

the Australia and New Zealand
School of Government

Reviewing the Regulatory 'Stock': reflections from Australia

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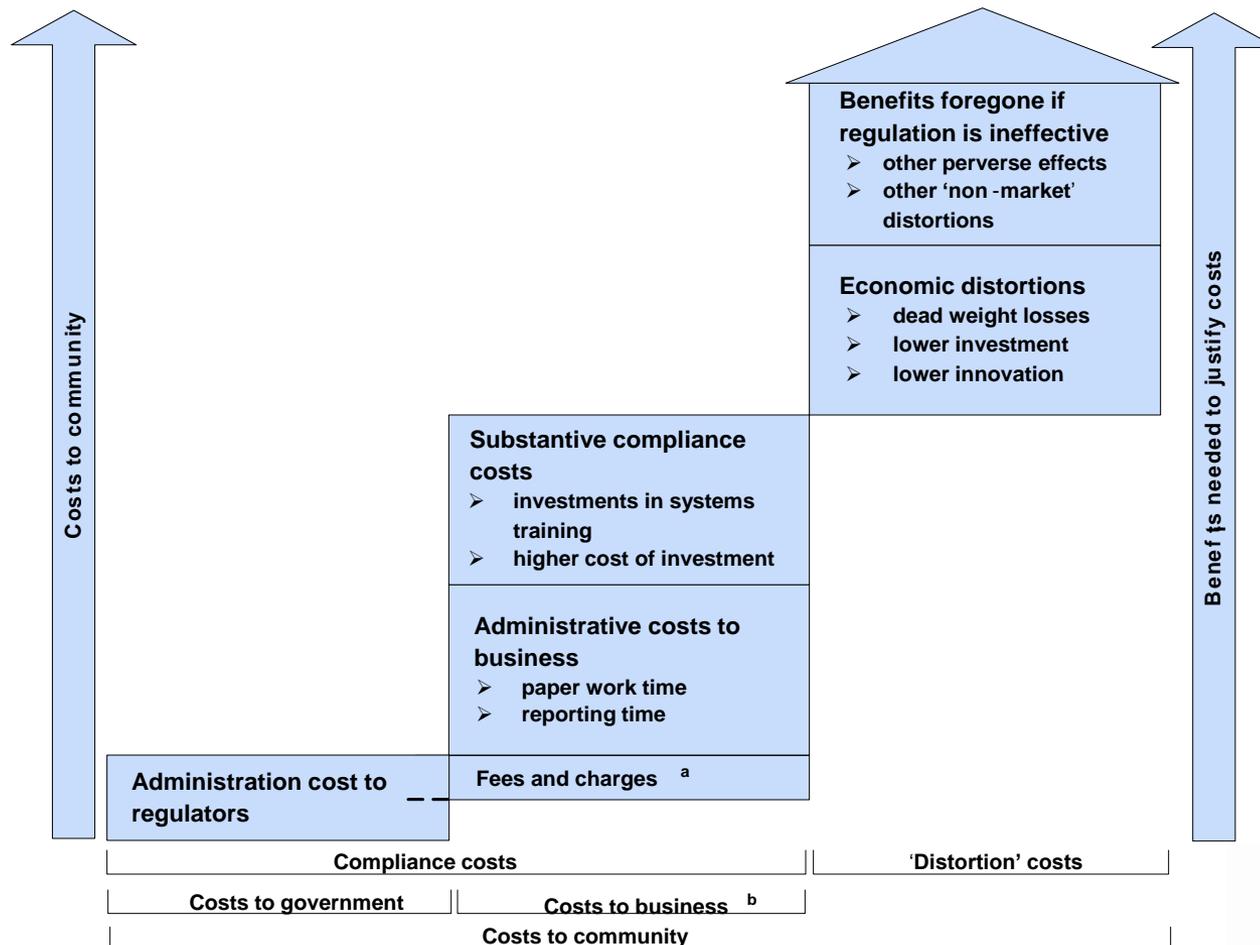
5th Expert workshop on Measuring Regulatory Performance,
OECD

Stockholm, 3 June 2013



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Multiple costs of regulation



Three broad approaches to reforming the stock

Programmed reviews

- Sunsetting
- Embedded in statute
- Post implementation reviews
 - process failure
 - catch-all

Ad hoc reviews

- Public stocktakes
 - economy-wide
 - sectoral
- ‘Principles-based’ reviews
- Benchmarking
- ‘In-depth’ reviews

Ongoing ‘management’

- Regulator strategies
- Stock-flow linkages
 - Budgets
 - ‘In-Out’ / ‘Offsets’
 - RIA based consideration
- Red tape reduction targets

