**[Title]**

**A Cost-Benefit Analysis**

**By**

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**[Unit]**

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[Date (Month and Year) of completed cost-benefit analysis]

# Abstract

The abstract is a high-level summary of the CBA stating the total Present Value (PV) estimated benefits, the total PV estimated costs, the net monetized impact, key qualitative benefits and costs (where applicable), noteworthy distributional impacts of the regulatory proposal and any other essential consideration contained in the CBA report.

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# Executive Summary

This report details the cost-benefit analysis conducted for [Insert regulatory title] that was published in the Canada Gazette [Part One or Two] on [Date]. <<Provide a link to RIAS in the Canada Gazette here.>>

The executive summary should be a condensed version of the Cost Benefit Analysis (CBA) that is suitable for inclusion in the cost-benefit section of the RIAS. This should include the following:

## Regulatory Proposal

This section should contain a very brief overview of the Issue, Description and Objectives of the proposal. It may be a summary or direct copy of those sections from the executive summary of the RIAS.

## Benefits and Costs

This section should identify the total present value benefit, cost, and net value as well as their significant components, with a qualitative description. It should indicate the period of analysis, discount year and rate, and dollar year. It should include a further discussion of non-monetized qualitative impacts and an assessment of their importance.

## Cost-Benefit Statement

**For more information on filling the CBA Summary refer to** [**Section 9.2 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-9.2)**.**

Number of years: # (also state years, e.g., 2020 to 2029)

Price level year: 20##

Present value base year: 20## (where t=0 for upfront costs and t =1 for ongoing costs)

Discount rate: #%

Monetized benefits

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Impacted stakeholder**  | **Description of benefit** | **First year** | **Other relevant years** | **Final year** | **Total** **(PV)** | **Annualized value** |
| **Government**  | e.g., Reduced health care costs | $ | $ | $ | $ | $ |
| **Industry**  | e.g., Efficiency | $ | $ | $ | $ | $ |
| **Canadians** | e.g., Air quality | $ | $ | $ | $ | $ |
| **All stakeholders** | **Total benefits** | **$** | **$** | **$** | **$** | **$** |

Monetized costs

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Impacted stakeholder**  | **Description of cost** | **Base year** | **Other relevant years** | **Final year** | **Total (PV)** | **Annualized value** |
| **Government**  | e.g., Administration | $ | $ | $ | $ | $ |
| **Industry**  | e.g., Phase out of existing stock | $ | $ | $ | $ | $ |
| **Industry** | e.g., New equipment | $ | $ | $ | $ | $ |
| **Canadians** | e.g., Higher price for product | $ | $ | $ | $ | $ |
| **All stakeholders** | **Total costs** | **$** | **$** | **$** | **$** | **$** |

Summary of monetized costs and benefits

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Impacts** | **Base year** | **Other relevant years** | **Final year** | **Total** **(PV)** | **Annualized value** |
| **Total benefits** | $ | $ | $ | $ | $ |
| **Total costs** | $ | $ | $ | $ | $ |
| **NET IMPACT** | **$** | **$** | **$** | **$** | **$** |

#### Quantified (non-$) and qualitative impacts (if required)

Positive impacts *(if required)*

* Positive impact and impacted stakeholder (e.g., 145 fewer fatalities annually in Canada)
* Positive impact and impacted stakeholder

Negative impacts *(if required)*

* Negative impact and impacted stakeholders (e.g., 5 businesses lose accreditation annually)
* Negative impact and impacted stakeholder

## Distributional Impact Analysis

This is a summary of the results shown in Section 6. Provide a summary of how the costs and benefits are distributed among affected stakeholders.

## Uncertainty and Sensitivity Analysis

This is a summary of the results shown in Section 7. It should include a discussion of the assumptions that are most uncertain and the variables that have the greatest influence on the Net Present Value of the CBA.

# The Regulatory Proposal

This section should contain the same information as the RIAS. It could either be a high-level summary of these sections from the RIAS, or whole copied and pasted if those section are brief. A high-level summary should state that more information is available in the RIAS. <<Provide another link to RIAS in the Canada Gazette here.>>

## Issue

## Background

## Objective

## Description

## Regulatory and non-regulatory options considered

The CDR requires that departments and agencies assess the effectiveness and appropriateness of regulatory and non-regulatory instruments for achieving policy objectives. Provide a description of those options that were considered in designing the regulation.

