

Lecture: “One year of the Senate’s experience of using Regulation Impact Assessment”.

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Abstract

In this paper we shortly presents the development Regulatory Impact Assessment (RIA) in USA, EU and Poland. Next we explain what is RIA and why is it worth using in legislative process. Also we add some basic information about principles, rules and methods usually used by analysts who make Impact Assessment of regulations. Because passed one year from this tools have been used in the legislative process conducted by Senate of the Republic of Poland we give some organizational information about it and presents examples, statistical data and conclusions derived from questionnaire completed by Senators. The aim of the questionnaire was to get to know the views of Senators concerning the suitability of RIA in parliamentary work as well as the quality of RIAs prepared by the RIA Team with regard to the Senate’s initiatives.

- I. **Regulatory Impact Assessment development.** With regulations playing an increasingly important role in the last decades as one of the main tools supporting the State’s activities, the regulatory environment is becoming more and more complex. In order to ensure the effectiveness (understood as achieving the objectives) and the efficiency (understood as the costs of the objectives to be achieved) of regulations, countries strive to enhance their procedures for drawing up regulations. The actions are taken under a movement known as the Better Regulation Agenda, with Regulatory Impact Assessment (RIA) being one of the tools used to modernise the regulatory policies. Following the evolution of RIA and its adaptation as a tool that can be implemented in new national and institutional environments, it is now recognised that RIA makes public policies more effective, transparent, interactive and accountable¹.

in USA. When once Reagan’s took office in 1981 he issued Executive Order 12911 mandated the use of cost-benefit analysis in the regulatory process. That step vested the Office of Information and Regulatory Affairs (OIRA). This institutions had authority to review agency regulations and required federal agencies to prepared regulatory impact analyses when the annual impact of regulations could exceed certain level (over \$100M). In 2003, OIRA issued the landmark Circular, A-4. This document standardized application cost-benefit analysis by US regulatory agencies and also provided some guidance on how to conduct Impact Assessment.

in EU.² The positive experiences of OIRA inspired top decision makers in European Institutions to initiate work on applying Regulatory Impact Assessment. In November 2000 EU ministers of public administration tasked a high-level advisory group to look at this issue in the context of the EU Lisbon Strategy. In the next year was adopted

¹ Analyst’s Academy, training materials – script.

² European Parliamentary Research Service, Claudio Collova

recommendations on Better Regulation the so-called Mandelkern Group. Finally in 2003 between the European Commission, European Parliament and Council of Ministers was concluded Inter-Institutional Agreement on Better Law-Making which contains a section on impact assessment. Under this agreement European Institutions recognize the potentially positive role of impact assessment in underpinning and improving the quality of legislation.

The European Commission by making a commitment to systematically consider the potential consequences of its major legislation have been playing important role in process applying and developing regulatory impact assessment and has put itself at the forefront of a wider move towards evidence-based policy-making. Now European Commission routinely attached to every significant legislative proposal Impact Assessment relating to social, economic and environment effects and the results of its analysis are fully and freely available.

The next important step was Inter-Institutional Common Approach to Impact Assessment. In 2006 the Parliament and Council undertake to carry out impact assessments when they consider this to be appropriate and necessary for the legislative process, prior to the adoption of any substantive amendment.

In June 2011, the European Parliament adopted an own-initiative report (Niebler report) on “guaranteeing independent impact assessment”, which welcomed the on-going development of the impact assessment process within the EU institutions as an important aid to better law-making during the whole policy cycle. The following year, with a view to strengthening the capacity of the parliamentary committees to engage in ex-ante work of various kinds, the Parliament’s Bureau established a dedicated Directorate for Impact Assessment and European Added Value.

in Poland. For many years, Poland has been focused on regular activities aimed at reforming the law-making procedures while taking into account best international practices. It has been observed that the competitiveness of businesses depends on the quality of legal environment. The country’s economic growth can be faster if the obligations imposed by law on business entities are only those necessary for the furtherance of public interest. By joining the OECD in 1996, Poland committed itself to meet the recommendations made by the organisation with regard to improving the quality of regulations³. In order to guarantee that those objectives would be achieved, RIA was incorporated into the process of legislative work at government level. This happened in 2001 when the then-current Rules of Procedure of the Council of Ministers were amended. Pursuant to the *Rules of Procedure of the Council of Ministers* of 19 March 2002 (reference of the Polish Official Journal: M. P. Nr 13, poz. 221), the outcomes of RIA were part of the justification attached to a draft normative act. In accordance with the then effective law, RIA was to be carried out for any government draft normative acts (bills and regulations), excluding a budgetary statute.