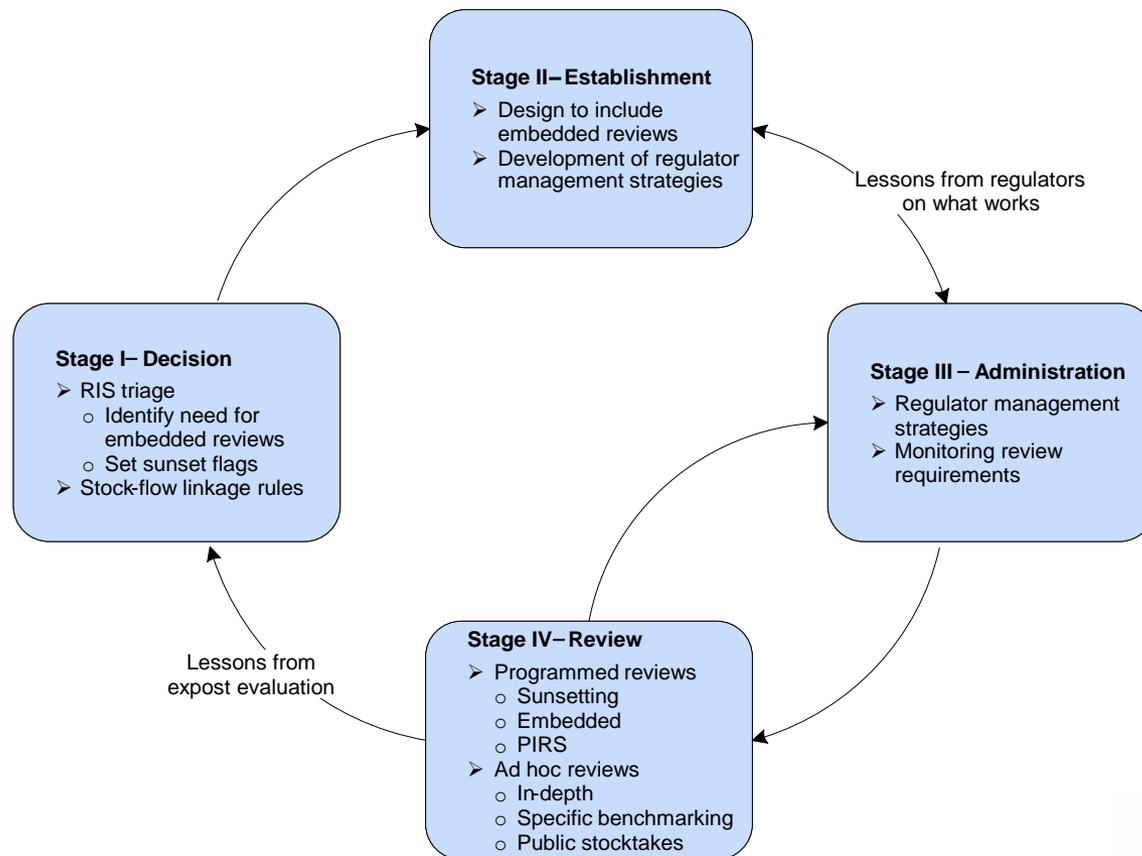


Effort versus impact: which tools?

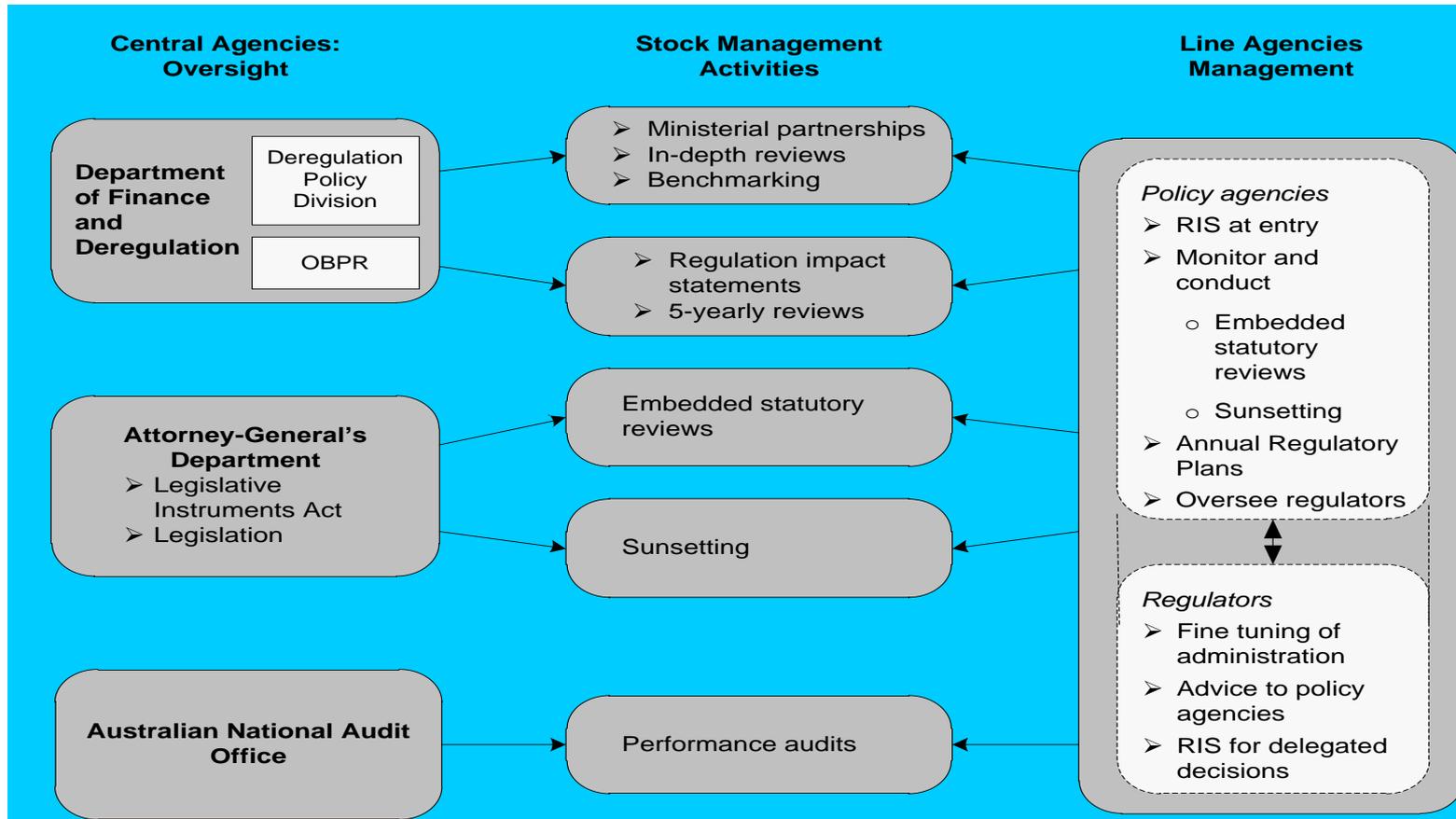
	Potentially low return	Potentially high return
High effort	<ul style="list-style-type: none"> ➤ Broad redtape cost estimation ➤ Regulatory budgets and one-in one-out^a ➤ Frequent stocktakes 	<ul style="list-style-type: none"> ➤ In-depth reviews ➤ Embedded statutory reviews ➤ Benchmarking ➤ Packaged sunset 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



