected service life is specified for the acquisition. After a certain number of years, it is assumed that a new meter will be purchased – if this is the type of acquisition involved – on the same terms.

As the examples illustrate, the costs must be incurred solely to enable the business to comply with a specific IO. A business may well need an Internet connection in order to comply with a digital reporting duty, but because the connection is also used for many other purposes, the costs of the connection are not included directly in the measurement. They are, however, included indirectly through the overhead.

If acquisitions are not specified in legislation, but are considered mandatory by companies, and therefore, are performed by companies, they will not be included in the final price, but they will be evaluated from a qualitative point of view (why do they occur? how much do they contribute to the actual costs incurred by companies? etc.)

Time

The variable time should be interpreted as the time (in minutes or hours) that it takes a business to perform a certain activity.

3.5 Quantity

Quantity comprises of the size of the population of businesses affected and the frequency that the activity must be completed each year.

Population

This refers to the number of businesses or entities to which the regulations apply. This means that when determining the administrative costs, the target group of the regulations and the number of businesses involved needs to be determined.

Frequency

The frequency is the number of times that a business delivers an information obligation per year.

3.6 Normally efficient business

The fundamental concept of a SCM analysis is the normally efficient business. This is taken to mean businesses within the target group that handle their administrative tasks in a normal manner. In other words, the businesses handle their administrative tasks neither better nor worse than may be reasonably expected. The SCM does not include businesses that, for various reasons, are either particularly efficient or inefficient.

The normally efficient business is found by conducting interviews with a number of typical businesses in the target group and/or external advisors that deal with outsourced tasks and possibly with other experts. The objective of the interviews is to find out how much time the businesses use and what external costs they make. A check is made to see that there is consistency in the businesses' answers. If this is not the case, more business interviews are conducted until it is possible to ascertain standardized time consumption associated with the administrative activities for the normally efficient business. If a consensus cannot be reached after performing a large (yet reasonable) number of interviews, the only solution is to consult experts, in order to mediate answers given by businesses and obtain realistic estimations.

4. Measuring administrative costs

This section sets out the process involved in carrying out a measurement using the SCM. The process can be split into different steps. The table below presents the steps in the measurement.

Table 1. Steps in the measurement process

<i>Step</i>	<i>Description</i>
Step 1	Start-up
Step 2	Identification of information obligations and activities
Step 3	Classification of regulatory origin
Step 4	Identification of target groups and required segmentation
Step 5	Collection of frequency and population data
Step 6	Business interviews versus expert assessment
Step 7	Identification of cost parameters
Step 8	Selection of typical businesses
Step 9	Conducting business interviews
Step 10	Carrying out an reference group review
Step 11	Scaling the validated data up to national level
Step 12	Reporting

Conducting a SCM measurement requires detailed knowledge of both the SCM methodology and of the particular area of regulation. A measurement is generally undertaken (at least partially) by consultants. They have to work closely with experts in departments, businesses, business organizations as well as the Government Secretariat-General (GSG) in conducting the measurement.

The role of GSG in the measurement:

- Initiates specific legislation relating to SCM methodology and the use of SCM as an ex-ante evaluation tool
- Coordinates the measurements, based on CCU recommendations

- Technical consultation and final approval within the simplification process, based on the simplification proposals submitted by the relevant ministries

In order to monitor the measurement and ensure its quality, a reference group will be set up, combining representatives of the public and private sector (ministries, other government agencies, professional organizations, etc.). The reference group will be kept permanently updated with regard to the evolution of the measurement, and it will be responsible for assessing and validating the intermediary and final project results.

4.1 Step 1 - Start-up

In this step, the measurement infrastructure is defined and developed. The consultant selected to perform the measurement, GSG and CCU will perform the following actions:

- Detailed planning of next steps
- Establishing methodological aspects
- Establishing quality parameters and the quality assurance process
- Establishing the format of the final report

Also, before commencing the analysis, the legislation which will be measured is defined, including whether or not all parts of regulation are covered by SCM (see Chapter 7). There will also often be a number of borderline cases where it may be difficult to decide whether a regulation falls within the scope of the SCM analysis or not. It is important to ensure that such borderline cases are discussed and evaluated with involved parties (consultant, GSG, CCU, etc.).

The set of regulations for further analysis should be submitted to the responsible department, so that the responsible people, including the Government Secretariat-General, can validate that all relevant regulations have been identified.

In Romania, a large part of this step was, in preparation of the zero base measurement, covered within the pre-measurement procedures:

- What regulation is to be analyzed: Set of regulations to be included in the analysis. Documentation of which regulations have been eliminated by screening.
- Discussion of borderline cases where it may be difficult to decide whether a regulation falls within the scope of the SCM analysis or not.
- To validate that all relevant regulations have been identified.

These tasks were performed by the Government Secretariat-General and relevant ministries, without the involvement of outside consultants, and their conclusions must be respected by any and all measuring organizations.

4.2 Step 2 - Identification of information obligations and administrative activities

In this step, each individual business-related regulation is broken down into IOs and administrative activities. In this step, there will also be a number of borderline cases where it may be difficult to decide whether an IO falls within the scope. It is important to ensure that such borderline cases are discussed and evaluated with the responsible department and the Government Secretariat-General. The IOs and activities are described and next standardized conform annex 2 (list of standardized IOs and activities) and are explained in more detail in the context of the regulation. The list of IOs and activities forms the basic data set and are reported in the reporting sheet (annex 3).

It must be possible to identify links between regulations, e.g. which primary legislation gives rise to which secondary legislation. A section and subsection reference must also be given so that they can be found quickly.

The result of this step should include a clear demarcation and definition of the area of regulation where administrative costs are to be measured. Related regulation is identified and the owner of the costs is clear so that identical IOs are not counted more than once.

Borderline cases, links between regulation and the demarcation and breakdown of legislation into IOs and administrative activities are noted down in a status report. The status report, including reporting sheets, should be submitted to the responsible department and the Government Secretariat-General, so that they can validate that all the relevant IOs and activities have been identified.

Tasks of this step include:

- Break down list of regulations from the former step into IOs and activities.
- Standardization of IOs and activities, in addition a detailed description is made.
- Identification of related and overlapping regulations and IOs.
- Assignment of ownership of regulations to departments, units, agencies, etc.
- Validation of results in Step 2

For the zero base measurement in Romania this step was covered within the pre-measurement procedures. The Government Secretariat-General requested that all 14 ministries perform an IO scan in their respective legislative sector, and that they carry out the tasks stated above. This scan (mapping of IOs) was performed between April-July 2009, in preparation of the baseline measurements for which among others this manual is drafted. Representatives of the 14 ministries were requested to analyze all legislation pertaining to their ministry and select the most relevant and cost-imposing IOs for upcoming measurements. The mapping resulted in a list of almost 5,000 IOs to be measured in 2010, as part of Romania's EU commitment to reduce administrative burdens.

Administrative activities were not defined during the IO scan. This activity must be performed by the measuring organization, through consultation with:

- Businesses
- Public authorities (relevant ministries and agencies)

- Experts

4.3 Step 3 - Classification of regulatory origin

When the ministries receive the breakdown of legislative material for validation, the classification of the regulation according to origin can be done, which is known as ABC classification.

A measurement will be performed, of Romanian regulations that have consequences for business. This means implicitly that the analysis will also cover international rules that are implemented in Romanian legislation.

