

Regulatory Impact Analysis Course Curriculum for the Thailand Government

Objectives for the Course

Regulatory impact analysis (RIA) is widely applied by OECD and APEC countries. RIA provides government and the community with analysis of the nature and extent of economic, social and environmental problems to determine whether government intervention is justified, and the costs and benefits of regulatory and non-regulatory options to prevent or reduce a particular problem. This helps to facilitate informed decision-making in selecting the most superior option that addresses the problem; provided the benefits outweigh the costs.

The two-day course provides an introduction to regulatory impact analysis with a particular emphasis on the nature and extent of the problem. The analysis of the nature and extent of the problem provides the foundation for the RIA. In-depth analysis enables clear definition of the problem, the causes of the problem, the groups and or sub-groups causing the problem, provides the required data for the assessment of the benefits and helps to identify potential regulatory and non-regulatory options to address the problem.

Cost benefit analysis and some of the common complementary methodologies such as break-even analysis, cost effectiveness and multi-criteria analysis are also covered in the course. However, cost benefit analysis and other methodologies can be learnt from a wide array of textbooks and government cost benefit analysis guidelines and manuals. A list of resources is provided in the recommended reading list.

The objectives of the course is to clearly demonstrate the advantages of undertaking in-depth problem analysis that is evidence-based (supported with empirical evidence) and how this approach leads to the identification of better regulatory and non-regulatory outcomes that meet the policy objective but in a more efficient way.

Another key objective is to clearly demonstrate the identification of costs and benefits, particularly unintended consequences of an option and how this can lead to further economic and social problems.

At the end of the two-day course, participants should have grasped the conceptual thinking that is required to undertake an in-depth problem analysis and impact analysis. With this knowledge, participants can read RIA Guidelines and Cost Benefit Analysis Guidelines and apply the valuation and measurement of costs and benefits in a consistent and appropriate manner during the preparation of a RIA.

Case studies are used widely throughout the course to help participants to understand the key concepts.

Course Curriculum

Day 1 Topics

1. Objective of the Course

Participants should not be under any illusion that attending a two-day course on regulatory impact analysis will make them an RIA expert. Instead, the objective of the course is to focus on critical aspects that are not normally covered in RIA Guidelines and cost benefit analysis handbooks. In doing so, participants should be able to develop an appreciation of the critical appraisal and analytical skills required to undertake public policy analysis and to prepare a RIA.

The two-day course provides an overview of cost benefit analysis techniques. An intelligent person can download any of the recommended RIA Guidelines and cost benefit handbooks to obtain information on how to apply cost benefit analysis and other measurement methodologies. Most of these publications provide working examples that are self-explanatory.

Sections 2 to 4 provide background on the role of government, the different roles of government and the relevance of regulatory impact analysis in deciding whether there is a role for government in relation to a specific economic, social or environmental problem.

Sections 5 to 7 provide an overview of the assessment of regulatory and non-regulatory options using cost benefit analysis and other methodologies, the public consultation process and the application of corruption impact assessment to improve transparency and accountability.

Participants will learn that the preparation of a high quality RIA requires a wide range of skills and that most persons do not have all of the required skills. Hence, it is recommended, particularly for complex and high impact policy and regulatory issues, that a multi-disciplinary team approach (including seconding external experts from other departments and/or universities) should be undertaken to assist with the preparation of a RIA.

2. The Role of Government

Government policy seeks to improve efficiency by correcting a market failure. The main forms of market failure are:

- Market power;
- Natural monopoly;
- Imperfect information;
- Externalities; and,
- Public goods

Participants will learn the basic economic concepts of the main forms of market failure but also appreciate that governments have a track-record of regulatory failure.

3. Different Roles of Government: Economic, Social and Administrative Regulation

Economic regulation controls pricing and the entry and exit in specific industries. Economic regulation can have significant implications for market competitiveness, consumers and innovation. Social regulation controls business conduct and/or consumer behaviour. Administrative regulation controls the way a regulator interacts with regulated parties or controls the conduct of state-owned enterprises. Regulatory design for each of the three categories of regulation can affect the level of efficiency in the economy in different ways.

Participants will learn the basic taxonomy of economic, social and administrative regulation and the key features and the type of market failure associated with each type of regulation.

4. The Role of Government and the Relevance of RIA

To determine whether there is a role for government intervention into the market, government needs to firstly know the nature, size and causes of the problem, and secondly, identify feasible regulatory and non-regulatory options, and thirdly, undertake a cost benefit analysis of the identified options to ensure the option that provides the greatest net benefit to the community will address the problem.

Participants will learn the key attributes of regulatory impact analysis and the associated importance of public consultation, accountability and transparency in the regulation-making process.

5. RIA Structure

Regulatory impact analysis is a published document and comprises a standard set of elements that is contained in the RIA template to ensure a consistent approach is taken with the preparation of RIAs across the whole of government.

