



# RIAS Requirements

Centre of Regulatory Expertise

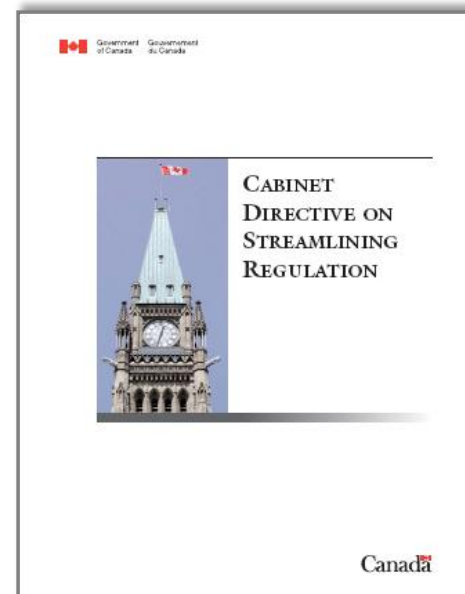
**Presentation to the OECD-MENA Delegation**

**April 28, 2009**

**Marriott Hotel, 100 Kent Street**

# New Requirements in the CDSR

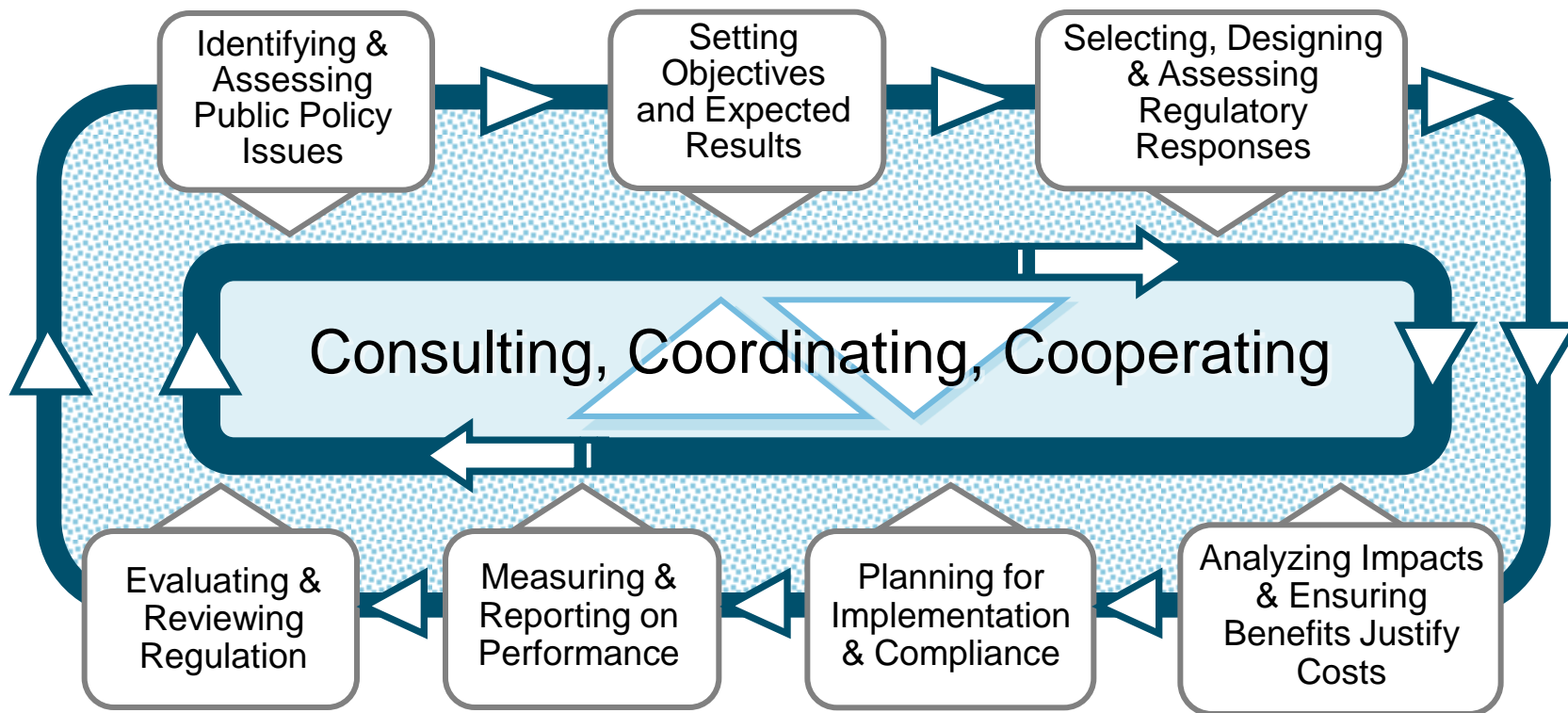
- Evidence-based, systematic process for describing, quantifying and managing risks to the public
- Implements performance-based approach to regulation
- Some of the key requirements include:
  - Lifecycle management approach
  - “Triage” of regulatory proposals
  - Better cost-benefit analysis (CBA)
  - New RIAS requirements



