



REPUBLIC OF SLOVENIA
COURT OF AUDIT

AUDIT REPORT

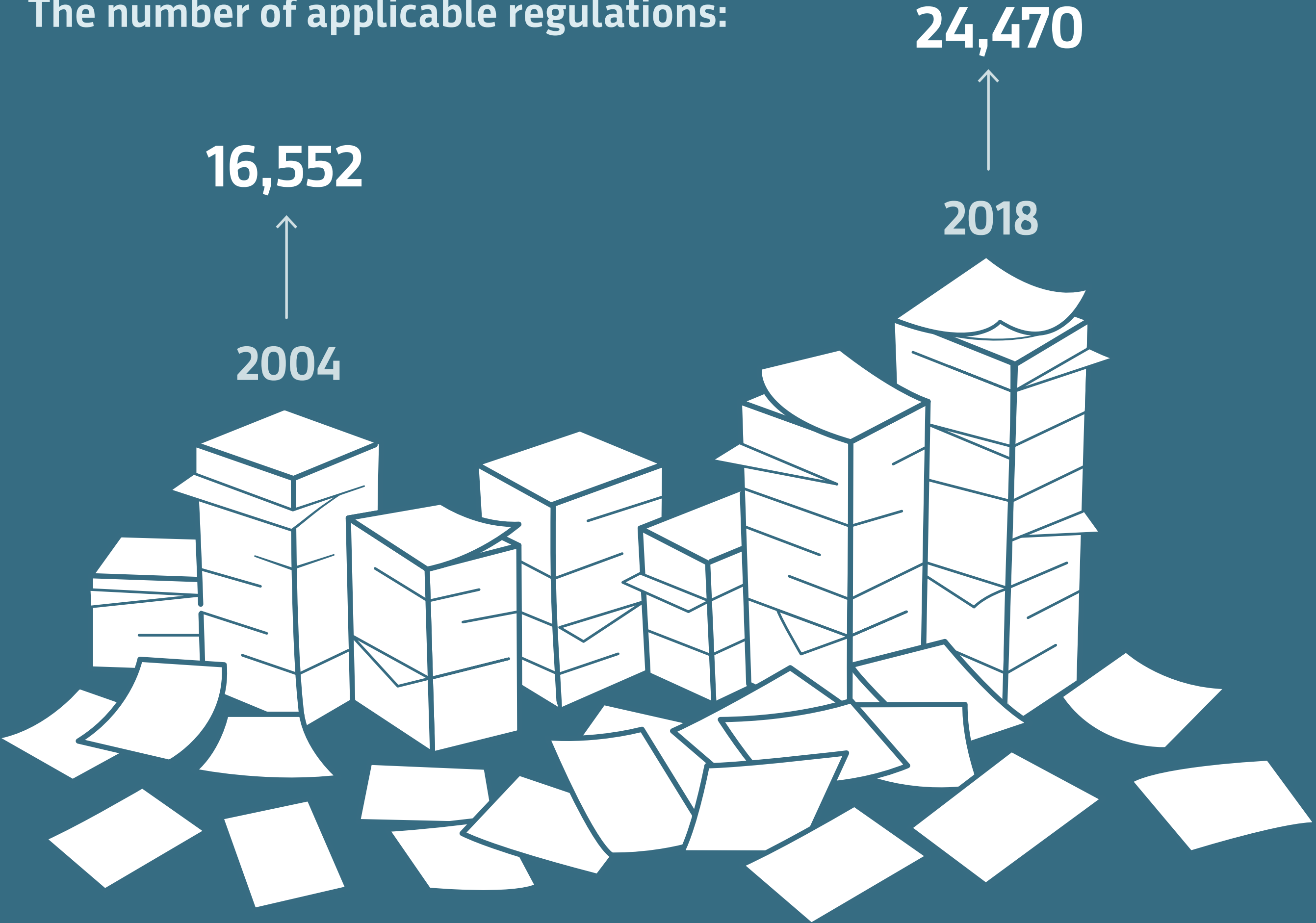
Are impacts of the proposed regulations in Slovenia examined and assessed

Performance audit



What is the process for adopting regulations in the Republic of Slovenia?