On the basis of the functioning of the RIA preparing system, the Council of Ministers judged in 2012 that actions needed to be taken in order to improve the quality of RIA prepared by administration. On the initiative of the Chancellery of the Prime Minister, systemic measures were taken in 2012, the essence of which was based on introducing the following pillars:

³ Recommendation C(95) 21 of the Council of the OECD on improving the quality of government regulation (adopted on 9 March 1995).

- appointing the Government Plenipotentiary for Better Regulations (the office was liquidated in 2016),
- appointing coordinators in ministries, in the rank of Secretaries of State,
- appointing the Team for Programming Government Work, which operates within the Chancellery of the Prime Minister and decides whether a draft is included on the list of government work,
- establishing models of regulatory testing and RIA,
- adopting, by the Council of Ministers, guidelines on the rules and manners of preparing RIA,
- establishing RIA Teams across all ministries (different organisational forms),
- the Head of the Chancellery of the Prime Minister was entrusted with coordinating the preparation of RIA in government administration, including the verification of RIA prepared by ministries.

Until April 2016 in Poland, the regulatory impact assessment had been obligatorily required on standardized form only to the governmental legislative process. Currently, the Senate of the Republic of Poland also employs the form used by the government to prepare RIA.

II. What is Regulatory Impact Assessment and why is it worth using? Regulation is an important tool available to Parliament. Well designed and properly targeted regulation helps deliver the community's economic, social and environmental goals. However, regulation can also impose administrative and compliance burdens on business, consumers, government and the wider community. These burdens must be weighed against the benefits that the regulation generates⁴.

A Regulatory Impact Assessment is a systematic policy tool used to examine and measure the likely benefits, cost and effects of new regulation. The need for RIA arises from the fact that regulation commonly has numerous impacts and that these are often difficult to foresee without detailed study and consultation with affected parties. This systematic process of questioning facilitates reflection on the important range of details to be taken into account. The final result conducted analyses is a document created before a new regulation is introduced which provide a detailed and systematic appraisal of the potential impact of new regulation, assess whether the regulation is likely to achieve desired objectives and the foreseeable benefits and costs. This document includes also recommendations that at final stage of the policy process, after the regulation is operable, should be conducted ex-post evaluation to assess whether regulation are operating in the manner that was expected.

By strengthening the transparency of regulatory decisions and their rational justification, RIA strengthens the credibility of regulatory responses and increases public trust in regulatory institutions and policy makers.

⁴ Guide to Better Regulation, NSW, November 2009

Identify costs and benefits. Thoroughly understanding costs and benefits is a key element of applying the better regulation principles. Costs and benefits of regulation can include compliance costs, economic impacts, social impacts and environmental impacts.⁵

- **Economic impacts** effects the allocation of resources, productivity, competition and innovation. Other economic impacts include opportunity costs (i.e. the benefits that would have been received from other options which will not be realized by the preferred option) and externalities (the costs or benefits or benefits arising from a transaction that do not accrue to either party to the transaction).
- **Social impacts** include such considerations as quality life, equity, achieving community norms, ensuring public health and safety, reducing crime and protecting human rights. While many of these impacts have a financial dimension, the full impacts are more difficult to quantify than pure financial and economic impacts because they often do not have a market value.
- **Environmental impacts** like improvements to air quality for example, can also be difficult to quantify in monetary terms because they are not traditionally valued in the marketplace but should be taken into account in any impact assessment process.

Compliance costs are the direct additional costs to businesses of performing the various tasks associated with complying with regulation. These costs relate to capital and production cost and administrative requirements. Examples include developing and maintaining reporting systems, obtaining professional advice, educating or training staff about new regulatory requirements and procedures, purchasing equipment or changing production processes and other activities involved in complying with regulation.

Effects on medium and small business. Particular attention should be paid to the impact of proposed options on small business. Regulation can have a disproportionate impact on small businesses. Often, small firms have to divert a greater proportion of their resources to meeting regulatory requirements. In addition, small businesses are less likely to have specialist staff (such as lawyers, accountants or human resource professionals) with detailed knowledge of regulation.