**Fundamental principle:**  
**Benefits must justify costs to society**



# Lifecycle Management Approach



RIAS provides a summary explanation of the government's plans and public commitments for each aspect of the regulatory lifecycle



# Triage

- Streamlines regulatory proposals into low, medium, high impact
  - 10% high impact
  - 35% medium impact
  - 55% low impact
- Focus analytical resources – proportionality
- Early opportunity for RAS to be informed of a regulatory initiative

# Triage Questions

- 10 questions to assess significance of impacts
- Early assessment based on expert opinion, available data, consultations - not in-depth analysis

	NO/NA	LOW	MEDIUM	HIGH
1. Public Health and Safety				
2. Environmental Impacts				
3. Social Impacts				
4. Public Security Impacts				
5. Economic Impacts				
6. Costs and Savings of the Regulatory Proposal				
7. Public Interest, Stakeholder Support and Potential Controversy				
8. Impacts on Regulatory Coordination and Cooperation				
9. International Trade Agreements, Obligations or Foreign Relations				
10. Legal, Policy/Government Priority or Other Impacts				

# Medium vs. High Impact RIAs

## MEDIUM IMPACT

1. Quantitative costs
2. Quantitative benefits *when data easily available*
3. Qualitative analysis of non-measurable costs and benefits

*Data easily available means:*

1. Literature review
2. Similar CBAs done elsewhere
3. Secondary data available in unit, department, StatsCan or from stakeholders at minimum cost

## HIGH IMPACT

1. Quantitative costs
2. Quantitative benefits *when possible*
3. Qualitative analysis of non-measurable costs and benefits

*Quantify when possible means:*

1. Every effort must be done to quantify and monetize both costs and benefits



# New RIAS Format

- As of April 1, 2008, new RIAS format
- Increased transparency and accountability in RIAS
  - Web links to risk analysis, CBA and other documents, as required
  - Cost-Benefit summary table
  - Summary of performance measurement and evaluation plans, as required
- Consistent with a risk based approach
  - More effort on high impact, less on low impact regulations



# Importance of RIAS

- RIAS = contract between the government and Canadians
- Contributes to transparency within the regulatory system
- Complements the consultation process
- Assists in decision-making
- Ensures accountability

# What Does RIAS Explain?



# Two Types of RIAS

Medium/High Impact RIAS	Low Impact RIAS
<ol style="list-style-type: none"><li>1. Executive summary</li><li>2. Issue</li><li>3. Objectives</li><li>4. Description</li><li>5. Regulatory and non-regulatory options</li><li>6. Benefits &amp; costs</li><li>7. Rationale</li><li>8. Consultation</li><li>9. Implementation, enforcement and service standards (required for high impact)</li><li>10. Performance measurement and evaluation</li><li>11. Contact</li></ol>	<ol style="list-style-type: none"><li>1. Issue and objectives</li><li>2. Description and rationale</li><li>3. Consultation</li><li>4. Implementation, enforcement and service standards (when required)</li><li>5. Contact</li></ol>



