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Regulatory Impact Assessment In Portugal
“How Much does it cost?”

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Presentation outline

→ Concept
→ Objectives
→ Framework
→ History
→ Implementation
→ Object / costs
→ SME Test / CIA
→ Information spreadsheet
→ Statistics
“How Much does it cost?”

Concept

Legislative Impact Assessment

*Ex ante* systematic regulatory impact assessment tool, focused on the identification and calculation of administrative burdens and other compliance costs imposed on individuals and on businesses by legislative initiatives to be approved by the Portuguese Council of Ministers.

→ a contribution to Better Regulation Programme
“How Much does it cost?”

Objectives

- Support the political decision making
- Improve regulatory efficiency and introduce economic rationality
- Eliminate, reduce and/or mitigate administrative burdens and compliance costs for firms (*context costs*)
- Implement a *culture of assessment and simplification* and promote administrative modernisation
- Improve law making practices and the quality of regulation
- Strengthen the rational when *communicating legislative initiatives adopted by the Government*
“How Much does it cost?”

Framework

Government’s Programme

• *Ex ante* impact assessment of relevant legislation (in particular, legislation imposing costs for SMEs) as an action aiming to improve the quality of regulation.

The SIMPLEX+ 2016 programme includes 255 measures

• “Custa Quanto?” – “How much does it cost?”

Impact assessment in EU / Portugal

History

- Recommendation of the Council on Improving the Quality of Government Regulation
- Impact assessment and public consultation in the EU
- Action plan to reduce administrative burdens at the EU
- Recommendation of the Council on Regulatory Policy and Governance
- Better Regulation Package
- Interinstitutional Agreement
- Better Regulation Report and toolbox Revision


Simplex Programme
Simplegis Programme
“Custa Quanto?”
RCM no. 44/2017, 24th March
RCM no. 74/2017, 8th June

Manuel Cabugueira

The Road to Regulatory Impact Assessment in Portugal
Resolution of the Council of Ministers no. 44/2017, 24th of March, enacts the measure and establishes the framework for the Legislative Impact Assessment:

- The impact assessment is created as an integrated part of the legislative procedure;
- Coordination is attributed to the Presidency of the Council of Ministers;
- A Technical Unit for Legislative Impact Assessment (UTAIL) was created within the Legal Centre of the Council of Ministers (JurisAPP);
- The sectorial Ministries and a network of contact points within the sectorial public administrative bodies are responsible for the completion of each the assessment;
- During the first year, 2017, this measure was implemented as a pilot project:
  - The impact assessment was focused on the calculation of the administrative burdens and compliance costs for firms, giving particular emphasis to the impact on SME (SME test);
  - It also implements a Competition Impact Assessment procedure;
  - The measure was under scrutiny at the beginning of the year – OECD report.
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Implementation

Resolution of the Council of Ministers no. 74/2018, 8th of June, establishes the Legislative Impact Assessment as a definitive part of the Portuguese legislative process providing UTAIL with a wider scope of intervention.

- Extends the analysis to include:
  - The assessment of the administrative and compliance costs for citizens;
  - The impact assessment was focused on the calculation of the administrative burdens for firms;
  - SME test;
  - It also implements a Competition Impact Assessment procedure;

- Opens the possibility for the future inclusion of the impact assessment on public administration and the implementation of a cost-benefit analysis;

- Promotes the impact assessment of European legislation;

- Introduces the possibility of ex-post evaluation;

- Promotes the stakeholder engagement.
The Legislative Impact Assessment is implemented by a network of focal points within the ministries and several contact points in public administration bodies in close collaboration with the Technical Unit for Legislative Impact Assessment (UTAIL).

The UTAIL acts as a supervising body that supports the implementation of LIA:

- developing the impact assessment methodology,
- giving technical support, providing training to the Ministries and other public administrative bodies and
- producing a final report for each impact assessment analyses (RAIL).
“How Much does it cost?”

