Regulatory impact analysis in Norway

Scott Jacobs, Managing Director
Jacobs and Associates

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What is the purpose of regulatory impact analysis?

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- Changing views about the proper role of government
Good governance values of regulatory impact analysis

- Cost-effectiveness or proportionality (lowest cost solutions)
- Accountability for actions and results (within ministries, to the public)
- Transparency
- Integrating multiple policy goals (social and economic policies)
RIA: Analysis and communication

RIA is a method of

- systematically and consistently examining selected potential impacts arising from government action or non-action, and of

- communicating the information to decision-makers.
The OECD Checklist for Regulatory Quality

1. Is the problem correctly defined?
2. Is government action justified?
3. Is regulation the best form of government action?
4. Is there a legal basis for regulation?
5. What is the appropriate level (or levels) of government for this action?
6. Do the benefits of regulation justify the costs?
7. Is the distribution of effects across society transparent?
8. Is the regulation clear, consistent, comprehensible and accessible to users?
9. Have all interested parties had the opportunity to present their views?
10. How will compliance be achieved?
Defining the problem and justifying government action, OECD countries

Are regulators required to provide a written justification of the need for new regulation?

- Always: 22
- In some case: 5
- No: 1

5 1
Basic decisions about RIA

- What kind of impacts should be assessed?
- What kind of analytical method should be used?
- For what kinds of decisions should RIA be done?
- How are responsibilities to be allocated among institutions?
- How to consult?
Costs of Regulation

1. Fiscal costs to Governments
2. Compliance costs to businesses and consumers
3. Dynamic costs to economic performance
   - Administrative paperwork costs
   - Capital costs
Total annual compliance costs - average per SME per country

US dollars

Australia
Austria
Belgium
Finland
Iceland
New Zealand
Norway
Portugal
Spain
Sweden

10- country average
Total annual administrative costs - Average per employee by company size for participating countries
Various RIA methods

- Benefit-cost analysis
- Cost effectiveness (or “cost-output”) analysis
- Compliance cost analysis
- Business (or small business) impact analysis
- Fiscal or Budgetary analysis
- Risk assessment
- Risk-risk analysis
The preferred approach is to compare costs and benefits in a single framework

- At the heart of good RIA is the decision that the benefits of government action justify the costs.
- This suggests that business impacts should be part of a more balanced assessment. RIA, not BIA.
- Assessments should be integrated into a common framework for presentation.
Target RIA carefully so that analysis is proportional to impacts

- **UK**: new legislation or regulation, which has a significant effect on business, charities or the voluntary sector, has to be accompanied by a regulatory impact assessment.

- **Canada**: Regulations with larger impacts should be subjected to more detailed analysis.

- **US**: benefit-cost analysis required for regulations with significant effects on the economy or local governments.
Framework for regulatory governance

- Government-wide regulatory policy
- Responsibility of individual ministers for matters within their portfolio
- Government-wide framework for RIA, with defined flexibility in choosing methods and consulting
- Quality control and oversight of RIA in central body
28 OECD countries: Is there a dedicated body responsible for encouraging and monitoring regulatory reform and regulatory quality?

- Body conducts independent analysis of regulatory impacts: 11 countries
- Body reports on progress made on reform by individual ministries: 8 countries
- Body consulted as part of the process of developing new regulation: 18 countries
Oversight institutions for RIA

- **Canada**: The Special Committee of Council, The Regulatory Affairs and Orders in Council Secretariat (RAOICS)
- **US**: Office of Information and Regulatory Affairs, Office of the President, Annual reports to Congress on costs and benefits of regulation
- **UK**: Panel for Regulatory Accountability, Regulatory Impact Unit (RIU), Departmental Regulatory Impact Units, Regulatory Reform Ministers, Small Business Service
- **Netherlands**: Competition, Deregulation and Quality of Law (MDW) Committee, Helpdesk (Ministries of Economic Affairs, Justice and Environment), Ministry of Justice
Involving the public

- Consultation is an integrated part of the Regulatory Impact Assessment process
- An organized and predictable consultation process is necessary
- Who should be involved?
- How should they prepare? Training for key interest groups in how to respond constructively to RIA
Conclusions

- RIA is good governance.
- RIA is good economic policy.
- RIA is an accepted international norm of good regulation.
- RIA is practical and can be tailored to fit Norway’s institutions and administrative practices.