



Central Government Reform
Programme
*Ministry of the Interior and
Kingdom Relations*

Building a different approach to risk

The Dutch Risk and Responsibility Programme

OECD Conference 'Regulatory Policy at the Crossroads'

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How we deal with risks and incidents





Some examples

- Heated debate in Parliament about feeding animals in a nature reserve
- Some more serious examples:
 - Fire at detention centre constructed from temporary units lead to a costly large-scale overhaul of (stone) custodial complexes
 - Outbreak of legionnaires' disease after a flower exhibition lead to draconic regulation, costing businesses and government hundreds of millions of euros
- Underlying pattern: 'Something must be done', meaning to completely root out a particular risk (by government regulation)



Day of Risk Conference

- A more rational approach to risk is not enough
- Rules of the political and media game dominate; magic word SAFETY brushes aside all other considerations
- Other contributory factors to the 'risk-regulation reflex':
 - Instinctive human mistrust of ratio
 - Cognitive bias in the public mind (experts are prone too)
 - Government is considered default protector
 - If every accident is considered preventable, all risk actors will try to cover themselves and so contribute to top-heavy system (cf. film Killer Trees)



Some elements for the Cabinet vision

- Acknowledge that accidents can happen (but don't make it sound like a cheap excuse)
- Acknowledge the way the public perceives risk; provide positive values
- Acknowledge the limitations of government's role
- Share advantages and disadvantages of risky actions
- Limit accident inquiries to facts (recommendations often unproductive if they assume that every accident is avoidable)
- More rules could in fact *diminish* safety
- Test and judge the public's risk appetite (cf. film Subway Safety)



Proposed measures of our new Cabinet

- Fewer politicians at all levels (e.g. 1/3 fewer MPs)
- Fewer ministries
- Movement toward a single central government inspectorate
- No more gold plating of EU rules
- Major cutbacks of 18 billion euros (= 7% of National Budget)

In short: our government wants to take a step back.



Update Inspection Reform Programme

- Review of the Inspection Council (collaborative body of all inspectors-general)
- Inspectorates quite advanced in risk assessment
- No consensus on integral risk assessments (new Cabinet will push it further)
- New impetus for information exchange between inspectorates and co-operation with local and regional authorities
- Intention to review their own role as risk actors



Risk and Responsibility Programme

- Two-year programme 2011-2012:
 - Develop Cabinet vision on government's role toward risk (+ guiding principles concerning new risks and aftermath of incidents)
 - Stimulate change in ministries' response to risk
 - Initiate debate outside government (e.g. among MPs)
 - Perhaps: review proportionality of existing regulation

- A lot is going on outside central government:
 - Council for Public Administration
 - Province of North-Holland
 - Dutch Expert Group on Aviation Safety (sharing lessons with youth care, education, health care)

Let's keep working together internationally!

Presentation OECD workshop Risk

(breakout session C3, 29 October 2010)

I'd like to thank OECD for giving me the opportunity to tell you how we in Holland are trying to deal with the so called 'risk-regulation reflex'.

I start with a quote from a Dutch newspaper: *'Most of the large herbivores in the Oostvaardersplassen nature reserve have hardly eaten from the hay which was provided at the behest of Parliament. With the exception of Heck cattle, who ate a little. But, the Minister added, feeding the animals has lead to aggression among the bovines and made them ignore the fresh spring grasses.* End of quote.

DIA: Heck cattle

This is actually a true story. In previous winters, large cattle in Dutch nature reserves were starving to death during cold weather, which lead to public distress and one of the most heated parliamentary debates in the last 4 years. MPs demanded that the animals be fed and that the Minister keep Parliament informed on the progress. MPs even discussed the nutritional value of the feed.

Of course this example isn't very serious in its impact on society. But there are plenty of other examples. For instance the fire at a detention centre constructed from temporary units. This lead to a large-scale national overhaul of custodial complexes, even though they were regular stone buildings. The cost: tens of millions of tax payers' euros. Another example is the outbreak of legionnaires' disease after a flower exhibition. This resulted in draconic regulation, costing businesses and government billions of euros.

A decent cost-benefit assessment would certainly have advised against these measures. But there was always an overwhelming consensus in Parliament and in the media that something had to be done. 'Something' meaning that this particular risk had to be rooted out completely. And that it was up to government to do so.

Last May, we organised the Day of Risk Conference to discuss this phenomenon. 150 guests included four members of the Dutch parliament, fourteen professors, top

civil servants and people from trade and industry. The conference generated new pointers to understand and reduce this mechanism, which we called the 'risk-regulation reflex'. There was a clear sense of urgency to address this complex issue.

By the way, copies of those conference proceedings are available here today. We have just brought out the English version.

DIA: Day of Risk

A more rational approach to risk is obviously very much needed. Of course, we all know that. Quite a few instruments are already available or being developed further. Particularly in the fields of risk assessment, risk management and better regulation.

But why doesn't this seem to help as soon as something goes wrong?

Part of the answer lies with the rules of the political game and the way the media work. In any case, a more rational approach alone won't change the mechanism. Because no matter how sensible your story about risk assessment and better regulation is, it doesn't stand a chance against the magic word SAFETY with all its powerful emotions, ranging from the hope of redemption to the fear of disaster. For this reason we want to approach this as a separate issue.

