

AD HOC COUNCIL WORKING GROUP ON
THE ORGANIZATION'S STRATEGIC PLAN
12th session
Agenda item 7

CWGSP 12/7/1
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EXISTING AND FUTURE ADMINISTRATIVE BURDENS

Periodic Review of Administrative Burdens

Submitted by Denmark

SUMMARY

<i>Executive summary:</i>	This document contains a proposal for the implementation of a "Periodic Review" of IMO conventions and mandatory regulation
<i>Strategic direction:</i>	8
<i>High-level action:</i>	8.0.4
<i>Planned output:</i>	8.0.4.1
<i>Action to be taken:</i>	12
<i>Related documents:</i>	CWGSP 12/7; CWGSP 12/7/2; C 106/D and C 106/3(a)/2

Introduction

1 The Council, at its 106th session, approved in principle the proposal in document C 106/3(a)/2 concerning the framework of a "Periodic Review" and decided to refer the matter to the Ad Hoc Council Working Group on the Organization's Strategic Plan with the request to develop specific recommendations on how the proposal may be implemented.

2 This document is a response to this request and sets out a proposal for the implementation of the "Periodic Review".

The implementation of the "Periodic Review"

3 As described in document C 106/3(a)/2, the "Periodic Review" consists of three steps with a High-level Steering Group (HLSG) established in step one. The Council agreed that this group should be composed of relevant stakeholders in order to balance different interests, but at the same time it should be sufficiently small to work efficiently.

4 In order to meet these interests, it is proposed that the Council request the Secretary-General to appoint the members of the HLSG ensuring appropriate geographical distribution and with the following criteria:

- two members representing the flag States;
- two members representing the port States;

- one member representing the ship owners;
- one member representing the seafarers;
- one member representing the classification societies; and
- one member representing the IMO Secretariat.

5 With regard to the methodology of the "Periodic Review", the Council agreed in general with the concept described in document C 106/3(a)/2 and its annexes providing proposed amendments for the Strategic Plan (2012-2017) and High-level Action Plan (2012-2013) and a draft Assembly resolution (the latter also set out in the annex to document CWGSP 12/7). As it follows from the methodology, the HLSG is responsible for the process and the tasks in steps one and two, i.e. it is responsible for creating an inventory of administrative requirements in IMO's major Conventions and associated mandatory instruments, for consulting with relevant stakeholders to identify the administrative burdens among the requirements in the inventory, for making recommendations on how to reduce or simplify them and for forwarding those ideas to the relevant Committees through the Council. According to the methodology, the review of the complete set of regulations should be completed within a five-year period.

6 As mentioned in document C 106/3(a)/2, there are many ways of organizing the work and many national Administrations have gained experience in this field that could be drawn upon when determining an appropriate method for preparing the inventory in step one.

7 It was suggested that the WMU could create the inventory as a research project; however, other ideas were mentioned as well. In this regard, another option could be to mandate the IMO Secretariat to have the inventory compiled by a third party, such as a consultancy company with experience in the maritime field or similar. The mandate of the Secretariat should not impose any cost on the Organization, but should be financed by Member State contributions and, in this regard, Denmark is willing to make a substantial contribution.

8 Depending on whom the Council determines is most appropriate to create the inventory, the HLSG would, in collaboration with those tasked with the job, have to determine which method to be applied in developing the inventory. The deliberations on how to identify the administrative requirements may be based on annex 1, which is an extract of the most commonly used method for measuring and reducing administrative burdens, i.e. the Standard Cost Model. Part of this model consists of identifying the *Information Obligations* generated when a stakeholder is obligated by the regulation to provide information or data to the authorities or third parties. This part of the model could form the basis of the creation of the inventory.

9 So far, the review process focuses on existing Conventions and mandatory instruments. However, as mentioned in C 106/3(a)/2, also future regulation would benefit from undergoing a periodic review.