In order to provide an overview of where the administrative costs of businesses originate from, IOs have to be classified in three main categories – depending on their origin:

- Category A: IOs that are exclusively and completely a consequence of EU rules and other international obligations. The international rules describe which information businesses have to produce.
- Category B: IOs that are a consequence of EU rules and other international obligations. The purpose will be formulated in the international rules, while implementation will be left to the member states. The international rules do not describe which information businesses have to produce.
- Category C: IOs that are exclusively a consequence of rules formulated at national level.

The IOs are classified in categories A, B and C and made visible in the reporting sheet. Normally this is done by consultants in close cooperation with the responsible ministries, who have the knowledge needed to be able to carry out the classification. The results are validated by GSG, CCU and other relevant structures. However, in Romania, this step was also covered within the pre-measurement procedures, following the IO mapping.

Tasks of this step are:

- Classification of IOs.
- Validation of results.

4.4 Step 4 - Identification of target groups and required segmentation

In this step, the groups targeted by regulation (target groups) are identified, i.e. which businesses are affected by the regulation. These target groups will be classified in relevant segments, if needed. In other words, businesses have to be segmented according to the criteria that affect the scope of resources used to comply with IOs. Appropriate segmentation is necessary to ensure measurements reflect differing cost/resource structures in businesses and the incidence of particular regulations. It is also needed to allow specific areas of interest to be analyzed later on for simplification.

To enable results to be presented as required, segmentation by firm size, industry sector and e-Government solution may be needed. Others kinds of segmentation should be discussed with the Government Secretariat-General and the responsible department. In choosing the level of

segmentation required for the measurement of the administrative burden baseline, the overall aim is to segment as little as possible to ease the measurement process.

Firm size

Firms of different sizes face different resource and cost constraints. A regulatory change may be substantially less significant in its impact on a large business with resources dedicated to dealing with such changes when compared with a small business where taking on a change means diverting resources from other activities and incurring unplanned costs.

The measurement should be conducted in such a way as to allow the results to be presented according to four size bands as far as practicable. The size bands to be used are:

- Micro (0-9 employees)
- Small (10-49 employees)
- Medium (50-249 employees)
- Large (250 or more employees)

For some regulations, it may not be possible to obtain results with this split.

Industry sector

Different industry sectors face differing levels of regulation. For example, firms handling certain chemicals must comply with additional health and safety rules in addition to other regulation. In some cases, there may be a large number of such industry-specific regulations.

For sector specific regulations, the measurement must be segmented to reflect the coverage of the regulation. In general, industry sectors should be recorded using the NACE codes. In many cases, the NACE codes may not be sufficiently detailed where regulation covers very specific areas of business. In such cases, departments must provide information on the proportion of the relevant NACE codes class that is covered and the number of businesses that are affected.

E-Government solutions

For a growing number of IOs electronic solutions are made available to the businesses, whereby they are able to report the required information, apply for subsidies or permits etc. via the Internet. An electronic solution is understood to mean that the businesses are able to send in the required information via electronic communication. A form that the businesses can download from a homepage and which subsequently has to be printed out and submitted by letter or fax, is thus not an electronic solution. E-Government solutions may include the use of direct data entry through call centers or telephone response systems.

Such e-Government solutions should be designed to be quicker and more efficient than paper-based forms. As such, it is important to be aware of when they are used and to measure them. It is particularly important to distinguish an electronic solution from an equivalent manual process. The actual measurement of an electronic solution is carried out in the same way as the measurement of the corresponding manual solution, i.e. how much time do the businesses employ on the administrative activities that are involved in being able to comply with the IO. The effect of an

electronic initiative may thus be shown by comparing the time consumption of the manual solution with that of the electronic one.

In a number of cases, an electronic solution will form part of a wider e-Government initiative. In such cases, it should be registered that the electronic solution in question is part of a larger initiative and the details of that initiative recorded.

It may be “tempting” to segment based on a number of different variables. Any attempt to capture the complexity in full however, will soon result in the method breaking down because it is case based. Because complexity increases as more and more factors are included in the analysis, such an attempt would very quickly lead to measurements having to be carried out in far too many business segments. It is therefore essential to achieve a sensible balance between the degree of segmentation, optimization of benefits and resource consumption in the project. It is necessary to focus on those factors that are judged as being most important when it comes to identifying differences in the administrative costs of businesses. The number of segments will vary from time to time, and will depend on a concrete assessment in relation to the specific information obligation. The decisions made on what to include and what not to include in the measurement must be well founded and should also be documented so that it will be possible to reproduce the results of the analysis at a later stage.

Tasks in this step are:

- Segment IOs by firm size, e-Government solution and if appropriate industry sector.
- Identify where non-standard segments are defined in regulation and agree segmentation with the Government Secretariat-General and the responsible department.
- The segmentation proposal is noted down in the status report and has to be approved by the Government Secretariat-General and the responsible department.

4.5 Step 5 - Collection of frequency and population data

In this step, data is collected to build the actual measurement. It concerns data of the Quantity parameters: frequency and population. Before commencement, it has to be determined what will be the source of the data collection for the parameters frequency and population (the next chapter sets out possibilities in this context).

When the source is determined, as much information as possible is collected about populations and frequencies and it is incorporated in the data set. This information, including a description in the status report of how data is collected per IO, is validated by the responsible department and the Government Secretariat-General, who also identify any information that is missing.

Tasks in step 4 are:

- Set criteria for deciding how Quantity data is collected.
- Documentation of areas of uncertainty regarding likely Quantity parameters.
- Identify population for each IO.
- Determine frequency for each IO.
- Incorporation of outcome in data set.

- Validation of outcomes.

4.6 Step 6 - Business interviews versus expert assessment

The cost parameters (time and tariff) are generally determined via interviews. However, not all IOs must necessarily be evaluated by means of business interviews. IOs that only cover a very small number of businesses and minimal administrative costs can, for example, be quantified using other methods. Often, business interviews do not produce relevant results, due to a lack of consensus, the inconsistent approach of IOs, etc. Solving this problem implies using expert assessment, in which specialists with considerable knowledge of the field in question are involved in quantification of the administrative costs for a normally efficient business.

It is difficult to produce unambiguous criteria for when a less burdensome IO can be evaluated using either expert assessment or existing data. A concrete appraisal has to be made in each case, but it is important to emphasize that it must be made clear which IOs are being selected for later evaluation.

The information on how IOs will be measured is put together in a report. The criteria on which the division between interviews and expert assessment is based must also be made clear in order to facilitate validation by the responsible ministry.

Interview guide

In this step, also an interview guide (questionnaire) is prepared. The purpose of an interview guide is to ensure uniform, accurate data collection, which ensures that all the information to be used for calculations in the database is gathered with the greatest possible precision.

It is also important for the interview guide to be structured in such a way that the interviewees can answer the questions as precisely as possible, allowing the interview to be conducted efficiently.

In addition to the collection of quantitative data at activity level, it is important that the interview sheds light on qualitative aspects as well, so that such information can be included in subsequent reporting. It is, for example, important to gather knowledge concerning: proposals for simplification, the irritation burdens, best practice in businesses, whether businesses use the information in other contexts, whether businesses just prepare information for the government or whether they also use it themselves (cf. the terms administrative burdens and administrative costs).

The results of this step are submitted to the responsible department and the Government Secretariat-General for approval.