Participants will learn the purpose of RIA, the key elements of RIA and the critical parts of RIA.

5.1 Nature and Extent of the Problem

The analysis of the nature and extent of the problem provides the foundation of the RIA, and the quality of the analysis will determine the quality of identifying appropriate alternatives and the robustness of the cost benefit analysis of the alternatives (options) later in the RIA. In-depth problem analysis provides the basis for clear definition of the problem and the causes of the problem. In-depth problem analysis provides regulatory reform opportunities later in the RIA.

Using several case studies on economic, social and environmental regulation, participants will learn that in-depth problem analysis leads to the efficient design of regulatory and non-regulatory outcomes. By contrast, participants will learn the limitations of high level problem analysis and how this often leads to over-regulation.

Participants will learn the key questions that need to be explored and the steps or processes in undertaking problem analysis and how these steps and processes were applied in the several case studies. The case studies will show how in-depth problem analysis led to regulatory reform outcomes.

Participants will work together in selecting a policy or regulatory topic and identify and analyze the nature and extent of the problem using the key questions from the RIA Guidelines.

5.2 Policy Objective

The policy objective needs to be clearly defined and outcome focussed to ensure the selection of alternatives or options can potentially address the problem.

Participants will be provided with several good and bad RIA case studies to demonstrate how the drafting of policy objectives can impact the selection of alternatives (options) to address the specific problem.

5.3 Identification of Options

A fundamental stage in the policy development process is the identification and assessment of all feasible alternatives to the problem being addressed. Unless a full and proper assessment of feasible alternatives is undertaken, the regulatory proposal adopted may not represent the best solution to the problem. Thus, it is important to consider what the most effective tool will be to achieve the desired outcome.

Participants will learn the standard alternatives (options) that are normally considered: self-regulation, co-regulation, negative licensing, public information and market-based instruments; and the techniques for determining whether they are feasible to address a specific problem.

Day 2 Topics

5.4 Cost Benefit Analysis

The key steps of undertaking cost benefit analysis including an understanding of the economic concept of opportunity cost is required to enable the measurement of costs and benefits of alternatives (options) and identification of the superior option to address the stated problem.

The case study in the RIA Guidelines will be used to demonstrate the identification and measurement of costs and benefits to address a social problem.

Participants will learn the key steps in preparing a full and partial cost benefit analysis and work together identifying and analysing the costs and benefits of the policy or regulation they discussed in the nature and extent of the problem analysis from Day 1.

5.5 Other Methodologies

When the benefits of the policy options cannot be sufficiently or confidently quantified and monetized, a partial cost benefit analysis should still be undertaken with supplementary decision-making tools such as break-even analysis, cost effectiveness and multi-criteria analysis to assist in comparing or ranking options.

Participants will learn how to apply break-even analysis, cost effectiveness and multi-criteria analysis and the limitations of these methodologies.

6. Public Consultation

Public consultation is an integral part of the preparation of a RIA and needs to occur prior, during and after the preparation of the RIA. Public consultation with affected stakeholders helps to improve government understanding of the size and causes of the stated problem., to identify feasible alternatives (options) and to improve the robustness of the cost benefit analysis.

Participants will learn the key stages of public consultation across the policy cycle using the case study in the RIA Guidelines as well as good and bad RIA case studies.

7. Corruption Impact Assessment

The corruption impact assessment is designed to examine, evaluate and remove, where appropriate, corruption-causing factors in laws, regulations and other legal instruments.

The Guidelines are designed to assist government agencies with identifying corruption-causing factors in legislation, regulations and other legal instruments and the supporting institutional arrangements, and to develop and implement appropriate strategies to remove identified corruption-causing factors.

Participants will learn the key questions that need to be explored using case studies in the Guidelines to identify good and bad examples.

8. Recommended Reading Listing

Australian Government Handbook of Cost Benefit Analysis, 2006

[http://www.finance.gov.au/sites/default/files/Handbook of CB analysis.pdf](http://www.finance.gov.au/sites/default/files/Handbook_of_CB_analysis.pdf)

New Zealand Guide to Social Cost Benefit Analysis, 2015

<http://www.treasury.govt.nz/publications/guidance/planning/costbenefitanalysis/guide>

OECD Introductory Handbook for Undertaking Regulatory Impact Analysis RIA, 2008

<http://www.oecd.org/gov/regulatory-policy/44789472.pdf>

Thailand Government RIA Guidelines

Thailand Compliance Cost Measurement Framework

Thailand Government Public Consultation Guidelines

Thailand Government Corruption Impact Assessment Guidelines

Winston, C, Government Failure versus Market Failure, AEI Brookings Joint Center for Regulatory Studies, 2006

[http://www.brookings.edu/~media/research/files/papers/2006/9/monetary policy-winston/20061003.pdf](http://www.brookings.edu/~media/research/files/papers/2006/9/monetary_policy-winston/20061003.pdf)