

## **A ‘barometer of burdens’ created by German official statistics**

### **1 Initial situation**

In 2006, the German Federal Government measured the administrative burdens imposed on enterprises in the context of what is called a baseline measurement. An element of those burdens was the burden caused by official economic statistics. The associated measurements were made by the Federal Statistical Office. The baseline measurement showed that the administrative burden imposed on the economy by official statistics was below one percent and thus accounted for a relatively small share of the overall administrative burdens borne by the economy.

Despite the relatively small share German official statistics have in the administrative burdens imposed on enterprises, reducing the burden on respondents caused by statistical reporting obligations is a focus of the statistical offices. It is almost as important to make the associated efforts known among the general public in order to increase the acceptance of official statistics. For this purpose, a barometer of burdens has been designed. The barometer allows both to quantify and to clarify for the public the simplification efforts and resulting reductions in the burden on respondents. The background for designing a barometer of burdens was the described baseline measurement by the Federal Government.

### **2 Design of the ‘barometer of burdens’**

#### **2.1 *Subject of the analysis***

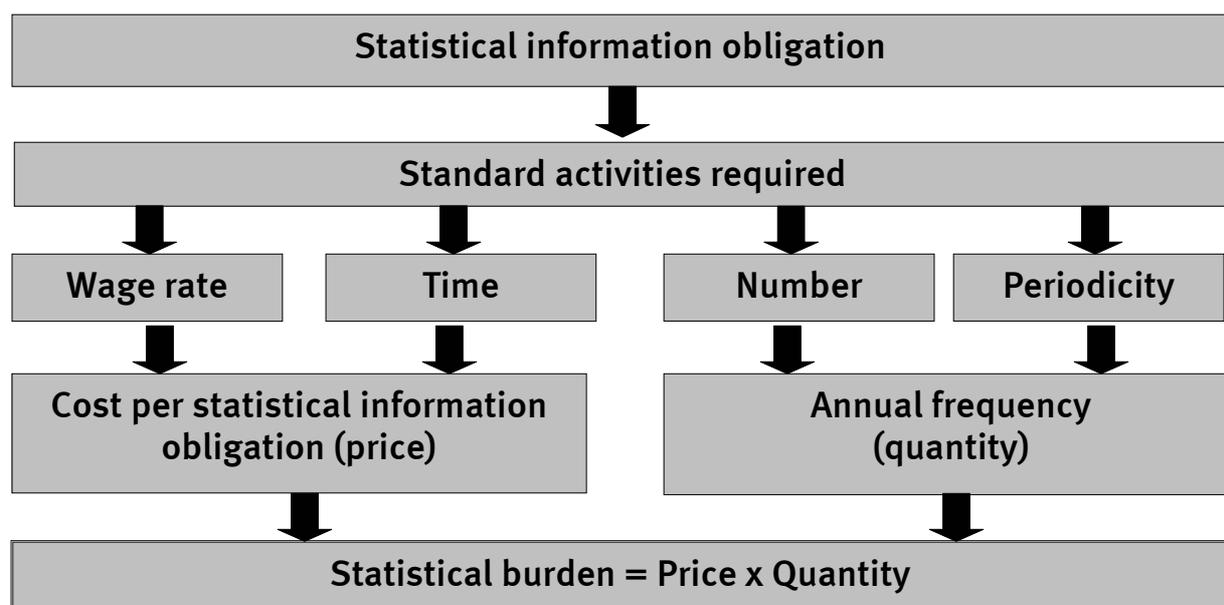
The barometer of burdens which reflects the burdens imposed on enterprises by official statistics covers all economic statistics of the statistical offices of the Federation and the Länder that are based on compulsory response, while voluntary surveys are not taken into account. Surveys conducted by other public institutions – like the financial and money market statistics of the Deutsche Bundesbank – are not considered. Secondary statistics that are compiled on the basis of administrative data are not included (e.g. tax statistics), either.

The barometer of burdens, which is calculated on an annual basis, starts with reference year 2006, the year in which the administrative cost measurement was carried out in Germany. For the following years only the changes in the administrative burden have to be identified, which keeps the amount of work for the measurement relatively small.

#### **2.2 *Identifying the burden imposed by official statistics***

The Standard Cost Model is used to identify the burden for enterprises caused by an information obligation for a certain type of official statistics. The Standard Cost Model is an internationally recognised method to measure administrative burdens.<sup>1</sup> The scheme in Figure 1 shows the mode of operation of the Standard Cost Model.

