



Regulatory impact analysis: Good legislation comes from good policy

“From policy to legislation” Conference

John Yeabsley NZIER
September 2009



And now for something completely different

Background experience:

- ▶ 25 years as policy advisor
- ▶ Intense 15 years as advice quality assessor
- ▶ Time on the LAC looking at legislation
- ▶ Working to develop, criticise, and work within policy and legislation

All supports strong simple view:



Good policy makes good legislation

Why?

Broadly good legislation:

- ▶ Satisfies the LAC guidelines
- ▶ Simplifies the statute book
- ▶ Works as intended without unanticipated consequences



Good policy

Good policy process for legislation has the following characteristics:

- ▶ Does the “expert” work – understands the problem
- ▶ Develops diverse possible solutions
- ▶ Considers practicalities – avoids surprises
- ▶ Keeps the solution “open” – allows for innovation



RIA fits in, where?

RIA is **Regulatory Impact Analysis**.

It addresses the big issues:

- ▶ What's this change going to do?
- ▶ What's the best option?
- ▶ Is it worth doing at all?

Strengths are:

- ▶ Frames up key issues
- ▶ Looks to a CBA
- ▶ Simplifies the story



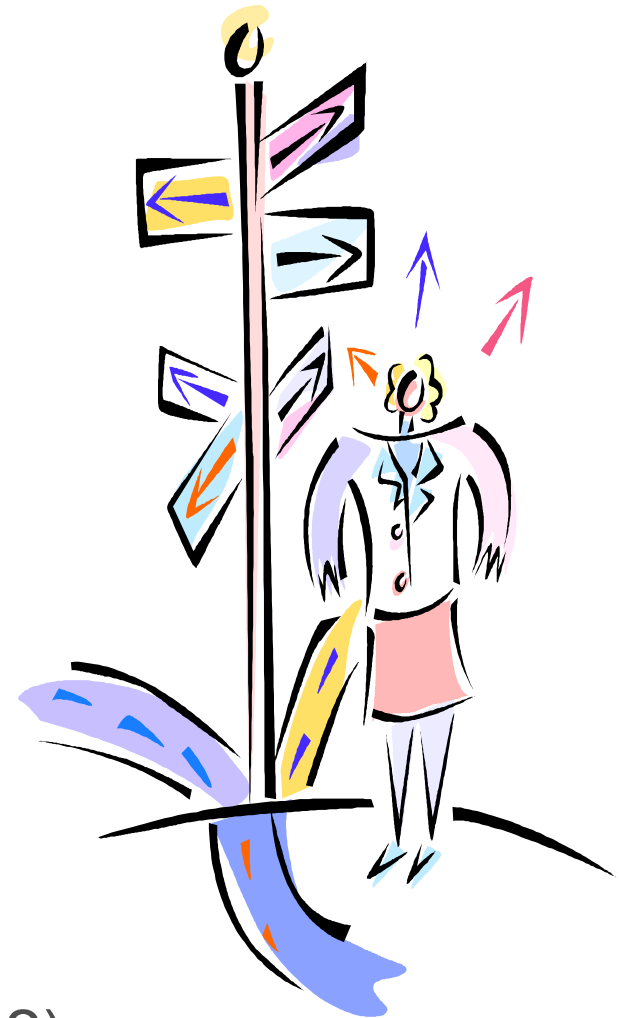
Policy process – basis for good legislation

Process will include the following detail:

- ▶ Real issue: what is broken? (our experience)
- ▶ High level approach selected? (our experience)
- ▶ Concrete mechanisms in legislation that fit LAC rules
- ▶ Tests possible problems (different options)
- ▶ Cost/ benefit

Aim: answers to all the questions likely, including:

- ▶ Why will it work (incentives; sanctions?)



Mandate – do it once & do it well

Good policy needs Cabinet approval.

Decisions like “informed consent”:

Non-experts get expert help to make
risky decision, on their own preferences

Complete advice, looks to RIA:

- ▶ Why model A & not model B?
- ▶ What's it cost per unit?
- ▶ Who wins and who loses?
- ▶ When is it fully operative?

Also is clear about:

- ▶ Choices to be made
- ▶ Risks that are being taken
- ▶ Fit into local & overseas law

