

# The importance of good regulatory processes



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# Purpose of regulation

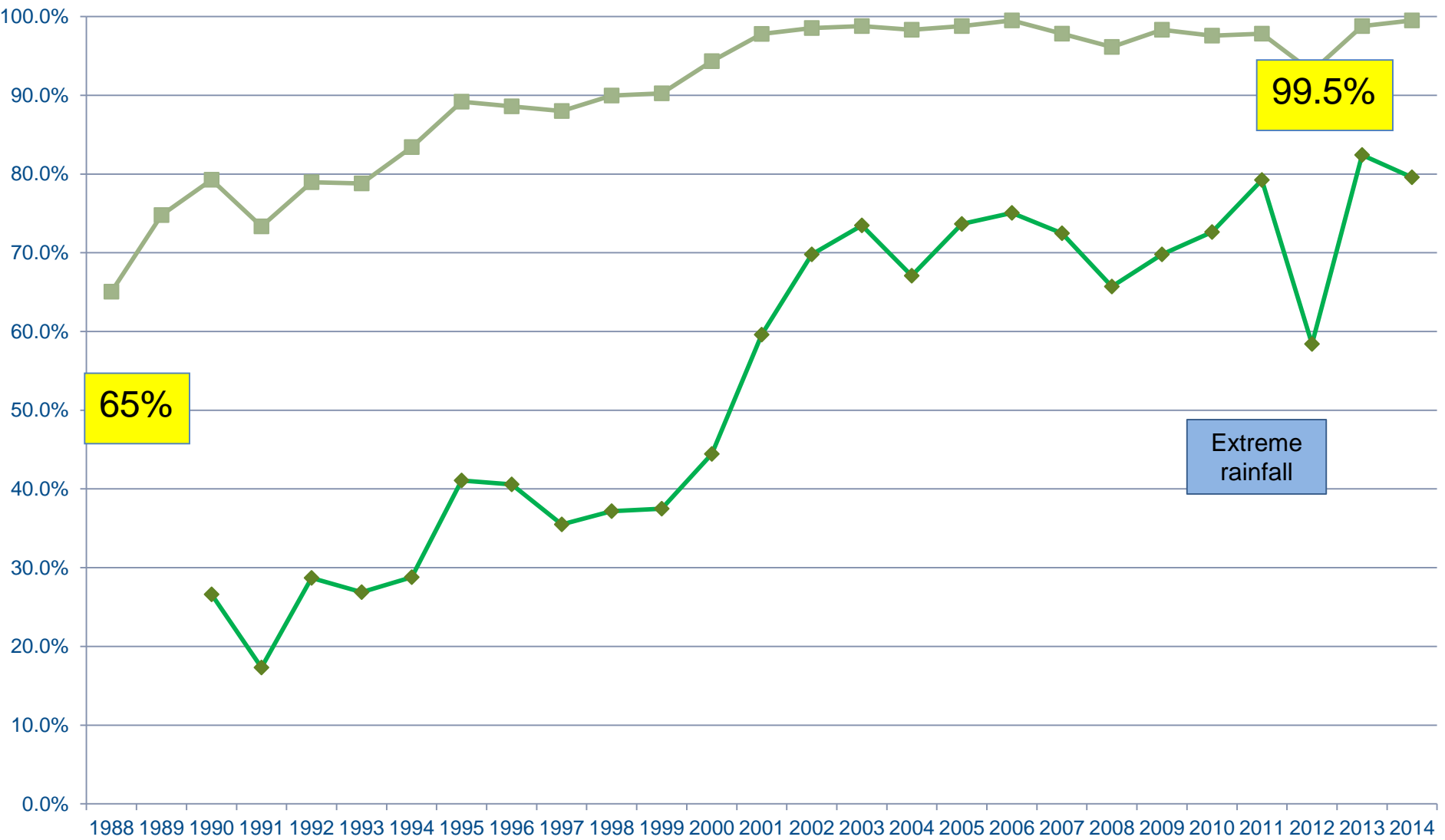
- Ensures organisations and individuals operate in a way that minimises adverse effects on people and the environment
- Establishes minimum requirements
  - use if all operators need to get to a certain standard quickly
- Promotes innovation
- Provides a level playing field
- Gives confidence to the public
- Provides intervention to correct market failure
  - where externalities are not fully reflected in the current economics eg carbon, pollution, use of resources