Tasks of this step:

- Set criteria for deciding how Cost data is collected.
- Describe, in the status report, which IOs will be measured by which tool.
- Produce and test interview guide.
- Approval by the responsible department and the Government Secretariat-General.

In performing these tasks, the measuring organization must take into account recommendations made in this manual and the accompanying guidelines.

4.7 Step 7 - Identification of cost parameters

The task in this step is to identify the relevant cost parameters of businesses for the work involved in complying with IOs. This applies to both cost parameters within the business and cost parameters relating to work done by external advisers, etc. The work involved in this step mainly consists of making sure that the relevant cost parameters of businesses are identified before the interviews are conducted. It is these interviews that finally establish which employee groups perform a given IO and activity.

The analysis uses the most up-to-date prices, which in the case of upcoming measurements will be 2008 (or 2009, depending on the availability of statistical data at the time). The cost parameters used are set out in table 1 below.

Table 2. Cost parameters for administrative activities

Cost areas	Cost parameters in the calculation
Internal	Number of hours spent on administrative activity
	Mean hourly pay for various personnel groups that perform administrative activities
	Overhead
External	Number of hours spent on administrative activity
	Mean hourly pay for various personnel groups that perform administrative activities
Acquisitions	Expenditure on RON on necessary acquisitions to comply with specific information obligations

Chapter 5 elaborates on the data sources to collect the relevant parameters.

The plan to collect cost parameters is incorporated in the status report and submitted to the responsible department and the Government Secretariat-General for approval.

Tasks:

- Determination of cost parameters.
- Report which parameters are used.
- Approval by the responsible department and the Government Secretariat-General

In performing these tasks, the measuring organization must take into account recommendations made in this manual and the accompanying guidelines.

4.8 Step 8 - Selection of typical businesses

In this step, a plan is drawn up of how to identify businesses to interview, as well as the total number of planned interviews. Both parts of the plan must be approved by responsible departments and the Government Secretariat-General. The procedure must also be described in the status report.

The SCM uses the concept of the normally efficient business, i.e. the typical businesses affected by a given piece of legislation. Businesses can be selected for interviews in several ways. Initially, a random sample can be selected and businesses can be contacted to arrange an interview. When it comes to screening the businesses for interviews, the businesses can be asked a few questions with a view to gaining an indication as to whether it is typical of the target group. It is also possible to use these initial contacts as an actual survey, with the businesses being asked about outsourcing, IT use or other matters that are judged significant with regard to the business's resource consumption in complying with an IO.

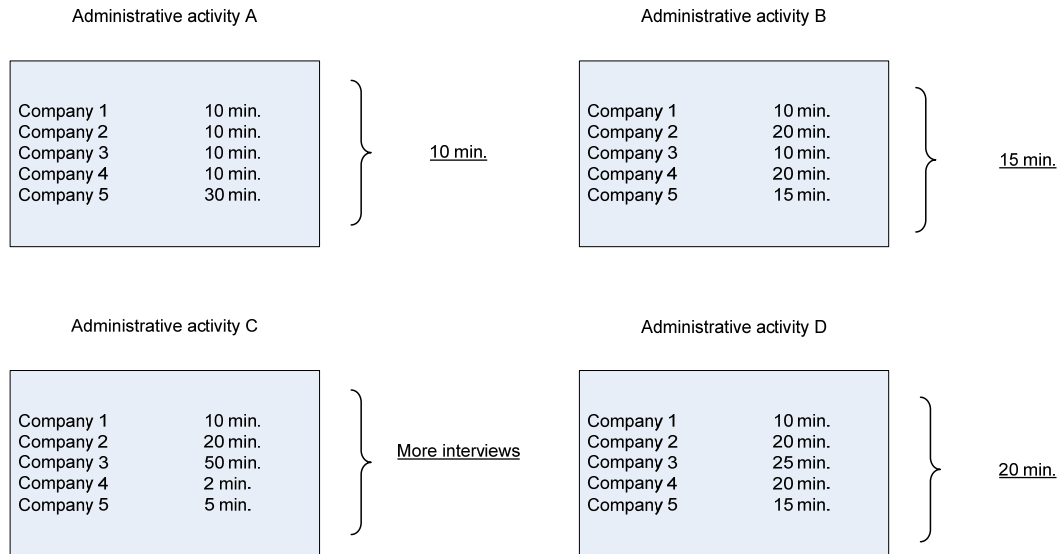
In some cases, it will be difficult to find sufficient affected businesses using the above method. Here it may be advantageous to make use of the often very concrete information held by the responsible ministry on the individual businesses covered by the given IO. In such situations, it will be possible for the responsible ministry to write to some of the affected businesses and inform them that they are going to be phoned by a firm of consultants with a view to arranging an interview.

The selection of businesses should result in it being possible to implement interviews with between three and five typical businesses in each business segment. While one business can logically only cover one segment with regard to a given IO, the same business can be interviewed about other IOs within the legislative area by which it is affected.

This will provide an insight into the resource consumption of a normally efficient business with regard to the IO in question. The minimum number of interviews required in order to obtain relevant results depends on the specifics of each country. In Romania, a minimum of 3-5 interviews must be performed per segment, and this number should be raised to as much as 10, depending on the logistical possibilities of the project.

The figure below shows how the time consumption for a normally efficient business is calculated, and illustrates whether a business can be described as normally efficient or not.

Figure 4: The normally efficient business



Another limitation specific to Romania is that it is difficult, if not impossible, to identify a typical business. Research has shown that businesses in Romania comply differently with the same law (different methods, more or less effort than legally necessary, etc.). For this reason, experts should be involved alongside interviewed businesses.

Serious consideration should be given to whether external experts can be involved in connection with assessing the administrative costs for a normally efficient business. With an external expert it is possible to cover several business segments at once with regard to a given IO. An accountant, for example, will often be able to assess the administrative costs for a number of business segments.

Experts can define a “standard” method for fulfilling AAs, a way in which businesses should fulfill AAs. However, any standard method prescribed by experts must not be understood as mandatory – businesses should not consider that these prescriptions are made to force them to do things a certain way, and authorities must understand that they should not impose these methods on businesses.

Even given these points of caution, it is nevertheless certain that measurements in Romania cannot be performed without the involvement of experts – they are one of the most relevant sources for every cost parameter and for required administrative activities. It is recommended that, before the measurement commences, a panel of experts is set up (consulting group which includes experts in various fields relevant to the measurement), so that it meets the following requirements:

- The size of the panel should be proportional to the complexity of the measurement.
- There should be representatives of each group of stakeholders on the panel
- The combined expertise of the expert panel should include:
 - technical experience in the fields included in the measurement.
 - knowledge of the business sector (including business management procedures).
 - legislation and public policy.
 - (optional) substantial experience in their respective field.

Tasks:

- Draw up plan of how to identify businesses to interview including an estimate of total number of interviews and how the burden on respondents will be managed.
- Selection/invitation of businesses for interview to cover all segments/IOs to be estimated using interviews.
- Packaging of interviews to ensure the most effective use is made of business time and that full coverage is achieved.
- Approval by the responsible department and the Government Secretariat-General.

In performing these tasks, measuring organization must take into account recommendations made in this manual and the accompanying guidelines.

4.9 Step 9 - Conducting business interviews

Using qualitative interviews with businesses that are affected by the legislation, it is possible to identify which of the administrative activities a business has to carry out in order to comply and how much time is spent on each activity. In some cases, it will not be possible for the business to say how long it spends on each activity. In such cases, it may be necessary to ask how much time is spent on complying with the actual IO and how that time is divided between the administrative activities that are carried out in order to comply. If this method fails to produce relevant results or a consensus between businesses cannot be reached, experts will be consulted.

