

Synopsis of Presentation to Annual ACCC Conference:

Susan Taylor

What does it mean for a regulator to succeed?

Susan Taylor has worked in a variety of roles in which she has gained first-hand experience in establishing a regulatory body, working within an energy regulator (the Federal Energy Regulatory Commission in Washington) and working within a regulated entity (AusNet Services). Not surprisingly, the answer to this question differs markedly from each of these perspectives.

However, these roles also gave insights into how a regulator can make the greatest positive difference. A regulator which acts in isolation, and misses opportunities to extract and encourage a corporate culture of compliance in every area of the regulated organisation's business, should not be regarded as successful.

Susan will provide some illustrations and examples of successes and failures from these perspectives and discuss the role that the regulatory framework plays in shaping the outcomes.

The question will then be considered by reflecting on the "bigger picture". How can the economic regulator be considered successful in promoting more functional regulated organisations that contribute to the interests of society; that make a positive and lasting difference; that avoid the pitfalls of roguish human nature and greed?

A study in contrasts is the Australian and the US regulatory landscapes. The roles of the AER, AEMO, the ACCC, ASIC and the ATO, and the regulatory frameworks in which they operate, present opportunities for a strong level of interaction. By contrast, the FERC appears to act in isolation. Some commentators say this led to Enron. We will reflect on some examples and commentary describing the situation as a "turf war".

In conclusion: a successful regulator will yield a high level of compliance and a functional corporate culture within the companies it regulates by using the unique opportunity it has to delve deeply into a business to encourage better behaviours across the board, and not just within its own area of expertise and focus.