

# Purpose & Benefits of Regulatory Impact Analysis (RIA)

Regulatory impact analysis (RIA) is a systematic policy tool used to examine and measure the likely benefits, costs and effects of new and existing regulation.

Importantly, RIA provides the scope to explore regulatory alternatives such as performance-based and market-based approaches and non-regulatory alternatives such as self-regulation and deregulation.

OECD countries such as Australia, Canada, New Zealand, United Kingdom and the United States of America have well-established RIA systems that have delivered regulatory reforms and led to increased productivity and economic growth. In particular, regulatory reforms across key sectors such as electricity, airlines, road freight transport, telecommunications and distribution have delivered economy-wide benefits with lower costs, better services and increased competition.

Similarly, regulatory reform has improved the efficient design of social regulation such as occupational health and safety, environmental, building, planning, transport, public health, food, business and consumer services, and occupational and professional services. These reforms have lowered the cost to business and improved consumer choice.

OECD countries have also targeted the administrative burden associated with regulatory compliance and achieved significant reductions in government red tape. These reforms improve economic efficiency and remove barriers to trade and investment.

According to the World Bank study (2006), moving from the bottom quartiles to the top quartile of 135 countries adds 2.3% to average annual economic growth - even after controlling for other growth factors such as education, civil conflict, investment, and income.

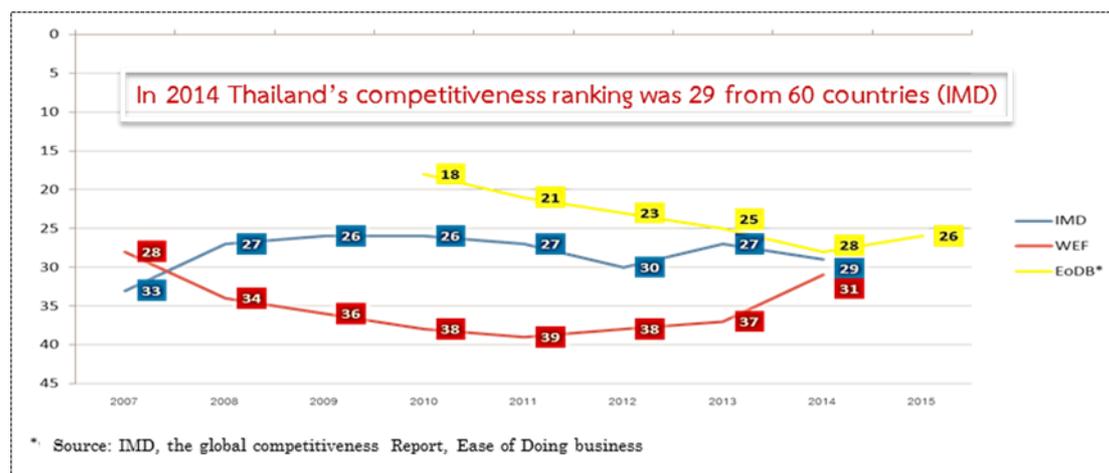
APEC developing countries such as Cambodia, Laos, Malaysia, Philippines and Vietnam are introducing RIA. Accordingly, it is important that Thailand embrace RIA to improve the quality of its regulation and remove restrictions on competition across its economy to facilitate economic growth, investment and employment.

# Why Thailand needs RIA

Global ranking of regulatory and competitiveness by the World Bank, World Economic Forum and the IMD Competitiveness Center shows that Thailand's legal and regulatory framework together with corruption have had a significant impact on its competitiveness and ease of doing business.

IMD Indicators (2014)	Thailand	Australia	UK	USA	Mexico	Malaysia
Country credit rating	38	12	14	8	32	31
Legal and regulatory framework	36	12	11	15	30	3
Adaptability of government policy	41	19	16	25	30	4
Government decisions	50	20	15	27	43	10
Transparency	57	14	16	21	48	18
Bureaucracy	33	14	15	22	45	8
Bribing and corruption	55	13	16	19	51	29

As can be seen below, the ease of doing business has deteriorated and Thailand's competitiveness has not improved over the past seven years.



# Thailand needs to develop RIA systems

OECD countries that have successfully implemented RIA have established an oversight body to assess the adequacy of RIAs, published RIA guidelines and cost benefit analysis handbook, public consultation guidelines and invested in RIA training to ensure government agency officers have the necessary skills to prepare high quality RIAs.

The Thailand Government adopted the OECD/APEC Checklist for Regulatory Decision-Making (a set of principle for best practice regulation-making). While the OECD/APEC checklist has a requirement to undertake RIA, the Thailand Government has not introduced institutional arrangements such as RIA guidelines, public consultation guidelines, cost benefit handbook, policies and training to give effect to the checklist.

