

POLICY APPROACHES PLAYBOOK

CONSIDERATIONS FOR POLICY DEVELOPMENT



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This publication would not have been possible without the dedication and expertise of policy professionals across the B.C. Public Service. It was developed by the Better Regulations team, Government of British Columbia.

Why Create a Policy Approaches Playbook?

This playbook is a starting point for new policy analysts to understand the most common policy approaches and a helpful summary for experienced policy professionals. It provides a framework to assist policy teams in selecting the most appropriate approach to their particular circumstances. These approaches should be considered in both the development of government responses to new issues as well as in the review of areas of existing regulation. The various approaches provide a framework for better understanding how regulatory systems operate and how to strategically use different tools to achieve policy objectives.

New technologies, innovation, and competition are transforming the way people interact with government, and how they do business in British Columbia. Traditional regulatory frameworks can be slow to respond or even pose barriers to innovation. Experienced policy analysts use broad knowledge of the diverse approaches, either alone or in combination, to develop innovative solutions. This document was created in response to the request from policy analysts across government—both novice and experienced—for a simple reference guide to a broader range of policy approaches.

The playbook is organized into three sections: a review of how policy and regulatory analysis is expected to be conducted in B.C., an overview of 10 policy approaches (description, when to use, opportunities, risks, and made-in-B.C. examples) and a summary of the policy approaches.



1

Policy Analysis Fundamentals

What is Policy?

POLICY noun (1), often attributive

pol-i-cy | \ˈpă-lə-sē \ plural policies

a: a definite course of action selected from among alternatives and in light of given conditions to guide and determine present and future decisions

b: a high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body

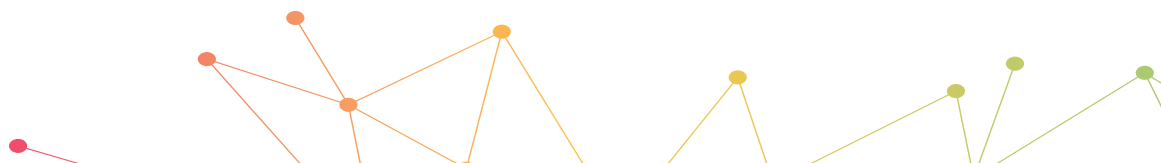
Policy reflects decisions—not documents! Policy decisions are sometimes formally recorded in strategies, legislation, regulations, directives, policies, and guidance, but are also informally implemented through decisions made about the structure of programs and services. Any pre-existing policy can be changed by the individual or governance body with the authority to make the decision, which makes it critical to understand **who** is able to make policy decisions.

Who Makes Decisions About Policy?

An important distinction is between “**political**” and “**administrative**” policy-makers.

Political Policy-Makers are democratically-elected representatives whom British Columbians have selected to be the highest authority in determining the policy of our government.

- ▶ **Legislature** is the ultimate authority—Makes laws, delegates authority to Cabinet and chooses a Premier to form a government that holds the “confidence of the House” (i.e. supported by the majority of the Members of the Legislative Assembly). The legislature of British Columbia is composed of the Lieutenant Governor and all elected Members that make up the Legislative Assembly (MLAs).
- ▶ **Premier**—Selects a Cabinet of ministers to run the government and sets the agenda.
- ▶ **Ministers**—Responsible for a ministry; makes some regulations, delegates authority, and makes policy decisions within the scope of powers delegated to their ministry.
- ▶ **Cabinet**—Governing body of government includes all ministers and the premier; has the authority to make regulations and appoint officials.
- ▶ **Treasury Board**—A committee of Cabinet that makes decisions related to government’s budget and fiscal plan.



Administrative Policy-Makers are public servants who advise political policy-makers and implement their policy agenda. However, most day-to-day operational policy decisions are made by senior public servants and statutory decision-makers, often with varying degrees of independence. This is possible because public servants are bound by a **duty of loyalty**—to ensure that their actions and advice are in alignment with the direction of the democratically elected government of the day. Here are some public service roles that are important for understanding policy-making:

- ▶ **Head of the Public Service**—Also called “Deputy Minister to the Premier” and “Cabinet Secretary”, advises the Premier and Cabinet on how they can implement their agenda and provides overall leadership for the B.C. Public Service.
- ▶ **Deputy Ministers (DMs) and Assistant/Associate Deputy Ministers (ADMs)**—More than just senior leaders, DMs and ADMs serve in a unique “political-administrative interface” role in which they translate political direction into administrative action and advise ministers on how to accomplish their objectives. DMs have delegated broad legal authority to determine the best policies and actions that accomplish the minister’s and the government-of-the-day’s objectives.
- ▶ **Cabinet Operations**—Assists the Head of the Public Service in managing the process of decisions that involve Cabinet and the Legislature. The [Cabinet Operations toolkit](#) is a critical resource for policy analysts to understand the analysis and information required before government makes a policy decision.
- ▶ **Treasury Board Staff**—Creates government’s budget and provides advice on any policy decisions with fiscal implications to Treasury Board, the Cabinet committee responsible for the overall financial management of government’s resources. When planning to seek funding or make regulatory changes, ministries consult with Treasury Board Staff.
- ▶ **Policy Teams**—Conduct research and analysis to provide advice on the available courses of action and determine how best to implement the government’s direction.
- ▶ **Crown Agencies and SUCH (Schools, Universities, Colleges, and Hospitals) Entities**—Arms-length legal entities with broad authority to act independently, and create policies and regulations within enabling legislative frameworks.
- ▶ **Statutory Decision-Makers**—Public servants who have designated or delegated authority to make legal decisions, which may require interpreting laws and policies but also ensuring they are applied appropriately to the right context.

Don’t forget the judiciary!

While the courts do not “make” policy, the courts can “unmake” government decisions that violate the Constitution, provincial law, federal law, or common law (e.g. precedents established in past decisions or violating due process). In the Canadian political system, governments are not above the law. Policy teams must consult closely with legal counsel to ensure the actions that government takes follow the law.

Government Intervention in Context

The regulatory policy context is critical for policy analysts to understand. Why is government allowed to make certain decisions? *Canada's Constitution Act* of 1867 gave and listed the powers of the federal and provincial governments. In addition to these areas of authority, government can only act within authorities established by law and the law must be obeyed.

Even when contemplating non-regulatory interventions, policy advisors should be aware of how an issue relates to the larger context of regulatory policy within their subject area. For example, British Columbia has strict privacy laws under the *Freedom of Information and Protection of Privacy Act* that require government programs to demonstrate that they have minimized risks to individuals' privacy in new initiatives. The diagram below illustrates some of the common elements found within the larger context of regulatory policy.

Here is a simple example of the context of health care services in B.C.:

- ▶ **Constitution**—Provinces are primarily responsible for the delivery of health care services, such as hospitals (though the Federal government establishes common standards under the *Canada Health Act*).
- ▶ **Legislation**—The *Health Authorities Act* establishes health authorities as independent of core government and provides direction about how they should operate.
- ▶ **Regulation**—Fraser Health Authority Special Directions Regulation sets rules regarding operational and strategic planning and reporting by the Fraser Health Authority.
- ▶ **Policy, Plans, and Procedures**—Quarterly reports on its Operational Plan as required by regulation describe progress in delivery of services.
- ▶ **Programs, Services, and Enforcement**—Resourcing and evaluation of healthcare services.
- ▶ **Other Context**—The Fraser Health Authority employs or contracts members of regulated professional associations (ex: nurses, doctors, or psychiatrists) whose costs and outcomes are carefully monitored in order to comply with the *Health Authorities Act*.



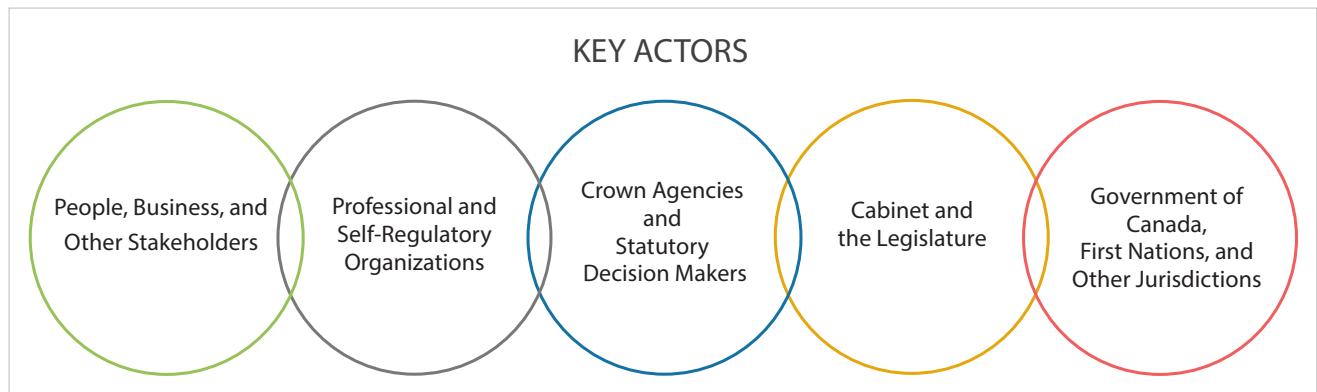
Leveraging Policy Networks

Traditional policy-making within government follows a clear hierarchy. However, policy is increasingly being made through the cumulative deliberations of a wide range of independent actors within our society, what academics sometimes call “policy networks”. Policy networks might involve the provincial government collaborating to bring collective resources towards solving complex problems, by relying on partnerships with First Nations, the Métis Nation, municipal governments, Crown agencies, think tank researchers, university academics, non-profit organizations, and businesses.