# Analytical Framework

This section should first discuss the parameters of the analysis and communicate the discount rate, real price year, timeframe of analysis and currency of all figures shown in the document unless otherwise noted. Discuss the concept of Baseline and Regulatory Scenario and the determination of incremental impacts as the difference in costs and benefits between the Baseline and Regulatory Scenarios. If the analysis includes break-even analysis or monte carlo analysis, that should be indentified here and discussed in greater detail in the Methodology Section.

Put the “Rules of the analysis” in a box to ensure that they are seen. As described above, the rules are the discount rate, real dollar year, planning horizons, and currency of all figures shown in the document, unless otherwise noted.

**For more information on the time horizon refer to** [**Section 4.3 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-4.3)**.**

**For more information on the discount rate refer to** [**Section 6.1 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-6.1)**.**

**For more information on the discount rate refer to *Inflation, deflation, relative prices*** [**Section 4.4 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-4.4)**.**

## Literature Review

In this section, provide a literature review (journal articles, working papers, reports, CBA Reports) from any jurisdiction on similar regulatory proposals or similar approaches that informed your cost-benefit analysis.

## Stakeholder Consultations on Cost-Benefit Analysis

Describe consultations held with stakeholders on cost-benefit analysis. The description should include a summary of the approximate date, the groups consulted, the input provided, and how the input was considered.

Information used in the CBA may have been provided in working groups or during general consultations, even if consultations specific to the cost-benefit analysis did not take place. his should be stated publicly in the RIAS and in this CBA report.

**For more information on Consultations and engagement with stakeholders, interested groups and experts refer to** [**Section 9.1 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals.**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-9.1)

## Profile of Affected Stakeholders

Describe all the stakeholders in the analysis impacted by the proposed regulations. This section should address the scope of the analysis, i.e., stakeholders are limited to those impacted that are of Canadian origin or reside within Canada.

**For more information on establishing the scope and standing refer to** [**Section 4.1 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-4.1)**.**

The profile should discuss the Baseline information about stakeholders and a description of how the regulation is affecting them.

**For more information on establishing the baseline and regulatory scenarios refer** [**to Section 3 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-3)**.**

### Stakeholder 1

In this section, develop the profile of the named stakeholder. It is important to select key information and data.

### Stakeholder 2 ….

In this section, develop the profile of the named stakeholder. It is important to select key information and data.

# Methodology

This section provides an in-depth description of how each of the incremental benefits and costs are calculated. It is typically the biggest section of the CBA Reports.

A guiding principle is that anyone with access to the data and the set of assumptions should be able to replicate and approximate the CBA results by following the methodology.

## Model and General Parameters

Describe the model. A logic model diagram may help illustrate the benefits and costs. Include overarching critical and influential assumptions made in the modelling and include the rationale based on experience, historical data, theoretical work, or consultations with stakeholders to support them.

Only incremental costs - those above and beyond the baseline scenario - should be considered.

The benefit and cost items should be listed below in order of perceived importance.

The impacts may be presented in whichever order is best to communicate the analysis, whether that is by provision, stakeholder, or type of impact. As a default it may be best to discuss impacts as shown below.

## Benefit 1, 2, 3 . . .

**For more information on estimating the Value of Benefits refer to** [**Sections 4.5**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-4.5) **to** [**Section 4.10 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-4.10)**.**

* **Describe the benefit of the proposal.**
	+ Indicate which of the stakeholders identified above would receive the benefit.
	+ Explain the baseline and regulatory scenario behaviours and outline the causal chain that leads from regulatory requirement, to altered behavior, to new outcome, to benefit. Include the key assumptions, relevant factors, and considerations necessary to arrive at this outcome.
	+ The incremental nature of the impact should be clear to the reader.
	+ Indicate whether the benefit is quantified or monetized.
* **Quantified and monetized benefits**
	+ Provide the functional (mathematical) form used to calculate the totals for each stakeholder.
	+ Equations should be clearly identified with a title and referenced in the body of the text.
	+ Define all variables used in the equation.
	+ Provide data tables with values (either here or in the Appendix).
	+ Provide justification for any assumptions and variables used in the analysis.
* **Unquantified or non-monetized benefits**
	+ Provide a thorough descriptive analysis based on credible and sourced literature. The description may include the strengths and limitations of the qualitative information, a description of the timing of the benefits, and a comparison with similar analysis in other jurisdictions.

