Smarter Regulation

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IATA's mission…

"To **represent**, **lead** and **serve** the airline industry"

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IATA's Vision

"**Working together** to **shape** the future growth of a **safe**, **secure** and **sustainable** air transport industry that connects and enriches our world"

Goals of Smarter Regulation

- Well-targeted, evidence-based and simply written regulation is more likely to be properly implemented and achieve its goals whether these are economic, societal or environmental.

- Modern, proportionate rules that are fit for purpose are essential for the rule of law and for the efficiency of public administrations and businesses.

- Better regulation supports quality of life, social cohesion through enhanced transparency and public participation.

- According to the World Economic Forum *"if implemented correctly, sound regulation can strengthen countries' growth capacity, while protecting citizens and improving their long-term living standards."*

Smarter Regulation: Overview

- A policy-making support tool based on 10 key principles covering Process & Policy Design

Process level: Smart Regulation should	Policy-design level: Regulations should
Address a clearly identified need	Be consistent and coherent
Be supported by an impact assessment	Be proportional
Be developed by transparent decision-making	Be targeted at risk
Be informed by stakeholder consultation	Be fair and non-distortive
Be subject to regular review	Be clearly drafted and provide legal certainty

- Principles based on best practices e.g. OECD, adopted by ICAO as Good Regulatory Practices

- Can be applied to any topic – they are a universal tool for good rule-making

- Not an end in itself. Objective is to help deliver better outcomes

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ICAO Good Regulatory Practices

Doc 9626

Manual on the Regulation of International Air Transport

Third Edition, 2018

Approved by and published under the authority of the Secretary General

INTERNATIONAL CIVIL AVIATION ORGANIZATION

DOC 9626, PART I, CHAPTER 1.3 – KEY ISSUES OF NATIONAL REGULATORY PROCESS AND STRUCTURE

(new section to be included. *Revised based on ATRP comments.15Nov2017*)

GOOD REGULATORY PRACTICES

In recent years, along with the socio-economic development and changes in the marketplace, the business community at large, including the airline industry, have called for governments to improve their practices in policy design and rule-making process in order to bring about better and more cost-effective outcome from regulation for the benefit of all stakeholders.

In response a number of States have adopted some *"good regulatory practices"* designed to improve policy making and the regulatory process and reduce unnecessary burdens on consumers and businesses (also referred to by some as *"smarter regulation"* or *"better regulation"*).

Consultation & Transparency

Stakeholder Consultation

- Regulation should serve the public interest and be informed by the legitimate needs of those interested in and affected by it.

- Stakeholder participation in the legislative and regulatory process can help governments understand stakeholders' needs and ensure their feedback is considered when preparing new policies.

- Stakeholder consultations help governments' decision-making as they increase the information available to them.

- Consultation should be done at the earliest stages of the policy development process and if possible at various stages so that it helps governments collect data and the results can be used effectively.

Stakeholder Consultation: International Practice

European Commission

- Consultation at various stages of policy cycle – "roadmaps"
- Mandatory, internet-based public consultation minimum of 12 weeks for all legislative initiatives with RIA
- Results (responses) published and displayed on websites

Canada

- Required for all proposed legislation
- Live video broadcasts of Parliamentary proceedings

United Kingdom, Australia, New Zealand

- Required for all primary legislation
- Draft legislation must be circulated to the public (via internet) with RIAs

United States

- All draft bills approved by Committee in either chamber published online

Impact Assessment & Regular Review

Regulatory Impact Analysis (RIA)

- A tool used to examine and measure the likely benefits, costs and effects of government policies

- An analytical framework for decision making:

  o Clear identification of the underlying policy problem and specific options for addressing that problem.
  o Organizes and consolidates a menu of options for decisions at early stages of policy development
  o Provides an objective and transparent basis and criteria for decision making

Impact Assessment: International Practice

United States: Congressional Budget Office (CBO) required to conduct formal costs estimate for all bills approved by either chamber

European Commission: Impact analysis for all laws with significant impacts on economic, social or environmental outcomes

Australia: Office of Best Practice Regulation requires impact analysis for legislation with significant impacts on businesses or the economy

United Kingdom: Required when legislation impacts the private sector, public services or civil society

New Zealand: Required for all primary legislation

Example of Policy Issue: Dutch Tax

- Departure tax implemented in 2008;

- Initial estimates did not consider behavioural response i.e. impact on air travel demand;

- Passenger numbers at Dutch airports declined by up to 2 million passengers;

- Revenue was significantly below Government expectations;

- Tax abolished in 2009
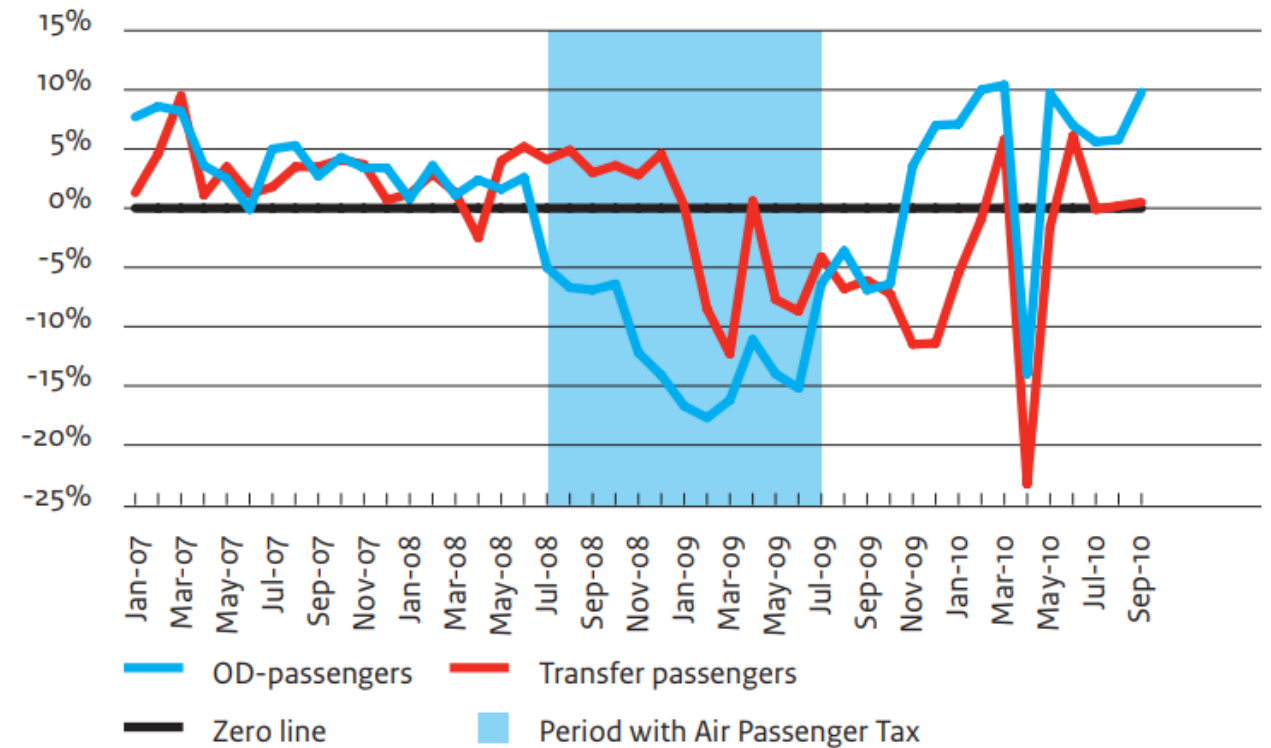
Source: KiM, 2011

Thank you!

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