For example, in addressing the deficit of childcare spaces, the provincial and federal governments have created new funding streams, but they need to collaborate with school boards, First Nations, local governments, and childcare providers to create the spaces. They also need to work with the professional associations and post-secondary institutions to train and accredit childcare providers to train more people faster. Each of these institutions makes independent decisions (though some, especially the provincial government, have more resources and power than others)—creating childcare spaces is the result of collective decisions to collaborate rather than the unilateral will of the provincial government.

First Nations are not “stakeholders”

The Province works with First Nations and the Métis Nation on a **nation-to-nation basis** that is fundamentally different than engaging with stakeholders such as non-profits or businesses, and may include constitutional, legal, or treaty obligations, depending on the policy issue.



Indigenous Peoples

The B.C. government is committed to true and lasting reconciliation with Indigenous peoples in British Columbia. The Draft Principles that Guide the Province of British Columbia’s Relationship with Indigenous Peoples (10 Principles) and the *Declaration on the Rights of Indigenous Peoples Act* (DRIPA) articulate how government will approach this transformation. Review [DRIPA](#), [the 10 Principles](#), [United Nations Declaration on the Rights of Indigenous Peoples \(UNDRIP\)](#), and the [Truth and Reconciliation Commission \(TRC\) Calls to Action](#) to understand government’s commitments to Indigenous peoples.

“The Province wants to renew its relationship with Indigenous peoples in B.C., and affirms its desire to achieve a government-to-government relationship based on respect, recognition and exercise of Aboriginal title and rights and to the reconciliation of Aboriginal and Crown titles and jurisdictions. We agree to work with Indigenous peoples to jointly design, construct and implement principled, pragmatic and organized approaches informed by the Supreme Court of Canada Tsilhqot’in decision and other established law, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Truth and Reconciliation Commission (TRC) Calls to Action.”

— Foreword to the 10 Principles

Indigenous peoples and culture are not all the same—one of the 10 Principles is taking a “distinctions-based approach” that recognizes the diverse experiences of different Indigenous peoples, including the 203 First Nations in British Columbia, the Métis Nation, off-reserve Indigenous peoples, and Inuit. The work of forming renewed relationships based on the recognition of rights, respect, co-operation, and partnership must reflect the unique interests, priorities, and circumstances of all people. As policy teams working on issues that impact Indigenous peoples in British Columbia, we have a duty to learn more about Indigenous peoples and the traditional territories where we live and work.

The [Indigenous Relations Resource Centre](#) and [House of Indigenous Learning](#) are resources for the public service to support working respectfully with Indigenous communities, organizations, and people towards reconciliation—they include links to online and in-person opportunities to learn more about the First Nations’ traditional territories where we live and work.

Questions for policy teams:

- ▶ Does the policy issue(s) you are addressing impact Indigenous peoples in a disproportionate way? Within the Indigenous population, are there specific groups (e.g. specific communities, gender, urban vs. rural, on-reserve vs. off-reserve) who are disproportionately impacted?
- ▶ Are you taking a distinctions-based approach that recognizes the differing experience of Indigenous peoples including First Nations, off-reserve Indigenous peoples, the Métis Nation, and Inuit?
- ▶ Are there opportunities to make progress on government’s commitments to Indigenous peoples within the issue(s) you are addressing?
- ▶ If the issue overlaps with the jurisdiction of First Nations governments or the Métis Nation, is there opportunity to collaborate on a nation-to-nation basis to find a solution?
- ▶ Is there an opportunity to enable an Indigenous-led approach in which Indigenous people identify the issue and solution and design and implement the solution?

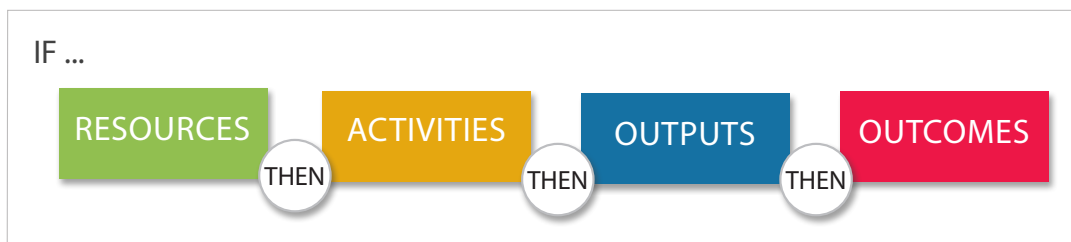
Further reading—the Ministry of Children and Family Development developed an [Aboriginal Policy and Practices Framework \(APPF\)](#) to operationalize government’s commitment to reconciliation in program delivery and development of policies, regulations, and legislation related to children and families. The APPF is a demonstration of how a ministry delivering services directly to British Columbians can fully integrate a reconciliation lens into its policy development.

Problem Analysis

A policy intervention should begin with a thoughtful analysis of the objective and problem the intervention is meant to achieve. Early in the policy development stage, policy advisors should identify and assess different approaches that could achieve the policy objective along with the advantages and disadvantages of each option, including the impacts on people, businesses and government.

As part of any policy development project, policy teams are encouraged to identify **at least three feasible options** for resolving the policy issue. Often, at least one of those options is non-regulatory. Each option should be subject to critical review by policy advisors and, if possible, impacted stakeholders. A useful way to brainstorm and critique different approaches is to subject them to a formal discussion, with teams debating for or against a proposed approach.

Logic models are a simple way to quickly assess if a proposed policy intervention makes sense.



Logic modeling is a technique for testing whether a proposed policy intervention is likely to achieve the desired outcome. A logic model works by establishing which resources will enable “activities” or “inputs” then determining if those activities would produce the “outputs” which would lead to the “outcomes”.

How should I conduct policy analysis when government has already made a commitment to a course of action?

Governments and ministers regularly make commitments to specific solutions or approaches in platforms or mandate letters, based on research and consultations prior to taking office. What kind of policy analysis support is required in these instances?

At the core of the public servant’s responsibilities is a duty of loyalty to the government of the day. Democratically elected politicians make the final decisions and public servants are honour bound to implement those decisions. However, the duty of loyalty implies a responsibility to ensure that ministers have all the information they need to understand the implications of their committed course of action, including alternative approaches that may achieve a similar outcome and potential mitigations that address unintended negative consequences.

Risk Analysis and Evaluation

Risk analysis involves considering whether a proposed regulatory, economic or non-regulatory framework will be effective in achieving the end result and considering the consequences versus the likelihood that the intervention will not work as intended. In many cases, if a regulatory intervention is not designed with enough authority to drive the desired outcome or behavioural change, the cost of a new regulation may simply be absorbed as the “cost of doing business” rather than leading to changed behaviour or compliance. Conversely, if an intervention is too onerous, it may discourage the regulated activity completely with unintentional and possibly negative impacts on society and the economy.

For example, consider how an anti-smoking TV advertising campaign, a law restricting where smoking is allowed or higher taxes on cigarettes might all have different rates of success and potential unintended consequences. Here are a few example questions for exploring risks:

- ▶ Are there incentives to act against the public interest? Are people likely to violate rules or social norms around this issue (e.g. due to self-interest)?
- ▶ Are the consequences of something going wrong particularly severe?
- ▶ What is the potential impact of government not compelling people to behave in a desired way in relation to this issue?
- ▶ What approaches have other provinces and territories in Canada used? Have they been successful?
- ▶ Do inconsistent approaches across Canada pose risks for compliance or create an unnecessary burden on businesses?

Overcoming Bias

Human beings are subject to a long list of cognitive biases that compromise our ability to make evidence-based decisions. These biases can lead us to draw faulty conclusions and make costly mistakes. As policy analysts, we need to work hard to overcome our biases about what we think or feel will work and instead make decisions based on data, evidence, and exploring a broad set of differing perspectives.

Common biases

Here are a few of the common biases we encounter frequently in policy-making:

Confirmation Bias—The tendency to be drawn towards views that are similar to our own and discount data that doesn't fit our existing assumptions.

Anchoring Bias—The tendency to rely too heavily on the first information we receive.

Overconfidence Effect—The tendency to be over-convinced that “we're right”.

False Consensus Bias—The tendency to think the views of the people around us reflect the general population.

Negativity Bias—The tendency to inflate negative consequences and diminish positives ones.

Temporal Bias/Hyperbolic Discounting—The tendency to value immediate payoffs over future benefits even if future benefits may be greater.

Blind-Spot Bias—The tendency to think that biases affect other people, not us.

One of the most common areas where policy makers' biases can lead to unintended negative consequences is when we ignore the perspectives of people who are unlike us. For example, many government policies, programs, services, and facilities were not originally designed with the needs of people with disabilities in mind—not for lack of people with disabilities in our society, nor for any malicious reason, but more often than not because able-bodied provincial government policy-makers didn't sufficiently consider the needs of users with different needs than their own. Our role as public servants is not just to be forward looking and avoid bias in new policy decisions but also to look back critically at existing policies and programs for opportunities to correct long-standing issues.

