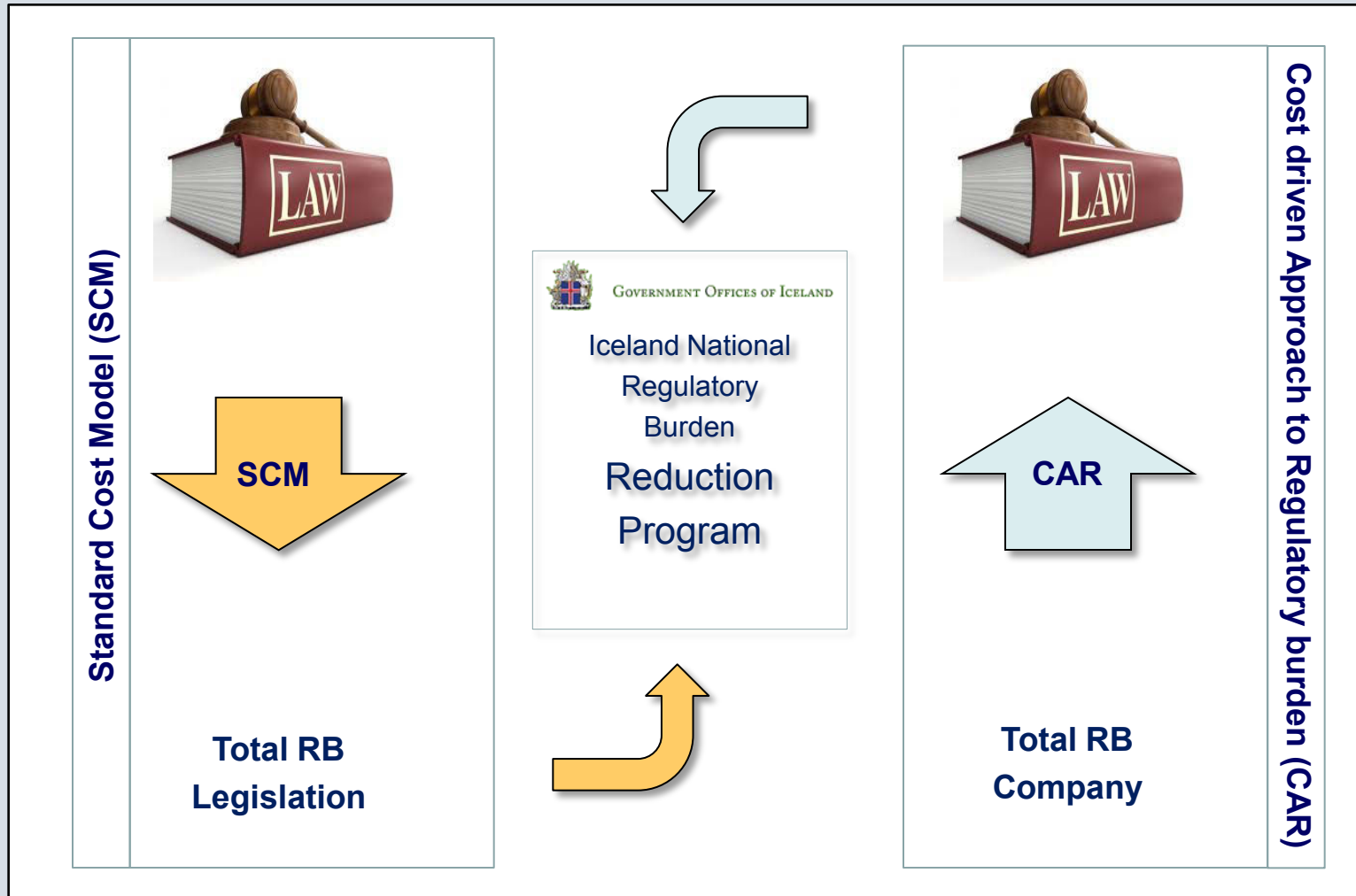