# Executive Summary

- Required for medium and high impact proposals
- Quick reference for readers – does the regulation matter to them?
- Maximum 60 lines long (1,000 words), covering the following topics:
  - Issue
  - Description
  - Cost-benefit statement
  - Business and consumer impacts
  - Domestic and international coordination and cooperation
  - Performance measurement and evaluation plan



# Issue

- This section is very important - it establishes the “baseline” for your RIAS
- Needs to be brief, clear and concise
  - what is the nature and magnitude of the problem or risk?
  - how will it evolve over time?
  - why is government intervention is needed?
  - who will be affected?
- Summarize risk assessment
- Web link to the full risk assessment
- Who will bear the costs and who will receive the benefits



# Objectives

- State the objectives in concrete terms
- Articulate the policy goal(s) and desired outcomes
- Describe the solution that the regulation is intended to provide
- Explain why government intervention is justified
- Explain policy context



# Description

- Describe the proposed regulatory action in clear and simple language
- Provide enough information to help readers determine if the proposed regulation will affect them and how
- Just the essentials – seldom necessary to draft more than 1 page
- Avoid detailing the history of the legislation or regulation beyond what is essential.
- Avoid citing section numbers of the Act or regulation as well as other non-essential details

*Tip: how would you describe the regulation if you were speaking briefly to a person who is only marginally aware of the issue?*



# Regulatory and Non-Regulatory Options

- Describe each of the regulatory and non-regulatory options considered in addressing the issue or risk identified, including the proposed regulatory action, and the key differences between the options.
- Address each of the viable alternatives/options considered, and offer a brief explanation of why these alternatives were not selected.
- Refer to *Assessing, Selecting, and Implementing Instruments for Government Action*.

*Tip: Treating each alternative in a separate paragraph adds clarity.*

# Benefits and Costs

- Quantify benefits, costs
  - Describe qualitative impacts
  - Assess distributional impacts
  - Report impacts on:
    - Economy
    - Administrative burden
    - Business
    - Consumers
    - Competition
    - Domestic and international trade
- CBA Summary Statement**



# Benefits and Costs

- Depth of Analysis
  - High impact proposals require a quantitative CBA –
  - Medium impact proposals require a quantitative/qualitative CBA
- Benefits should exceed its cost (considering both quantitative and qualitative cost and benefits)
- Also, demonstrate that regulation has been designed to maximize gains in relation to costs (maximize net benefits)

# CBA Summary Statement

Costs, Benefits & Distribution		Base Year	...	Final Year	Total	Annual Average
A. QUANTIFIED IMPACTS IN \$						
Benefits	<i>Stakeholders</i>					
Costs	<i>Stakeholders</i>					
Net Benefits						
B. QUANTIFIED IMPACTS IN NON-\$ – RISK ASSESSMENT, e.g. mortality, morbidity						
Positive Impacts	<i>Stakeholders</i>					
Negative Impacts	<i>Stakeholders</i>					
C. QUALITATIVE IMPACTS						
Short List of Qualitative Impacts (Positive and Negative) by Stakeholders						

