

Complexity and Compliance Costs

Input methodologies review forum

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Purpose of this topic

The purpose of this topic is:

- To significantly reduce compliance costs or complexity in the IMs without detrimentally affecting the Part 4 purpose.
- To answer the question: when are complexity and compliance costs in the IMs warranted or unwarranted?



Context

- There is some overlap between the IMs and information disclosure on this issue.
- Focus today is on the IMs.
- We grouped points identified to us into four significant areas: related party transactions, regulatory taxation, cost allocation and cost definitions.



Context (continued)

- Matters to consider when assessing unwarranted complexity and compliance costs.
- Identify other specific areas with unwarranted complexity and compliance costs.



Approach

- Some complexity and compliance costs will be unavoidable.
- Consider why complexity exists and whether complexity and compliance costs are warranted.
- Look at the intent of the specific requirement.
- Consider the purpose of the requirement and how effective the current IMs or any alternative is (or would be) in meeting that purpose.



Approach (continued)

- Weigh up the complexity and cost of changing versus the benefits of change.
- Recognise that regulated suppliers have developed systems and processes to collect the necessary information.
- Other factors you think we should take into account?