Our conference looked at the causes of the mechanism and came up with some further insights. You'll notice that we are heavily indebted to Donald Macrae and Simon Webb:

1. The mind is often not a cool calculator that weighs the evidence. The brain functions quite differently; especially when risk is involved. That concerns issues of survival and those are dealt with in a very basic way. The instinctive reaction within that part of the brain to a rational story is actually mistrust.
2. Then there are irrational perceptions of risk, caused by cognitive dissonance. For example people's belief that a recent accident will increase the chances of it happening again. If anything, the opposite is more likely.
3. The erosion of communities has made government the default protector against risk. But government is in fact just one of many risk actors. When it tries to act as the overall controller, giving out messages such as 'This will never happen again', it only makes things worse.

4. Very unproductive as well is the implicit notion that all accidents can be prevented. An accident will therefore always be somebody's fault, and as a result all risk actors will in advance try to cover themselves and so contribute to an unbalanced, top heavy system of dealing with risk.

In the coming 2 years we are going to run a follow up risk programme, mainly focused on the physical safety domain (transport, labour safety, environment, health care, food safety etc). We aim to initiate further debate outside government (for instance among MPs), maybe put together a national risk catalogue and develop practical pointers for ministries as well as a cabinet vision on risk and responsibility.

The vision will encompass a number of guiding principles for government, both for handling emerging risks and for the aftermath of an incident.

DIA: Some elements

The vision may include some of the following elements, which have come out of our conference:

1. Acknowledge and communicate that accidents can happen, that human error cannot always be avoided, and that complex systems carry the germ of chaos (and therefore risk). But be careful: stating that zero risk is impossible may come across as a cheap excuse.
2. Acknowledge the importance of citizens' risk perception and change your communication with the public. Give better rational arguments as well as positive values that address the emotional level. For example the call for courage made by John McCain shortly after the 9/11 attacks.
3. Acknowledge the limitations of government's role in avoiding public risk.
4. Give more policy scope for sharing advantages and disadvantages of risky actions between the initiators and those that are exposed to the risk. For example: the controversy over the proposed carbon storage under a residential area might have been resolved if the citizens had been given a guarantee for the value of their properties.
5. Limit accident inquiries to facts. If they also include recommendations, those will take on a political character even before any political discussion about

them. (In our experience, recommendations often have a narrow viewpoint based on zero risk tolerance and the avoidability of every accident)

6. In a safe society like ours, more rules often don't help to increase safety
7. Make sure you understand the public's risk appetite; it is often higher than politicians and public officials suppose (I have a short video to prove that point)

It is not our intention to write this vision at our desks and have it rubber stamped by the Cabinet. We want to start a process that involves many risk actors and out of which will evolve a number of guidelines that work.

As you may have noticed, we finally have a new Cabinet. Last week, the Coalition Agreement was discussed in Parliament. It contains a number of measures which sound as if they may help diminish the risk-regulation reflex:

DIA: measures

- Fewer politicians at all levels (e.g. 1/3 fewer MPs)
- Fewer ministries (there is now one department of Economic Affairs, Agriculture and Innovation, and one department of Infrastructure and the Environment)
- Movement toward a single central government inspectorate
- No more gold plating of EU rules, which we were actually quite good at
- Major cutbacks of 18 billion euros (= 7% of National Budget)
- In short: government wants to take a step back.

All this could just as well lead everybody to focus on nothing but their positions and jobs. But due to my optimistic nature, I tend to see the opportunities:

- For instance the merging between ministries offers a chance to compare and streamline risk principles (such as the extent to which the precautionary principle is applied).
- The same may apply to the merging between inspectorates.

Talking of inspectorates, we have had an Inspection Reform Programme running since 2008 (it was analysed in OECD's report on *Better Regulation in The Netherlands*).

A quick update now on the Dutch Inspection Reform Programme.

DIA: Inspection Reform

- The Inspection Council had been reviewed. It is the body in which inspectors-general co-operate. One of the findings is that Ministers need to take more responsibility for achieving results in the domains (better service, less burden).
- Many inspectorates are quite advanced in their risk assessments. The Food and Consumer Product Safety Authority even has statutory independence for its risk assessments. In some domains there are joint assessments between inspectorates. The assessments form the basis for inspection activities.
- Some inspectors-general want to push on to introduce integral risk assessments involving all inspectorates. Others think this is impossible. Anyway, under the new Cabinet there will certainly be a new impetus to further integrate risk assessments.
- Other issues that will be intensified: the exchange of information between inspectorates about their findings and planning, and co-operation with local and regional authorities.
- And finally, the inspectorates want to review their own role as risk actors.

DIA

I mentioned our follow up programme on Risk and Responsibility. In the next few months I am going to write the plan of action. One of its key points will be to stay in touch with actors outside central government. Because there is a lot going on there:

- The Council for Public Administration is going to develop recommendations on risk next year
- The province of North-Holland is currently addressing the subject, especially the notion of public officials as risk actors.
- And so is the Dutch Expert Group on Aviation Safety. They are trying to transplant aviation safety lessons to youth care, education and health care.

Up until today, we have benefited tremendously from international input and feedback.

I sincerely hope this exchange of ideas and experience with other countries and international organisations will continue. Particularly in the proposed review of the OECD Principles for Regulatory Quality and Performance. I think the disruptive powers of the risk regulation reflex need to be addressed there much more specifically.

Thank you very much.