The interviews will also make it possible to validate the information obtained with regard to time, wages, outsourcing, etc.

Implementing the interviews with businesses is a task that requires experienced interviewers with fundamental knowledge of the method and area of legislation. The interviewers must use the interview guide. The interview itself should take the form of a qualified dialogue between the business and the interviewer.

There are basically three types of methods for interviewing businesses:

- Personal interviews with businesses are the preferred method for identifying the administrative costs of regulation. The interviews typically last 1-2 hours for each business,

but this can vary depending on the complexity of the area of legislation in question. In the case of complex areas of legislation, it may also be an advantage to have two interviewers.

- Telephone interviews with businesses can be used in cases where only the costs of isolated information obligations have to be identified and where the interview may be expected to last less than half an hour. This method can also be used if the time resources of companies and/or interviewers are limited, and a face-to-face meeting would put pressure on these resources.
- Focus group interviews with a small number of businesses and relevant experts may be an option in the case of highly complex legislation. In Romania, this type of interview is not recommended, as mobilizing and synchronizing a medium or large number of companies is difficult.

Specifically with regard to personal interviews and telephone interviews, it is important for the interviewers to be sure both during and after the interview that the business interviewed can still be described as typical as far as resource consumption is concerned. The business does not necessarily have to be typical in all areas, but if it is not normally efficient in a number of areas, the data for it should not be included in the data material. It is difficult to set out clear criteria for when a business is not normally efficient, but resource consumption that is substantially different from that specified by other businesses without there being a good explanation for the discrepancy must be regarded as not meeting the criteria for a normally efficient business. If a business is excluded from the data material, it must be replaced with a new business, which will have to be interviewed.

The pilot measurement performed in Romania in 2008, as well as the research performed in 2009-2010 in view of drafting this manual, all point to substantial challenges in setting up interviews. Performing a direct interview (one-on-one or group) involves mobilizing companies, usually at top or middle management level, as well as mobilizing logistic, financial and time resources, on the part of businesses and interviewers. Thus, it is recommended that some time is allowed businesses to prepare for interviews. In this time interval, respondents can prepare their answers in advance, based on existing company information (usually at the level of several departments or individual employees. This way, they will be able to give interviewers an informed opinion. In this respect, the following sequence of steps has been found to be more effective:

1. Prepare an interview questionnaire that is:
 - straightforward and easy to understand by uninformed respondents (i.e. without advanced knowledge of SCM).
 - as short as possible: do not ask respondents to devote too much time to answering questions, otherwise they will become uncooperative.
 - as focused as possible: ask only the most important questions, and make sure their presence in the questionnaire makes sense to respondents (otherwise they will become frustrated by being asked to give what they perceive to be unessential information).
 - as complete as possible: it is not likely that companies will be willing to participate in 2 interviews, so ask all the important questions during one interview.

2. Send the interview questionnaire in advance to respondents, via email or fax, accompanied by detailed (but clear and concise) clarifications: write down all the indications they will need to give useful answers to the questions.
3. Call soon after sending the questionnaires to give more clarifications one-to-one: stress the fact that their effort is appreciated, that it will not be too much trouble and that they can ask any questions at any time; also, that there is no right or wrong answer.
4. Call back to schedule a direct or phone interview, as soon as the respondents feel comfortable and prepared to participate in one: respondents will probably more open to phone interviews, which they will see as taking less of their time.
5. Perform the interview based on the interview questionnaire: the respondent should have filled in the questionnaire in advanced, and the interview will serve more to go over the answers, get supplementary information and clarification (on both sides).

It is recommended that public authorities be involved in the interview process, in the sense of endorsing the measuring organization. They can offer support or solicit business participation directly, which will give more authority to interviewers (this was particularly useful during the pilot project). However, there is a certain risk of losing the confidence of businesses with regard to the interviewer's confidentiality and impartiality.

When all the interviews have been carried out, the results have to be summarized for the individual business segments. This implies standardization of time and resource consumption per activity per business segment takes place. Based on the interview material, an assessment must be made of how long it takes a normally efficient business to carry out the various administrative activities required to comply with an IO. Then the business's internal costs and costs for external assistance are calculated.

If the standardization is not possible based on interview results alone (as is most likely to happen in Romania, given the discrepancy between businesses' approach to their IOs), it is advised to involve experts.

Experts can:

- Verify the accuracy of standardized information (if standardization was possible).
- Help obtain standard estimates for cost parameter (if interview results were inconclusive).

While business interviews are the core of any SCM measurement, their relevance must be ensured by involving the panel of experts in completing and/or validating the results, especially in a uniform economic and legal environment such as the one in Romania. This combination of views ensures a greater objectivity and relevance of results.

Tasks:

- Carrying out business interviews.
- Standardization of time and resource consumption per activity per business segment.
- Processing outcomes in data set and reporting sheets.

4.10 Step 10 - Carrying out a reference group review

Based on the material that is produced continuously in the former steps, an overall status report is drawn up. The report describes the implementation of the former steps, including how the work of identifying business-related laws and executive orders was done, which IOs are important, what demarcation has been done in relation to other legislative areas and integrated processes, which administrative activities are relevant, the segmentation of businesses, etc.

The status report is sent to a reference group. The reference group is made up of representatives of trade organizations that have knowledge of and are in contact with the area being charted. There should also be participants from the responsible ministry and the Government Secretariat-General.

It is the task of the reference group to use the combined expertise and detailed knowledge of its members to assure the quality of the process from the steps carried out and offer criticism and fine-tuning wherever necessary. It is particularly important that major methodical and technical choices for and against should be submitted to the reference group. It is then important for all the parties to reach an agreement, so as to provide the basis for proceeding.

Tasks:

- Drawing up an overall status report.
- Organizing a reference group meeting.
- Validation by Government Secretariat-General

4.11 Step 11 - Scaling the validated data up to national level

Once the standardized data has been approved, the validated data material has to be scaled up to national level for each individual segment in the analysis. This is generally done by multiplying the standardized time and resource consumption (time x pay costs (inc. overhead)) for a normally efficient business in a segment by the population of the segment. The results are then combined and noted down in the reporting sheets, which then form the basis for writing the report. The figures produced include:

- The total costs for each segment of complying with each information obligation.
- The total costs to businesses of complying with the information obligation.
- The total costs of complying with the law or executive order in question.

In this stage, it is crucial to involve experts from institutions specialized in statistical research. In the case of Romania, this could be the National Institute of Statistics (NIS). NIS will be involved all throughout the measurement, where official statistical data is required (most affected business sectors, population, wages, etc.). In this stage, however, they must monitor the extrapolation of results to the national level. Even though SCM is not a statistical measurement and it is not necessary (moreover, it is not practical or productive) for it to respect the rigors of a statistical research, NIS can give recommendations on how to make the extrapolation as correct and relevant as possible, given the scope and resources of the measurement.

NIS can also verify the correctness and relevance of data sets, if appropriate. The involvement of NIS in measurements was proven to be very useful during the pilot measurement, and it received validation in the research performed before drafting the manual.

Tasks:

- Making the SCM measurement calculations.
- Completing the data set and reporting sheets.