Principles to be followed during Impact Assessment:

- ✓ principle of proportionality – the scope of assessment is based on the object and scope of the impact (scale of costs and benefits) of a given solution (draft normative act); the principle does not condition whether Impact Assessment should be conducted or not, it rather specifies the workload and resources necessary in order to conduct it (in-depth analyses should be carried out for priority regulations which are envisaged to have a significant impact),
- ✓ macroeconomic indicators. *The Guidelines of the Minister of Finance on the use of common macroeconomic indicators to assess the financial impact of bills*⁶ should be taken into consideration while preparing IA for the public finance sector,

⁵ Guide to Better Regulation, NSW, November 2009

⁶ <http://www.mf.gov.pl/ministerstwo-finansow/dzialalnosc/finanse-publiczne/sytuacja-makroekonomiczna-i-finanse-publiczne/wytyczne>

- ✓ baseline scenario. When conducting Impact Assessment, one of the most important issues is to correctly define the so-called baseline scenario. A baseline scenario (also referred to as a "reference" scenario) is a hypothetical scenario with the draft regulation not being in force,
- ✓ incremental impacts. One of the important concepts is the incremental impact (benefits and costs) that occur over and above what would have occurred in the absence of the regulation. This means that conducted analysis should identified only the benefits and costs that are associated with the prepared regulation any not include any other effects that would exist whether or not the law is undertaken. In practise it is comparison between two scenarios: the baseline scenario which does not include the effects of regulation and one that does include,
- ✓ sensitivity analysis. Sensitivity analysis can be used to show changes in particular assumptions affect the outcomes of the impact assessment. Sensitivity analysis involves estimating outcomes using the plausible range of values for the uncertain inputs. The sensitivity analysis can demonstrate how the outcomes vary with changes in input assumptions. If outcomes are very sensitive to change in particular input, greater certainty about that input should be sought where possible to improve the assessment of costs and benefits.

How can be compared the benefits and costs of regulation? Information on benefits and costs can be of two basic types: quantitative and qualitative. Quantitative information is that which is expressed in numerical (sometimes monetary) terms. However, in most cases it will not be possible to assess all of issues quantitatively. Thus, qualitative information must also form an important part of analysis.⁷ Estimating the net impact of regulation involves assessing each of the costs and benefits. Costs and benefits can be compared across key stakeholder groups.

Analysis methods. RIA is conducted by comparing the costs against the benefits to be expected for all groups of entities concerned by the new law. The benefits should be presented on the basis of factual or estimated market prices. While estimating the benefits, the results of research, expert opinions and data from previous programmes could be incorporated and, taking into account the specificities of the groups being assessed, used for comparison. However, it is not always possible to specify the impact of regulations in a quantitative manner; in such situations, it is enough to describe the outcomes qualitatively.

The most important method used in RIA is **costs benefits analysis**. Costs benefits analysis involves expressing all relevant costs and benefits of regulatory proposal in monetary terms in order to compare them on a common temporal footing. This technique is most usefully applied to proposals where the major benefits can be readily quantified.

⁷ OECD, Introductory Handbook for Undertaking Regulatory Impact Analysis (RIA)

Data. The information required to estimate impacts can come from a range of sources, including consultation with businesses, industry associations and peak bodies and surveys or data from organisations such as the Bureau of Statistics but obtaining high quality data is basic challenge for RIA. Without good data, RIA will contribute relatively little to good policy-making. But data collection can be a time-consuming and expensive exercise.

III. Regulation Impact Statement. It is a document that details the RIA process, including: the problem requiring intervention, the proposed regulation and its alternatives, consultation). The document comprises the following parts:

0. Regulation's particulars This part should include basic information on the effects of the regulation: preliminary name of the regulation, persons responsible for the draft regulation (senator, legislator, RIA expert), basis for the regulation (ruling of the Constitutional Tribunal, petition, others).
1. What is the problem to be solved? This part should include the essence of the problem (e.g. market failure, demand for the public good, high transaction costs, barriers to running an economic activity) and its practical dimension (e.g. insufficient protection of lessees, insufficient comfort and long duration of rail travels, existing administrative burdens of a given regulation). When the field is filled in correctly and concisely, it will be possible to understand the problem to be solved along with its scale and causes. When the problem is being defined, it is vital to verify the sources of knowledge concerning it so that its description can specify what the affected entities are and how numerous they are.
2. Recommended solution, including intervention tools to be applied and effects to be achieved. In this part, the proposed solution to the problem specified in item 1 should be described, including the intervention tools to be implemented under the draft regulation. Furthermore, the effects resulting from the regulation should be specified. The effects should be defined in a clear, measurable and time-specific way – in accordance with the SMART principle.
3. How has the problem been solved in other countries, in particular in OECD countries/EU Member States? This part should include a description of the methods that have been used to solve an analogous or similar problem in countries with a similar legal culture.
4. Entities to be affected by the regulation. This part should include information on natural persons, legal persons and entities without legal personality that will be affected by the proposed regulation. The group identified in that way will be similar to, but not necessarily equal with, the group of entities affected by the problem to be solved. The group of entities to be affected by the regulation should be supplemented with the institutions taking part in solving the problem. The number of the entities (with specifying sources of data used) should be estimated and the nature of the regulatory impact on a given group should be described.
5. Information on the scope, duration and summary of outcomes of consultations. In this part, the outcomes of public consultations conducted and opinions given should be discussed; it should be specified which entities expressed their positions or opinions, the positions and opinions should be discussed and addressed by the proposing authority.