**Figure 1: Mode of operation of the Standard Cost Model**



The statistical burden imposed on an enterprise by a given statistical information obligation includes both a price and a quantity component. The price component indicates the costs an enterprise usually incurs in performing the steps required to fulfil the statistical information obligation once. To this end, the length of time is identified that is needed to perform the necessary activities once (parameter “time”). The time is then multiplied by a wage rate. In this context, different qualification levels are distinguished depending on the person carrying out the activities concerned.

While the price component reflects the costs incurred by enterprises in fulfilling the statistical information obligation once, the quantity component (parameter “quantity”) indicates how many enterprises must fulfil a statistical information obligation how often in the course of a year. In theoretical terms, the latter is determined by the number of enterprises affected and frequency (periodicity). If, for instance, 2,000 enterprises have to fulfil a statistical information obligation four times a year, the quantity component will be 8,000. Regarding statistics

<sup>1</sup> See Introduction of the Standard Cost Model, 2006, for more information on the application of the Standard Cost Model in Germany at:  
<http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/EN/Content/Projekte/SKM/Approach,templatelId=renderPrint.psml>

which are collected less frequently than once a year, the identified costs are converted to annual values. In this context, the burden of those multi-annual statistics is evenly distributed among the individual years of the survey cycle. The overall annual burden on the economy that is imposed by a statistical information obligation is obtained by multiplying the quantity component by the price component.

**Side note to the adjustment for short-term economic fluctuations:** The burden on the economy depends on the number of cases regarding the individual statistics. In some statistics, like foreign trade statistics, this number depends very much on the short-term economic situation. For this reason, the burden imposed by official statistics may change although the legal bases have not been amended. In addition to showing the current burden, however, a goal of the barometer is to reflect changes that are exclusively induced by legal amendments. In accordance with this objective, the barometer of burdens is calculated, on the one hand, as a total value and, on the other, as a value adjusted for short-term economic fluctuations. As far as the adjusted value is concerned, all parameters, except those which have changed due to legal amendments, are kept constant. Regarding foreign trade statistics, for instance, the number of cases is maintained constant on the basis of 2006 as long as no legal amendments are effected.

The methodology of updating the 2006 results depends on the type of changes made to the statistics. An essential goal in this context is to avoid, to the extent possible, additional burdens on the affected enterprises due to surveys for the purpose of the barometer of burdens. Against this background, the following cases can be distinguished:

*Changes to the quantity component:*

Applying the principle of *ceteris paribus*, any changes to the quantity component, i.e. either to the periodicity or the number of enterprises affected, can be taken into account without difficulty. Here, the overall burden imposed by a statistical information obligation would just be recalculated. The information needed is in place at the Federal Statistical Office. A survey of the enterprises concerned is not necessary.

*Changes to the price component:*

Changes to the price component may result from either changes in the type of transmission or content-related changes regarding the statistical information obligation. The effects of changes in the type of transmission (for instance, online transmission becomes possible) can often be estimated based on similar experience with other statistics so that another survey of

the enterprises concerned is not necessarily required. If content-related changes occur in statistics (e.g. survey variables are dropped or added), another survey of the time needed by the enterprises affected is rather necessary in order to obtain adequate data on the burden incurred. The wage rate is kept constant because of the comparability over the years.

#### *Dropping statistics/introducing new statistics*

If statistics are no longer compiled, the burden caused by the associated survey is set to zero from the year of cancellation. If new statistics are introduced, a survey has to be conducted (see above) and the number of cases be ascertained with the help of the competent specialist section of the Federal Statistical Office. The burden determined in this way is added to the existing overall burden in the year of introduction.

### **3 Results of the ‘barometer of burdens’ for the period 2006 to 2009**

As described in the second paragraph, 2006 was chosen as the initial year of measurement for the barometer of burdens. All changes that occurred in subsequent years were compared with the situation in that year. In the following, the results obtained for the year 2006 will be briefly outlined and the development of administrative costs caused by official statistics be shown. As a first step, short-term economic effects will not be considered while afterwards, these effects will be included.