# What has regulation ever done for us?

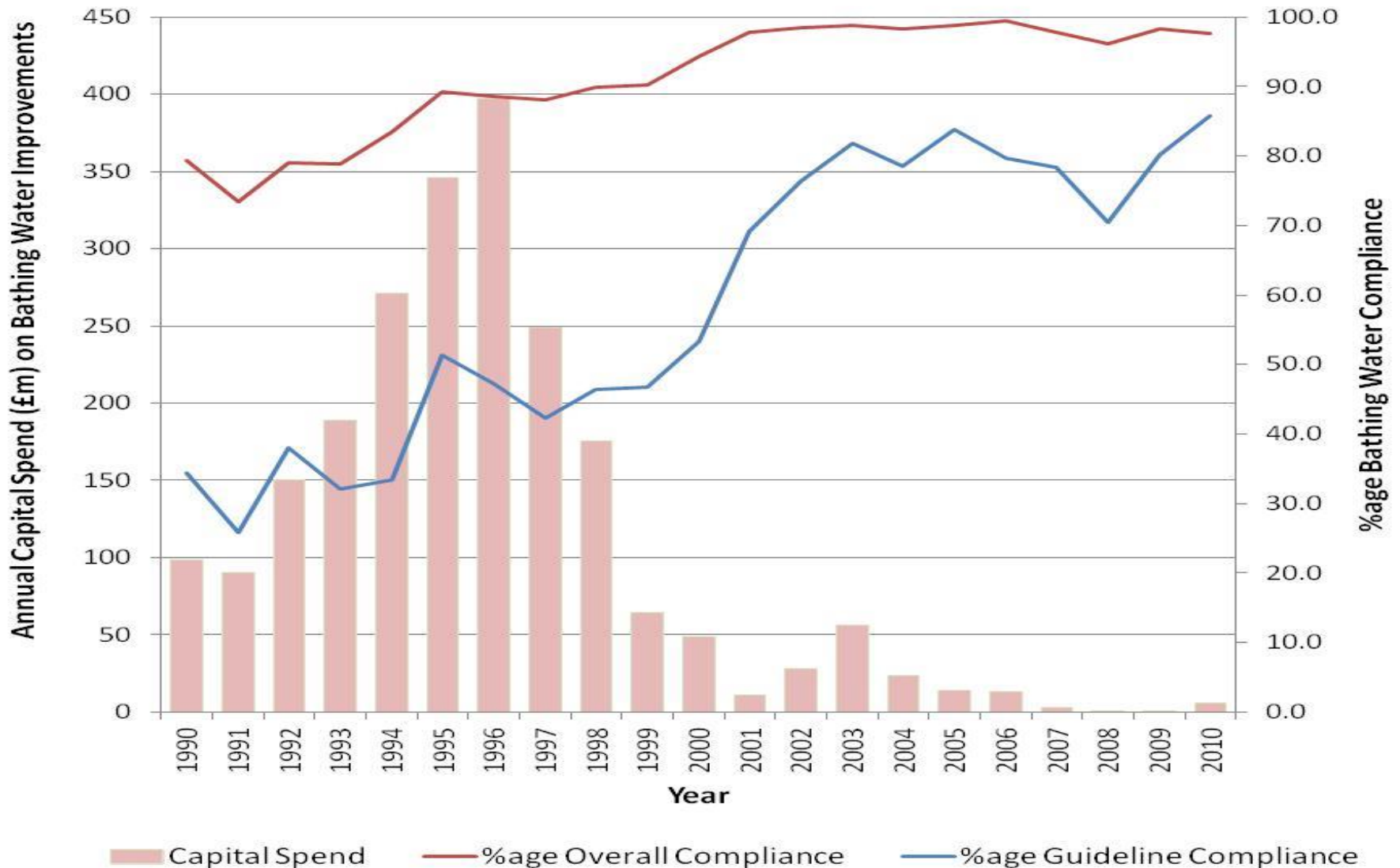
- Cleaner air
- Cleaner water
- Fewer pollution incidents
- Less waste
- More waste reused and recycled
- People's health protected and improved
- Habitats and species protected and improved
- More efficient resource use
- Reduced flood risk
- Helping ensure there is water for people, the environment, business and agriculture

