

# **Consultation mechanisms in the regulatory process – making good business regulation**

- **GOOD GOVERNANCE FOR DEVELOPMENT IN ARAB COUNTRIES  
WORKING GROUP IV: FOCUS GROUP ON REGULATORY REFORM  
AND A  
SPECIAL SESSION OF THE OECD WORKING PARTY ON REGULATORY  
MANAGEMENT AND REFORM**

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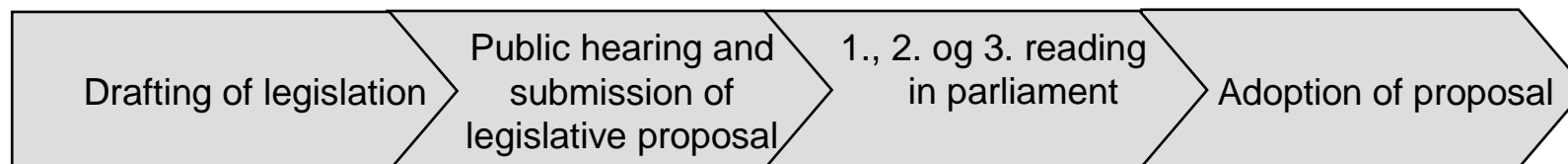
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# Why consultation and when?

- Why have a consultation mechanism?
  - Highlights positive and negative consequences of legislation
  - Helps to reveal unintended consequences of draft proposal
  - Feedback enables us to make better regulation
  - Openness creates commitment to the legislative process
  - Ensures broad consensus of draft proposal
  - Good administrative practice
  - Extends the democratic process beyond Parliament
  
- When?
  - In due time – at least one month – before draft is presented to Parliament so that necessary changes can be incorporated.
  - The complexity of the issue must however always be considered so that the parties being heard have time to give a qualified response.

# Making regulation in Denmark

1. Policy area requiring change identified – input can come from politicians, special committees, citizens, etc.
2. Legislation put on annual legislative program
3. Draft legislation prepared – most often an open process involving inputs from various external parties
4. Draft legislation submitted for *public hearing* – the hearing must also be made available on the web.
5. External comments fitted into draft legislation
6. Draft legislation presented to parliament
7. First, second, and third readings in parliament, followed by committee meetings, where draft is subject to thorough discussion and questioning



# Barriers to consultation

- **Isn't it easier not to consult relevant parties?**
  - In the short term yes – in the long run no.
  - It's more likely that the law will meet opposition when it has not been consulted.
  
- **Consultation will slow down the legislative process**
  - Then plan for it!
  
- **This law is necessary – consultation won't matter!**
  - Do the benefits really justify the costs - politicians have to know!
  - Consultation may uncover ways of compliance, that carry lower costs.
  
- **You don't know what my law is all about, so keep off!**
  - If you can't explain it to me, then how will you explain it to the public?

**More information about our work on regulation:**

<http://www.eogs.dk/sw284.asp>