Thailand Government departments are generally unaware of the RIA obligations, lack the ability and capacity to prepare RIA and have failed to prepare RIAs for new and amending legislation and regulations (RIA Situation in Thailand 2014).

RIA System	OECD countries	Thailand
OECD Checklist	<input type="checkbox"/>	<input type="checkbox"/>
Oversight Body	<input type="checkbox"/>	<input type="checkbox"/>
RIA Guidelines	<input type="checkbox"/>	<input type="checkbox"/>
Cost benefit handbook	<input type="checkbox"/>	<input type="checkbox"/>
RIA Training	<input type="checkbox"/>	<input type="checkbox"/>
Public Consultation Guidelines	<input type="checkbox"/>	<input type="checkbox"/>
RIAs for legislation & regulations	<input type="checkbox"/>	<input type="checkbox"/>

The development and implementation of a RIA system will enable government departments to prepare RIA, undertake evidence-based policy development and consult with affected stakeholders. As a result, RIA informs Government decision-makers of the impacts of different policy options and identifies the option that provides the greatest net benefit to the community.

The corruption impact assessment will identify corruption-causing factors in legislation/regulation and supporting institutional arrangements. This will enable Government to remove these corruption-causing factors and improve transparency and accountability as well as provide clarity, certainty and fairness.