4.12 Step 12 - Reporting

In addition to giving the administrative costs for the area of regulation analyzed, the report, which communicates the quantitative results from a standard cost analysis, must also highlight qualitative results and explain how the analysis was carried out, what problems were encountered in the course of the analysis and how these problems were handled. Quantitative results are, in Romania, as important as qualitative results, since the causes and effects of bureaucracy are equally significant to the costs of bureaucracy. In addition, a simple quantitative estimation of the effect an IO has on businesses is not sufficient to justify an intervention.

It is recommended that measurements performed in Romania focus on (among others, as deemed appropriate by the measuring organization):

- Cost-based hierarchy of administrative burdens (what causes the highest costs).
- The quality and accessibility of electronic services.
- Overlaps of IOs (documents, type of information, etc.).
- The actual number of documents required of businesses.
- The difficulty of producing new documents.
- The actual number of standard forms that need to be filled.
- The complexity of standard forms.
- Understanding to what extent the requested data actually serves the purpose for which it was requested (in the opinion of businesses).
- Understanding to what extent businesses consider legal obligations to be good practice.
- Extra procedures performed by businesses and extra sets of data produced (even though they are not specifically required by legislation).
- How often businesses have to submit data.
- The willingness of businesses to meet their IOs voluntarily.
- The difficulty of obtaining permits.
- Indicators of the efficiency of public services: to identify concrete areas where measures must be taken to reduce bureaucracy.

It is important for the report to be in a complete, presentable form. The report must therefore be easy to read and communicate the results correctly. It is a good idea to illustrate the report with graphs and figures that both illustrate the problems of using the standard cost method for the given regulation base and the results produced by the analysis.

The report is approved by the Government Secretariat-General and the responsible ministry before being sent to the reference group for consideration. It is also possible to organize a meeting with the reference group at which the main results of the analysis can be presented and discussed. The reference group has an opportunity to comment on the report.

Next to the report, the measurement outcomes need to be reported in a standardized manner to allow for their comparison and addition. Therefore, the report sheet (annex 3) is used for all measurements. Calculation is automatically done by this Excel report sheet. The report sheets for all regulations measured are delivered as data set to the Government Secretariat-General.

Once the report has been finally approved, the final data set with measurement outcomes (report sheets) are submitted the Government Secretariat-General and the responsible department.

Next, it is important for all the data collected to be entered in a database that is able to handle the relatively large amounts of complex data that form the basis for the results of a standard cost analysis. Data collected in a measurement should be stored in a database.

Tasks:

- Drawing up the report.
- Modification of the data set, if necessary.
- Validation by Government Secretariat-General, reference group and the department.
- Submitting the end products.
- Storage in database.

5. How to collect information for the measurement?

5.1 Information Obligations and Administrative Activities

In Romania, this step was covered within the pre-measurement procedures. The Government Secretariat-General requested that all 14 ministries perform an IO scan in their respective legislative sector. This scan (mapping of IOs) was performed between April-July 2009, in preparation of the baseline measurements for which this manual is drafted. Representatives of the 14 ministries were assigned to analyze all legislation pertaining to their ministry and select the most relevant and cost-imposing IOs for upcoming measurements. The mapping resulted in a list of almost 5,000 IOs to be measured in 2010, as part of Romania's EU commitment to reduce administrative burdens.

Administrative activities were not defined during the IO scan. This activity must be performed by the measuring organization, through consultation with:

- Businesses.
- Public authorities (relevant ministries and agencies).
- Experts.

Research performed for the purpose of drafting this manual revealed that companies are considered the primary source of information regarding what administrative activities are actually performed, followed by public authorities, professional organizations and experts. These results reflect the reality of the Romanian business and political environment in which:

- Companies perform the actual activities, so they have first-hand experience with fulfilling IOs. However, their approach is influenced by subjective factors (fear of sanction, unfamiliarity of legislation, etc.), which can lead to a liberal interpretation of legal provisions. Also, this approach is consistent across business segments, or even among businesses in the same segment.
- Public authorities define the necessary activities, so they know what should be done. However, they cannot evaluate how their theoretical view actually functions in practice.
- Experts (in the field in which legislation applies) are mediators. They have in depth knowledge of both what should be done and what can be done, and can balance out the two (often opposing) views.

For this reason, an efficient method of defining administrative activities (AA) in Romania (to be implemented by the measuring organization) is:

- The measuring organization consults businesses and business organizations, to compile a list of AAs actually performed.
- The relevant public authorities involved in the measurement compile their own list of AAs, extracted from legislation, under the guidance of the measuring organization.

- The measuring organization consults experts and, together, they compare and combine the lists. They make the final decision regarding the list, so as to best match the options of both the private and the public sector.
- The final list of AAs will be approved by GSG, relevant public authorities and representatives of the private sector

The AAs that enter the final list should meet the following criteria:

- They can be identified in the real practice of businesses (they are actually performed by the majority of businesses).
- They are relevant for enforcing the targeted IOs.
- They are identifiable in the SCM standard list of AAs.
- They can be quantified.

The list of AAs should illustrate the process businesses go through in order to fulfill their IOs and uphold the law. AAs are also useful instruments for guiding economic agents throughout the interview process and for facilitating a relevant estimation of resources needed to fulfill IOs.

5.2 Target groups and segmentation

Segmentation is an essential step in any measurement, as it is the key to obtaining particularized and specific results, as well as a better assessment of the impact of legislation on various categories of businesses. Segmentation should be obtained based on the measuring organization's knowledge of Romania's specific business environment, as well as on recommendations from involved public authorities and experts.

SCM recommends limiting the number of criteria used to segment the business population, in order to maximize the efficiency of the measurement and to avoid obtaining a much too complex set of variables. It is important to maintain equilibrium between the degree of segmentation, the optimization of results and the resource allocation within the project.

Research results reveal that public authorities, professional organizations and experts are the most trustworthy sources of information with regard to what the most affected sectors are – thus, they can also suggest relevant criteria that can ensure that segmentation targets these specific sectors.

The target groups include the businesses affected by legislation and they determine the population. The population is defined as the number of companies at national level that fall within the target groups, for each defined segment. As population is used to extrapolate standard data at national level, it must be as accurate as possible.

Research has shown that the number of businesses affected by legislation (population) is best defined by public authorities, professional organizations and the trade registry. The pilot project has shown that a vital resource for this estimation (perhaps the most relevant) is the National Institute of

Statistics (NIS), which can provide data regarding the number of companies registered under NACE codes that define the selected segments. They can also provide a number of companies based on other criteria potentially used for segmentation, such as size category. Moreover, using official statistical data increases the relevance of final results, from a statistic point of view. The data should be as recent as possible – in the case of a 2010 measurement, this would be 2008 or, ideally, 2009.

A recommendation for measuring organizations would be to consult NIS with regard to determining the population, and develop a statistically relevant method to estimate the number of businesses affected, without infringing SCM specifications. This method and the resulting estimates should be verified with the sources stated above. Overall, this is perhaps the only aspect of SCM that borders statistical research. However, input from what are viewed as trustworthy sources must not be disregarded.

5.3 Tariff

The tariff consists of internal hourly labour cost and/or external hourly service tariff + overhead.

The internal hourly labour cost can be estimated on the basis of official statistical data from the NIS. This data includes the average hourly wages for a specific industry and position (job). The data should be as recent as possible. Research results show that companies, professional organizations and experts are considered the most trustworthy sources of information regarding hourly labour costs. It is possible that real costs differ from official statistical costs, and that representatives of the private sector have better insight into what businesses actually pay their employees. However, in order to simplify and optimize the measurement process, it is more efficient to use statistical costs.

