



CRI

Centre for Regulatory Innovation

Regulators' Capacity Fund

Cost-Benefit Analysis for Cost Recovery Regulations

QUICK GLANCE

Lead Organization:

Impact Assessment
Agency of Canada (IAAC)

Timeline:

June 2023 – Sep 2024

Funding:

\$90,000

ABOUT THE RCF

The CRI's Regulators' Capacity Fund empowers federal regulators to better consider economic, competitiveness, and resilience factors in regulatory design and implementation.

PROJECT OVERVIEW

The IAAC conducted a comprehensive cost-benefit analysis (CBA) for the Cost Recovery Regulations. This project aimed to build internal capacity by involving IAAC staff in the CBA process, thereby enhancing their skills for future regulatory initiatives.

The Challenge:

IAAC needed to navigate unexpected changes in priorities while developing specialized Cost-Benefit Analysis (CBA) expertise within a small agency with limited resources and capacity. Conducting effective CBAs was crucial to understanding economic impacts and ensuring compliance with regulatory requirements.

The Approach:

IAAC hired an experienced cost-benefit analyst for a six-month secondment to conduct a comprehensive cost-benefit analysis (CBA) for the Cost Recovery Regulations. During this period, IAAC staff received hands-on training, enabling them to independently perform CBAs for future initiatives. The project involved developing baseline and regulatory scenarios, monetizing benefits and costs, conducting sensitivity and distributional analyses, and sharing insights with the Interdepartmental Committee on Cost Recovery.

The Impact:

The project significantly enhanced IAAC's ability to perform CBAs, improving regulatory decision-making processes and supporting alignment with

international standards and economic growth strategies.

Lessons Learned:

- **Flexibility and Adaptability:** Embracing flexibility was crucial to navigating unexpected challenges and successfully advancing the CBAs, even with shifting priorities.
- **Knowledge Transfer and Practical Application:** Mentoring IAAC policy analysts in CBA development provided them with hands-on experience, enhancing their skills and broadening their understanding of different regulatory proposals.
- **Challenges in Small Agencies:** The experience highlighted the difficulty for smaller agencies like IAAC in developing specialized expertise, emphasizing the need for external support and strategies to build capacity.

This project has improved IAAC's regulatory framework, ensuring more informed decision-making and contributing to Canada's regulatory competitiveness.