

# The Treasury

## Briefing for Incoming Ministers Information Release

### Release Document

### February 2017

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

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| [1] | to protect the privacy of natural persons, including deceased people                                                                   | 9(2)(a)     |
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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9, section 6 and section 18 of the Official Information Act.

20 December 2016

Hon Paul Goldsmith  
Minister for Regulatory Reform  
Private Bag 18041  
Parliament Buildings  
Wellington

Congratulations on your appointment. We look forward to supporting you as Minister for Regulatory Reform.

The quality of government regulation is not only important to the successful delivery of the government's priorities, but increasingly critical to New Zealand's economic, social and environmental performance generally. At the same time, the demands and public expectations placed on government regulation are also rising. Maintaining high quality regulation and good regulatory practices requires ongoing discipline and care, which is what this portfolio exists to promote.

Attached to this letter is a briefing on Regulatory Reform. We are, of course, keen to meet with you to better understand your priorities and how we can best support you.

Gabriel Makhlouf





THE TREASURY

Kaitohutohu Kaupapa Rawa

# Briefing for Regulatory Reform

| Regulatory Quality                                                                                                                                                                                                |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Secretary</b> , Gabriel Makhlof<br><b>Deputy Secretary</b> , Cath Atkins                                                                                                                                       | [1]          |
| <b>Director</b> , Growth and Public Services, David Mackay<br><b>Manager</b> , Economic Performance & Strategy and Regulatory Quality, Matthew Gilbert<br><b>Team Leader</b> , Regulatory Quality, Helen McDonald | Ph: 890 7448 |

## The Regulatory Reform portfolio

As **Minister for Regulatory Reform** you have responsibility for developing and promoting the regulatory management system in order to support the Government’s desire for robust, high quality regulation that delivers good outcomes for New Zealanders.

The key regulatory management system tools, processes and institutions include:

- Regulatory impact analysis (RIA) requirements, which target the flow of regulation;
- The regulatory stewardship expectations and the publication of annual regulatory stewardship strategies and plans, which focus on department’s active and ongoing responsibility to ensure the existing stock of regulation they administer is fit for purpose.
- Government Regulatory Practice Initiative (G-Reg), which focusses on developing regulator practice and capability.

You are supported in your role by a **Parliamentary Under-Secretary**, David Seymour MP. The areas of responsibility currently assigned to the Parliamentary Under-Secretary by Minister Joyce are set out in **Annex One**.

**The Treasury**, through its Regulatory Quality Team of eight staff, provides policy support for this Ministerial portfolio. This responsibility was transferred to the Treasury from the then Ministry for Economic Development in 2008. There is no corresponding Vote.

The Treasury has responsibility for strategic oversight of the regulatory management system, including oversight of the performance of the system as a whole, and making recommendations for changes to relevant elements of the system. The Regulatory Quality Team also provides Cabinet with independent assessment of Regulatory Impact Statements (RIS) for significant regulatory proposals, and departments with Regulatory Impact Analysis (RIA) training.



We work closely with other regulatory agencies, particularly the **Ministry of Business, Innovation and Employment (MBIE)** which has a key role in assessing and developing strategies for addressing the impact of regulation on business, and helps promote international regulatory coherence. MBIE also provides leadership and support for the Government Regulatory Practice initiative, the Government's Business Growth Agenda, and the Better Public Services Result 9: Better for Business.

We are keen to meet you early to discuss your **objectives** for the regulatory reform portfolio, and understand how Treasury can best support you to achieve these objectives.

This briefing sets out key **opportunities** to lift regulatory performance, and outlines decisions/discussions we will be seeking with you in the New Year.

## Importance of good quality regulation

Regulatory quality matters. Regulation is a key tool that Governments use to achieve their policy goals. It helps ensure that markets work fairly and efficiently thereby promoting economic growth, preventing harm to citizens and consumers, and protecting individual rights and the environment.

Regulation is a multi-stage, cyclical process which involves many players, including Ministers, policy agencies, regulatory bodies, the courts and the citizens and businesses subject to regulation. If regulation is used when it is not needed, is poorly designed or poorly delivered, or is not kept fit for purpose, then it can fail to achieve policy objectives, have unintended consequences that harm the wellbeing of New Zealanders, impose significant costs on businesses or the community, and require significant Government resources to fix problems.

While New Zealand has traditionally rated well on international measures of the quality of regulation (for example New Zealand ranks 1<sup>st</sup> in the World Bank's Ease of Doing Business survey for 2017), domestic evidence suggests that our regulatory regimes are not performing as well as they could be. For example, the New Zealand Productivity Commission's 2014 report *Regulatory Institutions and Practices* noted that "Two-thirds of regulator Chief Executives reported they had to work with legislation that is outdated or not fit-for-purpose".