6. Outcomes of impact analysis. Items 6, 7, 9 and 10 of the Regulation Impact Statement should include brief descriptions of the outcomes of the conducted analyses with regard to the regulation's impact on:
 - the public finance sector, (6),
 - the competitiveness of economy and the entrepreneurship, including SMEs
 - families, citizens and households, (7),
 - the labour market, (9),
 - other areas (natural environment, local situation and development, demography, state-owned property, computerisation, health, others), (10).

8. Change of regulatory burdens (including information obligations) imposed by the regulation. Regulatory burdens are any tasks that the entities (regulation's addressees) have to perform in order to implement the regulation's provisions. In order to safeguard the public interest, the State takes different measures with regard to enterprises and natural persons that oblige these entities to perform or avoid certain activities. These are legal obligations. The regulatory burdens are obligations which the entities would not have to comply with if there was no legal obligation. In order to calculate the compliance costs, it is necessary to know the number of entities and average incurred costs.

11. Planned implementation of legal act's provisions.

12. How and when will the effects of the regulation be evaluated and what indicators will be used? In this part, the indicators to be used should be described and the time limits for ex-post evaluations should be specified. It is important to develop performance indicators based on the objectives of regulations. Such 'outcomes' based performance indicators should be reported alongside the more traditional 'output' or process-based indicators like the timeliness of decision making and approval processes and indicators of compliance and enforcement activity.

13. Annexes (important source documents, studies, analyses, etc.).

IV. Role of consultations impact on draft regulation and RIA. Consultations are an opportunity to exchange views and they are of key importance when it comes to involving citizens in the process of decision-making. The main objective of consultations is to improve the quality of decision - and law-making. It is possible to identify mistakes and prepare a more balanced solution after becoming acquainted, as early as possible, with opinions expressed by different parties. By doing so, one can take into account different needs of citizens, entrepreneurs, groups, communities and institutions of civil society while preparing the solutions. By participating in consultations, citizens and institutions are a source of knowledge and recommendations for administration because they provide it with support with regard to collecting missing data, broadening knowledge concerning social and economic problems and presenting different views on a particular issue. Furthermore, the aim of consultations is to spread information concerning the actions being taken; consultations may lead to greater acceptance for the solutions being implemented. Consultations contribute to building civil society, as they provide citizens with the opportunity to participate in the country's political and economic life and give them the right to express their opinions concerning the government's plans and work.

Effective consultation is fundamental because ensures that the regulator and the regulated have a good understanding of the problem, potential administrative and compliance mechanisms, and associated benefits, costs and risks.

V. RIA in the Senate of the Republic of Poland. Regulatory Impact Assessment has been prepared in the Senate since April 2016 by the employees of the RIA Team. The RIA Team operates within the Legislative Office of the Chancellery of the Senate. The Team is composed of RIA experts – persons with an economic degree and experience concerning RIA in the government legislative process and concerning analytical work. Currently, the Team consists of 2 persons. The Team’s tasks involve mainly conducting impact assessment with regard to Senate legislative initiatives (submitted by a group of Senators or by Senate Committees, including bills prepared following the consideration, by relevant Committees, of rulings of the Constitutional Tribunal, petitions, public statements of the Commissioner for Citizens’ Rights and reports of the Supreme Chamber of Control) as well as selected amendments to bills passed by the Sejm. The obligation to prepare RIA with regard to Senate legislative initiatives does not stem directly from the provisions provided for in the Rules and Regulations of the Senate. In accordance with the Rules and Regulations, a draft bill is accompanied by a justification which should include, among other things, social, economic, financial and legal effects to be achieved; however, the Rules and Regulations do not specify in detail the form in which the effects should be presented or whether the Regulation Impact Statement is to be used or not.