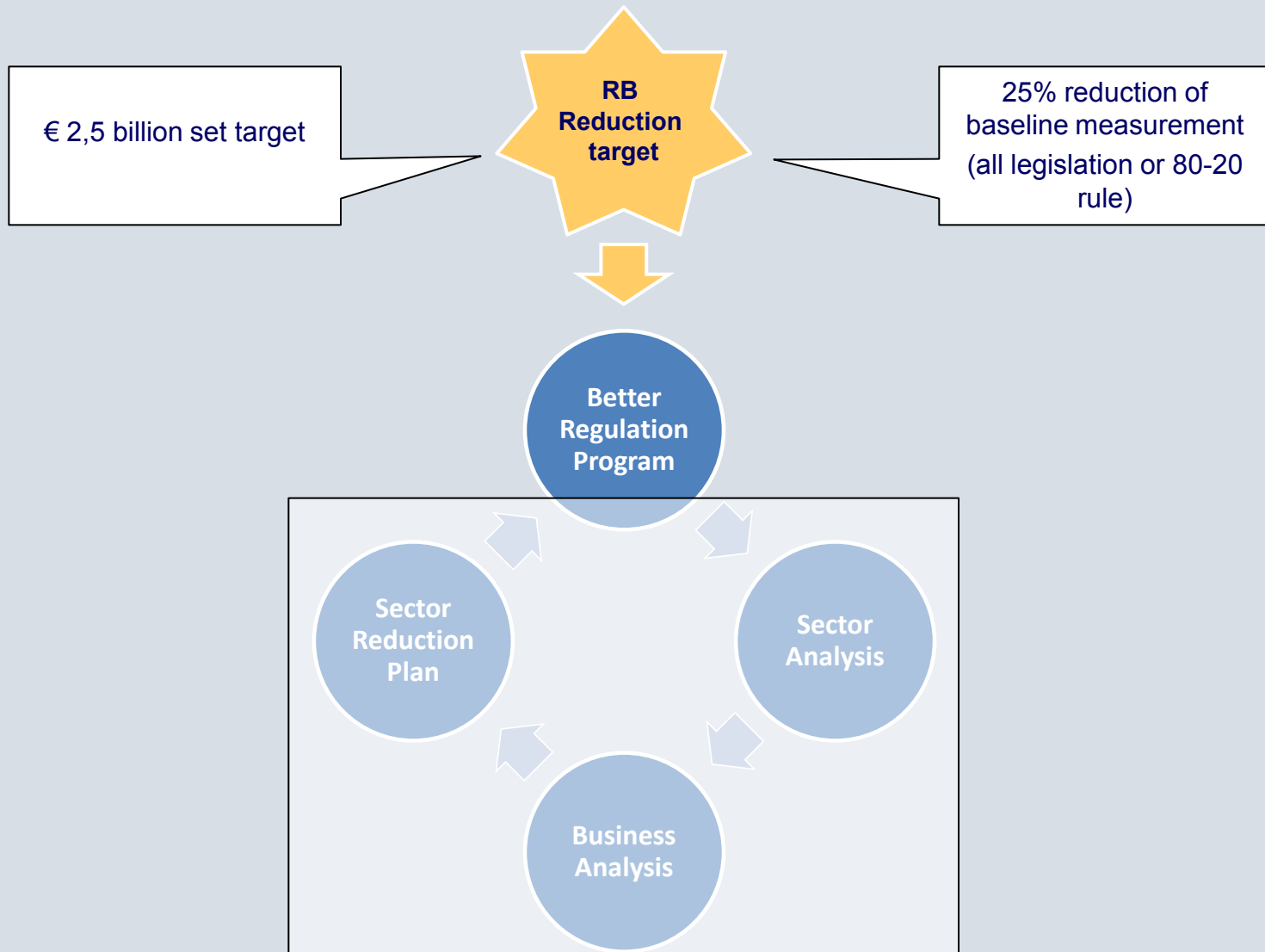