What can we do to address our biases and provide unbiased analysis? **Gather evidence and listen!**

- ▶ **Learn what questions to ask that might not have been on your radar previously**—for example, it's recommended that all policy analysts complete [the GBA+ course](#).
- ▶ **Seek out reputable and robust information**—especially demographic and statistical data, peer-reviewed journal articles, and government reports from B.C. and other jurisdictions.
- ▶ **Be inclusive**—seek out the perspectives from a diversity of users, especially equity-seeking groups (e.g. Indigenous peoples, women, LGBTQI2S, people of colour, people with disabilities, and others).
- ▶ **Reflect on your own views and values**—what experiences do you bring to the table? What are some of the experiences and differing perspectives of others that you might miss?
- ▶ **Experiment and iterate**—test out “wireframes” and mock-up versions of information and any forms or administrative process, or pilot your initiative on a small scale. Get feedback from real users—don't guess how they will react.
- ▶ **Conduct “red team” meetings**—assign team members to think of all the ways a proposal can fail.

Gender Based Analysis Plus (GBA+)

GBA+ is an analytical tool used to assess how diverse groups of women, men, and gender-diverse people may experience policies, programs, and initiatives. The “plus” in GBA+ acknowledges that GBA goes beyond biological (sex) and socio-cultural (gender) differences. We all have multiple identity factors that intersect to make us who we are; GBA+ also considers many other identity factors, like race, ethnicity, religion, age, and mental or physical ability. In 2018, the Government of British Columbia committed to using GBA+ for policy, budget, and program decisions. GBA+ is now a required component of all Cabinet, budget and Treasury Board submissions. All public servants are encouraged to take the free, online [GBA+ course](#) developed by the federal government and to register for this course through the Learning Centre. For more resources and information on GBA+, including templates and guidelines for application, visit the [Gender Equity page](#) on the @Work website.

Principles for Policy Development

Under the Government of British Columbia's Regulatory Reform Policy, five regulatory reform principles must be considered early in the process of developing or amending all statutes, regulations, and associated policies and forms, in order to minimize regulatory impacts on people and businesses. Regulatory Impact Checklists are required with Request for Legislation (RFL) and Order in Council (OIC) submissions to confirm and describe how the principles were followed.

PRINCIPLE 1: Identify the Best Option

To determine the scope of the problem being addressed by the regulatory change, regulators should consider the problem they want to solve, ensuring this is the best approach to achieve the desired outcomes. A full range of options, including non-regulatory options, should be explored before identifying the best possible option for achieving desired outcomes. This playbook supports the identification of the best option by describing the various approaches and providing examples.

PRINCIPLE 2: Assess the Impact

When developing new or amending statutes, regulations and associated policies and forms, how to achieve the greatest net benefit and lowest cost to affected groups must be considered. The direct and indirect costs and benefits of the proposed change must be evaluated to minimize compliance burdens on people, business, and government. This assessment involves identifying affected groups as well as the nature, magnitude and duration of the impacts.

PRINCIPLE 3: Consult and Communicate

Early consultation with impacted people, businesses and other relevant groups is a best practice. Parties affected by the change should be consulted and have an opportunity to provide feedback. The ministry making the regulatory change should have a plan to clearly and openly communicate the change, its impact and compliance requirements, in a way that is accessible to all stakeholders. Communication with impacted people, businesses and other relevant groups is essential throughout the regulation development process, particularly if changes are made after the consultation process.

PRINCIPLE 4: Streamline Design

When developing regulatory changes, options for streamlining must be considered to eliminate duplication, overlap, inconsistencies and contradictions with other regulations, agencies, or levels of government. Look for opportunities to minimize the number of steps, improve processing times, improve access, or develop user-friendly online services to reduce the time and costs imposed on businesses and people. Determine how the proposed change streamlines the regulatory process.

PRINCIPLE 5: Evaluate Regulation Effectiveness

Statutes, regulations and associated policies and forms should be reviewed regularly to ensure they are achieving desired outcomes. Quantitative and qualitative measurements should be used to determine how effective the legislation has been in achieving its goal and whether or not it should be amended or repealed.

Research and Analytical Methodologies

There are many disciplines that can support problem analysis and solution identification. Here are some of the corporate services internal to the B.C. government that support robust policy approaches.

CITIZEN ENGAGEMENT—The corporate Citizen Engagement Team helps ministries engage with people on many topics to support transparent, inclusive, and responsive governance.

SERVICE DESIGN—The role of service design is to put human experience and need in the forefront of the design-thinking process. Empathizing, asking questions and testing ideas can help create better innovations and services relevant to the people who use them.

BEHAVIOURAL INSIGHTS—The Behavioural Insights Group (BIG) is a research and evaluation unit in the Government of British Columbia. With a team of methods specialists, behavioural scientists, and other professionals, BIG collaborates with ministries to generate and test simple solutions to behaviour-based policy problems.

DIGITAL PLATFORMS AND DATA DIVISION—The Digital Platforms and Data Division (DPD) brings together B.C.'s largest collection of economic, geospatial, social, and population-level data. DPD supports new investments in corporate data science capacity, advanced analytics technology, and a world-class approach to privacy and security of British Columbia's data.

LEAN—Lean is a continuous improvement philosophy that empowers employees at all levels to identify problems and create solutions. Lean practices and tools improve processes, from the simple to the complex, for people and businesses across British Columbia.



More information about these methodologies is available at the [Innovation Hub @Work group](#). The Innovation Hub works to embed a stronger and more consistent innovative culture across the BC Public Service through building capacity, communications, and change management, establishing networks and fostering collaboration.

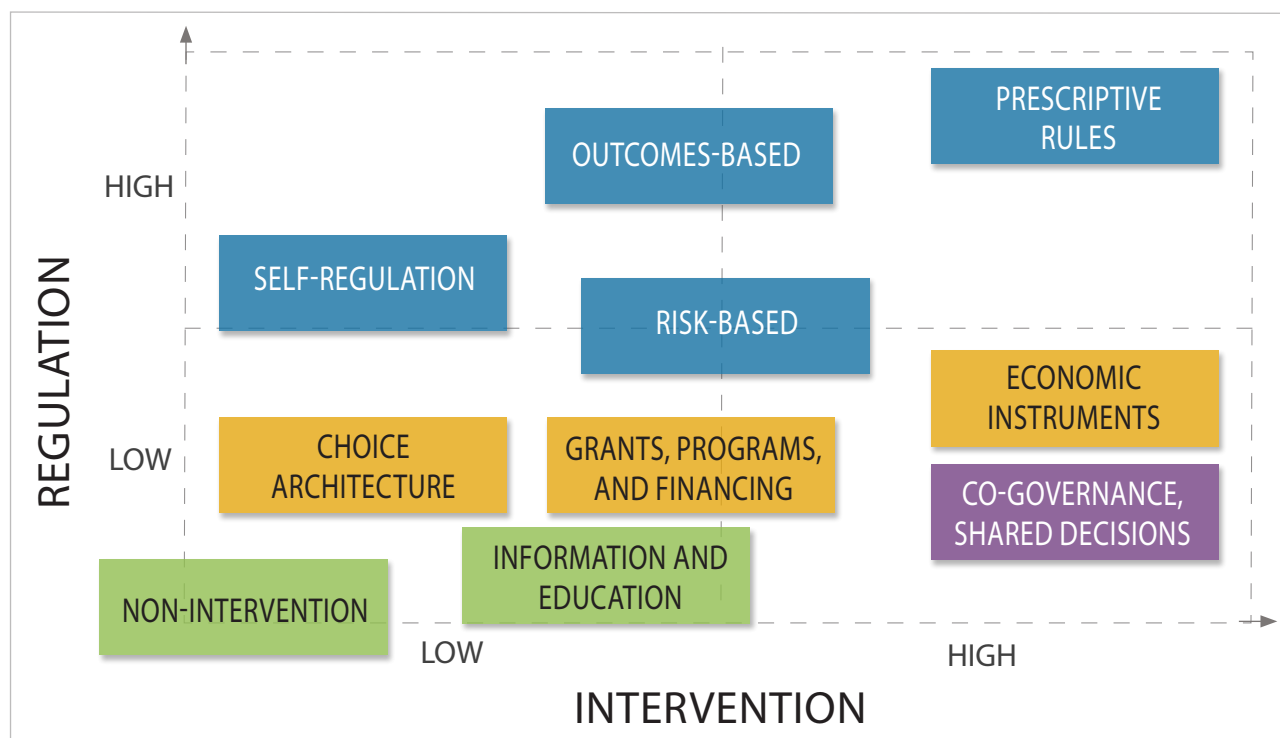
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Policy Approaches

Many people view government intervention as an exercise in top-down control where prescriptive rules specify what individuals or groups can or cannot do. However, there is a diverse range of regulatory and non-regulatory approaches that government uses to achieve its objectives. In policy-making, the objective is generally to find solutions that require the least amount of regulation and government intervention, while achieving as much or all of government's objectives.

As previously noted, understanding the broader regulatory context of every policy issue is critical to good public policy. There are four broad categories of policy approaches discussed in this playbook, which can be used individually or in combination with each other to solve problems and achieve government's objectives. Most ministries in the Government of British Columbia use elements of all 10 policy approaches, but the most common approach is prescriptive rules because they are generally required to enable the other approaches.

