

Summary note of the measurement of administrative burdens of the Law of Statistics in Denmark

The Danish government has decided that the administrative burdens for business must be reduced by 25 pct. in 2010. All ministries are obliged to reduce the administrative burdens from their business related regulation by an equal share. Inspired by the Dutch, it was decided to use a Standard Cost Model (AMVAB) to measure all business regulation in Denmark.

Statistics Denmark is part of a pilot project initiated by the Ministry of Finance and the Danish Commerce and Companies Agency. The purpose of the project is:

- to gain experience with the Standard Cost Model by measuring the size and the composition of the administrative burdens for companies resulting from reporting data to Statistics Denmark.
- to estimate the origin of the requirements for statistical data in terms of national or EU regulation.
- that the results of the measurement can form the basis for possible reductions in the administrative burdens imposed on companies.
- to reveal the effect of the qualitative and quantitative changes that have been carried out for companies in regard to submitting data to Statistics Denmark since the current government took office in November 2001.

This report solely reports the results of the measurement of the companies' administrative burdens connected to reporting data to Statistics Denmark. It would be an independent task to subsequently determine the possibilities for reducing the companies' administrative burdens relating to statistics and thus contribute to the Governments objective of reducing the total administrative burden by 25% before 2010.

The measurement of the administrative burdens caused by the law of Statistics in Denmark and EU regulations shows that the companies' total administrative burdens, based on 356,313 data reports from companies, is 163.1 DKK mill. in 2004 prices.

The measurement further shows that the administrative burdens adjusted for inflation, has remained unchanged at 163.1 DKK mill. since the current government took office in November 2001.

The single most burdensome statistic is Intrastat (external trade) with a burden of 125.7 DKK mill., which accounts for 77 pct. of the total administrative burdens. The second and third most burdensome statistics are the Salary statistics and the Statistics for financial account, which comprises 4 pct. and 3 pct. of the total administrative burden.

The measurement distributes the administrative burdens by company size as shown below:

Table 1 – The absolute administrative burdens distributed by company size

DKK thousand	0-9 employees	10-49 employees	50+ employees	Total burden
Total administrative burdens	38,858	60,039	64,245	163,142

Table 1 shows that the absolute administrative burdens are largest for the medium sized companies with 10 to 49 employees and for the large companies with 50 or more employees.

Below is shown the average administrative burdens in relation to company size.

Table 1a – The average administrative burdens per company distributed by company size

DKK	0-9 employees	10-49 employees	50+ employees	Average
Administrative burdens per company	154	3,432	17,986	597
Administrative burdens per submitting company	786	4,224	18,747	2,433

The average administrative burden for small companies with 9 or less employees is according to table 1a 154 DKK and 17,986 DKK for the large companies with 50 or more employees. The collected statistical information is based on samples of the total population of companies and accordingly only a number of companies are singled out to participate. It is most commonly the larger companies that are chosen to participate in the questionnaires. If the companies' administrative burdens are measured solely based upon the companies that participate in the questionnaires, the difference in the average administrative burdens are equalized to some degree. Thus, the average administrative burdens for small companies that participate are 786 DKK, 4,224 DKK for medium sized companies and 18,747 DKK for large companies.

Below is shown the average administrative burdens per employee. The number of employees includes working owners.

Table 2 – The administrative burdens per employee

DKK	0-9 employees	10-49 employees	50+ employees	Average
Administrative burdens per employees	65	135	71	84

The table shows that the administrative burdens per employee are largest at 135 DKK for the medium sized companies with 10 to 49 employees while both the small companies and the large companies only have half as many administrative burdens.

As mentioned above, Statistics Denmark chooses in particular large companies to participate in their samples and it seems that there are economies of scale for the large companies.

The measurement of the administrative burdens is also distributed by industry:

Table 3 – The administrative burdens distributed on industry and company size

Industry	DKK thousands	0-9 employees	10-49 employees	50+ employees	Total
Agriculture, fishing and mining and quarrying		3,273	376	286	3,935
Industry		2,023	13,669	29,052	44,744
Electricity, gas and water supply		45	55	70	170
Construction		470	1,367	717	2,554
Wholesale and retail trade, hotel and restaurant *)		28,962	38,960	27,987	95,908
Transportation, mail and communication		838	1,015	1,689	3,542
Finance and services		1,986	2,535	2,946	7,467
Public administration and personal services		183	1,159	1,145	2,487
Unknown activity		1,078	902	354	2,335
I alt		38,858	60,039	64,245	163,142

*) Statistics Denmark has informed that 2 to 3 pct. of the companies in this industry can be classified as "hotel and restaurants".

Table 3 shows that particularly the *Industry* and *Wholesale and retail Trade etc.* industries have high administrative burdens. Among other reasons, this is because these industries have extensive external trade with other EU countries and therefore relatively larger administrative burdens in submitting data for the Intrastat statistic.

Calculation of the administrative burdens per company and per industry show that the companies in the industries *Industry* and *Wholesale and retail Trade etc.* have on average larger administrative burdens than companies in the other industries.

The assessment of the total administrative burdens in relation to the administrative activities that the companies must perform in submitting data to Statistics Denmark shows that information gathering is by far the most burdensome activity. Information gathering make up 81.0 DKK mill. of the total burden corresponding to 50 pct. For Intrastat the administrative burdens for information gathering are particularly large equaling 69.0 DKK mill. corresponding to 55 pct. of the total administrative burden of submitting to Intrastat. Information gathering is particularly burdensome for companies because Statistics Denmark in a large-scale request data that is not a natural part of companies reporting scheme.

Statistics Denmark has classified each question (data requirement) in the questionnaire in accordance with the origin in A, B and C.

A means that the data requirement is mentioned in an EU regulation as information that must be submitted to EU, or the data requirement is a component that is directly mentioned in an EU regulation that is to be submitted to the EU.

B means that the data requirement is necessary to collect in order to meet the requirements in an EU regulation. The data requirement is, however, not mentioned directly in an EU regulation as information that must be submitted to the EU or as a component that is directly mentioned in an EU regulation that is to be submitted to the EU.

C means that the information obligation is not part of an EU regulation, but is solely part of Danish regulation.

The result is as follows:

Table 4 – The administrative burdens distributed on ABC classification

DKK thousands	A	B	C	Total burden
Total administrative burdens	155,125	7,075	942	163,142
Percent of total administrative burdens	95%	4%	1%	100%

As shown in table 4, the overwhelming majority of the administrative burdens in submitting data to Statistics Denmark originate from EU regulation.