# How to measure?



# Reducing regulatory burden



# The Standard Cost Model Approach (SCM)

## Methodology

The SCM-Methodology as a whole forms a cycle that consists of **4 phases**:



# Step 1. Start-Up

Baseline  
measure-  
ment

1 Start-up (identifying information obligations)

2 Investigate the information obligations

3 Collecting T, P and Q-parameters

4 Calculate and report about the AB

## Goal:

Identification of obligations that cause AB.

## Activities:

- Going through the legislation and identify the information obligations.
- Gathering forms and documentation.
- Processing the information in the cost model.
- Preparing interviews with government employees.

## Result:

A SCM of the investigated regulation.

## Step 2. Further investigation

Baseline  
measure-  
ment

1 Start-up (Preparation of the project framework)

2 Investigate the information obligations

3 Collecting T, P and Q-parameters

4 Calculate and report about the AB

### Goal:

Determine the background of the obligations.

### Activities:

- Doing interviews with government employees to determine:
  - (1) The purpose of the obligations.
  - (2) The target groups.
  - (3) How the obligation officially needs to be carried out.
- Describe the information obligations in administrative activities.
- First rough calculation based on Expert Judgement.
- Analyse the first results and determine the further procedure.

### Result:

First indicative calculation of the AB.

# Step 3. Gather information for the AB-calculation

Baseline  
measure-  
ment

- 1 Start-up (including the information obligations)
- 2 Investigate the information obligations
- 3 Gather T, P and Q-parameters
- 4 Calculate and report about the AB

## Goal:

Calculating costs of administrative activities.

## Activities:

- Planning and conducting interviews with businesses and citizens boards.
  - (1) how the obligations are met in practice.
  - (2) the time and costs.
  - (3) the possibilities for reduction.
- Collecting data with reliable sources.
- Verifying interview- / panel records.
- Reporting on the interview results.
- Align interview results with ministry specialists.

## Result:

A calculation of the AB.



# Step 4: Calculating and reporting the AB

Baseline  
measure-  
ment

- 1 Start-up (including the information obligations)
- 2 Further investigate the information obligations
- 3 Gather T, P and Q-parameters
- 4 Calculate and report about the AB

## Goal:

Calculation of AB and determining reduction possibilities

## Activities:

- Analysing results and improvement prepositions.
- Organising a meeting with specialists and business/citizens.
  - (1) Clarify the survey.
  - (2) Align the AB calculation.
  - (3) Discuss proposals to reduce AB.
- Draft of the final report

## Result:

Final report and Standard Cost Model

## The result of step 4

At the end of the fourth and final step in the project a report is made which contains at least the following subjects:

- A description of the law and information obligations investigated.
- A summary of the process of the measurement, with the emphasis on the collection of the data.
- The results of the AB measurement.
- Proposals for reducing the AB for businesses and/or citizens.





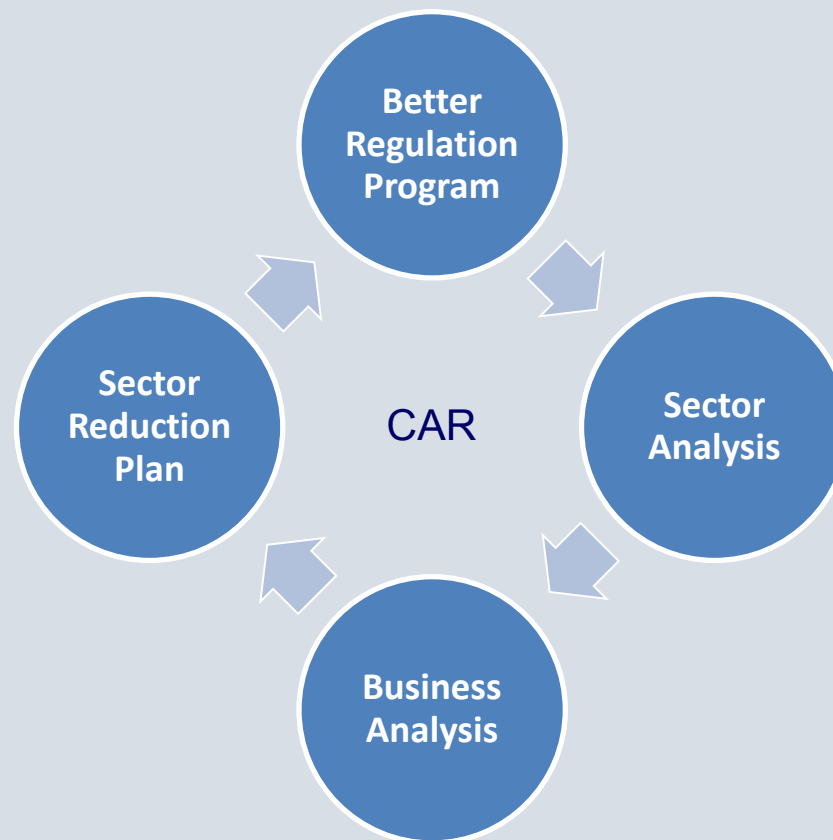
# The CAR-Methodology

## Summary

# The Cost driven Approach to Regulatory burden (CAR)

## Methodology

- The CAR-Methodology as a whole forms a cycle that consists of 4 phases:

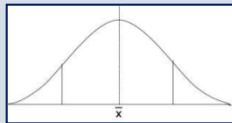


# The Cost driven Approach to Regulatory burden (CAR)

## Methodology



- **Phase 1 - Choose a sector to focus on:**
  - Get an overview of **all** regulations
  - Identify subsectors
  - Select a representative company:
    - Financially healthy
    - In compliance



