



COUNTRY APPROACHES TO REGULATORY SIMPLIFICATION AND REVIEWS

Daniel Trnka, Workshop: Ex post evaluation of regulations
15 October 2019, Bratislava



Background

- Large stock of regulation has accumulated over time
- Sometimes led to a “regulatory jungle”
- May impede competition, employment, innovation
- Pressures from both sides – to diminish regulatory burden while protecting even more
- Need of systematic, periodic reviews and simplification to keep regulations “fit for purpose”



Sources of 'unnecessary' regulatory burdens

- Excessive coverage, including 'regulatory creep'
- Regulation that is redundant
- Excessive reporting or recording requirements
- Variation in definitions and reporting requirements
- Inconsistent and overlapping regulatory requirements

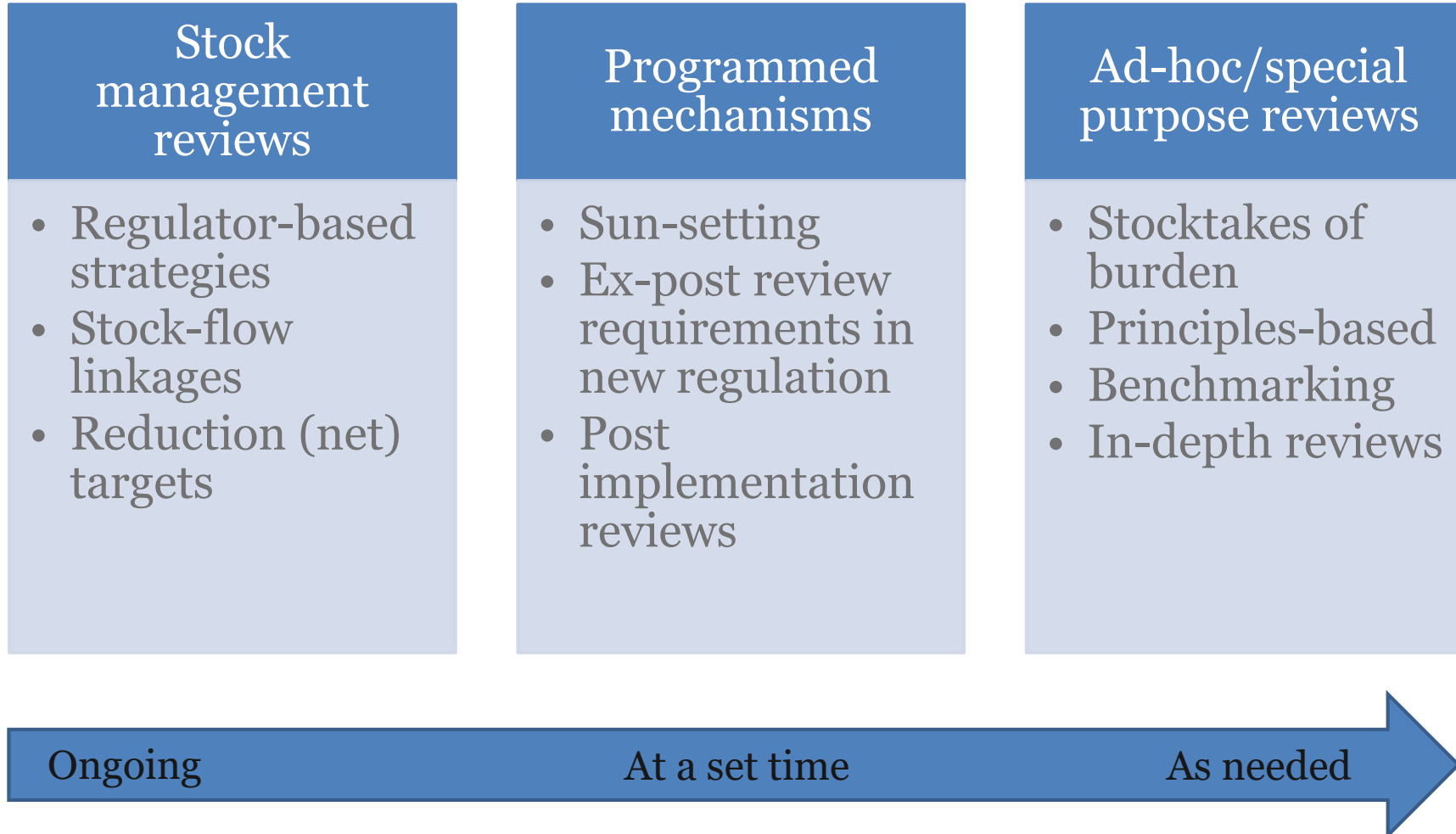


Why review existing regulations?

- The ‘stock’ of regulation is extensive in all countries
- The potential for regulation to have significant impacts
- The effects of regulation cannot be known with certainty.
- Ensuring the regulation remain fit for purpose over time
- Understanding the aggregate impacts of regulation
- Improving the design and administration of *new* regulations
- Providing public support for regulations and governments



Reviews of regulations





Efforts vs. impacts

	Potentially low return	Potentially high return
High effort	<ul style="list-style-type: none">□ Broad redtape cost estimation□ Regulatory budgets and one-in one-out^a□ Frequent stocktakes	<ul style="list-style-type: none">□ In-depth reviews□ Embedded statutory reviews□ Benchmarking□ Packaged sunset reviews
Low effort	<ul style="list-style-type: none">□ Sunsetting□ Regulator stock management□ Red tape targets^b□ RIS stock-flow link	<ul style="list-style-type: none">□ Known high cost areas and known solutions from past reviews□ Regulator management strategies where weak in the past□ Periodic stocktakes



Examples of regulatory reviews

- Canada and Australia – periodically
- Italy, Korea, Mexico
- UK, USA, Japan
- Many non-member countries – Balkan countries, Vietnam



Principles for successful regulatory reviews

- Should be embedded as part of the regulatory cycle
- Reviews should include an assessment of the actual outcomes
- There need to be oversight and accountability systems
- The type of reviews and its timing or ‘trigger’ are best determined at the time regulations are made.
- Resources must be targeted
- Evaluations are best conducted within the departments or ministries with policy responsibility, cases for an ‘arm’s-length’ or independent reviews
- Transparency is paramount for in-depth reviews.
- Key questions : Appropriateness, Effectiveness, Efficiency, Alternatives.
- Should be conducted within a cost-benefit framework, quantification should be encouraged, impacts should be compared with ‘counterfactuals’
- All reviews should involve stakeholders
- Capacity building
- Committed leadership



Quantitative targets and One-In, X-Out – is it the next frontier?

- Regulatory offsetting more widespread (UK, Canada, Australia, Germany, France, also Korea, USA, Mexico)
- Requirement for regulators to optimise
 - Regulation no longer a “free good”
 - Avoids problem of “optimism bias” in RIA
 - Thus, may be more effective than RIA in screening out poorly justified regulation
- Transparency about regulatory costs
- Potential ability to allocate regulatory expenditure by portfolio
- But what about benefits?



Many issues to be solved

- One for one of what?
- Resource demanding, potential gaming
- Institutional set up
- Cross-agency offsetting
- Constraints on actions of national governments due to the role of supra-national regulatory bodies
- Conceptual issues:
 - What type of costs is measured;
 - BAU, sunk costs;
 - Future costs of existing regulation difficult to predict;
 - What type of regulations is included



THANK YOU!

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