## Cost 1, 2, 3 . . .

**For more information on estimating the Value of Costs refer to** [**Section 4.11 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals.**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-4.11)

* **Describe the Cost of the proposal.**
	+ Indicate which of the stakeholders identified above would incur the cost.
	+ Explain the baseline and regulatory scenario behaviours and outline the causal chain that leads from regulatory requirement, to altered behavior, to new outcome, to cost. Include the key assumptions, relevant factors, and considerations necessary to arrive at this outcome.
	+ The incremental nature of the impact should be clear to the reader.
	+ Indicate whether the cost is quantified or monetized.
* **Quantified and monetized Costs**
	+ Provide the functional (mathematical) form used to calculate the totals for each stakeholder.
	+ Equations should be clearly identified with a title and referenced in the body of the text.
	+ Define all variables used in the equation.
	+ Provide data tables with values (either here or in the Appendix).
	+ Provide justification for any assumptions and variables used in the analysis.
* **Unquantified or non-monetized benefits**
	+ Provide a thorough descriptive analysis based on credible and sourced literature. The description may include the strengths and limitations of the qualitative information, a description of the timing of the benefits, and a comparison with similar analysis in other jurisdictions.

# Results

Results from combining the data, the literature review and the proposed methodology should be reported in this section. A summary statement of the total PV costs, benefits and net impact should be stated.

## Cost-Benefit Statement

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Price level year: 20##

Present value base year: 20## (where t=0 for upfront costs and t =1 for ongoing costs)

Discount rate: #%

Monetized benefits

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Impacted stakeholder**  | **Description of benefit** | **First year** | **Other relevant years** | **Final year** | **Total** **(PV)** | **Annualized value** |
| **Government**  | e.g., Reduced health care costs | $ | $ | $ | $ | $ |
| **Industry**  | e.g., Efficiency | $ | $ | $ | $ | $ |
| **Canadians** | e.g., Air quality | $ | $ | $ | $ | $ |
| **All stakeholders** | **Total benefits** | **$** | **$** | **$** | **$** | **$** |

Monetized costs

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Impacted stakeholder**  | **Description of cost** | **Base year** | **Other relevant years** | **Final year** | **Total (PV)** | **Annualized value** |
| **Government**  | e.g., Administration | $ | $ | $ | $ | $ |
| **Industry**  | e.g., Phase out of existing stock | $ | $ | $ | $ | $ |
| **Industry** | e.g., New equipment | $ | $ | $ | $ | $ |
| **Canadians** | e.g., Higher price for product | $ | $ | $ | $ | $ |
| **All stakeholders** | **Total costs** | **$** | **$** | **$** | **$** | **$** |

Summary of monetized costs and benefits

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Impacts** | **Base year** | **Other relevant years** | **Final year** | **Total** **(PV)** | **Annualized value** |
| **Total benefits** | $ | $ | $ | $ | $ |
| **Total costs** | $ | $ | $ | $ | $ |
| **NET IMPACT** | **$** | **$** | **$** | **$** | **$** |

#### Quantified (non-$) and qualitative impacts (if required)

Positive impacts *(if required)*

* Positive impact and impacted stakeholder (e.g., 145 fewer fatalities annually in Canada)
* Positive impact and impacted stakeholder

Negative impacts *(if required)*

* Negative impact and impacted stakeholders (e.g., 5 businesses lose accreditation annually)
* Negative impact and impacted stakeholder

# Distributional Analysis

Discuss how the costs and benefits are distributed among notable subgroups of the affected stakeholders.

This should focus on identifying any stakeholders, groups of stakeholders or regions that are disproportionately impacted by the proposed regulations.

When relevant, consider adding sub-sections or specific mention to cover distribution of impacts by firm size (small business versus medium and large businesses), indigenous communities, climate change, and results from Gender based analysis.

This section may also discuss the potential for pass-through of costs from one stakeholder group to another.

**For more information on Conducting Distributional Analysis refer to** [**Section 8 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals.**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-8)

# Sensitivity Analysis Results

Describe the sensitivity analysis of the variables and assumptions identified in section 4 and report major results.

**For more information on Assessing Uncertainty/Sensitivity Analysis refer** [**to Section 7 of the Canada’s Cost-Benefit Analysis Guide for Regulatory Proposals**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cost-benefit-analysis-guide-regulatory-proposals.html#toc-7)**.**

# Conclusions

Concluding observations including limitations of the cost-benefit analysis in terms of data, assumptions, methodology and relevant lessons for future cost-benefit analyses.

# References

**There are no sources in the current document.**

# Data Appendix

Insert data tables and charts used in the analysis and sample calculations that show how data projections and forecasts were made.

# Input Variable Appendix

List and describe each input variable and the source of data for each variable.