The number of applicable regulations:



the State is constantly adopting new regulations, which are often **incomprehensible, unclear, too extensive, incoherent and non-consolidated**



some stipulations are being amended **without examining their impact on a certain regulation, its purpose, objectives and impacts**

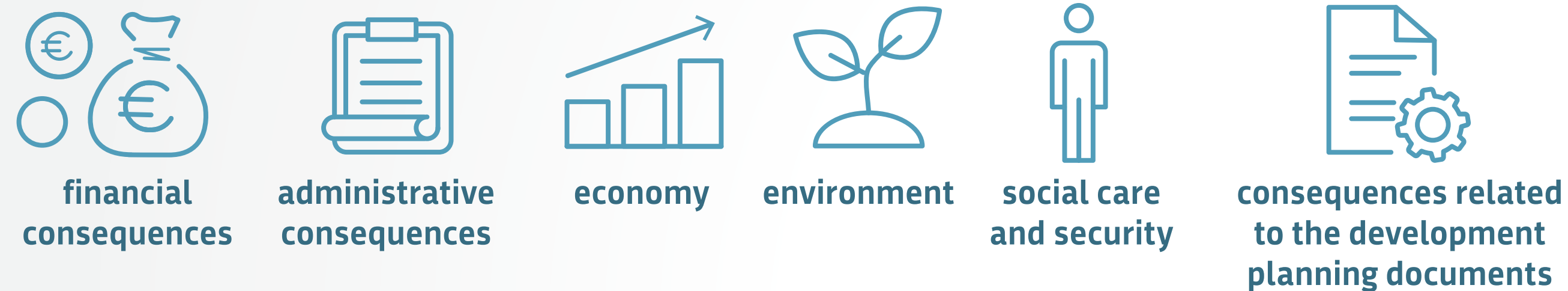


unnecessary administrative obstacles, greater risk of irregularities, inefficiencies and potential abuse of the system

Regulatory Impact Analysis – RIA

is an important tool for developing better or smart regulations.

EX ANTE RIA – enables systematic impact assessment of a certain regulation on **the field that should be regulated** and on other fields:



EX POST RIA – enables examining of the achievement of objectives laid down by **the implementing regulation**



Due to incomplete, slow and partial elimination of risks already **the 3rd audit was implemented**

RIA 1

RIA 2

RIA 3

2004

2005 2006

2011 2012

2018

audit period

RIA 3 INCLUDES 3 AUDITS OF CASE STUDIES

Protection against natural disasters and accidents



Letting of apartments to tourists



Hiring-out of workers to a user



Findings and recommendations from the previous audits

RIA 1 (2004–2005)

- ➖ competent authorities **consider the impact analysis as an administrative obligation** rather than a tool assisting in the process of developing a regulation
- ➖ the concerned field is recognised as relevant, but is **not addressed in a sufficiently systematic, comprehensive and consistent manner**

The Government should:

- **set out guidelines** for the preparation and implementation of RIA
- **encourage intersectoral working group** to achieve the set objectives
- consider the need for carrying out **ex post impact analyses**
- **open a dialogue** and share experience with the local level

RIA 2 (2006–2011)

- ➖ **the situation has not changed much**
- ➖ RIA is still **considered as an administrative obligation** rather than a tool assisting in the process of developing a regulation
- ➖ **RIA cannot be the result of work of external contractors**
- ➖ the makers of regulations usually **do not monitor their implementation**
- ✔ **participation of the public was formally defined**

The Government should:

- **ensure ongoing monitoring of the regulation implementation**
- ensure that **regulations will be developed by the competent authorities themselves**
- **open a dialogue** and share experience with the local level

RIA 3 (2012–2018)

The Government was **PARTIALLY EFFICIENT** in regulating the field of developing, adopting and monitoring the regulations