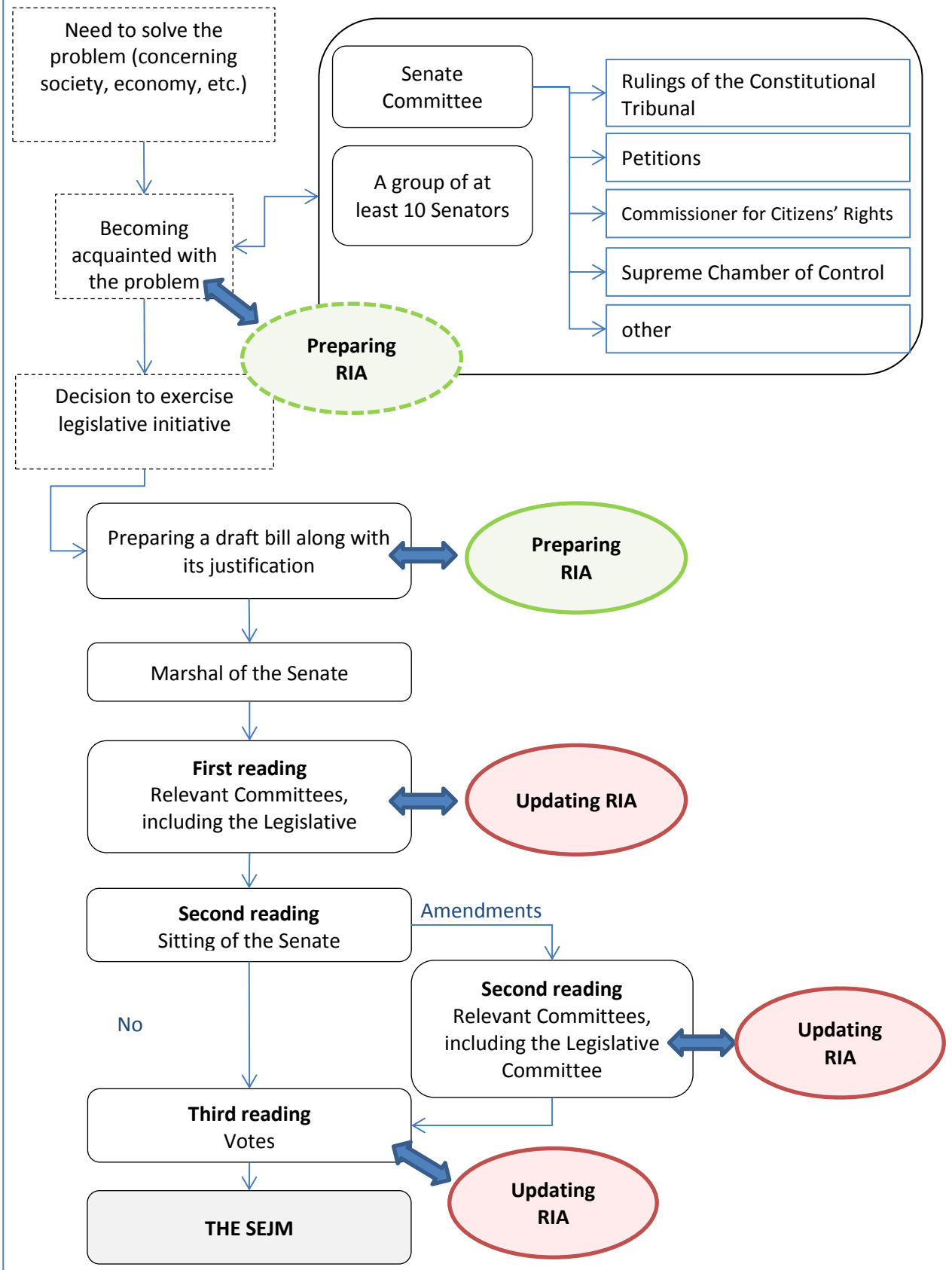
VI. Development process of RIA in the Senate of the Republic of Poland. In most cases, Regulatory Impact Assessment is prepared while drawing up a bill (apart from bills submitted by a group of Senators; in such case, the first version of RIA is prepared during the first reading). In exceptional situations, RIA is conducted at the stage of becoming acquainted with the problem, e.g. when the Legislative Committee examines a ruling of the Constitutional Tribunal or when the Human Rights, Rule of Law and Petitions Committee examines a petition. RIA is updated at each stage of legislative work in the Senate – among other things, following amendments submitted with regard to the bill during the first and second reading. During the first reading, RIA is supplemented with a description of the outcomes of the bill’s social consultation and it is updated with the information and data used in the estimations.

It is worth noting that the Team has a short time limit for preparing and updating RIA. The time limit is not strictly defined, it rather stems from relevant schedules of work of Senate Committees and the Senate. As for preparing RIA, the Team has the biggest amount of time when the bill is being drawn up, and it has the smallest amount time in case of adopting amendments to the bill during the second reading. Depending on the type of intervention, preparing RIA takes between several days and several weeks. Once the first reading has been finished, there are several days left for the Team to update RIA; whereas when amendments to the bill have been adopted during the second reading, RIA is updated on the same or the following day.

Despite short time limits, preparing and updating RIA at each stage of work concerning draft bills has not been contributing to any lengthening of the legislative process so far.

A simplified scheme of the Senate’s legislative initiative process, which includes preparing and updating RIA, is presented below.

