



# COUNTRY APPROACHES TO REGULATORY SIMPLIFICATION AND REVIEWS

Daniel Trnka, Workshop: Ex post evaluation of regulations  
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## Background

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- 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

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- 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



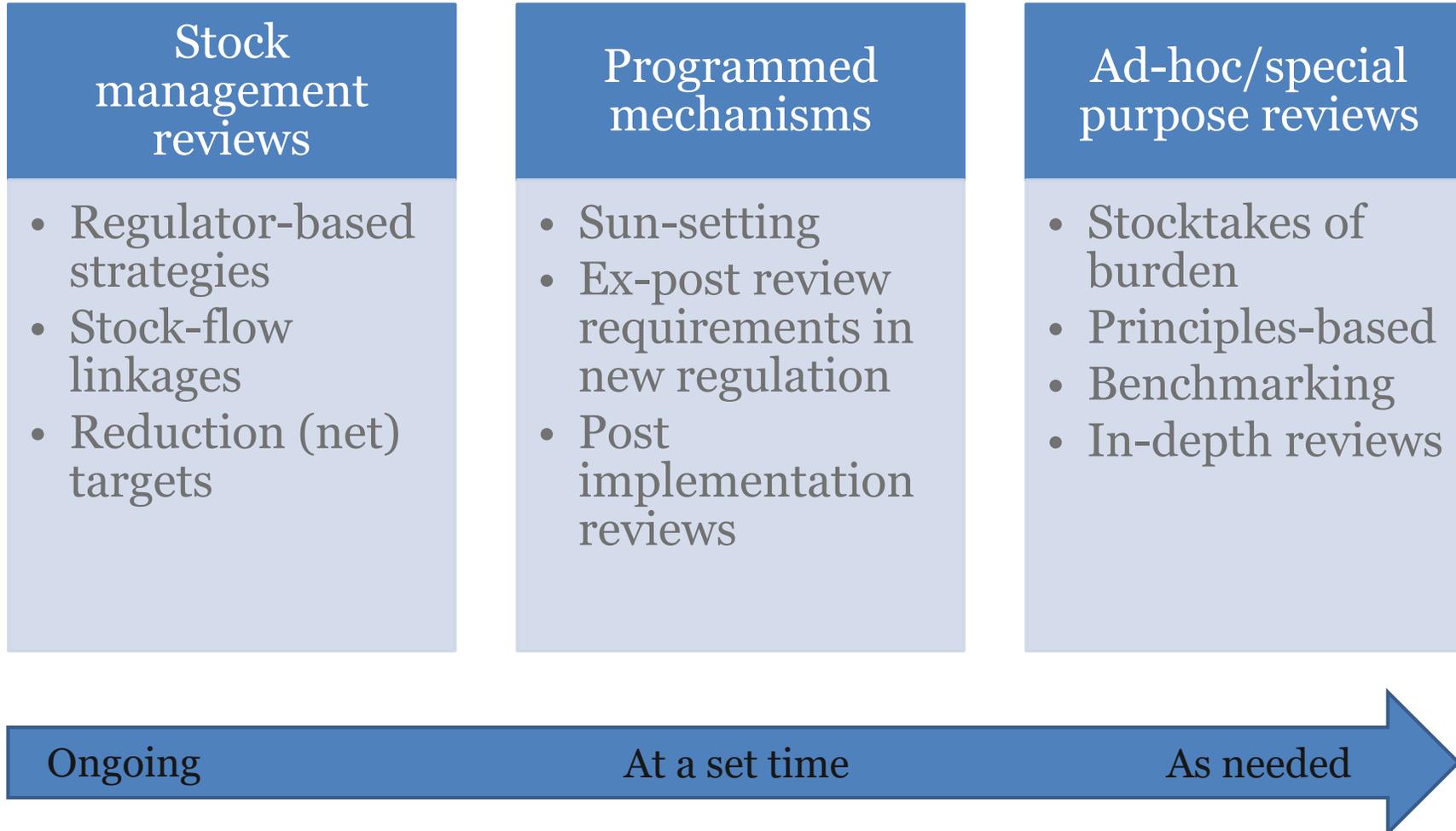
## Why review existing regulations?

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



## Examples of regulatory reviews

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



# Principles for successful regulatory reviews

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- 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?

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- 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

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- 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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