## Bathing compliance in England 1988 to 2014

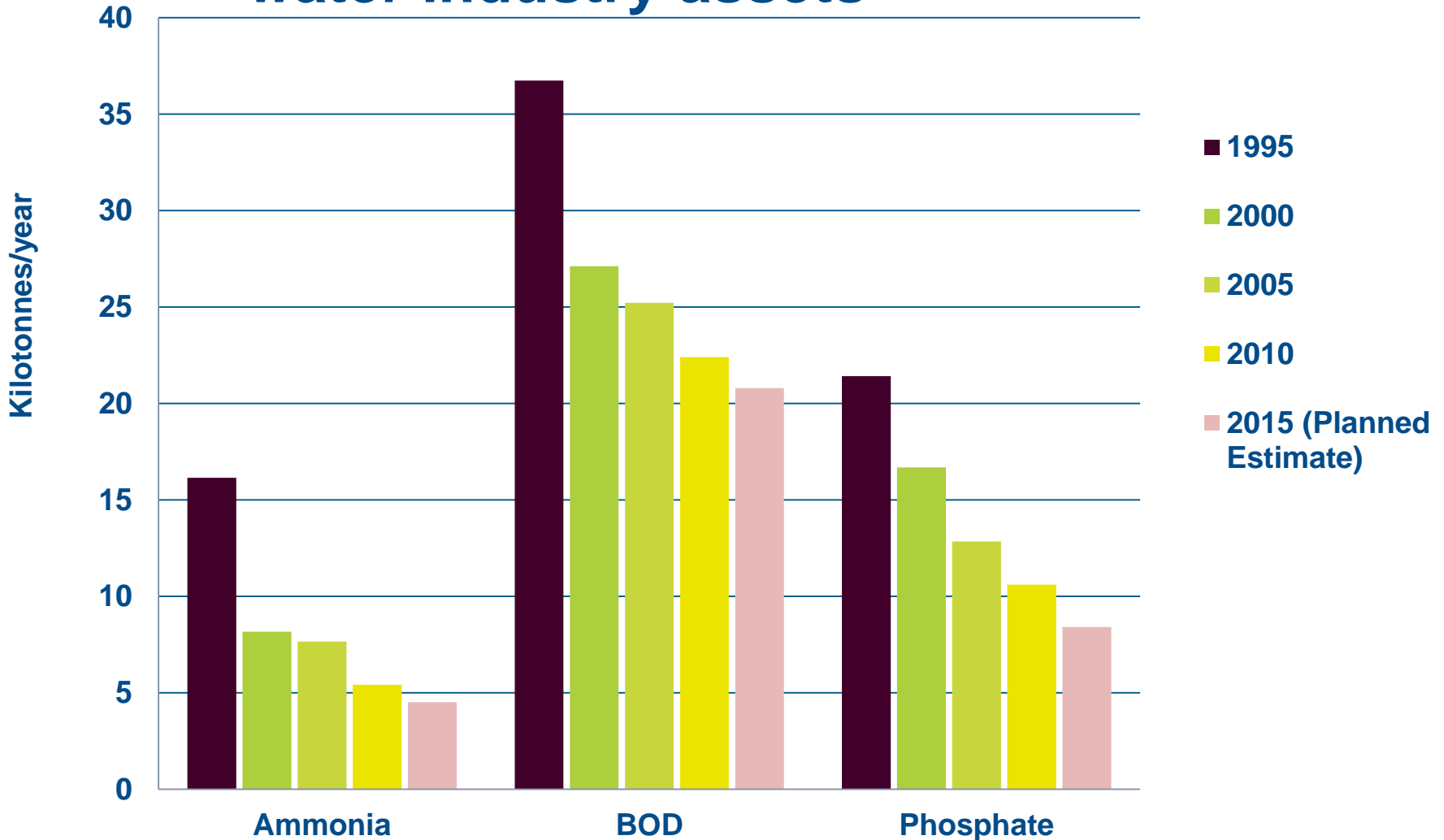
■ Achieved mandatory standards
 ◆ Achieved Guideline Standards



