

## Glossary

**Administration and enforcement costs:** Costs incurred by government in administering and enforcing the regulatory requirements. These costs include the costs of publicising the existence of the new regulations, developing and implementing new licensing or registration systems, assessing and approving applications and processing renewals. They will also include devising and implementing inspection and/or auditing systems and developing and implementing systems of regulatory sanctions to respond to non-compliance.

**Administrative burdens:** The costs involved in obtaining, reading and understanding regulations, developing compliance strategies and meeting mandated reporting requirements, including data collection, processing, reporting and storage, but NOT including the capital costs of measures taken to comply with the regulations, nor the costs to the public sector of administering the regulations.

**Administrative simplification:** Administrative simplification is a tool used to review and simplify the stock of administrative regulations. The main goal of activities focusing on administrative simplification is to remove unnecessary costs imposed on regulated subjects by government regulations that can hamper the economic competition and innovation.

**Advisory groups:** Selected experts and/or interested parties (e.g. social partners, environmental groups) are brought together to form a consultative body, either on an ad hoc or a standing basis. This is a formalised group, i.e. there is a formal written statute, or members are appointed through a formal method.

**Arm's length body:** Arm's length is taken to mean the body is not subject to the direction on individual decisions by executive government, but could be supported by officials who are located within a ministry or have its own staff. They are defined by exception, excluding all traditional, vertically integrated ministries.

**Broad circulation for comment:** Consultation materials, and request for comments, are sent to a selected group of stakeholders, rather than being openly advertised to the general public.

**Centre of government:** Centre of government refers to the administrative structure that serves the executive (President or Prime minister, and the Cabinet collectively). The centre of government has a great variety of names across countries, such as General Secretariat, Cabinet Office, Chancellery, Office/Ministry of the Presidency, Council of Ministers Office, etc.

**Compliance costs:** Costs that are incurred by businesses or other parties at whom regulation may be targeted in undertaking actions necessary to comply with the regulatory requirements, as well as the costs to government of regulatory administration and enforcement. This includes *substantive compliance costs*, *administrative burdens* and *Government administration and enforcement costs*.

**Document of legislative intent:** The documents that contain the information considered by the legislature prior to reaching its decision to enact a law; for example memoranda from government agencies and legislators, and comments or reports from legislative committees, commissions, legal associations, and lobbying groups.

**Ex post evaluation:** *Ex post* evaluation refers to the process of assessing the effectiveness of policies and regulations once they are in force. It can be the final stage when new policies or regulations have been introduced and it is intended to know the extent of which they met the goals they served for. It can also be the initial point to understand a particular situation as a result of a policy or regulation in place, providing elements to discuss the shortcomings and advantages of its existence. *Ex post* evaluation should not be confused with monitoring, which refers to the continuous assessment of implementation in relation to an agreed schedule.

**Financial costs:** The financial cost of regulations is the cost of capital deployed in meeting regulatory compliance obligations. That is, where investments must be undertaken (i.e. equipment purchased, etc.) in order to comply with regulations, the cost to the firm includes both the purchase price of these items and the cost of financing the purchase – whether from debt or equity.

**Formal consultation with selected groups:** Exchanges with selected interested parties where the proceedings are formally recorded.

**Government administration and enforcement costs:** Costs incurred by government in administering and enforcing the regulatory requirements.

**Green paper:** A consultation document designed to stimulate discussion on a particular topic. Green papers invite interested parties (bodies or individuals) to participate in a consultation process and debate a subject and provide feedback on possible solutions. Green papers are intended to provide information for discussion and do not imply any commitment to any specific action.

**High-level official:** A high-level official is a senior public official in the ministry. For example Permanent Secretary, Departmental Secretary, State Secretary, Secretary-General, Deputy Minister, etc.

**Indirect costs:** Indirect costs are incidental to the main purpose of the regulations and often affect third parties. They are likely to arise as a result of behavioural changes prompted by the first round impacts of the regulations. Dynamic costs – i.e. costs caused by negative changes in market conditions over time – may be included in this category. Indirect costs are also called “second round” costs.

**Informal consultation with selected groups:** *Ad hoc* meetings with selected interested parties, held at the discretion of regulators.

**International Instruments:** For the purpose of this survey, international instruments cover legally binding requirements that are meant to be directly binding on member states and non-legally binding instruments (including technical standards) that may be given binding value through transposition in domestic legislation or recognition in international legal instruments. This broad notion therefore covers e.g. treaties, legally binding decisions, non-legally binding recommendations, model treaties or laws, declarations and voluntary international standards.

**International Regulatory Co-operation (IRC):** Based on OECD (2013), *International regulatory Co-operation: Addressing Global Challenges*, IRC is defined as any agreement, formal or informal, between countries to promote some form of cooperation in the design, monitoring, enforcement, or ex-post management of regulation.

**Legal quality:** For the purpose of the 2017 Indicators of Regulatory Policy and Governance survey, the legal quality of a regulation is determined by its constitutionality, the coherence with the existing body of law and international obligations and the use of plain language drafting. Legal quality is a key element of regulatory quality more broadly, as it provides business and citizens with certainty and clarity as to the rules they have to abide by.

**Macroeconomic costs:** Cost impacts on key macroeconomic variables such as GDP and employment caused by regulatory requirements. Few specific regulatory measures will have discernible macroeconomic costs. However, they may constitute a highly significant cost item in some cases.

**Minister:** The most senior political role within a portfolio. In Westminster system governments, these are typically styled “ministers”, but the title varies.