Simplified scheme of the Senate's legislative initiative process

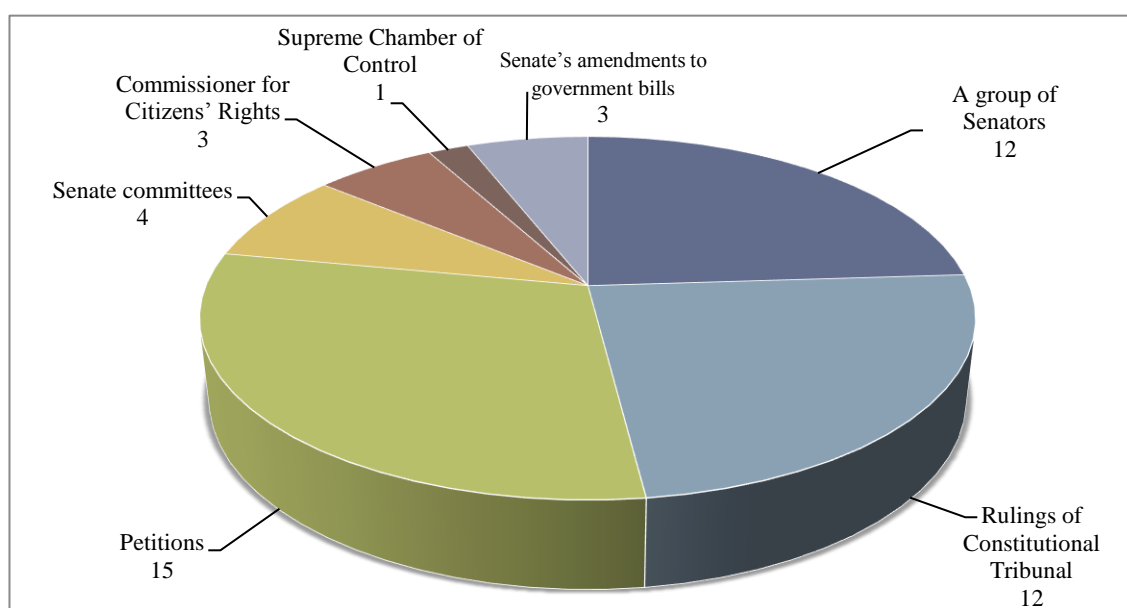


Source: Own work

VII. Outcomes of work of the RIA Team. Since April last year the Team has prepared **50** Regulatory Impact Assessments (approx. 3 per month), including 45 with regard to bills that have been the Senate’s legislative initiatives. RIAs have been prepared with regard to:

- 15 proposals included in petitions,
- 12 bills submitted by a group of Senators,
- 12 rulings of the Constitutional Tribunal,
- 4 bills submitted by Senate Committees,
- 3 prepared as a result of public statements of the Commissioner for Citizens’ Rights,
- 1 prepared as a result of a post-audit report of the Supreme Chamber of Control
- as well as 3 amendments of the Senate to government bills.

Chart 1: Division of RIAs prepared by the Team.



Source: own work.

VIII. Examples of RIAs prepared in the Senate of the Republic of Poland. A vast number of the Senate’s legislative initiatives are projects of paramount importance as they have serious consequences for public finances, citizens and enterprises, as well as because of their subject matters which evoke interest of society and the media. 27 out of 50 intervention proposals, for which the Legislative Office of the Chancellery of the Senate has prepared RIAs, have had substantial effects on the public finance sector and 10 have had substantial effects on the enterprise sector.

Examples of bills with a substantial impact on public finance include: (1) amendment to the Excise Duty Act, (2) petition to restore old, more advantageous rules for calculating the amount of pension for female pensioners born in 1953 who used the opportunity of early retirement, and (3) ruling of the Constitutional Tribunal concerning an increase in tax-free income.

