

Resourcing of economic regulators

Economic regulators exist to support the efficient delivery of essential services such as energy, e-communications, water and transport to society. Often set up as independent bodies to signal a commitment to long-term policy goals, they occupy a unique position between consumers, operators and government. This is why their governance matters, including their resources. Resourcing arrangements can make or break their effectiveness and are crucial to the overall success of regulatory frameworks to improve sector outcomes.

Appropriate staffing and funding arrangements can empower a regulator to act autonomously and to respond with agility to dynamic markets and new roles. Transparent and accountable mechanisms to fund and staff regulators can bolster their effectiveness and enhance trust in regulatory institutions and systems. Moreover, the capacity and ability of regulators to execute their functions effectively depends on a well-qualified, inclusive workforce and sufficient funding.

A regulator relies on the expertise and skills of its staff to provide evidence-based analyses as a basis for regulatory decisions. This requires regulators to be able to recruit enough staff with the right qualifications, but in practice regulators sometimes face constraints to do so. For example, 6 out of 26 energy regulators in OECD countries (23%) are required to obtain approval from an external body (e.g. a line ministry) prior to the recruitment of staff (Figure 5.11). This figure is 5 out of 16 (31%) for e-communications regulators; 4 out of 17 (24%) for transport regulators; and 2 out of 13 (15%) for water regulators (Figure 5.11). Such a requirement does not necessarily reduce the regulator's capacity and could ensure a match between the regulator's staff count and its financial resources. However, without appropriate safeguards, it could provide an opening for undue influence in the regulator's operations if hiring is restricted below the level of staff that is required.

Economic regulators also rely on adequate funding to carry out their mandates. Budget decisions should be transparent to support accountability and trust. In practice, for 19 out of 25 energy regulators in OECD countries (76%), budget decisions are explained by the body responsible for budget allocation (Table 5.12). The figure is 12 out of 15 (80%) for e-communications regulators; 14 out of 17 (82%) for transport regulators; and 8 out of 12 (67%) for water regulators. In most cases, this explanation is given through a public document, supporting the accountability of the budget appropriation process (Table 5.12).

Methodology and definitions

The 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators by the Network of Economic Regulators (NER) was distributed among NER participants in energy, e-communications, transport

and water sectors, to collect in-depth insights into their funding and management of resources. The survey analyses the resourcing arrangements as of 1 January 2021. In general, respondents were high-level officials in regulatory agencies and/or relevant ministries. Survey findings include 52 national and subnational regulators from 27 OECD member countries and 2 non-member countries (Brazil and Romania).

The survey included questions on human resources (staff characteristics; contracts and salaries; recruitment; training and career development; integrity) and financial resources (source of funding; funding procedures; funding through national budget; funding through fees; financial management; audit). Where the survey analyses staff arrangements, these arrangements concern managerial, technical and support staff, apart from members of the board and/or agency head.

Further reading

- OECD (2022), *Equipping Agile and Autonomous Regulators, The Governance of Regulators*, OECD Publishing, Paris, <https://doi.org/10.1787/7dcb34c8-en>.
- OECD (2014), *The Governance of Regulators*, OECD Best Practice Principles for Regulatory Policy, OECD Publishing, Paris, <https://doi.org/10.1787/9789264209015-en>.
- OECD (n.d.), "The OECD Network of Economic Regulators", OECD, Paris, www.oecd.org/gov/regulatory-policy/ner.htm.