- subject to regulations are also the matters that **could be regulated in a more appropriate way**
- the processes of adopting the regulations **neglect the content/subject matter**
- regulations are **incomprehensible, unclear and too long** even for the target public
- **the number of regulations is increasing** which results in disorderly regulations and therefore opacity and lack of interconnection between the regulations and thereby regulated fields
- when adopting the regulations, **direct and indirect impacts thereof are not considered**, consequently the achievement of the set objectives is often prevented
- there exists **only a test for assessing impacts on economy**, but not for other fields
- ✓ **legal bases** pertaining to the developing, adopting and monitoring of the regulations **have not changed much**
- ✓ the Government **started with the preparation of reports** on the acts adopted under the urgency procedure
- ✓ the Government Office for Legislation gained its position in the strategic council of the intersectoral working group responsible **for better regulatory and business environment, as well as boosting competitiveness**

The Court of Audit recommended to the Government as follows:



it should, in cooperation with the competent authorities, **pay more attention to training of employees** regarding the developing, adopting and monitoring of the regulations



the public administration **should take on the responsibility for developing regulations** and should prepare the regulations on its own, save in exceptional cases



it should include in the regulations the stipulation about **the assessment of consequences in the field of IT solutions**



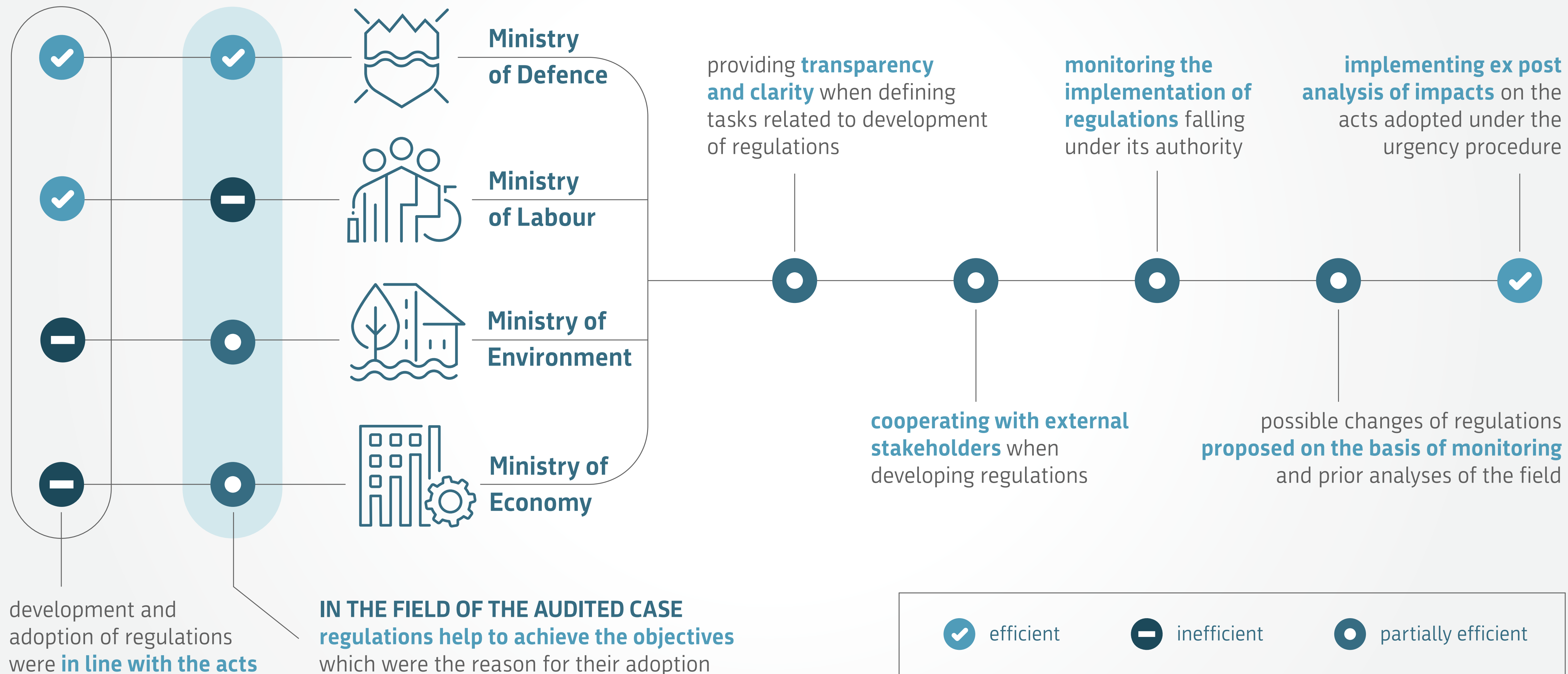
it should **prepare tests**, comparable to the MSP test, **for impact assessment on other fields** determined by the regulations



