

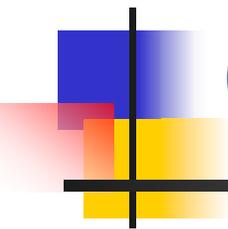
# Creation and Management of a Regulatory Commission

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Organizational Structure, Start-up,  
Selection of Regulators

Implementation Module A

Ron Eachus



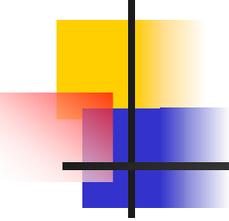
# Organizational Structure

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Implementation

Module A.2

Ron Eachus

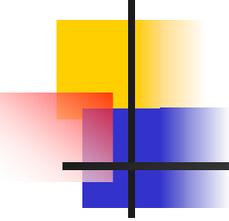


# Organizational Structure

## Starting Point

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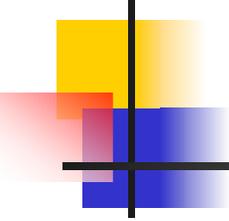
- Goals of regulation
  - Protect the consumer
  - Provide reasonable revenue to licensees
  - Encourage economic efficiency
- Roles and Functions of Regulatory Body
  - Licenses
  - Tariffs
  - Encouraging Competition
  - Market Monitoring
  - Informing the Public



# Objectives of Regulatory Body

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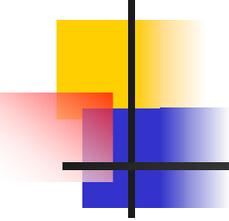
- Quality
- Stability
- Credibility
- Transparency



# Selection of Regulators

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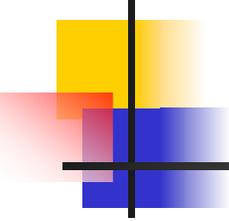
- Relevant competencies
  - Not always technical competencies
    - Organizational, political and communication skills also valuable
    - Work ethic
- Remove conflicts of interests
  - Even “appearance” of conflict should be avoided
- Range of perspectives
  - What range of diversities are sought?
    - Regional
    - Professional
    - Political affiliation
    - Sex
- Selection process should be as transparent as possible



# Internal Management Structure

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- Executive Management Options:
  - Commissioners
    - Do they manage any individual departments or are they primarily policy decision makers?
  - Executive Director
    - Does the Commission hire an executive director to manage the agency for them?
  - Department Heads
    - Or does the agency rely primarily on department heads who report directly to the Commission?
- How many levels of supervision?

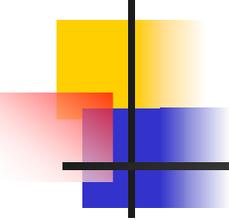


# Personnel

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- Initial Stage

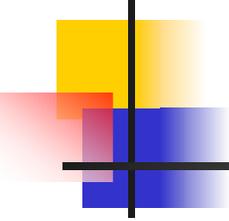
- May come from existing industry
  - Have valuable experience and insight
  - But role of regulator may take different attitude
- May come from government or academics
- Need to fit with early regulatory tasks
  - Initial regulatory responsibilities
  - Development of organizational capability



# Personnel: On-going Issues

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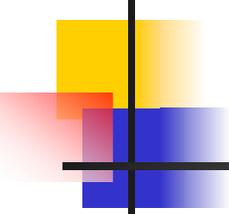
- Compensation
  - Application of civil service laws
  - Commissions discretion to reflect professional qualifications
- Recruitment
  - Compensation
  - Public Service value
  - Cast a wide net
- Education & Training
- Opportunity for internal advancement



# Education & Training

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- Must be on-going, not just at initial hire
- Expand opportunities
  - Additional academic courses
  - Information exchanges with other regulatory bodies
  - Continuing education programs
  - Access to relevant regulatory and industry publications and research

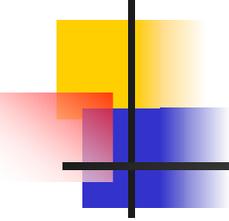


# Functions

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A regulatory body has many functions to accommodate within the organization and many of those are cross-cutting.

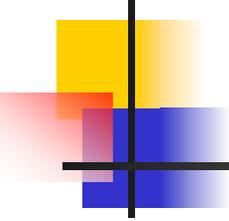
- Licensing
- Tariff setting
- Inspections
- Legal
- Financial Analysis
- Information Management
- Public Relations
- Administrative Support
- Customer Complaints
- Dispute Resolution
- Policy Analysis
- Human Resource Management



# Public Participation

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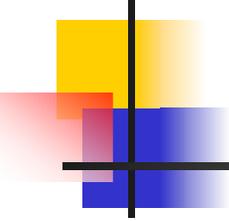
- Value of public participation
  - Increased insights and information
  - Greater awareness of regulator and policies
  - Increase transparency and increased credibility
- The organizational structure must plan for and support public participation
- Methods
  - Hearings
  - Publications
  - Advisory Groups
  - Web Site
  - Required notices by licensees



# Organizational Issues: Examples

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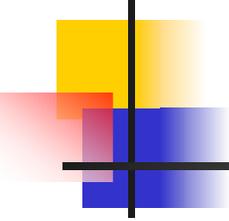
- Date Collection and Information Management
  - Is data collection and manipulation centralized or decentralized?
  - Do all parts of the agency have access from their respective locations?
  - Is there sufficient hardware, software and technical support to handle the information requirements?



# Organizational Issues: Examples

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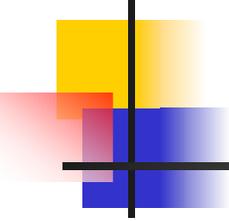
- Legal Staff
  - Is there a legal staff that supports the entire organization or do individual departments have their own legal staff
- How and where are complaints handled?
  - Does each department handle the relevant complaints or is there a designated division with the responsibility to handle all complaints?



# Organizational Issues: Examples

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- How can you accommodate changing functions?
  - License application, inspection and market monitoring all require quite different skills
  - If licenses are granted for long periods, what do those who reviewed the license applications do after they are initially granted?



# Speed vs Quality

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- Continuous organizational challenge
- Speed “may” mean less quality
- Quality “may” mean more costs of regulation and longer periods of uncertainty
- Less Quality “may” lead to longer lasting disputes and more uncertainty