# Example CBA Summary Statement: Sulphur in Gasoline Regulations

Costs, Benefits & Distribution		Base Year 2000	2001	Final Year 2010	Total	Annual Average
<b>A. QUANTIFIED IMPACTS IN \$</b> ( <i>Millions in 2000 prices</i> )						
Benefits	<i>Canadians</i>	0	484	...	5,641	564
Costs	<i>Refiners</i>	(1,940)	(143)	...	(3,227)	322
Net Benefits					2,414	241
<b>B. QUANTIFIED IMPACTS IN NON-\$ – RISK ASSESSMENT</b> , e.g. mortality, morbidity						
Positive Impacts on <i>Canadians</i>	<i>Premature Mortality</i>	0	84	...	932	93
	Asthma Symptoms Day	0	131,402	...	1,460,763	146,076
	Emergency Room Visits	0	270	...	3,008	301
<b>C. QUALITATIVE IMPACTS</b>						
<ul style="list-style-type: none"> <li>• Sulphate has been used as the index pollutant for quantifying the above health effects. The impacts of other pollutants such as sulphur dioxides, carbon dioxides, and nitrogen dioxides on air quality are not accounted for.</li> <li>• The total net benefits do not capture the impacts caused by the long range transport of air pollution.</li> <li>• No quantification has been made to the impact of sulphur reduction in gasoline on crop productivity and acidic deposition to roots that may cause reproduction or generation.</li> <li>• No quantification is made to the impact on potential visibility changes regarding the value of residential properties, national parks, wilderness areas, etc.</li> </ul>						

# Rationale

- Explains how the selected option flows from the analysis, including costs and benefits and consultation results.
- Describe:
  - why this option results in the greatest overall benefit
  - how it will meet the objectives stated above
  - how it is proportionate to the degree and type of risk presented by the issue.
  - cooperation and coordination efforts undertaken – with other departments and other governments
- Justify any Canadian-specific approaches
- See *Guidelines on International Regulatory Obligations and Cooperation* at [www.regulation.gc.ca](http://www.regulation.gc.ca).




# Consultation

- Summarize consultation process, the main substantive comments received views of consulted parties and how they were taken into account.
- Show who was consulted.
- Indicate what consultation mechanisms were used.
- Indicate when and how long the consultations were.
- Discuss the results of the consultation and whether the regulation changed as a result.
- Name any groups still opposed to the regulation, if necessary in a Supplementary Note to Ministers.
- For guidance see *Guidelines for Effective Regulatory Consultations* at [www.regulation.gc.ca](http://www.regulation.gc.ca)



# Implementation, Enforcement and Service Standards

- Identify the service standard associated with the regulatory program (when required), and describe how the department will monitor its performance against the standard.
- Explain mechanisms for ensuring compliance (including criminal law sanctions, ticketing, prohibition and corrective action orders, inspection, licensing, registration or other government approval requirements)
- Describe the means that will be used to detect non-compliance (e.g., inspection or testing) and
- Describe the penalties for non-compliance (e.g. fines, imprisonment, and taxes).



# Performance Measurement and Evaluation

- Clearly demonstrate that performance is being measured and how you will evaluate the effectiveness of the regulatory program
- Re-state the objectives in the form of measurable outcomes
- Indicate how you will monitor and adjust your regulatory program
- See the Guidelines for the Performance Measurement And Evaluation Plan (forthcoming) at [www.regulation.gc.ca](http://www.regulation.gc.ca).



# Contact

- Name, address and telephone number
- Contact should be knowledgeable about the proposed regulation and answer requests for information from the public after the RIAS is published.



# Low Impact RIAS

- Issue and objectives
  - brief statement of the issue
  - why government intervention is needed
  - objectives in brief bullet form
- Description and rationale
  - brief description of the proposed regulatory action
  - how the proposal will address the objectives
  - is proportionate to the degree and type of risk presented by the issue, and will not unduly impact other areas or sectors
  - brief, qualitative assessment of expected benefits and costs

# Low Impact RIAs...cont'd

- Consultation
  - Describe the consultation process
  - Summarize main views of consulted parties, and how they were taken into account
- Implementation, enforcement and service standards
  - When required, describe the implementation plan and compliance and enforcement strategies
  - Identify service standards and how performance against the standards will be monitored
- Contact



# Final Rules of Thumb

- Use everyday language
- Avoid long, complicated sentences and paragraphs
- Avoid technical terms, jargon or unfamiliar acronyms
- Be concise and stick to the key points
- Build arguments step by step
- Rework each sentence until every word counts -- ruthlessly cut back, reread your draft after a few days, and cut back again
- Ask a colleague who is unfamiliar with the subject to read through your final draft