# The Cost driven Approach to Regulatory burden (CAR)

## Methodology



### □ Phase 2 - Conduct a business analysis:

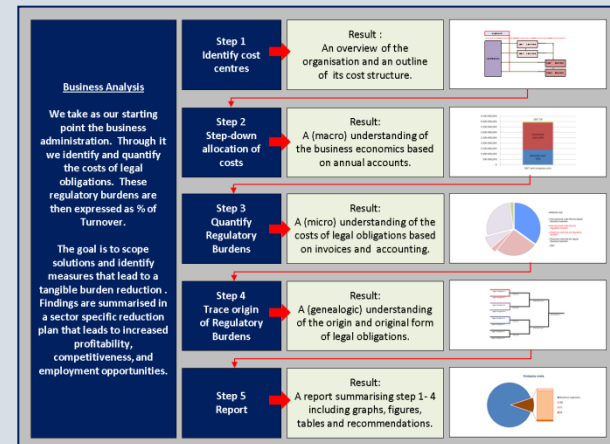
#### ■ Primary information sources:

- Business administration
- Interviews with (financial) management

#### ■ Evidence based:

- Findings used in an extended SCM
- Allows for measuring impact of current policy
- Allows for predicting impact of policy changes
- Allows for counterfactuals (what if a policy is not implemented?)
- Allows for testing and replication of findings by third parties

#### ■ Structured in 5 steps



# The Cost driven Approach to Regulatory burden (CAR)

## Methodology: business analysis

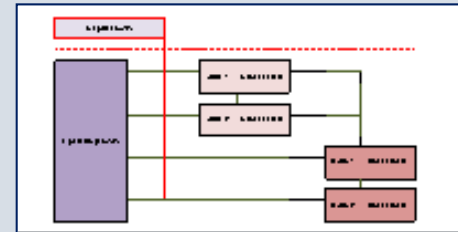
### □ Step 1 - Identify Cost Centers:

#### ■ Activities:

- Understand the main characteristics and structure of the business

#### ■ Results:

- An overview of the organization and an outline of its cost structure



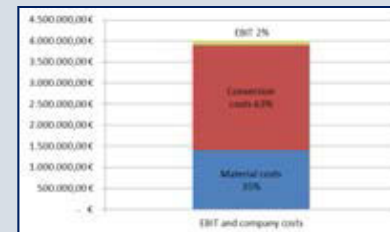
### □ Step 2 - Allocate Costs:

#### ■ Activities:

- Quantify Turnover, Material Costs, Production Costs, etc.

#### ■ Results:

- A (macro) understanding of the business based on annual accounts



# The Cost driven Approach to Regulatory burden (CAR)

## Methodology: business analysis

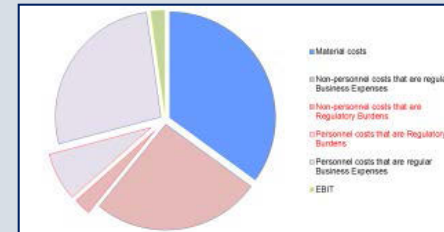
### □ Step 3 - Quantify Regulatory Burden

#### ■ Activities:

- Measuring the costs of legal obligations per cost center

#### ■ Results:

- A (micro) understanding of the costs of legal obligations



### □ Step 4 - Trace Origin of Regulatory Burden

#### ■ Activities:

- Trace legal obligations to their origin

#### ■ Results:

- An understanding of the origin and original form of legal obligations



### □ Step 5 - Consolidate findings, formulate Reduction Measures, Report



# The Cost driven Approach to Regulatory burden (CAR)

## Methodology



- **Phase 3 - Develop a Sector Reduction Plan:**
  - Consult the (financial) managers of other businesses in the sector to verify quantitative findings
  - Evaluate the influence of government on the cost structure of businesses in the sector
  - Tailor reduction measures to the requirements of each (sub)sector
  - Prioritize reduction measures that directly **increase competitiveness, innovation and employment opportunities**



# The Cost driven Approach to Regulatory burden (CAR)

## Methodology



- **Phase 4 - Integration in an overall Better Regulation Program:**
  - Evaluate the value of identified reduction measures for other sectors
  - Integrate reduction measures in a National Better Regulation program
  - Broaden up the scope so that other sectors stand to benefit as well:
    - There is a significant cross-over of benefit between sectors
    - A (cost-efficient) focus on key sectors allows for a significant reduction of Regulatory Burdens across the board





# The Cost driven Approach to Regulatory burden (CAR)

## Conclusions: the CAR-Methodology ...

- ❑ Reflects priorities of business: “*Any approach should focus on the **real costs** (i.e. Compliance Costs) as much as possible (VNO NCW, MKB Nederland)*”
- ❑ Answers the call for a more **responsive** government
- ❑ Uses the financial administration to make **all** Regulatory Burden visible
- ❑ Improves the **earning potential** of the economy; the focus is on **growth**
- ❑ Achieves policy goals at **lower costs**



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