- ▶ **Non-Regulatory Approaches** do not use legal instruments or direct economic incentives to accomplish government objectives.
- ▶ **Governance Approaches** shift or share the decision-making authority or resources to provide services.
- ▶ **Economic Approaches** change the incentives that drive how people and businesses behave without directly regulating what they should or should not do.
- ▶ **Regulatory Approaches** provide systems of rules or objectives supported by legal instruments.





What is it?

There are many situations where the government may choose not to intervene or take action.

For example, the regulation to resolve an issue may already be in place but may need to be better explained.

How is it used?

Before considering new interventions or regulations, policymakers should consider whether the issue or opportunity could be achieved or resolved without government intervention.

If there does not appear to be a strong enough case for intervention, government can leave the problem to be resolved by the courts, market forces, or the people and businesses involved in a dispute.

When to use it

Government will generally avoid new interventions into issues where:

- ▶ Existing regulations provide sufficient tools to mitigate most negative outcomes.
- ▶ There is no significant risk or harm to people posed by the issue.
- ▶ Disputes can be resolved directly between the parties involved in the issue through an agreement, dispute resolution, mediation, or the courts.

- ▶ The costs of intervention outweigh the benefits to the public interest.

Government may also adopt a “wait and see” approach to new societal or technological disruptions. In these cases, government may monitor the progress of an emerging technology for several years before introducing regulatory and non-regulatory approaches once the issue is better understood.

Opportunities

- ▶ Encourages market participants to resolve issues independent of government.
- ▶ Avoids the costs to government of creating and enforcing regulatory requirements.
- ▶ Avoids market distortions from government intervention.

Risks

- ▶ People and businesses may feel that it is government’s responsibility to regulate for the public good.
- ▶ May lead to emergent issues not being dealt with in a timely manner.
- ▶ Allowing markets to resolve issues may create an unfair playing field with some participants having greater financial resources to prolong disputes or to afford legal costs.

Requirement in the Government of British Columbia

It is expected that all policy analysts should be able to clearly justify whether an intervention is necessary when submitting a proposal for a change in government's policy.

notes

NON-REGULATORY APPROACH: INFORMATION AND EDUCATION



What is it?

Regulators provide relevant information to people and businesses in accessible formats, so they can take action or make informed choices while

considering the risks and benefits associated with their choices.

How is it used?

Information and education approaches present facts and arguments to affect behaviour. This form of intervention, as an alternative or complement to regulation, is based on persuasive communication

by regulators. These approaches include best practices, guidelines, voluntary standards, manuals, advertising, and social media campaigns.

When to use it

Information and education approaches work best when people can be reasonably expected to act appropriately, provided they have the right information available to them. They can be used to influence people's and businesses' behaviours without compelling them to act in a particular way by:

- ▶ Providing them with clear facts about their choices and associated risks, particularly if there is limited knowledge about an emerging issue.
- ▶ Providing persuasive arguments in favour of desired behaviours.
- ▶ Enhancing compliance with a desired regulated behaviour by clearly outlining the consequences of non-compliance.

Opportunities

- ▶ Provide consumers with the opportunity to make better-informed choices and decisions without regulation.
- ▶ Can be combined with other approaches and tools as part of a policy package.
- ▶ Can support government direction as well as greater public engagement and self-determined decision-making.

Risks

- ▶ Reaching target audiences and adjusting behaviour can be expensive and time-consuming.
- ▶ It may be difficult to predict how people will react or change their behaviour in response to the information provided.
- ▶ May have varying degrees of effectiveness by community.
- ▶ May be difficult to quantify impact.

Example of information and education in B.C.

People who use drugs are real people. That's the message of the [Stop Overdose](#) campaign designed to shift public thinking around who might be at risk, creating awareness that toxic drugs don't discriminate.

In 2016, the overdose crisis was declared a public health emergency. This extremely complex situation requires many policy approaches, including a public awareness campaign. From a GBA+ lens (page 9), data showed men were overrepresented in the crisis with many using alone at home. This risky behaviour was keeping them from using overdose prevention sites or seeking

treatment and support. The research provided evidence that toxic masculinity was a factor which was addressed by extending the campaign beyond traditional media (TV, radio and postings in places like transit shelters, bars, restaurants) to include influencers and places of influence. Members of the Vancouver Canucks and BC Lions stepped up to reinforce the message of reaching out and asking for help in a relatable environment. The partnership aspect of the public information work cannot be overstated – the network of organizations has shared over 210,000 print resources, reaching close to 93 per cent of British Columbians.

notes

GOVERNANCE APPROACH: CO-GOVERNANCE AND SHARED DECISION-MAKING



What is it?

Authority is shared or shifted to other governments (e.g. federal, municipal, First Nations, Métis Nation) or non-governmental organizations.

How is it used?

Policy approaches are co-designed or negotiated so implementation is done with and/or by the partner

government or organization. Funding and legal authority are shared as needed.

When to use it

- ▶ Opportunities to make services more effective by changing who holds authority.
- ▶ When shifting authority in delivering services and/or making decisions will strengthen Indigenous communities and support the B.C. government's 10 Principles and DRIPA.
- ▶ To achieve economies of scope (e.g. when cost savings occur because two or more activities are produced simultaneously). For example, one staff person who performs multiple functions in a remote community may be more effective than multiple staff people who need to travel from different communities.

Opportunities

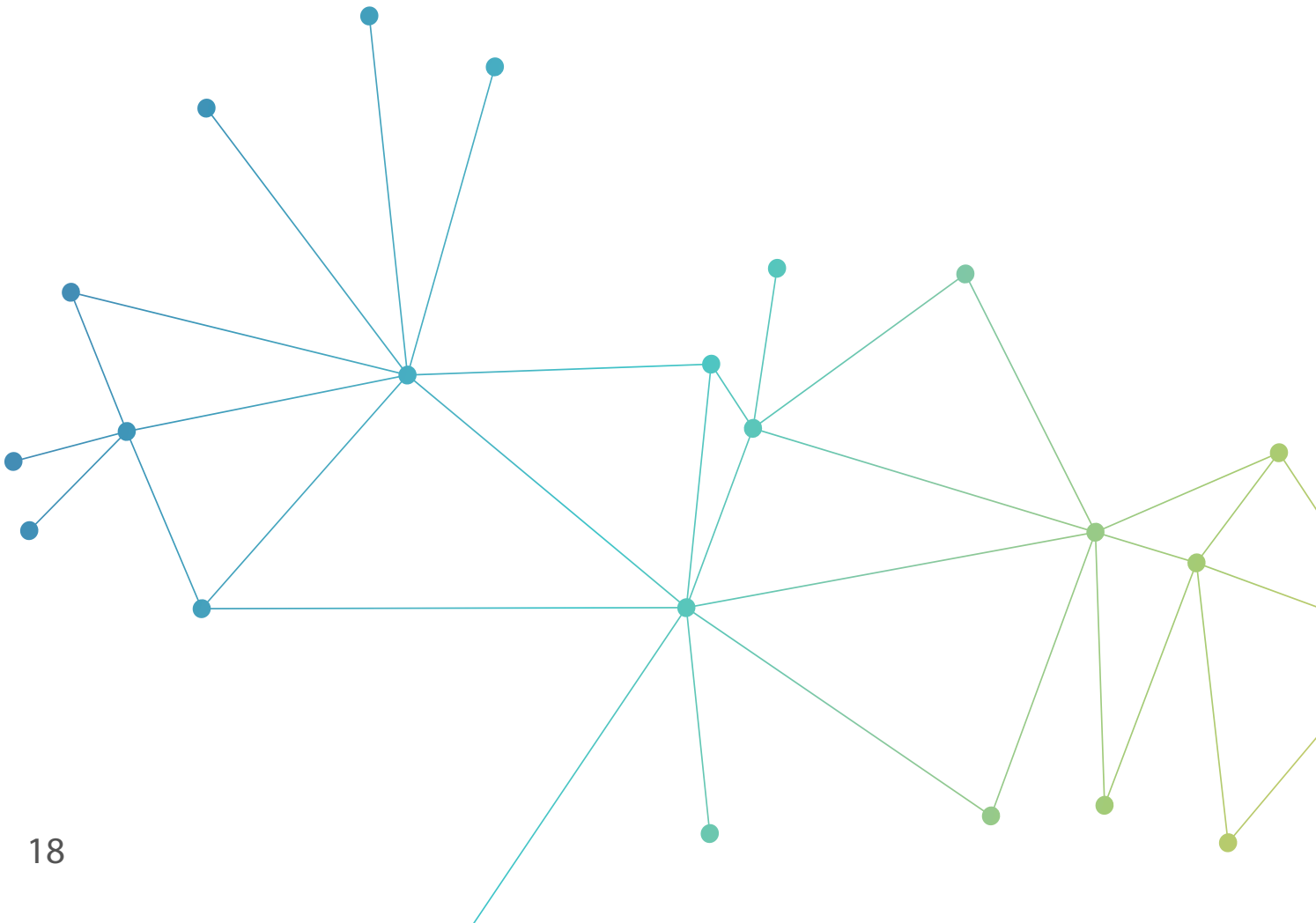
- ▶ People delivering services or managing policies in a local context can be better placed to find creative solutions to tricky challenges the provincial government find difficult to address.
- ▶ Strengthen the overall capacity of Indigenous peoples, local governments, or other partner organizations.