#### *3.1 Burden of official statistics in the initial year 2006*

In 2006, a total of 179 German official statistics were in place. The total burden caused by those statistics amounted to Euro 339.8 million. However, the share of official statistics in the overall burden on the economy determined in the context of the baseline measurement (Euro 48 billion) was less than 1 percent. Thus official statistics create only a small part of the administrative burdens measured in Germany. Intra-Community trade statistics whose costs amounted to Euro 98 million imposed the largest burden in this context. As is generally the case with the administrative burdens borne by the German economy, the major part of the burden caused by statistics focuses on relatively few surveys. Thus the 10 (50) statistics with the highest burden account for about 80 (97) percent of the total burden created by official statistics. Consequently, changes in those statistics have a rather strong impact on the barometer of burdens.

The situation is similar as regards the legal bases of the statistics. The statistics compiled in accordance with the German Act on foreign trade statistics (including Intra- and Extra-

Community trade statistics) cause a burden which accounts for more than 50 percent of the overall burden of official statistics. They are followed by the act on statistics on industry whose share in the total burden is about 20 percent. The associated proportions of all other legal bases amount to substantially less than 10 percent.

### 3.2 *Development of the burden from 2006 to 2009*

- Results without short-term economic effects

Table 1 shows the results of the barometer of burdens for the period 2006 to 2009. Compared with 2006, 12 changes affecting the burden were made either to the legal bases or to the approaches to surveys of official statistics until 1 January 2007. Two statistical information obligations of the wage statistics were dropped, while a new one was introduced so that the total number fell to 178. Because of the above and other measures (changes in the number of cases and the procedure, especially in the monthly report on manufacturing, mining and quarrying), the burden was reduced by Euro 13.7 million to just under Euro 326 million.

Another 14 changes, including the cancellation of a type of economic statistics, were carried out prior to the reference date of 1 January 2008. The burden declined by Euro 2.9 million to Euro 323 million, mainly caused by reduction of the number of cases in the service statistics and using administrative data for the quarterly crafts statistic.. Until 1 January 2009, another eight changes were made which had an impact on the burden. The latter was reduced by another Euro 2.4 million to approximately Euro 320 million.

All in all, the 34 amendments and changes to official statistics caused a decline in the burden on enterprises of 5.6 percent or about Euro 19 million.

Table 1: Development of the burden created by official statistics

Year	Number of statistics	without short-term economic effects		Incl. short-term economic effects	
		value	change	value	change
in EUR 1,000					
2006	179	339,808	-	339,808	-
2007	178	326,059	-13,749	337,476	-2,332
2008	177	323,134	-2,925	345,125	7,649
2009	177	320,744	-2,390	381,659	36,533

Compared with 2006, the distribution of the burden among the statistics by acts changed only slightly. The share of foreign trade statistics in the overall burden was still the largest, followed by industry statistics.

- Results taking into account short-term economic effects

In addition to the amendments and changes made until 1 January 2007, which were covered in the first model, the number of cases changed for several statistics compared to 2006 due to an altered short-term economic situation. As a result, the burden was reduced by only Euro 2.3 million (compare Table 1). Thus the overall burden amounted to Euro 337.5 million. Until the end of 2007, further changes due to short-term economic developments occurred. As a result, the burden increased by Euro 7.6 million to Euro 345.1 million. A marked increase in the burden due to short-term economic effects can be observed since 1 January 2009. By that time, the burden had increased by Euro 36.5 million to reach an overall burden of Euro 381.7 million. That value was above the burden of Euro 339.8 million measured in 2006. Major reasons for that development were the substantial increase in the number of cases observed in the area of extra-Community trade (both exports and imports) and a slight rise relating to the production survey conducted in manufacturing, mining and quarrying. Regarding construction statistics, however, the figures reflecting the burden fell slightly.

As far as the distribution of burdens among the statistics by acts is concerned, the relevant share of foreign trade statistics recorded a substantial rise from 2006. Due to short-term economic effects, three quarters of the overall burden of official statistics were attributable to the burden created by foreign trade statistics.

#### **4 Conclusions**

The barometer of burdens developed by the Federal Statistical Office has proved to be a transparent instrument for monitoring the development of administrative burden caused by official statistics and for quantifying the effectiveness of simplification efforts over time. However, as can be seen from a comparison of the two approaches described above, the burden adjusted for short-term economic fluctuations is far less volatile over time than the burden not adjusted for economic effects. In some years, these effects are even stronger than the impact caused by legal amendments or simplification efforts. This shows that the burden created by official statistics depends to a greater extent on short-term economic trends than on legal amendments. In order to adequately show the effects of simplification efforts, it is therefore required to always adjust the results of the burden measurement for short-term economic effects.