- Example 1. The aim of **the amendment to the Excise Duty Act** is to solve problems resulting from the differentiation of excise duty rates. In accordance with the provisions in force in Poland, the percentage of duty on passenger cars depends on their engine capacity and amounts to: 3.1% for an engine capacity no bigger than 2000 cm³ and 18.6% for an engine capacity greater than 2000 cm³. Such solution has led to different actions aimed at reducing or evading tax (e.g. through the undervaluation of the customs value of a vehicle, the registration of passenger cars as lorries, as well as the registration of luxurious cars with large engine capacities abroad, where the first-registration taxation is substantially smaller). It is recommended to introduce new excise duty rates (in the form of fixed amount and ones that are more differentiated), depending on engine capacity and standards for exhaust emissions. As estimated, thanks to the regulation, the State's annual revenues will increase by approx. PLN 300 million (at the expense of citizens). Currently, work on the draft bill is underway in the Sejm.
- Example 2. A petition concerning **women born in 1953 who used the opportunity of early retirement** was referred to the Senate in connection with the change of the rules for calculating the amount of pension for so-called "early" pensioners. The change has been effective since 1 January 2013 when less advantageous pension solutions were introduced. Some "early" pensioners could switch to regular retirement and have its amount calculated based on the old – more advantageous – rules. Women born in 1953 could not take advantage of that opportunity, as they attained the regular retirement age when the less advantageous law was in force. It was relevant, in that regard, that when the women decided to retire early, it was impossible for them to foresee any disadvantageous changes of the law. The aim of the draft bill was to restore the old rules for calculating the amount of regular pension for female pensioners born in 1953 who used the opportunity of "early" retirement. It was estimated that due to the regulation, the State budget expenditures would increase by PLN 220–250 million (a budget cost that would bring profits to some citizens). Because of its large financial impact, the bill was rejected in the third reading in the Senate.
- Example 3. The Constitutional Tribunal ruled that **the amount of tax-free income allowance** in Poland is too low because it did not ensure at least a minimum standard of living. Therefore, a legislative initiative was considered in order to more than double the tax-free amount for persons with the smallest income and then to reduce it gradually to the old level for persons with higher income. It was estimated that on balance the public finance sector could lose about PLN 1.5 billion a year due to that solution. Because of its enormous impact, no legislative initiative was taken up. However, a similar mechanism was introduced by the Senate's amendment to a government bill (additionally, the tax-free amount for the highest earners was abolished to reduce the financial impact).

The draft bill concerning **reducing food waste** is an example of intervention with a substantial impact on the enterprise sector. The bill provides for the imposition of food waste charges on shops with an area over 250 sq. m. As estimated, the total annual amount of food waste charges to be paid by shops will be about PLN 276,000.

IX. RIA according to Senators – questionnaire . The aim of the questionnaire was to get to know the views of Senators concerning the suitability of Regulation Impact Assessment in parliamentary work as well as the quality of RIAs prepared by the Legislative Office with regard to the Senate’s initiatives.

The survey was conducted using the questionnaire in paper form. The questionnaire consisted of 7 closed-ended questions, 1 open-ended question and some data of a respondent. The questions in the questionnaire concerned: (1) overall suitability of RIA and benefits related to the use thereof, (2) assessment of the quality of RIAs prepared by the Legislative Office of the Chancellery of the Senate and preferences related to the ways of presenting the results of analyses and the methods applied, (3) introducing possible changes in order to adapt the tool to the Senators’ needs.

The survey was conducted during the 43rd sitting of the Senate of the Republic of Poland of the ninth term of office which took place on 21-22 June 2017. About 84 Senators participated in the sitting and 29 Senators filled in the questionnaire, which means about 35%. The questionnaire was anonymous. Based on the questionnaire, the respondents could only be identified with regard to their education and parliamentary tenure.

In question no. 1, the respondents were asked whether they agreed with the following three statements arguing that RIA helped: (1) pass good quality laws; (2) develop a provision for effective achievement of a regulation’s objectives; (3) draw up a regulation in such a way so that an optimal ratio of costs and benefits of a regulation can be achieved. With regard to that question, the Senators were consistent in their opinion that RIA helped pass good quality laws (45% of respondents said “definitely YES”, 48% – “YES”). The remaining 7% said it was “hard to say”. 86% of respondents (24% of answers: “definitely YES”, 62% – “YES”) also agreed with the statement that RIA helped develop a provision for effective achievement of a regulation’s objectives. 14% of respondents said it was “hard to say”. In turn, 66% of Senators (21% said “definitely YES”, 45% – „YES”) agreed that RIA helped achieve an optimal ratio of costs and benefits of a regulation and 34% of respondents said it was “hard to say”.

In question no. 2, the Senators were supposed to answer how often they used RIAs attached to draft regulations (both to the Senate’s initiatives and government bills submitted by the Sejm). 34% of Senators responded that they read most of RIAs if they were attached to draft bills, 41% of Senators read RIAs attached to draft bills if they found the bills important (because of their substantial financial impact or the media’s or society’s interest), the remaining 24% of Senators read RIAs sometimes or very rarely.

In the next question (no. 3), the Senators were asked to evaluate the quality of RIAs prepared by the Legislative Office of the Chancellery of the Senate. The questions concerned the fact whether RIAs:

- (1) contained sufficient information and a sufficient number of analyses,
- (2) inspired trust and were suitable to use when making decisions,
- (3) were factual, objective and unbiased, and
- (4) were legible and comprehensible. With regard to the questions above, most frequently the Senators said “YES” and “definitely YES”.