Risks

- ▶ Shared authority can create new transaction costs related to ongoing collaboration.
- ▶ Requires adequate funding and support or it is simply "downloading" costs and responsibility.
- ▶ When something goes wrong, determining accountability can be more difficult. Co-governance doesn't equal abdication of responsibility. The Province will need to continue to be responsive to managing the file or the relationship will break down.

Examples: Indigenous child protection & the First Nations Health Authority

- ▶ Child protection laws in B.C. recognize the importance of maintaining family and cultural ties for Indigenous children. Delegated Aboriginal Agencies are part of an effort to restore the responsibilities of child protection and family support to Indigenous communities by enabling child protection activities to be conducted by Indigenous social workers and Indigenous-led organizations. There is still a long way to go to address the disproportionate rates of Indigenous children in the child protection system. As one of the actions following Grand Chief Ed John's 2016 [Report on Indigenous Child Welfare](#), recent legislation enables ministry child protection workers to notify and collaborate with communities in advance of a child protection decision to ensure better outcomes.
- ▶ The [First Nations Health Authority \(FNHA\)](#) was established in 2013, the first of its kind, exemplifying a unique health co-governance structure developed by First Nations for First Nations. The Ministry of Health works in partnership with the FNHA to hardwire a First Nations lens in policy development and strategic planning to achieve the mutual priorities set out in an annual Letter of Mutual Accountability. This collaborative approach aims to improve health programs and services to achieve better health outcomes for B.C. First Nations and Indigenous peoples.



Indigenous Self-Determination and Self-Governance

Increasingly, policy-makers are looking to move beyond co-governance arrangements towards policies that support self-determination and self-governance of Indigenous peoples. The Government of British Columbia through the *Declaration on the Rights of Indigenous Peoples Act* (DRIPA) is committed to implementing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which includes:

Article 3—“Indigenous peoples have the right to self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social, and cultural development.”

Article 4—“Indigenous peoples, in exercising their right to self-determination, have the right to autonomy or self-government in matters relating to their internal and local affairs, as well as ways and means for financing their autonomous functions.”

It is important to distinguish self-determination and self-governance from co-governance approaches. Co-governance is rooted in authority and jurisdiction of the Province; self-determination and self-governance is rooted in authority and jurisdiction of Indigenous peoples and First Nations. The Province may support self-determination and self-governance activities with funding or other supports, but only insofar as these supports reaffirm Indigenous leadership over the issue in question.

notes



What is it?

Behavioural Insights (BI) is a discipline that draws on psychology, economics and other social sciences to design and test relatively minor changes (nudges)

to the framing of choices (choice architecture) that make it more likely for people to voluntarily choose a more desirable behaviour.

How is it used?

Behavioural Insights projects can involve conducting field and literature-based research to identify potential nudge interventions that shift behaviour, and assessing outcomes through statistical data analysis. Randomized controlled trials are often used

with multiple policy solutions to determine how well they work to shift behaviour compared to business as usual before scaling up. BI is a low-cost form of program evaluation.

When to use it

Choice architecture approaches are applicable when dealing with a government interaction where there is a need to change the behaviour or choices of a defined subpopulation. Projects with large populations produce the most reliable findings, due to the statistical testing methods used. Policy fields with reliable sources of user-level data are

particularly well-suited to the choice architecture approach. For this reason, many BI projects have proven effective in regulatory compliance, program uptake, service channel shifting (e.g., from paper-based to online services), consumer protection, and reducing user-errors and waste.

Opportunities

- ▶ A low-cost, evaluative method for assessing potential policy and service improvements.
- ▶ Choice-preserving approach is 'lighter touch' than traditional regulations and incentives.
- ▶ Interventions can generate empirical evidence.

Risks

- ▶ Requires expertise in statistical analysis and experimental methods to conduct properly.
- ▶ Requires time for user research and field data collection.
- ▶ Ensuring ethics are properly considered.



Behavioural Insights Group in B.C.

The B.C. Behavioural Insights Group (BIG) collaborates with ministries to generate and test simple solutions to behaviour-based policy problems, such as increasing water conservation, reducing distracted driving, or shifting citizens to online services. Recently, the BIG team developed a series of message-based intervention trials to increase timely submission of monthly PST payments by B.C. businesses. Over six months, there was a 40% reduction in late payments, saving over 2,500 hours of compliance-related time.

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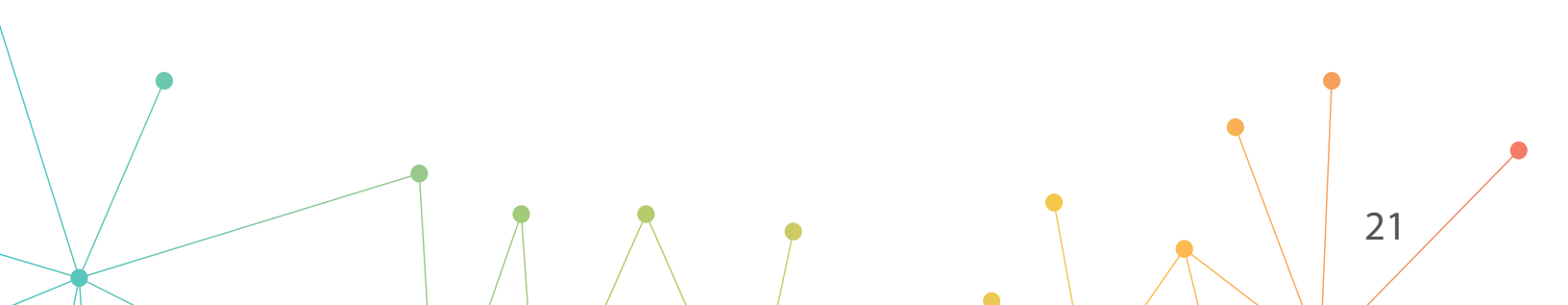
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What is it?

Direct funding for an activity government wants to encourage through cash transfers or delivery of services by government or other organizations.

How is it used?

Government can encourage more of a behaviour or the consumption of a particular good (e.g. after-

school sports programs) by providing direct funding to individuals or other organizations.

When to use it

Government will often develop programs to fund the development or maintenance of needed social and economic services or to directly incentivize desired behaviours through cash transfers to individuals, businesses or non-profits. These programs may be administered solely by government or in partnership with non-governmental or other types of organizations. Often these approaches are not well understood as alternative policy approaches, but program and service delivery, financing, and cash transfers are alternatives to rule-making.

Government may also use financing programs to help borrowers who lack existing wealth access financial resources that would otherwise be out of reach. An example of a financing program is the Canada/BC Student Loans Program—the government provides low-interest loans, which makes post-secondary education more accessible for students who lack the upfront financial resources to attend.

Opportunities

- ▶ Targeted interventions directly incent desired behaviour and can stimulate economic growth.
- ▶ Can provide measurable results tied to direct government investment in goods and services.
- ▶ Can leverage other sources of private and public finances.

Risks

- ▶ Grant and financing programs are generally expensive in terms of direct costs and administrative costs to operate the programs.
- ▶ Direct and indirect return on investment from grants and financing programs can be challenging to predict.



Example of a grant program in B.C.

The [CleanBC Go Electric Incentive Program](#) was designed to reduce barriers to the adoption of electric vehicles (EVs), including the cost and availability of new vehicles, and the availability of charging infrastructure. The Go Electric vehicle rebate supports the *Zero-Emission Vehicles Act* requirement for all light-duty car and truck sales to be Zero -Emission Vehicles (ZEVs) by 2040 by

making electric vehicles more affordable for British Columbians via reducing the cost of purchasing an electric vehicle. The Go Electric vehicle rebate is one of a number of programs offered by the Go Electric Incentive Program to help support the transition to a transportation system that is powered by clean energy.

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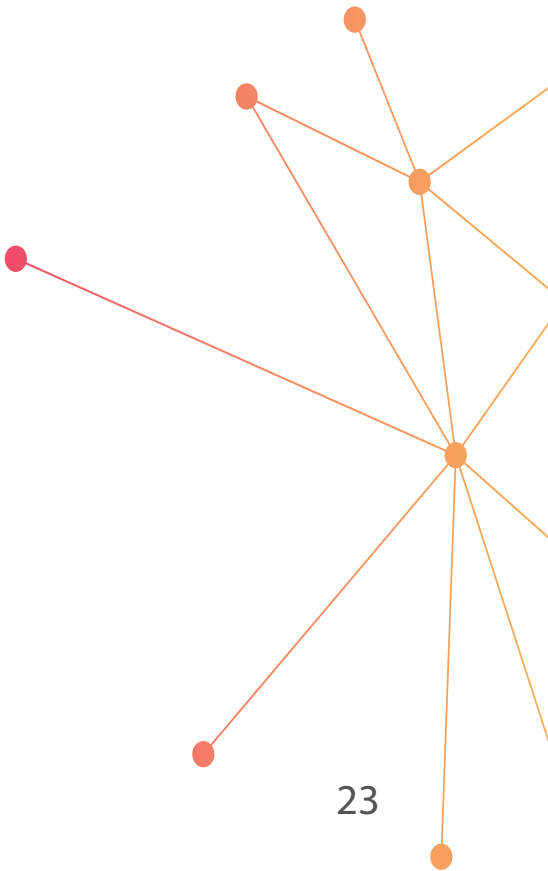
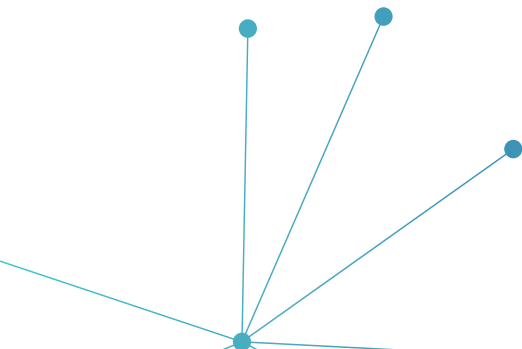
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What is it?