The overhead is usually established in the 20-25% interval, in line with the preferences of most countries which have applied SCM. The overhead will be applied exclusively to internal expenses and it must be established before each measurement. It can vary from measurement to measurement, based on the actual economic conditions at the moment of performing the measurement.

The external hourly service tariff can be determined based on the input of experts in the field. External service providers are the companies contracted by businesses to help them fulfill their legal obligations (i.e. accounting companies, auditors, workplace health and safety consultants, etc.). Representatives of these service providers can give estimates with regard to the average tariff perceived in their fields. In order to counteract any bias, these estimates can be verified by other experts involved in the measurement – representatives of the private and public sector. Companies can also be interviewed with regard to this cost parameter, as they are the ones actually incurring the costs. In general, there is no available statistical data regarding service tariffs – however, if this is available, it is essential that expert estimates be compared against it. No overhead is applied to external costs.

Sometimes it is difficult to ascertain which AAs are performed internally and which externally, in the actual practice of businesses. While externalizing or internalizing an AA may not be required by law,

businesses may choose to go beyond the legal specifications in order to ensure full compliance. The pilot project revealed that many businesses prefer externalizing AAs, even though, legally, they could be internalized, leading to greater costs. In addition, sometimes, AAs are performed simultaneously internally and externally, to ensure a maximum correctness of results – company employees and external experts spend the same number of hours performing the same activity. In this case, measuring organizations must count the activity twice, once as performed internally and once as performed externally.

The only acquisitions that can be added to tariffs are the ones specifically mentioned (or reasonably implied) in legislation. If the acquisitions are not legally mandatory, they cannot be included as costs in the measurement, even if, in practice, businesses perform these acquisitions on a regular basis. These acquisitions must be considered simply “good practice” and not a legal obligation.

However, acquisitions can be evaluated for the purpose of determining the qualitative effect of legislation on businesses (for example, businesses feel that they need to perform extra actions in order to fulfill their legal obligations). They can be quantified (associated costs) in order to illustrate the magnitude of this effect, but the quantitative estimates cannot be included in final estimates of administrative burdens.

Regardless of whether or not they are legally mandatory, acquisition costs should be estimated based on input from the private sector, which has better knowledge of market prices and conditions. Research results show that professional organizations (with a good overview of their respective business sectors) are the most trustworthy source of information in this respect, followed by businesses and experts. Interviews with these stakeholders can supply necessary information, as well as an informal price research – average acquisition prices should be calculated.

5.4 Frequency

In theory, the frequency of AAs should be determined from the actual legislation, and, implicitly, from the input of public authorities. However, research results nominate companies, professional organizations and experts as the most reliable sources for information regarding the frequency of AAs. Again, it is useful to find a balance between official and practical estimates – what the frequency should be and what it actually is. For this purpose, the best course of action is to use experts as mediators and rely on them to balance out the two views. Expert estimates must be, then, discussed with representatives of both the private and public sector, in order to ensure that all stakeholders are satisfied with the final data.

5.5 Time

SCM recommends that the time spent on AAs should be determined during interviews with businesses. Measuring organizations must collect time estimates from interview respondents and analyze the data as such:

- Identify a relative trend in responses, a mean interval.
- Eliminate extreme values, which are far off from the mean interval.
- Calculate an average of values that fall within the mean interval.

See Figure 4

Research results also point to businesses as the most reliable source of information, followed by professional organizations and experts.

However, the pilot project has revealed that businesses in Romania have difficulty in making accurate estimates regarding the time they spend on performing AAs. Time management and accountancy is more efficient among large companies, which generally implement more efficient management systems. Sometimes, in the Romanian business environment, companies apply methods of keeping track of bureaucratic costs which abide by the SCM principles and methods – these methods are not, however, the general tendency, but rather a particular practice of large companies with a well defined organizational culture.

If, during a measurement, interviews do not reveal a common tendency among businesses with regard to time spent on AAs, experts in the field can be involved. They can evaluate the answers given by businesses with regard to how they reflect real practice.

6. What role can businesses and business organizations play?

6.1 Business community involvement

A SCM measurement is based on a high degree of involvement by a range of different people who, in different ways, have detailed knowledge of the rules to which the businesses are subjected and how compliance with these rules is effected in the businesses. In this way it is ensured that the measurement's quantitative and qualitative results are constantly assessed and validated. In this chapter we discuss the ways the business community can be involved.

Research shows that, overall, the business community (experts, companies and professional organizations) is the most relevant source of data for estimating measurement parameters. Businesses, in particular, know where they experience administrative burdens. Their perspective as 'end user' helps to see where the bottle necks are. Moreover, businesses might have sector specific knowledge that might help to find certain solutions for more (technical) questions. Business/professional organization can offer information that is more objective and facilitate the process of contacting businesses.

Strategically, involving public and private sector organizations at an early stage helps to create commitment and support for the administrative burdens project.

6.2 Businesses

Practitioners in the various businesses have, in the capacity of their daily work, developed expert competence in relation to how their business deals with the various administrative duties. They are therefore able to contribute with crucial information regarding the extent of the administrative costs in the businesses. They constitute the target group for the business interviews that are conducted for the measurement.

6.3 Professional bodies/industrial organizations

In addition to involving the businesses, it is important to involve their professional organizations in the work, as they also possess wide knowledge of how their member businesses deal with the administrative activities. They also can help in getting in touch with the sectors, necessary for the measurement.

In addition, the objectivity of businesses can be placed under question and professional organizations may prove to be a better source of relevant information. Professional organizations are credited with the responsibility and ability to monitor their members and ensure that they fulfill their IOs in a uniform manner. Both professional organizations and businesses can work together and attempt to equalize costs in relatively similar sectors of activity.

6.4 Professional experts

Professional experts with considerable insight into the sector in question that is the subject of a Standard Cost Model measurement would be relevant to involve. In the case of a measurement of a

fiscal law, for example, it would be relevant to involve accountants. These experts can also help to ensure that the defined cost parameters are as true and fair as possible.

Besides, in certain cases, their involvement can supplement the input from individual businesses. Not all IOs must necessarily be evaluated by means of business interviews. IOs that only cover a very small number of businesses and minimal administrative costs can, for example, be quantified using other methods, like expert assessments, in which specialists with considerable knowledge of the field in question are involved in quantification of the administrative costs for a normally efficient business.

6.3 Permanent involvement for commitment

Constant contact between the project team and businesses and business organizations will serve as the main promotion tool to raise interest and awareness. The interviews/questionnaires and other materials used for the steps in the measurement that involve the business community, will not only collect information, but also disseminate information to the targeted entities. Project related events (workshops, closing seminar) will create exposure for government activities and will provide opportunities for stakeholders to become involved. Creating a central contact point for reporting administrative burdens will also contribute to involving the business community.

In addition, the Romanian government could decide to stir the interest of business and public organizations to get involved and to continue the dialogue beyond the measurement. Research shows that, currently, communication between the government (public sector) and businesses (private sector) is only slightly above average, leaving ample room for improvement. The measurement and subsequent results can form the basis of a productive dialogue that can lead to implementing mutually beneficial measures.

