

COOPERATION PAYS: INTEGRATED INSPECTIONS REDUCE BURDEN ON PRIVATE SECTOR

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SUMMARY

Reducing the time and resources which private-sector companies have to devote to government inspections aimed at enforcing regulations, is one of the spearheads of current government policy. This reduction of the 'regulatory burden' forms part of the 'Modernization of Government' programme, which was given a significant boost in 2004 by a pilot project designed to promote interdepartmental cooperation. The conclusions that may be drawn from the results of the project are summed up in the title of this paper: 'cooperation pays!'

1 INTRODUCTION

1.1 An Inspection A Week....

Government inspectorates worked together with the chemicals industry in a project conducted in the Eemsmund/Delfzijl region, in the northern Netherlands. The project was prompted by the disturbing report that one company had been subject to no fewer than 52 inspections in the past year alone: an average of one a week. The Federation of Netherlands Chemical Industries brought this to the attention of the Netherlands Ministry of Housing, Spatial Planning, and the Environment (VROM) Inspectorate and the Traffic, Transport, and Roads Inspectorate, which initiated the pilot. Eventually, seven official inspectorates at either national or regional level took part. The aim was to achieve a clear reduction in the regulatory burden on private-sector companies, while also increasing the efficiency of the inspection services.

1.2 Initial Situation

A large number of organizations are required to carry out regular inspections to ensure that companies observe

safety and environmental legislation. Everyone acknowledges the importance of independent, expert inspection to both the business sector and society as a whole. However, such inspections demand considerable time, manpower, and therefore financial resources on the part of the companies concerned. Some companies believe that the lack of coordination between the inspection services results in inefficiency and inconsistency. Accordingly, the inspections represent an unnecessary burden, in terms of both quantity and quality. Companies complain of insufficient knowledge of business processes on the part of inspectors, inadequate coordination of reporting obligations and the lack of any incentive to 'good behaviour'. This erodes confidence in the government.

2 THE FORM OF THE PILOT PROJECT

Following consultation with the Federation of Netherlands Chemical Industries, eighteen regional chemicals companies were invited to take part in the pilot project. At first, only four government inspectorates were to take part, namely the Health and Safety Inspectorate; the VROM

Inspectorate; the Traffic, Transport, and Roads Inspectorate; and the National Inspectorate of Mines. However, given the degree of overlap with the programmes of other authorities, the regulatory departments of the Province of Groningen, the Hunze and Aa Water Management Authority, and the Groningen Fire Department were also eager to take part.

The pilot project involved three phases. The first phase entailed making a reference measurement ('zero situation'). Interviews, workshop sessions, and a survey were used to gain a better understanding of the regulatory burden currently experienced by the companies concerned, as well as the efficiency of the inspection services. During the second phase, integrated inspections were carried out jointly by the regulatory authorities. The main focus of these inspections was safety, although a number of subsidiary areas such as CFC emissions and process control technology were also examined. The third and final stage was to quantify the gains achieved by both the companies and the inspection services.

3 RESULTS

The results of the pilot were very well received by all stakeholders in both the private-sector companies and the government inspection services. The approach adopted was warmly welcomed, as were the results – particularly from the perspective of practical implementation and the actual gains achieved.

3.1 Gains through Cooperation

The cooperation between the organizations produced gains at various levels.

Firstly, the exchange of information between the various supervisory authorities ensured that they were better informed and better prepared for the task in hand, whereupon they were able to command greater respect from the companies to be inspected. Secondly, the improved coordination of the activities reduced or obviated

duplication of work by both inspectorates and the companies inspected. The coordination also enhanced the clarity and comprehensiveness of the reports (e.g. through the use of standardized terms), as well as ensuring better coordination of the follow-up actions required further to any shortcomings identified. The integrated inspections reduce the amount of time and resources that companies have to devote to such activities, and enable further coordination between the inspection departments with regard to their findings during the inspection visits. The third clear visible gain, is the ability to have one inspection department undertake certain tasks on behalf of another, thereby increasing the efficiency of the inspectorates while also reducing the regulatory burden on the companies by avoiding unnecessary duplication.

3.2 Particular Gains in Similar or Non-Specialist Areas

During the pilot project, it was found that the greatest efficiency gains are to be made in inspections which cover the same topics, or topics of a non-specialist nature. For example, the national and regional water quality managers were able to develop a single system for the evaluation of process control technology (i.e. measuring and registration systems), and to share many of their respective tasks. This resulted in efficiency gains of up to 50% for the authorities concerned, while the regulatory burden for the companies inspected fell by between 20 and 40%. The joint performance of more specialist inspections did not result in any marked improvement in efficiency, given the diverse nature of the aspects to be inspected.

3.3 Conditions: Coordination, Direction, Embedding, Trust

Integrated inspections can result in significant gains, both qualitative and quantitative. The benefits will be felt by the public and private sectors alike. However, those benefits also demand some invest-

ment and effort, largely in the form of coordination activities. Provided the inspectorates meet in good time to make agreements regarding the division of tasks and responsibilities, there are rewards to be gained. A crucial factor here is direction. One of the parties concerned must take the lead. Cooperation cannot be an ad hoc undertaking, since it is likely to crumble as soon as the organization comes under pressure. Rather, cooperation must be embedded to become a 'standard' operational process. The organizations taking part must therefore have the courage to experiment with new inspection methods and to identify the minimum required enforcement levels. All partners must have the utmost trust and confidence in each other's integrity and quality. They will then be able to devolve certain tasks to other inspectorates, or indeed to the companies themselves, based on their own control and monitoring systems.

3.4 A Single Point of Contact?

It must be conceded that the original aim of a 50% average reduction in regulatory burden and 20% greater efficiency in the government departments was not

achieved during the pilot project. However, a system that includes a single point of contact for all inspection departments may go some way to achieving this goal, since it will then be possible to introduce a single inspection, a single inspection report, a single reporting obligation, and perhaps even a single permit.

4 THE FUTURE

All stakeholders view the pilot as successful and wish to continue striving to achieve the stated ambitions. The proposed 'single point of contact' system could go a long way towards further improvement of the results. Ongoing study to identify the optimum form for such a system is therefore recommended.

In the meantime, the government inspectorates will encourage further trials of the method adopted in Delfzijl, with refinements made as part of this process. They also wish to conduct similar experiments in other parts of the country and involving other industrial sectors. Businesses, industrial federations, and regional authorities will then be able to 'roll out' the pilot project to their own area.