This approach uses regulatory economic instruments such as taxes, quotas, vouchers, tradeable permits,

auctions, and competition to encourage people or business to change behaviour.

How is it used?

A regulatory economic instrument changes the cost of a particular activity to entice or discourage the behaviour of individuals or firms.

When to use it

Regulatory economic instruments are most appropriate where there is an important area of economic activity in which government wants to influence behaviour without regulating whether the activity can continue. The Ministry of Finance is responsible for the design of most regulatory economic instruments in B.C. including all tax policy.

Two critical concepts guide the design of economic instruments: **price elasticity** and **externalities**.

Due to the broad impact of regulatory economic instruments, it is critical that these concepts are understood. **Price elasticity** is the responsiveness

of supply and demand to a change in price.

Different economic activity may have lower or higher levels of elasticity. For example, gasoline has low demand elasticity because many people are reliant on their automobiles. Designing an effective economic instrument requires careful study of how supply and demand may be affected due to price elasticity. **Externalities** are the costs of an economic transaction not borne by the buyer or seller but instead by society, such as the impact of pollution on health. In many cases, instead of prohibiting the transaction, government will tax the externalized amount.

Opportunities

- ▶ Incentives can act as a catalyst to encourage behaviours that support policy objectives.
- ▶ Offers people and businesses flexibility to make choices.
- ▶ Minimal compliance burden for people, businesses and government because the cost of economic instruments are embedded in prices.

Risks

- ▶ May have unintended consequences if improperly designed, such as incenting substitution of an even less desirable activity.
- ▶ Without careful design, economic instruments may have a greater impact on particular groups, such as lower-income people or small businesses.
- ▶ May translate into a less favourable business environment within economic sectors.

Example of a regulatory economic instrument in B.C.

British Columbia’s carbon tax is an example of an innovative economic instrument. Introduced in 2009, the carbon tax shifts the tax burden by using increased revenue from the carbon tax to reduce income taxes and corporate taxes proportionally. Though the carbon tax only represents a fraction of the cost of carbon emissions for society, it begins to bring the price of fossil fuel use closer

to the “externalized” price (e.g. it includes the costs associated with pollution). It has also proven effective in directly changing behaviour. Economists who have studied the introduction of the carbon tax have since shown that it discouraged fossil fuel consumption up to 10 times more than normal changes in price due to market fluctuations.

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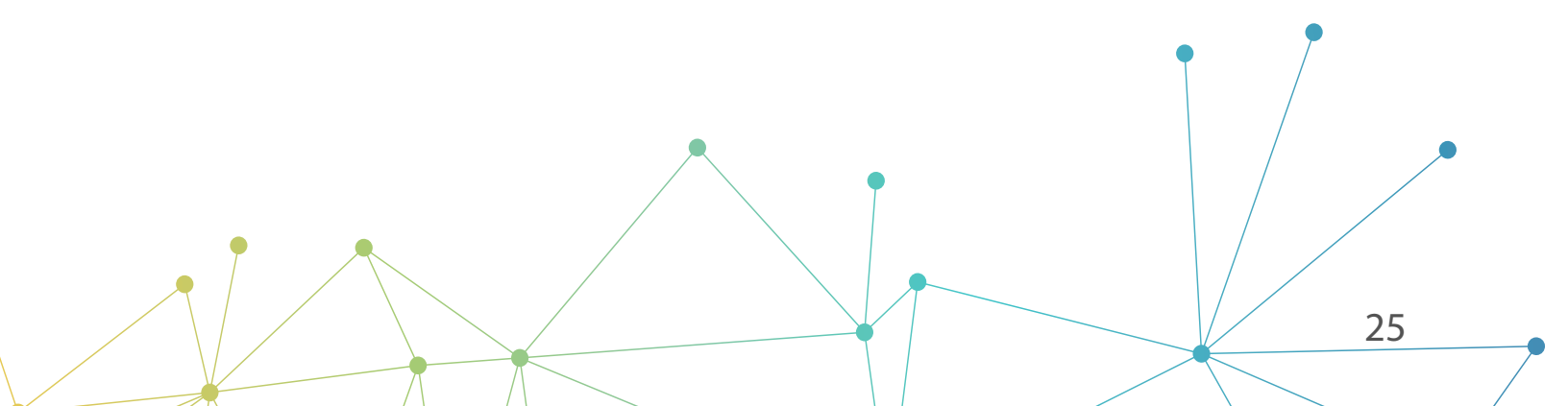
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What is it?

An outcomes-based regulatory approach is designed to focus on measurable outcomes, rather than prescriptive processes, techniques, or procedures.

How is it used?

This approach shifts the focus of regulation to the end-results or outcomes, rather than inputs or outputs, although outputs may be used as proxy measurements. Outcomes-based regulations reduce

the degree of government intervention by allowing businesses and individuals to choose how they will comply with legislated requirements.

When to use it

Outcomes-based regulation can be most effective when government seeks a clear outcome or when regulators have limited knowledge of industry processes. Outcomes-based regulatory approaches are particularly relevant when rapid technological change occurs within an industry or an industry has complex and technical processes. This information gap and the rate of change limits the regulators' ability to create the effective regulations to

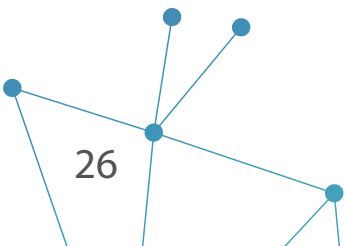
achieve the desired outcome. Outcomes-based regulation requires regulated agents to develop their compliance strategies based on a sound understanding of the desired objectives and outcomes as set out in the regulation. For this reason, outcome-based regulatory interventions should be accompanied by robust outreach and communications activities.

Opportunities

- ▶ Allows more flexibility for companies and individuals to determine how best to meet government's defined outcomes, which may promote innovation and the adoption of new technologies.
- ▶ Can be tailored to resolve the specific policy problem and amended quickly to address evolving business needs.

Risks

- ▶ More difficult to assess and verify compliance because this approach can allow for a broad range of compliance strategies.
- ▶ Outcome approaches will be difficult to develop if the outcome is not clear or measurable.
- ▶ If outcomes are not clearly legislated it can be difficult to enforce compliance.
- ▶ Places greater onus on industry to determine how to comply with the outcome.



Example of outcomes-based regulation in B.C.

In 2004, B.C. replaced the *Securities Act* with an outcomes-based approach founded on the principles of investor protection: disclosure to investors and the regulation of dealers and advisers. The new *Securities Act* is simplified and written in plain language and was designed to modernize and streamline the legislation.

The shift from prescriptive to outcomes-based regulation was focused on ensuring the

enforceability of the new regime. This change required [a detailed analysis](#) to compare how past rulings on investment disputes would have been settled under the two regimes. The analysis found that all the major enforcement decisions of the previous Act would be enforceable under the new Act and in some cases the new outcomes-based Act would provide greater clarity for enforcement.

notes



What is it?

A risk-based regulatory approach relies on regulation that enables government to prioritize regulatory activities, and deploy inspection and enforcement resources based on an assessment of the risks a regulated firm poses to the regulator's objectives.

Regulators are able to focus their attention on the firms that demonstrate the most risky behaviours over time. Firms that minimize risk and maintain a good track record can be rewarded with less burdensome regulatory requirements.

How is it used?

Risk-based regulatory approaches give statutory decision makers flexibility in assigning different requirements to different firms based on their risk

profile. Regulated firms file plans that demonstrate how they plan to mitigate risk, such as respond to hazardous incidents.

When to use it

Risk-based regulation works best when there is a high level of documentation of the activity, scenario planning and preparation for worst-case scenarios and the ability to assess compliance through

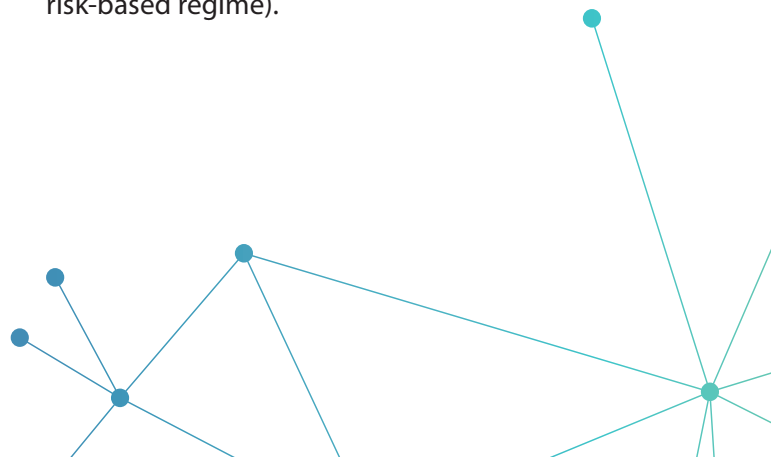
inspections or audits. Risk-based regulation is most common in financial and environmental regulatory regimes, where activities carry significant risks.

