

Summaries of Speaker Presentations

for the workshop on “Costs and Benefits: Two Sides of the Same Coin”

Christiane Arndt, Programme Co-ordinator Measuring Regulatory Performance, Regulatory Policy Division, OECD

Policy-makers need evidence to identify the most efficient and effective approach before they make a decision to use regulation. The *2012 OECD Recommendation of the Council on Regulatory Policy and Governance* (Recommendation) emphasises the importance of providing policy-makers with evidence of the costs and benefits of regulation and of alternative means of achieving policy goals. It recommends that Regulatory Impact Assessment should quantify the costs and benefits whenever possible and identify who is likely to benefit and who is likely to bear costs. This presentation will outline a new OECD project that will identify good practices and common principles to support countries in developing more effective systems for assessing the costs and benefits and economy-wide economic impacts of regulation and regulatory changes.

Prof. Volker Wittberg, Fachhochschule des Mittelstandes (FHM) (University of Applied Sciences), Bielefeld, Germany

Standard Benefit Model - Analysis of Sustainability Benefits in Regulation

The research project sponsored by the Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit, focusses on measuring the benefit of laws, using the example of sustainability. That is the benefit of the legislative decision itself in relation to the self-imposed legislature standards. At the moment no such systematic approaches exists.

The aim is to develop a benefit measurement/estimation model with which in the most comprehensive and at the same time most practical way benefits of legislation can be presented. It needs to be clarified in advance basically, what ever is the benefit of a law in general and what it means in relation to a in this context to be defined term sustainability. Sustainability is legitimately used for the benefit analysis of laws in Germany, according to several articles in the constitution and even by the highest German court.

Ken Warwick, Consultant and Member of the Regulatory Policy Committee, United Kingdom

Consideration of the costs and benefits of different policy options is fundamental to good decision-making in any area, including regulation. The UK system of Impact Assessment treats costs and benefits in the same way and seeks to incorporate all impacts in the analysis, including wider social benefits and costs. There are three steps to measuring impacts: Identify > Quantify > Monetise. The rule is monetise where possible, otherwise there is an expectation that costs and benefits will at least be quantified. If neither is feasible, then there should be a qualitative discussion of all impacts. Monetising benefits is often more difficult, but it is important because it can give context to costs, show where regulation is and is not justified, and encourage a more proportionate approach to regulation. Some examples will be given from UK experience of innovative approaches to monetising benefits. At the same time, it is recognised that, even with monetisation, rarely will it be possible to present an Impact Assessment in the form of a single number – so alternative presentations are needed.