### Water Company Spend on Bathing Water Improvements and Bathing Water Compliance in England 1990 to 2010



# 40-70% reductions in polluting load from water industry assets

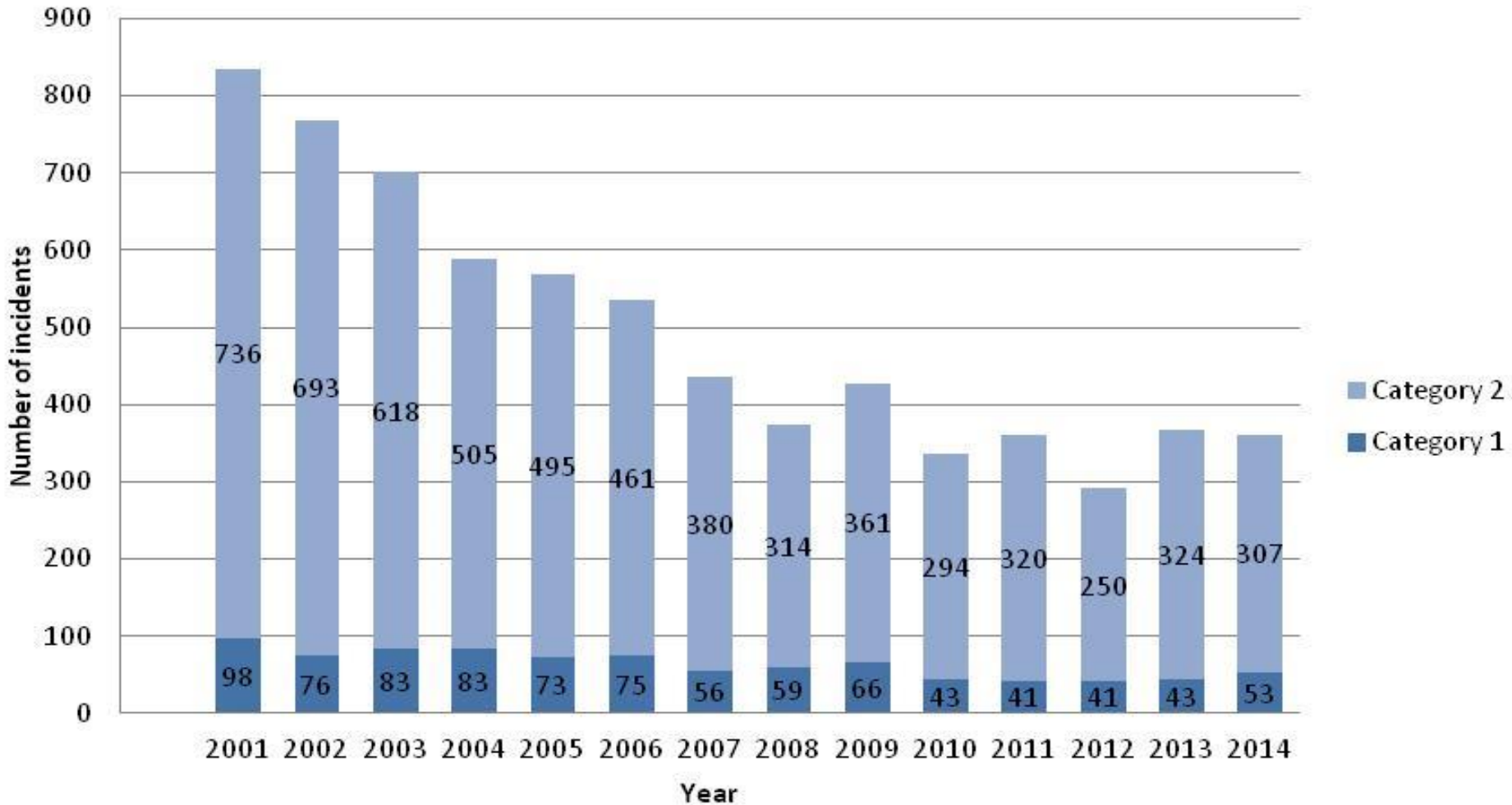


BOD = Biochemical Oxygen Demand

# Pollution incidents to water are reducing

The number of serious incidents have nearly halved since 2001

## Pollution Incidents to water



# Polluted river stretches 2015

## Indian Central Pollution Control Board

### Ganga

- 48 polluted river stretches
- 118 towns and cities
  
- 7,301 mld sewage generated
- 3,314 mld capacity to treat
- 3,987 mld treatment gap

### Other river basins

- 254 polluted river stretches
- 532 towns and cities
  
- 49,699 mld sewage generated
- 17,044 mld capacity to treat
- 32,655 mld treatment gap



# The regulatory process

- To implement the will of society expressed via the political process
- Politicians set the standards informed by the technical advice of others including regulators
  - regulators can help understanding of what works in practice
  - costs and benefits appraisal
- Factor in externalities not covered by existing economic considerations
- Politicians determine how much society is willing to invest in achieving outcomes
- Speaking to the right people
  - government for policy
  - implementation with the regulators

# The regulatory process

- Regulatory requirements defined in legislation
- Guidance produced to support implementation and compliance
- Operating requirements stipulated in site permit conditions
  - may include an improvement plan
- Regulators check compliance with permit conditions on periodic basis
- Inspections and audits
- Monitoring and reporting requirements
- Enforcement
- Prosecution
- Periodic permit review and update

# Design and delivery criteria

- Targeted according to risk and impact
- Proportionate
- Consistent
- Focus on outcomes not processes
- Delivery to be professional, courteous, firm and fair

# Compliance with regulations can be supported, but not replaced, by

- Pollution prevention and reduction programmes
- Issue specific programmes
- Industry led initiatives
- Voluntary initiatives
- Better, not self, regulation – earned recognition

# Factors affecting effective compliance with regulatory requirements

- Good governance
  - with required intent
  - investment to deliver necessary standards
  - capacity and capability
- Independent, accountable regulators
- Safeguards against regulatory capture including pay throughout the regulatory process
- A high probability that non compliance will be detected and addressed appropriately
- Effective penalties including fines and enforcement undertakings
- Independent judiciary