Opportunities

- ▶ Allows the regulatory intervention to be scaled relative to the actual risks.
- ▶ Provides a framework in which high-value economic activity that carries significant risks can be regulated.
- ▶ Rewards companies that consistently meet or exceed their requirements.
- ▶ Ensures readiness for worst-case scenarios.

Risks

- ▶ Regulators must avoid the temptation of conflating "low-risk" with "no risk".
- ▶ Requires a high level of public trust.
- ▶ May be difficult to assess risk accurately where there is a high degree of technical complexity (can be mitigated by introducing outcomes-based and/or self-regulatory measures into the risk-based regime).





What is it?

Rules that govern market behaviour are developed, administered and enforced by the industries and businesses whose behaviour is being regulated. The regulatory role can be shared between government

and industry (“co-regulated”). Government provides the underlying legal framework of consumer protection and laws relating to business, contracts, and competition.

How is it used?

Government delegates legal authority to an industry or professional organization to create regulatory standards, codes of conduct and practice

standards, or accreditation standards and to enforce compliance.

When to use it

The most common uses of self-regulation are in areas where an industry or profession is highly specialized and subject to constant change in methods, processes, and techniques. In these cases, government regulations may not be flexible or quick enough to address changes in practices within the regulated sector. Self-regulation provides an opportunity for industry experts to develop effective, flexible rules and standards that allow the industry to

flourish and be competitive. This form of regulation is most effective when there is strong professional or industry commitment to self-regulation, the ability for participants to enforce standards and a high degree of accountability among industry participants. Self-regulation is problematic when there is the potential of monopolies forming, risk of collusion to exclude new entrants, or serious risk of regulatory capture.

Opportunities

- ▶ Leverages industry expertise to develop effective standards.
- ▶ Supports industry–government relationships through cooperation.
- ▶ May lower administration costs for government and compliance costs for businesses.
- ▶ Can increase industry compliance for standards created by industry.
- ▶ Depoliticizes creation of rules and standards (regulation is peer-based, not political).

Risks

- ▶ Sanctions may not be severe enough to function as a deterrent to non-compliance.
- ▶ There may be a perception that industry-led regulation is less transparent than traditional regulation.
- ▶ Incumbents may limit competition and stifle innovation by excluding newcomers from the market.
- ▶ People may feel that unless self-regulated initiatives are developed, implemented, and communicated clearly, it will be difficult to enforce compliance.

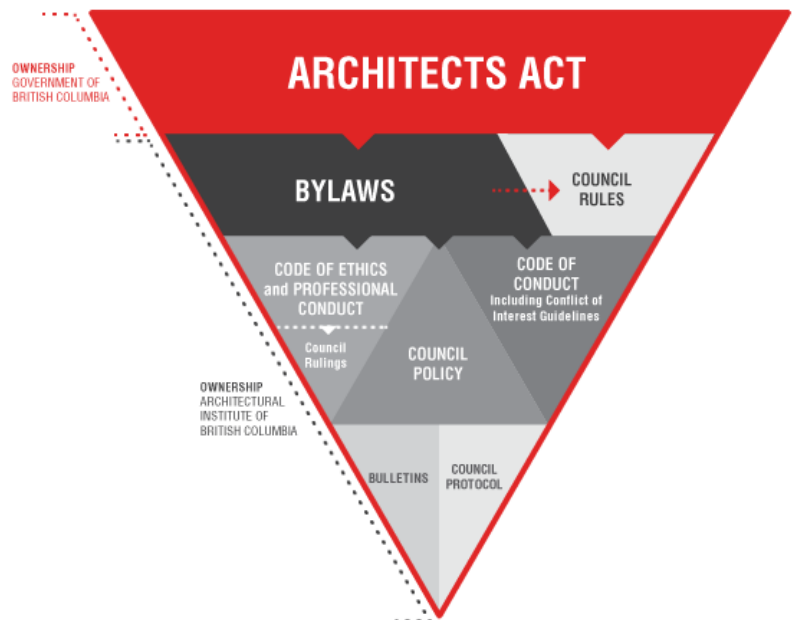
Common Forms of self-regulation in B.C.

- ▶ **Co-Regulation:** the agency that is created to regulate the activity is partly controlled by government and partly controlled by the professionals or industry being regulated.
- ▶ **Self-Regulatory Organization:** government grants an association the ability to control who is allowed to conduct activities and the association accredits and monitors members.
- ▶ **Professional Reliance:** reliance on professionals to make decisions with minimal direct oversight by regulators.
- ▶ **Voluntary Standard:** a self-regulatory standard created by industry, profession, or a non-profit group. In some cases, governments may later pass laws to make the standards mandatory.

Examples of self-regulation in B.C.

Almost every profession is regulated through a self-regulatory organization in British Columbia—accountants, nurses, doctors, teachers, lawyers, insurance brokers, pharmacists, and many more. For example, of the 26 health professions in B.C. under the *Health Professions Act*, 25 are self-regulating and 22 are governed by regulatory colleges.

The Architectural Institute of British Columbia is another example of an independent, professional self-regulatory industry. The diagram to the right illustrates how its governing Council creates bylaws, codes, and regulates architect conduct.



Enforcement in a self-regulatory organization

When self-regulatory organizations are well functioning, breaches of codes, or standards are usually enforced through industry-imposed sanctions or penalties on professionals. This approach leverages the experience and authority of organizations to develop appropriate sanctions and penalties (e.g. removal of ability to practice) that meet the expectations of consumers while encouraging regulated agents to take greater responsibility for their actions and performance.

Regulatory capture occurs when a regulatory agency advances the commercial or political concerns of the profession or industry it is regulating, rather than the public interest.

It is crucial that codes and sanctions for non-compliance are designed in an open and transparent manner to decrease the risk of regulatory capture.

If regulatory capture occurs, government has the authority to withdraw the power of the agency to regulate the profession. For example, in 2016, after an independent advisory panel made 28 recommendations concerning the Real Estate Council of British Columbia's inadequate regulation of the conduct of its members, Government withdrew the Council's ability to directly regulate the real estate profession in the province and re-asserted a provincial role.

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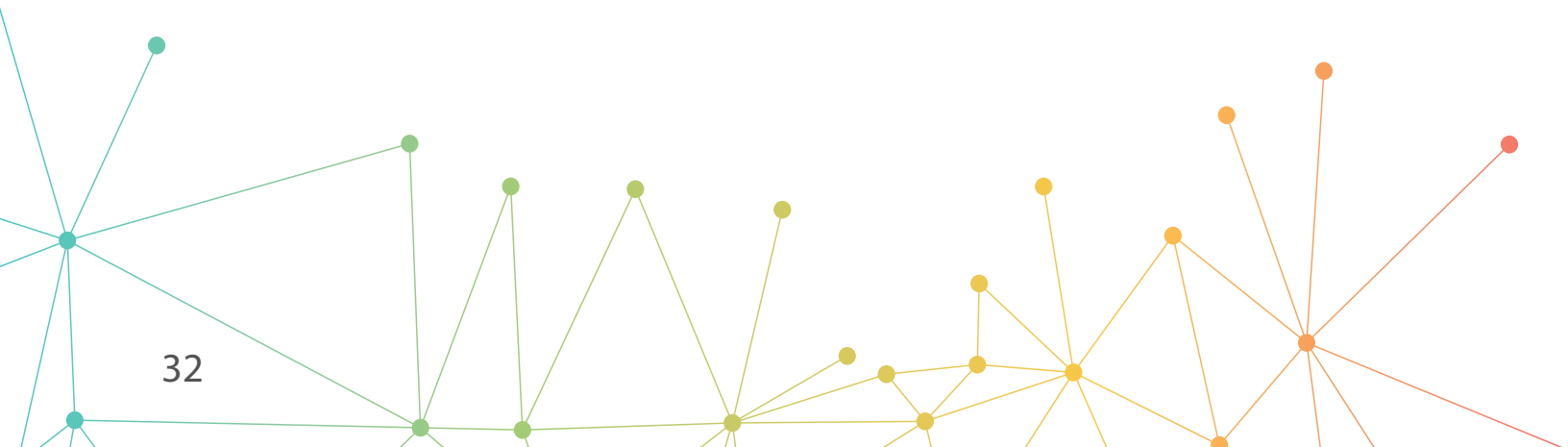
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What is it?

Prescriptive rule-making, sometimes referred to as “command and control”, or “traditional” is the most common regulatory approach.

Prescriptive rule-making is the approach to regulating in most jurisdictions.

How is it used?

Prescriptive rules state or describe what must be done (or not done) and how it is to be carried out.

Strong enforcement efforts by regulators are generally required to ensure compliance.