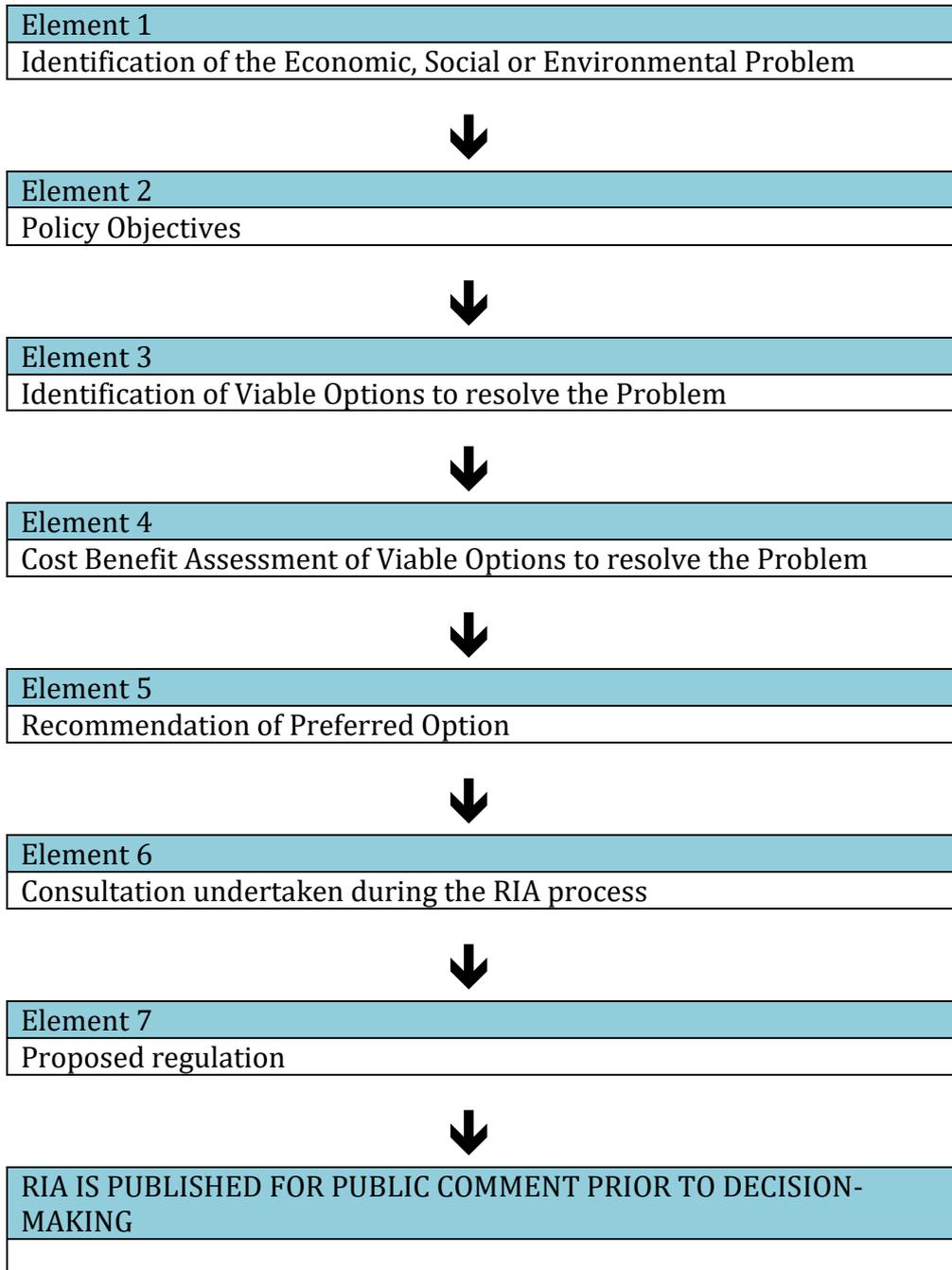
# Regulatory Reform Implementation Plan

<b>Office of Regulation Reform</b>	
<p>The Office of Regulation Reform is to be established within the Office of the Prime Minister and will have responsibility for providing oversight of the regulatory reform program:</p> <ul style="list-style-type: none"> <li>• RIA Guidelines</li> <li>• Cost benefit handbook,</li> <li>• Public consultation guidelines</li> <li>• Corruption impact assessment guidelines</li> <li>• Training program</li> </ul> <p>The Office of Regulation Reform will provide progress reports to the Prime Minister and the Council of State Ministers on departmental compliance with the RIA and CIA requirements, and publish an annual report on departmental compliance.</p>	

<b>Regulatory Impact Analysis</b>	
<b>New &amp; Amending Legislation/Regulation</b>	Legislation that imposes a cost on business and/or the community will be subject to a partial RIA (business compliance cost measurement, impact on Government budget, and where appropriate, regulatory fee assessment).
<b>Existing Legislation/Regulation</b>	Several government departments will trial a complete RIA (full cost benefit analysis) for existing legislation/regulation that has significant economy-wide impacts.

<b>Corruption Impact Assessment</b>	
<b>New and amending Legislation/Regulation</b>	Partial corruption impact assessments (only for ease of compliance burden and propriety of administrative discretion).
<b>Existing Legislation /Regulation</b>	Departments to develop annual plans that will identify the number and title of each piece of legislation the department has committed to undertaking a corruption impact assessment.

# Key Elements of Regulatory Impact Analysis



# Public Consultation

It is critical Government and stakeholders work together to develop efficient and effective quality regulation across the policy cycle.

## 1. Understanding the Problem

<b>Government</b> Analysis of the Problem	<b>Stakeholders</b> Provide data, evidence, information and advice on the size and costs of the problem
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## 2. Identifying Options to resolve Problem

<b>Government</b> Identify viable options to address the problem	<b>Stakeholders</b> Suggest options to address the problem
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## 3. Assessment of Options

<b>Government</b> Evaluate the costs and benefits of the viable options	<b>Stakeholders</b> Provide data, evidence, information and advice on the costs and benefits of the viable options
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## 4. Preferred Option

<b>Government</b> Recommend the option that provides the greatest net benefit	<b>Stakeholders</b> Provide feedback on analysis of the various options and the preferred option
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## 5. Implementation Issues

<b>Government</b> Consider and assess the appropriate timing for the introduction of a regulation	<b>Stakeholders</b> Provide advice on the time required to establish compliance systems and/or adjust to deregulation
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## 6. Periodic Review

<b>Government</b> Evaluate the effectiveness of the regulation and whether the regulation is still the most appropriate option to address the problem	<b>Stakeholders</b> Provide feedback on the way the regulation has affected them
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# Corruption Impact Assessment

Corruption-causing factors identified in legislation and institutional arrangements to be removed.

<b>Ease of Compliance</b>	
Adequacy of the compliance burden	Whether the level of expense and sacrifice borne by people, businesses, organizations to comply with legal responsibilities is appropriate and provides the best option at the least cost
Adequacy of the level of sanctions	Whether the content and level of penalties compared with those pursuant to similar laws are appropriate
Possibility of preferential treatment	Possibility of certain class, business, group or individual enjoying favor or benefit due to the application of laws
<b>Propriety of Administrative Discretion</b>	
Clearness of discretionary powers	Whether discretion (who has it, the scope of it, process to exercise it) is clearly and firmly defined
Appropriateness of the scope of discretionary power	Whether the scope of discretion given is appropriate in light of international and domestic norm
Concreteness and objectiveness of discretionary standards	Whether discretion related criteria or requirement to exercise it is specific enough to be applied to reality and objective enough to be translated as the same by the third person
<b>Transparency of Administrative Procedure</b>	
Accessibility and openness	Whether participation by people, businesses, organizations in the exercise of discretion or performance of duties is guaranteed, and there is special system for related information disclosure
Predictability	Whether required papers and steps, administrative handling process, period and results are easy to know and predictable
Corruption control system	Whether a special system to control corruption exists such as one to regulate corruption coming from efforts to avoid compliance burden or to seek favor, coming from face to face encounter during working

