

Insight

Be a whizz at writing a RIS

Decision makers need information. Whether they are ministers, mayors or corporate execs, all will need to weigh up the costs and benefits of their actions. Advisers and analysts have the role of collating and presenting the necessary information in a snappy and digestible form. In a central government context, this function is performed by a document called the Regulatory Impact Statement (RIS), which accompanies Cabinet papers. Its analytical framework is equally applicable in a local government or corporate context.

The RIS is a Government agency document¹, making it distinct from the Cabinet paper, which is the Minister's document. Writing a good RIS clearly sets out your policy development process, helps Ministers in their decisions and, ultimately, makes your agency look good. But the RIS is only as good as the policy process followed - a poor process will lead to a poor RIS.

This *Insight* discusses the common pitfalls with undertaking policy development and ultimately writing a snappy, easy to follow RIS.

You can run but you can't hide

The RIS summarises the policy development that has taken place and will make it abundantly clear if the process has been a poor one. It is very easy to spot a RIS that is covering up a shoddy process. If it hasn't been a great process, then say so. There are many reasons why decisions are sometimes made in haste or without sufficient evidence, just be honest and transparent.

¹ As Treasury guidance states: "The RIS provides a summary of the agency's best advice to their Minister and to Cabinet on the problem definition, objectives, identification and analysis of the full range of practical options, and information on implementation arrangements".

<http://www.treasury.govt.nz/publications/guidance/regulatory/impactanalysis/09.htm>

Good examples are the exception

Over the years, NZIER have prepared and reviewed numerous RIS's¹. We reviewed 50 RIS's last year. While they were in the minority, there were some excellent examples of what a RIS should look like, some of which addressed complex and politically-sensitive issues.

Many papers did not provide convincing analysis of the problem or its potential solutions. The analytical shortcomings included weak or mis-specified problems, narrow options identification and cost-benefit analyses (CBAs) that lacked rigour. At the root of that problem usually was the lack of a logical framework within which to attack the issue.

The weaker papers often failed to show evidence of consultation to the extent that might be reasonably required given the nature of changes. Often, the process failed to go beyond government agencies to seek the views of affected parties such as consumers, businesses, or other interest groups.

The purpose of the Agency Disclosure Statement, which sits at the front of the RIS, is to indicate to Ministers the level of confidence they can have in the RIS analysis and options. All options have risk. But too often they failed to make clear the weaknesses in the analysis or consultation process. Instead many read more like executive summaries or introductions to the accompanying Cabinet paper, despite the clear instructions and suggested text in the Disclosure Statement template provided to agencies by Treasury².

How can RIS's be better?

Scale the issue

Some problems are big, some less so. It is important that your approach reflects this. Think about how you scale your analysis to suit the problem. A large, complicated problem will require more time, more analysis and more resources. Scaling is key to ensuring that you spend the appropriate amount of time on providing advice.

Evidence, evidence, evidence

The starting point for any quality policy process is evidence - evidence about the problem, evidence about the different types of interventions and evidence from consultation. Make sure you have done your research if you can: is the perception of the problem backed up with quantitative or qualitative evidence? In the absence of evidence, make sure this is flagged up to Ministers - be honest about the risks of making decisions in a vacuum.

¹ NZIER's most recent review for Treasury can be found here:
<http://www.treasury.govt.nz/publications/guidance/regulatory/riareview>

² A template is provided in Annex 2 of the Regulatory Impact Analysis Handbook:
<http://www.treasury.govt.nz/publications/guidance/regulatory/impactanalysis>

Be clear about the policy objectives

Be clear as to what the policy is trying to achieve. Think about measuring success - how will you know when you get there? An objective that cannot be measured shows poor thinking. An objective that pre-supposes the solution shows no thinking at all. This is a really important step and don't underestimate its power - a correctly specified objective (and hence clear idea of the problem) frames and drives your whole analysis.

Have an analytical framework

Even if you are given very little time to analyse an issue, it is always possible to design and apply a framework to describe the problem and to weigh up the pros and cons of possible options. The type of framework will be informed by scaling the issue – a small problem can be analysed by using a simple, straightforward framework while more complex problems will require a more robust framework.

CBA is a good starting point, quantify where you can

One useful framework is cost-benefit analysis (CBA) which provides a solid approach for assessing the net effects of a proposed policy. By its nature, the RIS framework does lead you to a CBA way of thinking - do not be afraid of this, it provides a good frame to provide advice. Think about what would happen in the absence of any intervention - it is the marginal change that decision makers are interested in. The method does rely on quantifying the effects of a policy as far as possible. This is often more straightforward for the quantification of costs than benefits. Attempt to quantify all the effects you can; if you cannot then describe and provide an indication of magnitude of the non-quantified ones so that Ministers get a good feel for the overall effect of the policy.

Consider a range of options

It is important that the policy development process and the RIS itself is not a *fait accompli*. Good advice will assess a range of options in how they meet the policy objectives. Here is the opportunity to innovate and test new solutions. Think about what the problem is and how you would solve it. It's often not necessarily a regulatory solution. Consider the appropriate incentives: for example, is more training or information required? Are price signals resulting in poor outcomes? Or can voluntary approaches be developed?

We need to talk

Talk to those affected as much as you can. Do not just restrict your talking to government departments; ideally you need to get out of Wellington and talk to all relevant stakeholders. If you don't, there will be no reality checking, no independent ideas and very few sources of information. This is an easy one to get wrong. Plan early and get talking.

Write clearly and simply

You need to get your message across to Ministers and the wider public. This can only be achieved by being clear and straight to the point. The RIS is your summary document so make sure you summarise your analysis and don't give a blow-by-blow account. Write the RIS as if you were explaining it to a 12-year old - think about the best way to communicate complex problems simply.

Focus on the process not the product

The RIS itself is a simple summary document. Some may be more complex than others and may need different visual techniques to get your message across³. The focus should be on the policy process itself and not the RIS product. Once the key steps are correctly taken then the RIS will write itself.

But there are risks ...

There will always be constraints when providing advice, such as:

- limited amount of time
- little or no budget for research
- lots of hard to quantify aspects.

Risks can be managed to some extent with the appropriate scaling of the issue. A relatively small issue should not require a large research project – if it's simple, then keep it simple.

Whatever the constraints, it will always be possible to use the policy development framework as the basis for providing advice - just be honest about the gaps and uncertainties.

Speaking truth to power

The role of the public servant is to provide quality, evidence-based, unbiased advice. This means being honest, but in an informed, constructive manner. Remember to 'speak truth to power ... but do not rub power's nose in it'. There are ways of getting a message across and a well written RIS provides a useful format to engage with your Minister in an open and constructive manner.

This is equally true if you are providing advice to elected local government officials or corporate managers. Providing decision makers the information they need in a timely, logical, clear, framework will ensure a more robust, transparent and smooth process.

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³ There has been innovative uses of A3 tables, charts and figures to summarise the contents of complex RIS's.