Implementation

A: Collection of information
   - Data processing
   - Filling the Information Sheet

B: Involvement of UTAIL in the support to the fulfillment of the IF and collaboration in the collection and processing of information

C: Delivery to the Cab. of the SEPCM
   - Decree-Law project
   - Justification Note
   - Information Sheet

D: Formal verification
   D.1.: Without Information Sheet or missing information
   D.2.: With IF and complete info.

E: Preparation and submission of RAIL

F: Preparation and submission of RAILP (preliminary report prepared when information is incomplete)
"How Much does it cost?"

Object

Regulatory Impact Assessment
+ Environmental impact
+ Social impact
+ Economic Impact

Qualitative analysis

Quantitative analysis

Administrative burden

Compliance costs

Cost Benefit analysis

Global Model

Behaviour analysis

Benefits identification

Cost estimation

Cost estimation

Cost estimation

Benefits monetization

Total Cost Monetization

Benefits identification

Cost estimation

Cost estimation

Cost estimation

Benefits monetization

Total Cost Monetization

Identify / quantify / monetize, impacts:
- direct
- indirect
- dynamic
- structural

• Regulatory design
• Behaviour analysis
• Perception

+ Benefits

+ Costs for businesses

+ Costs for citizens

+ Costs for public administration

+ SME

+ Competition / markets

SME test

Competition Impact Assessment
“How Much does it cost?”

Types of Costs

- **Direct Costs**: Payments to the state (e.g., fees, financial contributions to a public body)

- **Administrative Costs**: Costs that are supported by citizens or firms when they spend time and allocate other resources to comply with obligations established by law.

- **Specific Financial costs**: Costs related to investments in an asset that are specifically relate to the compliance of an obligation established by law.

- **Non specific financial costs**: Costs related to investments in an asset that might have other uses besides the compliance of an obligation established by law.
Council of Ministers Resolution no. 44/2017, 24th of March, establishes that a special attention must be given to the impact assessment on SMEs:

• In the framework of the European program – “Think Small First”;

• It should be taken into consideration:
  
  o the possibility of an exemption to the obligations that are proposed by the legislation;
  
  o the adoption of mitigating measures.

• The SME test requests a close involvement of stakeholders and other sectorial institutions.
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Competition Impact Assessment

The implementation of the OECD Competition Impact Assessment Checklist, screens the impact on market structure and on competition.

It brings to light the potential distortions on competition that may result from a public intervention.

Five broad types of impacts may be considered:

A. Limitation on the number or range of suppliers;
B. Limitation on the ability of suppliers do compete;
C. Reduction on the incentive of suppliers to compete;
D. Limitation on the choices and information available to customers.

“How Much does it cost?”

Cost Calculator - Information spreadsheet

Homogeneous methodology → Homogeneous language
“How Much does it cost?”

Development Strategy

The Council of Ministers Resolution no. 44/2017, 24th of March, LIA to be implemented by:
Ministerial cabinets; a network of public administration bodies with “UTAIL” collaboration

Training (network of public administration institutions) + methodological guidelines

Information sheet (Excel sheet )

IT Support Platform

Support

Statistical information:
• Administrative costs for firms

Statistical information:
• Public Administration
• Baseline scenario

Model

Pilot program (for all DL):
• Quantification of Costs for businesses
• Identification of benefits
• CIA
• SME test (2 questions)

- Report (01/2018)
- Revised Model for Business cost assessment
- Dissemination (Workshop)

- Proportionality rule
- Revised SME Test

RCM no. 74/2018, 8th June:
• Quantification of costs for individuals

• Quantify costs for Public Administration

• Model for C&B analysis

2017
“How Much does it cost?”

Internet page

Custa Quanto?

Avaliação prévia de impacto legislativo – «Custa Quanto?»

O que é o Custa Quanto?

https://www.jurisapp.gov.pt/custa-quito/
“How Much does it cost?”

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