

PROCESS FOR THE REGULATORY IMPACT ANALYSIS UNIT'S VIEWS ON ADEQUACY OF RIS/BCCSs TO BE INCLUDED IN CABINET PAPERS

Background

The Ministry of Economic Development has Guidelines available for downloading from its website (www.med.govt.nz) on the preparation of Regulatory Impact Statements and Business Compliance Cost Statements. It is important to read through the Guidelines to ensure all the requirements for an RIS and BCCS are met.

The Minister of Commerce has asked that the Regulatory Impact Analysis Unit's views on the adequacy of RIS/BCCSs now be included in Cabinet papers. These comments will deal only with the adequacy of the disclosure and analysis within the RIS/BCCS. They will not include comment on the policy of the proposal in the Cabinet paper.

Process

The Regulatory Impact Analysis Unit will continue to provide comments to departments on all RIS/BCCSs. For the Unit's comments on adequacy to reflect the final version of an RIS/BCCS, the Unit will need to see this, and to see it in a sufficiently timely manner to make an informed assessment.

The key message is send your draft RIS/BCCS to the Regulatory Impact Analysis Unit, at the latest, once you start drafting up your Cabinet paper. A better practice would be to start drafting the RIS/BCCS and consulting the Unit early in the policy development process. Not only will this better inform your policy decision making process, it will also allow for several iterations to be reviewed and for the adequacy comments to be upgraded according to the development of the RIS/BCCS. Moreover, an opportunity should be available for departments to consider and discuss with the Unit the proposed adequacy comments.

Departments will need time to factor this into their Cabinet paper preparation process and, from 1 August 2002, to include the Regulatory Impact Analysis Unit's comments on the adequacy of their RIS/BCCS in their Cabinet paper. The comment should be included in the information under the Cabinet paper heading "Regulatory Impact and Compliance Cost Statement".

Adequacy

The adequacy comments will focus on an assessment as to whether the level of RIS/BCCS analysis is commensurate with the magnitude of the likely impact of the proposals. In other words, the Regulatory Impact Analysis Unit's attention will be centred on the higher-impact policy proposals. The comments will also note the adequacy of the time allowed by departments for the Unit to review each RIS/BCCS.

Checklist of Adequacy Criteria

A checklist that can be used when preparing an RIS/BCCS or for peer review purposes is **attached**.

RIS/BCCS Adequacy Checklist

Title of Paper:

Is the level of analysis commensurate with the impact of the policy proposal?	Yes / No / Comment
Regulatory Impact Statement	
Is it clearly stated in the RIS what is the fundamental problem being addressed? Is the magnitude of the problem identified? Is a case made for why government action is needed?	
Is there a clear articulation of the policy objectives sought by government action? Have the outcomes, goals or targets of the proposed government action been reflected in the policy objective statement?	
Are the key features of the status quo specified? Is a range of viable options (with identifying key features) assessed including, as appropriate, non-regulatory options? Is there a clear statement as to which is the preferred option? Is it clear why the unfavoured options have been discarded?	
Have the regulatory costs been specified and the groups likely to be affected by them identified? Have the impacts of the costs on each group been identified? Both costs and benefits for the preferred option must be addressed, including quantitative information where possible.	
What was the form of consultation ? Have the significant concerns of those consulted been articulated? Is it clear how the concerns were addressed? If no consultation was undertaken, there must be an explanation as to why not.	
Business Compliance Cost Statement	
Have the sources of compliance costs on business been identified and clearly articulated in the BCCS? Is there a clear statement as to which of those costs are one-off and which are recurring or on-going?	
Have the parties likely to be affected been identified by size and sector and, where possible, the numbers in each category stated?	
Has information been provided on quantitative (where appropriate) and qualitative estimates of compliance costs ?	
Is there a clear statement as to the steps taken to ensure that compliance costs have been kept to a minimum for the proposal?	

You need to allow adequate time for the Regulatory Impact Analysis Unit to review the RIS/BCCS and to allow for further iterations and further review