Figure notes

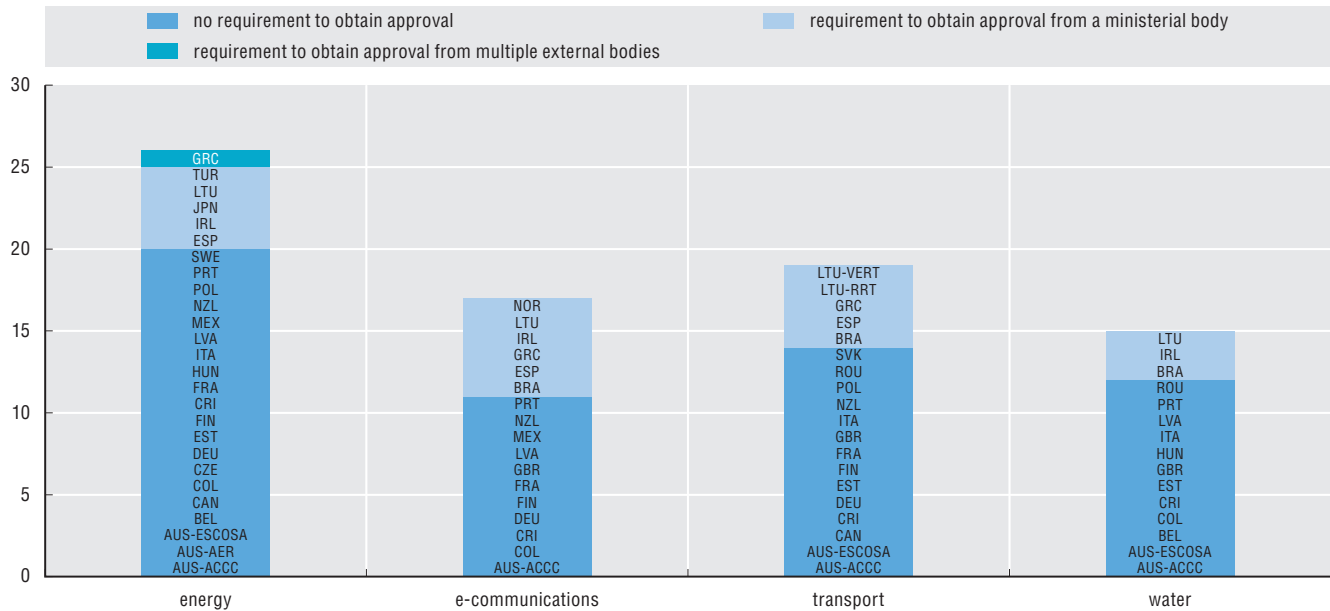
Where multiple economic regulators regulate a specific sector in a country, answers are specified for each regulator.

ACCC = Australian Competition and Consumer Commission; AER = Australian Energy Regulator; ESCOSA = Essential Services Commission of South Australia; VERT = Lithuania's National Energy Regulatory Council; RRT = Lithuania's Communications Regulatory Authority.

- 5.11. Elements that need approval can for example include the total agency headcount or the number of new employees to recruit. In New Zealand, IRC considerations are embedded in core documents, including the Government Expectations for Good Regulatory Practice and the Government's Regulatory Management Strategy.
- 5.12. Empty cells denote there is no response included in the dataset for the respective country and sector.

Note on Portugal: The framework law for Portugal's independent economic regulators determines that the management of personnel, including the hiring of workers, is not subject to the opinion of members of government. The agencies' annual budgets and multiannual activities plans – which include the agency's staff count – are subject to approval by the members of government in charge of their respective areas, but approval can only be refused under a limited set of circumstances (such as illegality or detriment to the regulator's objectives or public interest).

5.11. Regulators which require approval from an external body to recruit staff, 2021



Source: 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators.

StatLink <https://stat.link/3serb6>

5.12. Disclosure of regulators' budget decisions by the responsible body, 2021

	Sector overseen by regulator			
	Energy	E-communications	Transport	Water
Australia - ACCC	■	■	■	■
Australia - AER	■			
Australia - ESCOSA	□		□	□
Belgium	■			
Canada	▣		▣	
Colombia	■	□		■
Costa Rica	■	■	■	■
Czech Republic	□			
Estonia	□			□
Finland	■	■	■	
France	■	□	■	
Germany	■	■	■	
Greece	□	□	▣	
Hungary	■			■
Ireland	■			■
Italy	□		■	□
Japan	▣			
Latvia	▣	▣		▣
Lithuania - RRT	■	■	■	■
Lithuania - VERT	■		■	■
Mexico		■		
New Zealand	■	■	■	
Norway		■		
Poland	▣		■	
Portugal	□	■		□
Slovak Republic			□	
Spain	■	■	■	
Sweden	■			
Türkiye	■			
United Kingdom		▣	▣	■
OECD Total				
■ Substantiation in a public document	15	10	11	7
▣ Substantiation in a non-public document	4	2	3	1
□ No substantiation of budget decision	6	3	3	4
Brazil		■	■	■
Romania			□	□

Source: 2021 OECD Survey on the Resourcing Arrangements of Economic Regulators.

StatLink <https://stat.link/y1n4ct>



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