10 It would therefore be advantageous to use the experience gained by the HLSG and to task the group, as part of a progress report for the Council and the Committees, with further considering and deciding on how future regulation could be reviewed. In these considerations, it may also be possible to combine or in other ways include the assessment proposed in CWGSP 12/7/2 regarding the assessment of administrative requirements in future unplanned outputs.

11 In order for the HLSG to perform the tasks described above and in the draft Assembly resolution set out in the annex to document CWGSP 12/7, it is proposed that the HLSG is given the terms of reference set out in annex 2.

Action requested of the Working Group

12 The Working Group is invited to consider the proposed implementation of the "Periodic Review" in this document, particularly concerning the issue of who should create the inventory (paragraph 7), and take action as it deems appropriate.

ANNEX 1

One of the most applied methodologies for measuring and reducing administrative burdens for businesses is the "Standard Cost Model" (SCM), which provides a method for estimating the administrative cost imposed on business by complying with the regulation. This model has been used by many countries, and some of them have formed a SCM Network and written a manual describing the method, which also contains a practical guide on how to perform SCM measurements. The following quotes are from this manual.

One of the steps in the model is to make a detailed perusal of the rules whereby the information obligations giving rise to administrative tasks on the part of the business are identified. In the model "information obligations" are defined as "... *the obligations arising from regulation to provide information and data to the public sector or third parties. An information obligation does not necessarily mean that information has to be transferred to the public authority or private persons, but may include a duty to have information available for inspection or supply on request*".

The manual lists the following as examples of information obligations:

- **Returns and reports:** This relates to returning and reporting information, e.g. tax deducted from income at source.
- **Applications for permission for or exemption from ...:** This relates to all types of application for permission for or exemption from various activities, e.g. application for a licence to sell spirits.
- **Applications for authorization:** This relates to applications for authorization to carry out certain activities, e.g. authorization as a sewer contractor.
- **Notification of activities:** This relates to businesses having to notify the authorities of specific activities, e.g. notification of the transportation of dangerous cargo.
- **Entry in a register:** This relates to businesses having to be entered in a register or on a list, e.g. entry in the business register.
- **Keeping commercial emergency plans and programmes updated, etc.:** This relates to businesses having to keep those documents required by the authorities up to date. It would include manuals and emergency plans, for example.
- **Cooperating with audits/inspections of ...:** This relates to informing and assisting inspectors carrying out inspections and auditing work for a business or visiting a business in connection with enforcement of a regulation.
- **Statutory labelling for the sake of third parties:** This means, among other things, labelling products or installations with consumer information, e.g. energy labelling of domestic appliances.
- **Providing statutory information for third parties:** This relates to providing third parties with information (as distinct from labelling), e.g. a financial prospectus to accompany investment products.
- **Framing complaints and appeals:** This relates to submitting complaints about and (possibly later) appealing against a decision made by the authorities. This information obligation should be analysed only if it is characteristic of a normally efficient business to complain in the area in question.

*The International Standard Cost
Model Manual p. 24*

ANNEX 2

DRAFT TERMS OF REFERENCE

High-level Steering Group to facilitate "Better Regulation"

The High-level Steering Group is instructed:

- i. to use the methodology of the "Periodic Review" and perform the tasks as described in Assembly resolution A.1xxx(27) on The Periodic Review of Administrative Provisions of Mandatory Instruments, to determine an appropriate method to create the inventory to review existing conventions and mandatory instruments within a five-year period; and to forward its recommendations to the Council with a view to subsequent deliberations in the relevant committees;
 - ii. to provide the Council and Committees with an annual progress report and to consider and decide on an appropriate method for reviewing future regulation taking into consideration 1) the experience gained from reviewing existing regulations, 2) the related assessment attached to unplanned outputs (the checklist for identifying administrative burdens) and 3) how and how often the review should be conducted in the future based on, e.g., consultation with stakeholders by, for instance, a simple questionnaire; and
 - iii. to provide the Council and Committees with further suggestions on how to facilitate "Better Regulation".
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