

Administrative simplification assessment in legislative evaluation

Evaluation of legislation: European and national perspectives

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Summary

- 1. Administrative simplification – why it matters**
- 2. Legislative evaluation of administrative simplification**
- 3. Current trends and challenges**

Administrative simplification – why it matters

- **“Too much red tape!”**
 - **Filling out forms**
 - **Need for permits and licenses**
 - **Gather and provide information**
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Administrative requirements impose two types of costs:

- **Substantive costs, i.e., costs induced by obligations for businesses to change their products and/or production processes / citizens to act in a specific way.**
 - **Administrative costs, i.e., costs incurred by businesses / citizens in meeting obligations to provide information on their activities or production, either to public authorities or to private parties.**
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Administrative costs can be:

- **Direct administrative compliance costs: v.g. time and money spent on formalities and paperwork**
 - **Indirect or dynamic costs: when (administrative) regulations reduce the productivity and innovativeness of enterprises**
 - **(Administrative burdens: administrative costs specifically linked to information that businesses would not collect and provide in the absence of a legal obligation)**
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- **When excessive in number and complexity, cumbersome, generate unnecessary regulatory burdens**
 - **Impede innovation, create unnecessary barriers to trade, investment and economic efficiency, and even threaten the legitimacy of regulation and the rule of law**
 - **In recognition of these challenges, governments increasingly focus on administrative simplification**
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- **Reducing administrative costs**
 - **Legislation is accessible and made available in as simple a form as possible - Reduce regulatory complexity and uncertainty**
 - **Written communications between government and citizens are as simple and accessible as possible**
 - **Cost of administrative requirements (information gathering, complying with regulations) is as low as possible**
 - **Ensure regulatory regimes impose as few unnecessary burdens as possible on businesses and citizens**
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- **Administrative simplification - Cross-cutting – the whole administration**
 - **Several tools and practices**
 - **Connection between burden reduction efforts and a comprehensive strategy to enhance regulatory quality**
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Legislative evaluation of administrative simplification

- **Why does the quality of domestic rule-making matter?**
 - **Laws and regulations are a critical tool for policy making that supports well-being and economic performance of society**
 - **Laws and regulations may be perceived as burdensome and inadequate to fulfill its objectives**
 - **Given the stakes, promoting the quality of laws and regulations is essential**

 - **Evaluation / assessment is needed**
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- **Legislative evaluation: central aid to decision making, providing objective information about likely benefits/ costs, as well as alternative options**
 - **Key instrument for improving regulatory quality and good governance by ensuring more coherent and transparent policies, and making regulation more effective and efficient**
 - **Improve the evidence base of decision-making.**
 - **Better Regulation involves the use of certain tools: impact assessment, consultation and administrative simplification.**
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- **Legislative assessment: origins are in cost benefit analysis. But: simple numerical indicators can easily mislead**
 - **Now: impact assessment expanded to cover not only the economic impact, but also its administrative impact, environmental impact and social impact**
 - ***Ex-Ante or Ex-post* legislative evaluations of Adm Simplif**
 - **Improving rule making ex ante: Preventive simplification**
 - **Reviewing existing burdens ex post: corrective ex post simplification process**
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- **Different Methodologies:**
 - **“Simplification forms”** – describe the act, consider alternatives, v.g., explanatory note, statement of reasons
 - **Impact assessment of administrative burdens** – KAFKA-model of ASA; Simplex Test – “Custa quanto?”
 - **Global impact assessment**
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Possible tests:

- Consider costs for those who have to comply with regulations (SCM?)
 - ‘Ask once, use many times’ – “Only Once” Program
 - Is there an e.government solution?
 - Is there potential for a one stop shop?
 - Ensure that if there are forms to be filled in – are they easy to follow?
 - Ensure that the administrative costs for the government and those affected by the regulations are in line with the benefits to be gained from the regulations or administrative requirements?
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Current trends and challenges

- **Better Regulation has become part of the landscape of good governance.**
 - **Despite the expectations, regulation remains a largely under-scrutinised policy tool**
 - **Regulatory policy is even more important today: transformative and disruptive changes in societies and economies**
 - **Increased interconnectedness of economies puts strain on regulatory capacities**
 - **Mistrust in traditional institutions is growing**
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Problems:

- **RIA has become over-procedural**
 - **Not necessarily targeted to the most significant laws and regulations (there is no triage system or some proposals with significant impacts are exempted).**
 - **Where assessments are undertaken, they often focus on narrowly defined economic impacts (burdens for business), ignoring other significant effects**
 - **The “lifecycle” of regulations remains largely incomplete (ex ante more adept)**
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OECD Regulatory Policy Outlook 2018

- **Maps country efforts to improve regulatory quality against the principles set out in the 2012 and the extensive 2017 OECD Regulatory Indicators Survey (iREG)**
 - **Identifies the “overwhelming pace of technological change and the unprecedented interconnectedness of economies” (...) “the capacity of governments to adapt to change are being questioned”**
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- **Resourse to new technologies / AI / big data**
 - **International regulatory co-operation (IRC): step taken by countries, formal or informal, unilaterally, bilaterally or multilaterally, to promote some form of co-ordination / coherence in the design, monitoring, enforcement, or ex post management of regulation**
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“Half the money I spend on advertising is wasted; the trouble is I don't know which half.”

John Wanamaker (1838-1922)

- **The same may be true of administrative costs.**
 - **One man's burden may be another's benefit.**
 - **A proper balance is needed.**
 - **The challenge is to find ways in which due process can be respected in a cost effective and efficient way**
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- **Regulatory governance needs to be at the core of government action... but is it?**
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Muito obrigado!

Thank you very much!

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