it should **continue with the implementation of the Action plan** for improving the process of planning, developing, adopting and evaluating the impacts of the legislation 2019-2022

RIA 3 (2012–2018)

Ministries were **PARTIALLY EFFICIENT** when developing, adopting and monitoring regulations



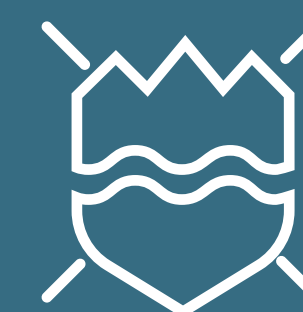
RIA 3 – Case study: Protection against natural disasters and accidents

The system of protection against natural disasters and accidents **strongly depends upon voluntary rescue services and other formations** organised by associations and non-governmental organisations



70%

of all involved in rescuing are volunteers



their operation depends upon **efficient support system** that must be provided by the Ministry of Defence

enough resources must be provided to enable continuous operation of the protection system against natural disasters and accidents

changes of regulations must not threaten the current support system for volunteers and help to improve its efficiency

The Court of Audit recommended to the Ministry of Defence among others to:

find out which difficulties still exist at the employers who employ individuals from voluntary rescue services and other formations and, where necessary, take appropriate measures

at least at the end of the annual planning **determine the scope of individual tasks that were realised** and which of the planned objectives were achieved

RIA 3 – Case study: Hiring-out of workers to a user



Labour Market Regulation Act covers the concerned field

It considers **very sensible amendments from the perspective of protection of employees' rights**. The main objective of the Act is to reduce the **abuse of rights** when providing hiring-out of workers to a user but **was not met**.



Ministry of Labour



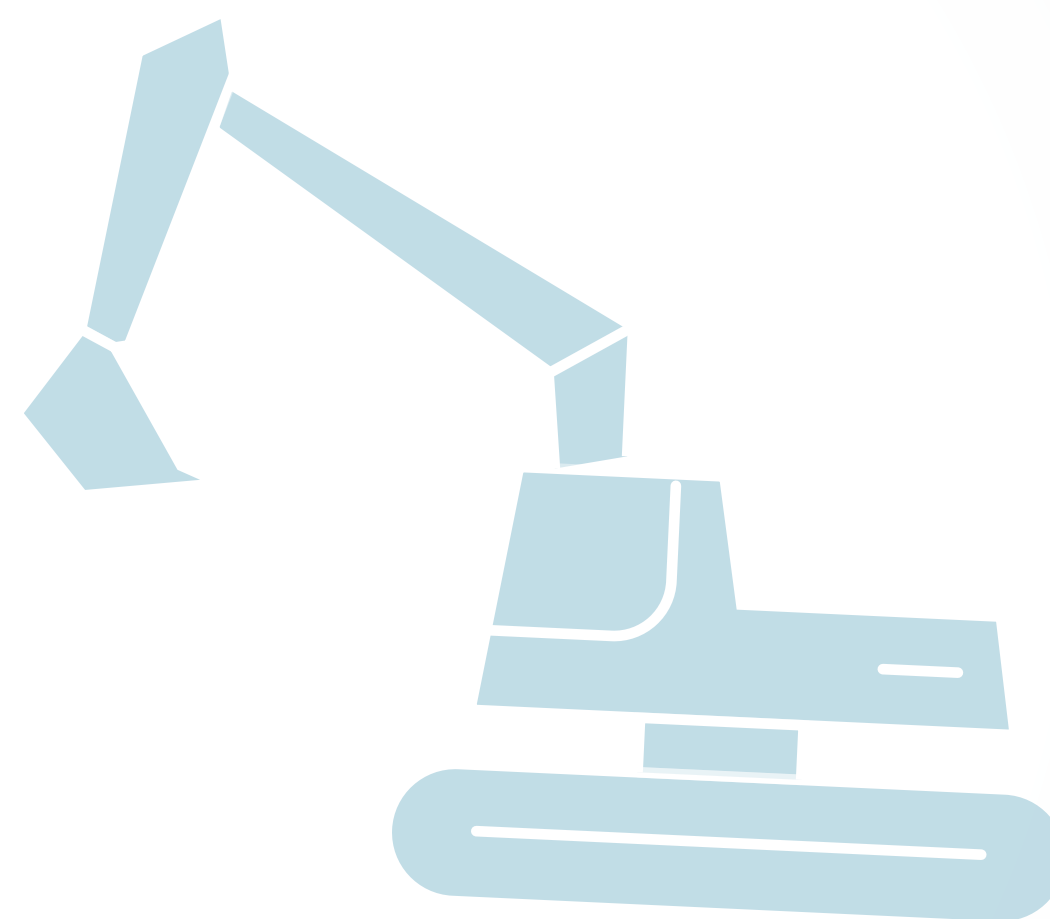
failed to prepare the impact assessment of high quality and for all prescribed fields