While changing legislation - after the results of the measurements are known - needs time, dialogue with the public and private sector, organizations might help to find easy-to-realize solutions for certain burdens. These solutions are often practical and have to do with the execution of legislation in practice (How are information obligations organized and requested? What are the deadlines for obtaining permits?) or with the quality of public service (Does the government provide proper information about what information obligations are expected Can businesses and citizens provide the information by internet?). Finding practical (short-term) solutions could be facilitated in a workshop that provides the government with quick wins that mean good will in the public opinion.

7. What is covered in the Romanian SCM and what is not?

7.1 Full or actual compliance

The measurement of a regulation by means of the Romanian SCM is based on a measurement of the costs that all the businesses concerned have in following the rules completely (100%). It is thus not the actual number of businesses that observe a rule that is of interest, nor whether the individual business only follows the rules partially. The factor being captured is how many businesses are to follow the rule and what costs these businesses typically have in following those parts of the set of rules that they are required to.

However, there can be many different reasons why a regulation is not followed to the letter by all the businesses that are covered by it. One possibility is that the legislation is misunderstood by the businesses, while another is that the businesses consciously fail to follow parts of the provisions of the set of rules. Only if evidence shows that the concept of full compliance would be highly inaccurate for a single regulation, it is open for discussion with the Government Secretariat-General and the responsible department, who have to approve exemptions made.

7.2 Third party obligations

Information obligations to third parties should be covered and taken into account in the measurement. For example, according to the statutory instrument regarding energy marking, etc. of new passenger cars, "the car dealers shall mark the cars with their fuel consumption".

7.3 Only the costs, not the benefits

If businesses sustain benefits from an information obligation, they are disregarded. Measurement of administrative burden involves the costs only.

7.4 Businesses in Romania

A SCM measurement measures the administrative costs relating to the regulation that affects private Romanian businesses. These are businesses that are registered in Romanian, e.g. via the trade register. However, the trade register contains businesses that, for different reasons, are not really active. These businesses are not measured.

7.5 Loss of turnover

Based on the definition of administrative burden, loss of turnover cannot be attributed to administrative burden. It involves solely the costs incurred to comply with a statutory information obligation.

7.6 Reimbursement of costs

In some cases, the businesses are subjected to information obligations where, however, they have their expenses in connection with the provision of the required information, covered. Such cost-determined reimbursements in connection with information obligations are not covered by a Standard Cost Model measurement.

7.7 All compulsory and voluntary regulations

As far as the regulations that are to be measured are concerned, it is important to distinguish between two types of regulations: compulsory regulations that businesses have to follow, and voluntary regulations that businesses may choose to follow. All costs that the businesses incur in complying with information obligations in compulsory regulations should be measured in a Standard Cost Model measurement. Such regulations may be compulsory through legislation or may be compulsory in effect through clear government backing.

Voluntary actions are also fully included within the SCM; examples include applying for licenses, support schemes, grant schemes, etc.

7.8 Non-government

Interest organizations, foreign embassies and branches of international institutions based in a country, such as OECD and the International Court of Justice, are not considered to be part the Government and therefore do not are not included.

7.9 One-off costs and recurring costs

SCM differentiates between one-off and recurring costs of legislation.

One-off costs are those costs that a company only incurs once in its activity (i.e.: company set-up procedures, adapting to new and/or modified legislation, etc.). Recurring costs are constantly incurred by companies in order to meet their IOs. These latter costs can be regular (i.e.: VAT reimbursement, submitting accounting documents, etc.) or irregular (i.e: applying for subsidies, etc.).

Both recurring and, if significant, one-off costs must be taken into consideration when applying SCM.

7.10 Treatment of complaints

The right of businesses to complain about decisions is not an administrative burden and so is not measured in a standard cost analysis. It is not classified as an administrative burden because no information obligations are imposed on businesses in connection with complaints – the legislation just describes how to complain about a decision and what the formal requirements are, i.e. that the complaint has to be in writing and include supporting documentation, if any.

7.11 Costs of inspections

Businesses are subject to a range of different inspections. However, administrative costs as defined by the SCM are only incurred where the inspection relates entirely to an information obligation. Inspections with a broader focus are not included.

7.12 Tribunals, court cases and investigations

The measurement will only include those IOs which result from legislation afferent to the civil judicial process (usually issued by the Ministry of Justice). Civil law often prescribes rules for court procedures, including mandatory exchange of information between the civil parties and the judge. These rules result in IOs which will be measured. However, the IOs afferent to court procedures in

which businesses become involved because they have not fulfilled their legal obligations (i.e.: fiscal fraud) will not be measured.

Similarly, administrative costs relating to investigations will be measured only if the respective investigations are mandatory for businesses as part of the normal business process. For example, information which must be sent to the Competition Council (in the case of, perhaps, a merger) will be included in the measurement, but costs relating to a market study will not.

8. Closing remarks

8.1 *Ex ante* vs. *ex post* measurement

A SCM measurement may consist of a measurement of the anticipated administrative consequences of a draft law, draft executive order or other initiative. Such a measurement is designated an *ex-ante* measurement of the administrative costs as it is a measurement of the administrative consequences of a regulation before it is implemented. The results from an *ex-ante* measurement may, for example, form part of the overall impact assessment of a bill's economic and administrative effects on the private sector.

A SCM measurement can also consist of the factual administrative consequences for the businesses in respect of an implemented law, statutory instrument or other initiative. This is designated an *ex-post* measurement of the administrative costs, as a measurement of the administrative costs that arise after a regulation has come into effect and has been able to have an impact on business. An *ex-post* measurement is carried out when an initial measurement is to be made of the overall administrative costs in an area of regulation, known as a baseline measurement.

Ex-post measurements are also conducted in order to keep the baseline measurement updated with the consequences of new or amended regulations. This is generally part of a wider departmental evaluation programme.

8.2 Simplification

The SCM measurement of the businesses' administrative costs serves the objective of contributing with input to rule simplification and inspiration for new digital initiatives. A baseline measurement reveals where in the business processes do administrative costs occur, and thus where rule simplification can be applied to greatest effect. The collected data may be employed in analyzing how amendments to the IOs, which a given regulation imposes on the businesses, will affect the administrative costs. The baseline measurements are therefore, in themselves, an important tool in connection with the aim of lessening the administrative burdens in Romania.

8.3 Maintenance of the SCM

The government operates in a dynamic environment. New rules are introduced, existing rules are abolished, simplified or adjusted. Because of this, the corresponding administrative burden in baseline measurement is subject to change. To systematically chart the effect of changes in IOs that result from policy, each year corrections must be made for fluctuations in the variables of the model. For example, a decline in the number of actions needed for a particular IO as an intended effect of draft plans. It is important to make have clear rules that deal with the procedure for this and to record changes made.

Another aspect concerns the macro-economic key indicators of inflation and wage. When one wants to monitor changes in administrative costs over times, which are due to legislative changes, it is advised to freeze these variables (at the reference date) for a certain time. Also, it is advised not to make corrections for autonomous changes, such as the number of companies, the number of

employees and key indicators in specific domains. In other words, the value of P and Q can only change because of a policy related change.

An update for macro-economic indicator and autonomous changes is generally made when a new government starts and new better regulation ambitions are formulated. In the Netherlands, for example, this is done once per four years.