Table 1: The distribution of questionnaire replies.

RIAs prepared by the Legislative Office of the Chancellery of the Senate:	Definitely YES	YES	Hard to say	NO	Definitely NO
contain sufficient information and a sufficient number of analyses	14%	66%	17%	3%	0%
inspire trust and are suitable to use when making decisions	24%	76%	0%	0%	0%
are factual, objective and unbiased	24%	59%	17%	0%	0%
are legible and comprehensible	24%	72%	3%	0%	0%

Source: own work on the basis of the questionnaire results.

Later on in the questionnaire, the Senators were asked to indicate which element of RIA is most useful in their opinion – it was possible to choose more than one answer. In accordance with the answers, the most useful elements were: problem description (62% of respondents indicated that element) and recommended solution (52%), as well as international comparison and impact on citizens (in both cases the element was indicated by 45% of respondents).

Questions no. 5 and 6 concerned the preferred form in which information, methods and outcomes of RIA were presented. Most of the Senators (62%) were in favour of a shorter and less detailed form of presentation, with a brief description of information and with no description of details. With regard to the methods and discussing the results of analyses, the Senators preferred a more detailed presentation of the results and methods of calculations (including the assumptions) – as responded by 55% of Senators. 17% of respondents indicated that some pieces of information could be included rather in annexes. 34% of respondents wanted RIA to contain only the most important conclusions and results of analyses as well as the key data and assumptions (without describing the methods in detail).

In question no. 7, the Senators were asked if they thought that the Legislative Office of the Chancellery of the Senate needed to prepare RIAs with regard to bills passed by the Sejm for which RIAs had not been prepared (draft bills of Deputies, citizens and the President). Most of respondents (93%) answered the question positively, and 45% of them thought that was necessary only for selected bills.

At the end of the questionnaire, the Senators could – in an open-ended question – propose changes to RIAs prepared by the Legislative Office of the Chancellery of the Senate so that the tool can be better adapted to the Senators' needs. According to two answers, it was necessary to prepare detailed international comparison with regard to draft bills.

On the basis of the obtained data, the following conclusions were made:

- (1) The Senators recognise **the importance of Regulatory Impact Assessment in the legislative process**, which emphasises the need to satisfy effectively the needs of citizens and economy and to strengthen the role of substantial arguments in the law-making process.
- (2) The Senators use this tool in the parliamentary work.
- (3) With respect to RIA, they value highly **description of problem and recommended solution**, which emphasises the fact that it is easier to evaluate correctly the

suitability and effectiveness of a draft legislative solution once the regulation's objective has been clearly stated.

- (4) Furthermore, the Senators find **international comparison** important because it is a source of information on different ways of solving the same problem and on effectiveness of similar solutions in other countries, as well as their **impact on citizens**, which emphasises the need to pass effective laws – which are adjusted to the needs of citizens.
- (5) **RIAs prepared by the Legislative Office of the Chancellery of the Senate are evaluated positively by the Senators.** The Senators agree that RIAs are factual and objective as well as inspire trust and are suitable to use when making decisions. The respondents do not see the need to introduce significant changes to RIAs.
- (6) Apart from that, RIAs are **comprehensible for all Senators** – regardless of their education and experience, which means that no economical or legal knowledge is needed to understand the essence of the problem to be solved or the analysed results concerning the bill's impact on the budget of public finance entities and economy.
- (7) Furthermore, the Senators point out to **the need for a wider use of RIA** and access to related knowledge (also in the case of draft bills of Deputies, citizens and the President for which no RIA is prepared).
- (8) With regard to the way of presenting information in RIA, concise information is preferred. However, in case of methods and results of analyses of the bill's impact, the Senators prefer **a more detailed presentation of analysis results, methods of calculation (including the assumptions) and source data** – which translates into transparency and accessibility of the passed laws (disseminating knowledge about potential impact of draft regulations).

X. Summary and conclusions one year of the Senate's experience of using Regulation Impact Assessment:

- ✓ RIA is a tool that makes public policies more effective, transparent, interactive and accountable,
- ✓ Decision-makers recognise the importance of Regulatory Impact Assessment in the legislative process, which means that the role of substantial arguments in the law-making process needs to be strengthened,
- ✓ The challenge is to obtain good statistical data which are necessary for preparing Regulatory Impact Assessment. Without good data, RIA will contribute relatively little to good policy-making. But data collection can be a time-consuming and expensive exercise,
- ✓ Despite short time limits, preparing and updating RIA at each stage of work concerning draft bills has not been contributing to any lengthening of the legislative process so far.

References

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Attachment

Presentation: *One year of the Senate's experience of using Regulation Impact Assessment*