Actions across the regulatory cycle



The Australian Government's regulatory system



Some lessons

- Good governance is fundamental
- Transparency matters
 - *Especially effective consultation mechanisms*
- Skilled people are needed
 - *Competing demands for them*
- Prioritisation and ‘filtering’ are important



1. What are the challenges?

- There is a number of problems when regulation is put in place, such as:
 1. The regulation can have unintended consequences, the benefits could be overestimated and the costs underestimated, or we can have a case of regulatory failure
 2. Policymakers are solving today's problems – not what was regulated some time ago
 3. Some countries look at burdens and compliance costs, but few (or none) countries look systematically at how regulation works (after it is put in place)
 4. How can we move from successful projects to a systematic approach?

2. What are we talking about

- We are not necessarily talking exclusively about regulation (focusing on programs)
- Difficult to define what systematic is. Systematic could for example mean systemwide or frequently.
 - Government wide approach – no sector or type of regulation is excepted
 - Not a project or a one of activity, but embedded in a system over time

3 broad approaches to reform regulation

Programmed reviews

- Sunsetting
- Embedded in statute
- Post Implementation reviews
(for example when legislation is passed without proper RIA, or without proper consultation)

Ad hoc reviews

- Public stocktake
 - Sectoral
 - Economy wide
- Principle based reviews (for example on competition principles)
- Benchmarking
- In depth reviews in specific areas

Ongoing management

- Regulator strategies
- Stock-flow linkages
 - Regulatory budgets
 - One in one (or two) out
 - RIA-based consideration
- Red tape reduction targets

4. What are good practices?

- Some possible good practices of ex-post evaluation:
 1. Stakeholder, users and end user involvement in reviews
 - for example through consultation with full transparency on how the input is used
 2. Regular (annual/biannual) surveys among stakeholders
 3. In depth reviews for important policy areas, for example decided by government on a yearly basis (like spending reviews) (with a few reviews started each year)

5. Obstacles and overcoming them

Some obstacles:

1. Political resistance and lack of political leadership
2. Bureaucratic resistance (afraid of results)
3. Cost of evaluation (cost effectiveness)
4. Lack of data: Problems of quantifying benefits and costs (but easier than for ex ante-assessments)
5. Very often leads to increases efforts of regulation (seldom regulation gets abolished – but there are examples of anticompetitive regulation)

Some proposals on how to overcome them:

1. Examples of bad regulation out in the open – more transparency to get more political acceptance by stakeholder involvement
2. Choosing low-hanging fruits
3. Prioritizing – sequencing, evaluating the most important areas first (proportionality)
4. Focusing on cost of regulation?

Effort versus impact: Which instruments

	Low return	High return
High effort	<ul style="list-style-type: none">• Broad red tape estimation• Regulatory budgets• Frequent stocktakes	<ul style="list-style-type: none">• In depth reviews• Benchmarking
Low effort	<ul style="list-style-type: none">• Sunsetting• Regulator stock management• Red tape targets	<ul style="list-style-type: none">• Known high cost areas and known solutions from past reviews• Periodic stocktakes