## The Government's approach

A number of the most important regulatory regimes are currently undergoing significant reform, led by the relevant departments and Ministers. However, with a view to developing a more strategic approach to the regulatory management system overall, in mid-2013 the Government commissioned the New Zealand Productivity Commission to develop recommendations on how to improve the design of new regulatory regimes and make system-wide improvements to the operation of existing regimes. The Commission's report in June 2014 identified opportunities for improvement in four main areas:

- Improving the quality of legislation;
- Professionalisation of the regulatory workforce;
- More systematic review and evaluation of existing regulation; and, above all
- Stronger ownership and leadership from the centre.



The Government response in July 2015 acknowledged the need to do more to improve and update the stock of regulation, and signalled a comprehensive work programme to take forward the opportunities identified by the Commission.

This included a commitment by the Government to “publish its strategy for the regulatory management system, including information on the roles of the Minister for Regulatory Reform and the Treasury”.

[2][7]



[2][7]

## *Upcoming decisions and advice*

This section outlines the decisions or actions required by you as the Minister for Regulatory Reform by the end of March. It also sets out key reporting we will be providing you over the next couple of months.

### Decisions requiring your attention

- **Submission of legislative bids for the 2017 Legislative Programme**

Bids for the 2017 legislative programme must be delivered to the Legislation Coordinator in the Cabinet Office no later than 10am Friday 27 January 2017.

[2]

- **Delegation to the Parliamentary Under-Secretary for Regulatory Reform**

You will need to determine what matters relating to the Regulatory Reform portfolio you wish to delegate to your Parliamentary Under-Secretary, Mr Seymour. The matters covered by Mr Seymour's current delegation are set out in Annex One. If you wish to consider a refresh, we can provide you with advice on some options in January.

- **Next meeting of the informal Ministerial Group on Regulatory Reform**

Hon Joyce established an informal Ministerial Group on Regulatory Reform in 2016 to provide a central leadership role on regulatory reform. The next meeting of this group is set down for February 2017 and, at the suggestion of the Attorney-General, was due to focus on turning legislative proposals into good legislation.

You will need to determine whether you wish to continue with an informal Ministerial Group and, if so:

- whether it should retain the same mission, form, and membership
- when it should next meet, and
- what you would like the next meeting to cover and achieve.

We can provide you with advice on options in late January, should you wish to consider changes.



## Key reports we expect to provide you over next three months

In addition to any reports associated with the decisions identified above, we expect to report to you on the following matters within the next three months:

[2][7]

- **The 2017 departmental regulatory stewardship strategies**

In 2016, for the first time, seven major regulatory policy departments were required to produce and publish their department's regulatory stewardship strategy, including information on an assessment of the condition of their important regulatory systems and Government plans for improving those systems in the year ahead.

We expect departments to update their stewardship strategies annually. The Treasury has been working with the major regulatory departments to develop a more coordinated approach to the structure and content of future strategies. [2]

[2]





[2]

## Regular reports

- **Implementation of the Government response to the Productivity Commission report “Regulatory Institutions and Practices”**

Treasury has been providing quarterly updates to the Parliamentary Under Secretary, copied to the Minister. The next of these is due early in 2017.

- **Progress of the Government Regulatory Practice Initiative**

The Ministry of Business, Innovation and Employment has been providing quarterly updates to the Parliamentary Under Secretary, copied to the Minister. The next of these is due early in 2017.

- **Update on key regulatory reforms**

The Regulatory Quality Team provided periodic updates to the previous Minister of Regulatory Reform on progress with major areas of regulatory review and reform. [3]

## MBIE Regulatory Management System contacts

Key contacts in MBIE are:

*Head of the Office of the Chief Executive:* Bryan Chapple. Contact number: 474 2933 [2]

[2]

*Director Regulatory Systems:* Mark Steel. Contact number: 901 3813 or [2]

*General Manager Consumer Protection and Standards and Chair of the Government Regulatory Practice Initiative Steering Group:* Sanjai Raj. Contact number: 474 2699 [2]

[2]



## Annex: Responsibilities delegated by Minister Joyce to the Parliamentary Under Secretary

The following responsibilities are currently assigned to Mr Seymour as Parliamentary Under Secretary:

- Identifying superfluous and redundant legislation to be repealed
- Oversight of the implementation of the Government response to the Productivity Commission report on regulatory institutions and practices
- Providing advice to the Minister for Regulatory Reform on the capability and performance of regulators, and working with regulatory practice leaders on how to lift the performance of regulators
- Providing advice to the Minister for Regulatory Reform on how to improve the quality of Regulatory Impact Statements, and
- Other initiatives as agreed from time to time.

[2][3]





















































