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Annex I

NACE codes

A Agriculture, forestry and fishing

- 01 - Agriculture, hunting and related service activities
- 02 - Forestry and forest exploitation
- 03 - Fishing and aquaculture

B Mining and quarrying

- 05 - Mining of coal and lignite
- 06 - Extraction of crude petroleum and natural gas
- 07 - Mining of metal ores
- 08 - Other mining and quarrying
- 09 - Mining support service activities

C Manufacturing

- 10 - Manufacture of food products
- 11 - Manufacture of beverages
- 12 - Manufacture of tobacco products
- 13 - Manufacture of textiles
- 14 - Manufacture of wearing apparel
- 15 - Manufacture of leather and related products
- 16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
- 17 - Manufacture of paper and paper products
- 18 - Printing and reproduction of recorded media
- 19 - Manufacture of coke and refined petroleum products
- 20 - Manufacture of chemicals and chemical products
- 21 - Manufacture of basic pharmaceutical products and pharmaceutical preparations
- 22 - Manufacture of rubber and plastic products
- 23 - Manufacture of other non-metallic mineral products
- 24 - Manufacture of basic metals
- 25 - Manufacture of fabricated metal products, except machinery and equipment
- 26 - Manufacture of computer, electronic and optical products
- 27 - Manufacture of electrical equipment
- 28 - Manufacture of machinery and equipment n.e.c.
- 29 - Manufacture of motor vehicles, trailers and semi-trailers
- 30 - Manufacture of other transport equipment
- 31 - Manufacture of furniture
- 32 - Other manufacturing
- 33 - Repair and installation of machinery and equipment

D Electricity, gas, steam and air conditioning supply

- 35 - Electricity, gas, steam and air conditioning supply

E Water supply; sewerage; waste management and remediation activities

- 36 - Water collection, treatment and supply
- 37 - Sewerage
- 38 - Waste collection, treatment and disposal activities; materials recovery
- 39 - Remediation activities and other waste management services

F Construction

- 41 - Construction of buildings
- 42 - Civil engineering

43 - Specialized construction activities

G - Wholesale and retail trade; repair of motor vehicles and motorcycles

45 - Wholesale and retail trade and repair of motor vehicles and motorcycles

46 - Wholesale trade, except of motor vehicles and motorcycles

47 - Retail trade, except of motor vehicles and motorcycles

H Transporting and storage

49 - Land transport and transport via pipelines

50 - Water transport

51 - Air transport

52 - Warehousing and support activities for transportation

53 - Postal and courier activities

I Accommodation and food service activities

55 - Accommodation

56 - Food and beverage service activities

J Information and communication

58 - Publishing activities

59 - Motion picture, video and television programme production, sound recording and music publishing activities

60 - Programming and broadcasting activities

61 - Telecommunications

62 - Computer programming, consultancy and related activities

63 - Information service activities

K Financial and insurance activities

64 - Financial service activities, except insurance and pension funding

65 - Insurance, reinsurance and pension funding, except compulsory social security

66 - Activities auxiliary to financial services and insurance activities

L Real estate activities

68 - Real estate activities

M Professional, scientific and technical activities

69 - Juridical and accounting activities

70 - Activities of head offices; management consultancy activities

71 - Architectural and engineering activities; technical testing and analysis

72 - Scientific research and development

73 - Advertising and market research

74 - Other professional, scientific and technical activities

75 - Veterinary activities

N Administrative and support service activities

77 - Rental and leasing activities

78 - Employment activities

79 - Travel agency, tour operator and other reservation service and related activities

80 - Security and investigation activities

81 - Services to buildings and landscape activities

82 - Office administrative, office support and other business support activities

O Public administration and defense; compulsory social security

84 - Public administration and defense; compulsory social security

P Education

85 - Education

R Human health and social work activities

86 – Human health activities

87 - Residential care activities

88 - Social work activities without accommodation

S Arts, entertainment and recreation

90 - Creative, arts and entertainment activities

91 - Libraries, archives, museums and other cultural activities

92 - Gambling and betting activities

93 - Sports activities and amusement and recreation activities

T - Other services activities

94 - Activities of membership organizations

95 – Repairs of computers, personal and household items

96 - Other personal service activities

Q Activities of households

97 - Activities of households as employers of domestic personnel

98 - Undifferentiated goods- and services-producing activities of private households for own use

U Activities of extraterritorial organizations and bodies

99 - Activities of extraterritorial organizations and bodies



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Annex II

Information Obligations and Administrative Activities

Table 3. Box with standardized Information Obligations

1. Returns and reports: This relates to returning and reporting information, e.g. tax deducted from income at source.
2. Applications for permission for or exemption from...: This relates to all types of application for permission for or exemption from various activities, e.g. application for a license to sell spirits.
3. Applications for authorization: This relates to applications for authorization to carry out certain activities, e.g. authorization as a sewer contractor.
4. Notification of activities: This relates to businesses having to notify the authorities of specific activities, e.g. notification of the transportation of dangerous cargo.
5. Entry in a register: This relates to businesses having to be entered in a register or on a list, e.g. entry in the business register.
6. Carrying out inspections: This relates to the business itself carrying out inspections of machinery and equipment that can represent a risk to health or the environment, or monitoring the conditions for employees. Inspections are normally carried out by certified organizations, e.g. drawing up a workplace assessment.
7. Applications for subsidies: This means the business applying for a subsidy or the like, e.g. a subsidy for job training.
8. Keeping commercial plans and programmes updated: This relates to the business keeping those documents required by the authorities up to date. It would include manuals and emergency plans, for example.
9. Cooperating with audits/inspections: This relates to informing and assisting inspectors who carry out inspections of and auditing work for a business, or who visit a business in connection with enforcement of a regulation.
10. Statutory labeling for the sake of third parties: This means, among other things, labeling products or installations with consumer information, e.g. energy labeling of domestic appliances.
11. Providing statutory information for third parties: This relates to providing third parties with information (as distinct from labeling), e.g. a financial prospectus to accompany investment products.
12. Framing complaints and appeals: This relates to submitting complaints about and (possibly later) appealing against a decision made by the authorities. This information obligation should only be analyzed if it is characteristic of a normally efficient business to complain in the area in question.

Table 4. Box with standardized Administrative Activities

- | |
|--|
| <ol style="list-style-type: none">1. Familiarizing with the Information Obligation (OI)2. Training members and employees with regard to the OI3. Retrieving relevant data (<i>making a selection from existing data</i>)4. Adapting existing data (<i>in order to meet legal demands</i>)5. Elaborating new data6. Inserting information into the required format (<i>forms and tables</i>)7. Developing information materials (<i>for public authorities and/or third parties</i>)8. Paying information processing fees9. Organizing internal meetings (<i>of individuals responsible with fulfilling IOs</i>)10. Organizing external meetings (<i>of individuals responsible with fulfilling IOs and external specialists</i>)11. Participating in inspections and verifications (<i>assisting inspectors</i>)12. Making corrections suggested by inspectors13. Copying, distributing, archiving (<i>solicited information</i>)14. Transmitting information |
|--|



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Annex III

Reporting sheet

Law							Price				Quantity		Total administrative costs	Good practice (%)	Total administrative burdens	Regulatory origin (%)			Responsible ministry
																Original legislation			
No	Art	Information Obligation	Type of IO	Administrative Activity	Type of AA	Segment	Tariff (RON per hour)		Time (hours)		Frequency (per year)	Population							
							int	ext	int	ext					A	B	C		
1																			
2																			
3																			
4																			
5																			
6																			
7																			
8																			
9																			
10																			
....																			
Total costs																			

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