failed to efficiently review which **hidden traps are awaiting workers** due to proposed regulation of the field



does not manage risks related to abuse of employees despite the fact that the main objective of the proposal was to reduce such abuse



The Court of Audit recommended to the Ministry of Labour among others to estimate impacts of the Labour Market Regulation Act on social situation of workers and the abuses thereof, as well as impacts on other fields defined in the regulations.

RIA 3 – Case study: Letting of apartments to tourists

The number of natural persons registered for letting rooms has increased by 1,438 between 2012 and 2018 as well as the revenue



MOVING AWAY OF PERMANENT RESIDENTS

- considering the events in the European cities attractive to tourists, we can assess that **apartments in the centre of Ljubljana are affordable only for tourists**

IMPACT ON SOCIAL ENVIRONMENT OF NEIGHBOURS

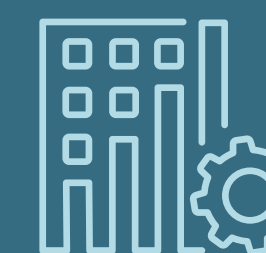
- problems with common spaces in multi-dwelling buildings**, i.e. providing safety, order, peace and cleaning in the buildings and sharing operating costs



UNCOORDINATED AND CONTRADICTIONARY OBJECTIVES OF MINISTRIES

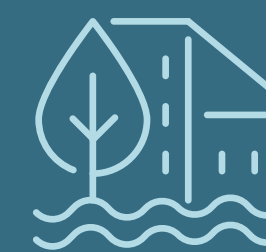
Ministry of Economy – Strategy of sustainable growth of Slovenian tourism 2017-2021

the largest possible number of owners of apartments should be involved in commercial activity of letting the apartments to tourists (**short-term rental**)



Ministry of Environment – Resolution on the National Housing Programme 2015-2025

the largest possible number of available apartments should be intended for **long-term rental** (for the young, young families, vulnerable groups)



The Court of Audit recommended to the Ministry of Environment and the Ministry of Economy among others to

assess the impact of regulations on social environment of neighbours and propose amendments

legally arrange distribution economics in the field of letting apartments

propose amendments of rules pertaining to control over letting apartments to tourists in multi-dwelling buildings

What is the key message of the audits?



Resolution on Legislative Regulation (2009) is often neglected although it includes **principles, objectives and key answers to questions** important for developing, adopting and monitoring the regulations.



There is a risk that RIA shall become **key administrative obstacle** to itself.



Smaller number of regulations does not necessarily mean **less work for public administration**, likewise more regulations shall not provide for **better organisation of the State**.