**National government:** The national, central, or federal government that exercises authority over the entire economic territory of a country, as opposed to local and regional governments.

**Performance-based regulation:** Regulations that impose obligations stated in terms of outcomes to be achieved or avoided, giving regulated entities flexibility to determine the means to achieve the mandated or prohibited outcomes. Also referred to as outcome-based regulation.

**Post-implementation review:** A review of a rule or regulation after it has come into being.

**Primary legislation:** Regulations which must be approved by the parliament or congress. Also referred to as “principal legislation” or “primary law”. This category further distinguishes between primary laws initiated by parliament and those initiated by the executive.

**Preparatory committee:** A committee of interested parties/experts who are formally responsible for helping find solutions to the problem and draft the regulations. Also referred to as “preparatory commission”.

**Public consultation over the internet:** Consultation open to any member of the public, inviting them to comment with a clear indication how comments can be provided. The public should be able to either submit comments on-line and/or send them to an e-mail address that is clearly indicated on the website. This excludes simply posting regulatory proposals on the internet without provision for comment.

**Public meeting:** A meeting where members of the general public are invited to attend and to provide comments. A physical public meeting is a public meeting where members of the public must attend in person. Please note that for the purposes of this questionnaire parliamentary debates should not be considered as public meetings even when members of the public are allowed to witness them.

**Regulation:** The diverse set of instruments by which governments set requirements on enterprises and citizens. Regulation include all laws, formal and informal orders, subordinate rules, administrative formalities and rules issued by non-governmental or self-regulatory bodies to whom governments have delegated regulatory powers.

**Regulators:** Administrators in government departments and other agencies responsible for making and enforcing regulation.

**Regulatory agency:** A regulatory agency is an institution or body that is authorised by law to exercise regulatory powers over a sector/policy area or market.

**Regulatory impact assessment (RIA):** Systematic process of identification and quantification of benefits and costs likely to flow from regulatory or non-regulatory options for a policy under consideration. A RIA may be based on benefit-cost analysis, cost-effectiveness analysis, business impact analysis etc. Regulatory impact assessment is also routinely referred to as regulatory impact analysis, sometimes interchangeably (OECD, 2012, p. 25).

**Regulatory management tools:** The term “regulatory management tools” comprises different tools available to implement regulatory policy and foster regulatory quality. In particular, the 2017 Indicators of Regulatory Policy and Governance survey focuses on quality control of three regulatory management tools in particular: Regulatory Impact Assessment (RIA), stakeholder engagement, and *ex post* evaluation.

**Regulatory policy:** The set of rules, procedures and institutions introduced by government for the express purpose of developing, administering and reviewing regulation.

**Regulatory quality:** Regulatory quality is about enhancing the performance, cost-effectiveness, and legal quality of regulation and administrative formalities. The notion of regulatory quality covers process, i.e. the way regulations are developed and enforced, which should follow the key principles of consultation, transparency, accountability and evidence-base. The notion of regulatory quality also covers outcomes, i.e. regulations that are effective at achieving their objectives, efficient, coherent and simple.

**Regulatory reform:** Changes that improve regulatory quality, that is, enhance the performance, cost-effectiveness, or legal quality of regulation and formalities. “Deregulation” is a subset of regulatory reform.

**Sanctioning function:** Sanctioning function refers to the oversight body’s authority to prevent a regulation from proceeding to the next stage/an *ex post* evaluation from being finalised if quality standards have not been met. Sanctioning function is also referred to as gatekeeper function.

**Stakeholder engagement:** Stakeholder engagement refers to the process by which the government informs all interested parties of proposed changes in regulation and receives feedback.

**Subordinate regulation:** Regulations that can be approved by the head of government, by an individual minister or by the cabinet – that is, by an authority other than the parliament/congress. Examples include regulations, rules, orders, decrees, etc. Please note that many subordinate regulations are subject to disallowance by the parliament/congress. Subordinate regulations are also referred to as “secondary legislation” or “subordinate legislation” or “delegated legislation”.

***Substantive compliance costs:*** The incremental costs to the target group of complying with a regulation, other than administrative costs. They include only the direct costs borne by those for whom the regulation imposes compliance obligations. Substantive compliance costs include the following broad categories: implementation costs, direct labour costs, overheads, equipment costs, materials costs and the costs of external services.

***Sunsetting:*** The automatic repeal of regulations a certain number of years after they have come into force.

***Virtual public meeting:*** A meeting where members of the general public can attend and make comments via internet or phone.

***White paper:*** A government report which sets out a detailed policy or regulatory proposal. A white paper allows for the opportunity to gather feedback before the policy/regulation is formally presented.

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Laws and regulations govern the everyday life of businesses and citizens, and are important tools of public policy. Regulating has never been easy, but the overwhelming pace of technological change and unprecedented interconnectedness of economies has made it a daunting task. The *OECD Regulatory Policy Outlook 2018*, the second in the series, maps country efforts to improve regulatory quality in line with the *2012 OECD Recommendation on Regulatory Policy and Governance*, and shares good regulatory practices. It provides unique insights into the organisation and institutional settings in countries for designing, enforcing and revising regulations. It also highlights areas of the regulatory cycle that receive too little attention from policy makers. Finally, it identifies areas where countries can invest to improve the quality of laws and regulations and presents innovative approaches to better regulation.

Consult this publication on line at <https://doi.org/10.1787/9789264303072-en>.

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