When to use it

Prescriptive rules are most appropriate when:

- ▶ There is a high degree of hazard to human health, safety or the environment and it is important to use specific equipment, techniques, or processes to minimize the risk of harm.
- ▶ There is minimal ambiguity about the outcome or the actions required.
- ▶ Government can confidently determine and arbitrate the rules about how an activity should be regulated, and regulated actors can reasonably be expected to comply.

Opportunities

- ▶ Reduces ambiguity and prevents confusion about how requirements are to be properly followed.
- ▶ Easier to assess whether legal requirements have been met in administrative or legal proceedings.
- ▶ Minimizes risk to the public interest.

Risks

- ▶ Overly specific rules can become out-of-date as technology and processes change.
- ▶ Provides limited flexibility for regulated parties to develop alternative technologies and processes that may better achieve government’s objectives.
- ▶ The complexity of prescriptive regulatory approaches tends to accumulate over time and pose an unnecessary compliance and enforcement burden.



Example of prescriptive rules in B.C.

The Occupational Health and Safety Regulation (OHSR), established under the *Workers Compensation Act*, and the accompanying policies, guidelines and standards, provide a high degree of specificity about the standards of health and safety measures. The OHSR has one of the highest regulatory requirements counts of any regulation in B.C. but these requirements are important for

ensuring the protection of workers in the province. The Regulation can be modified directly by the WorkSafeBC Board of Directors, without Cabinet approval. This flexibility ensures that OHSR rules stay abreast of changes in technology while continuing to address ever-changing workplace needs.

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NON-REGULATORY APPROACHES

	What is it?	How is it used?	When to use it	Opportunities	Risks
NON-INTERVENTION	<p>There are many situations where the government may choose not to intervene or take action.</p> <p>For example, the regulation to resolve an issue may already be in place but may need to be better explained.</p>	<p>Before considering new interventions or regulations, policymakers should consider whether the issue or opportunity could be achieved or resolved without government intervention.</p>	<ul style="list-style-type: none"> ▶ Existing regulations provide sufficient tools to mitigate negative outcomes. ▶ There is no risk or harm to citizens posed by the issue. ▶ The costs of intervention outweigh the benefits to the public interest. 	<ul style="list-style-type: none"> ▶ Encourages market participants to resolve issues independent of government. ▶ Avoids the costs to government of creating and enforcing regulatory requirements. 	<ul style="list-style-type: none"> ▶ People and businesses may feel that it is government's responsibility to regulate for the public good. ▶ Allowing markets to resolve issues may create an unfair playing field with some participants having greater financial resources to prolong disputes or to afford legal costs. ▶ May lead to emergent issues not being dealt with in a timely manner.
INFORMATION AND EDUCATION	<p>Regulators provide relevant information to people and businesses in accessible formats, so they can take action or make informed choices while considering the risks and benefits associated with their choices.</p>	<p>Information and education approaches present facts and arguments to affect behaviour. This form of intervention, as an alternative or complement to regulation, is based on persuasive communication by regulators. These approaches include best practices, guidelines, voluntary standards, manuals, advertising, and social media campaigns.</p>	<ul style="list-style-type: none"> ▶ Information and education campaigns can be used to influence people's behaviours without compelling them to act in a particular way. ▶ Provide clear facts about choices and associated risks. 	<ul style="list-style-type: none"> ▶ Provide consumers with the opportunity to make better-informed choices and decisions. ▶ May be combined with other approaches and tools as part of a policy package. ▶ Can support government direction as well as greater citizen engagement and self-determined decision making. 	<ul style="list-style-type: none"> ▶ Reaching target audiences and adjusting behaviour can be expensive and time-consuming. ▶ It may be difficult to predict how people will react or change their behaviour in response to the information provided. ▶ May have varying degrees of effectiveness by community. ▶ May be difficult to quantify impact.



GOVERNANCE APPROACHES

CO- GOVERNANCE AND SHARED DECISION- MAKING

What is it?	How is it used?	When to use it	Opportunities	Risks
Authority is shared or shifted to other governments (e.g. federal, municipal, First Nations, Métis Nation) or non-governmental organizations.	Policy approaches are co-designed or negotiated so implementation is carried out by the partner government or organization. Funding and legal authority are shared as needed.	<ul style="list-style-type: none">▶ Opportunities to make services more effective by changing who holds authority.▶ When shifting authority in delivering services and/or making decisions will strengthen Indigenous communities and support the B.C. government's 10 Principles and DRIPA.▶ To achieve economies of scope (e.g. when cost savings occur because two or more activities are produced simultaneously). For example, one staff person who performs multiple functions in a remote community may be more effective than multiple staff people who need to travel from different communities.	<ul style="list-style-type: none">▶ Strengthen the overall capacity of Indigenous peoples, local governments and other partner organizations.▶ People delivering services or managing policies in a local context can be better placed to find creative solutions to tricky challenges that the provincial government can find difficult to tackle.	<ul style="list-style-type: none">▶ Shared authority can create new transaction costs related to ongoing collaboration.▶ When something goes wrong, determining accountability can be more difficult. Co-governance doesn't equal abdication of responsibility. The Province will need to continue to be responsive to managing the file or the relationship will break down.▶ Requires adequate funding and support or it is simply "downloading" costs.



ECONOMIC APPROACHES

	What is it?	How is it used?	When to use it	Opportunities	Risks
CHOICE ARCHITECTURE	Behavioural Insights (BI) is a discipline that draws on psychology, economics, and other social sciences to design and test relatively minor changes (“nudges”) to the framing of choices that make it more likely for people to voluntarily choose a more desirable behaviour.	BI projects typically involve conducting field and literature-based research to identify potential nudge interventions that shift behaviour, and assessing outcomes through statistical data analysis. Randomized controlled trials are often used with multiple policy solutions to determine how well they work to shift behaviour compared to business as usual before scaling up. BI is a low-cost form of program evaluation.	<ul style="list-style-type: none"> ▶ Applicable when dealing with a government interaction where there is a need to change the behaviour or choices of a defined population. ▶ Projects with large populations often produce the most reliable findings. ▶ Policy fields with reliable sources of user-level data are particularly well-suited. 	<ul style="list-style-type: none"> ▶ A low-cost, project-based evaluation method for assessing potential policy and service improvements. ▶ Choice-preserving approach is ‘lighter touch’ in contrast to regulatory approaches. ▶ Interventions generate empirical evidence . 	<ul style="list-style-type: none"> ▶ Requires expertise in statistical analysis and experimental methods to conduct properly. ▶ Requires time for user research and field data collection. ▶ Ensuring ethics are properly considered.
GRANTS, PROGRAMS, AND FINANCING	Direct funding for an activity government wants to encourage through cash transfers or delivery of services by government or other organizations.	Government can encourage more of a behaviour or the consumption of a particular good (e.g. after-school sports programs) by providing direct funding to individuals or other organizations.	<ul style="list-style-type: none"> ▶ Fund the development or maintenance of needed social and economic services or to incent desired behaviours. ▶ Government may also use financing programs to help borrowers who lack upfront savings. 	<ul style="list-style-type: none"> ▶ Targeted interventions directly incent desired behaviour and can stimulate economic growth. ▶ Can provide measurable results tied to direct government investment in goods and services. ▶ Can leverage other private and public finances. 	<ul style="list-style-type: none"> ▶ Grant and financing programs are generally expensive both in terms of direct costs and administrative costs to operate the programs. ▶ Direct and indirect return on investment from grants and financing programs can be challenging to predict.
REGULATORY ECONOMIC INSTRUMENTS	Economic instruments include taxes, subsidies, quotas, vouchers, tradeable permits, auctions, and competitions to encourage behaviour changes.	A regulatory economic instrument changes the cost of a particular activity to entice or discourage the behaviour of individuals or firms.	<ul style="list-style-type: none"> ▶ Regulatory economic instruments are most appropriate where there is an important area of economic activity in which government wants to influence behaviour without prohibiting it. ▶ Designing an effective economic instrument requires careful study of the degree to which supply and demand will respond to the intervention. 	<ul style="list-style-type: none"> ▶ Incentives can act as a catalyst to reward behaviours that support policy objectives. ▶ Offers people and businesses flexibility to make choices. ▶ Minimal compliance burden for individuals, businesses and government. 	<ul style="list-style-type: none"> ▶ May have unintended consequences such as incenting an even less desirable activity. ▶ May have a greater impact on particular groups. ▶ May translate into a less favourable business environment within economic sectors.



REGULATORY APPROACHES (PART 1)

OUTCOMES-BASED

RISK-BASED

What is it?	How is it used?	When to use it	Opportunities	Risks
An outcomes-based regulatory approach is designed to focus on measurable outcomes, rather than prescriptive processes, techniques, or procedures.	This approach shifts the focus of regulation to the end-results or outcomes, rather than inputs or outputs, although outputs may be used as proxy measurements. Outcomes-based regulations reduce the degree of government intervention by allowing businesses and individuals to choose how they will comply with legislated requirements.	<ul style="list-style-type: none"> ▶ Most effective when government seeks a clear outcome or when regulators have limited knowledge of industry processes. ▶ Particularly relevant when rapid technological change occurs within an industry or an industry has complex and technical processes. 	<ul style="list-style-type: none"> ▶ Allows more flexibility on methods of compliance, which may promote innovation and the adoption of new technologies. ▶ Can be tailored to resolve specific policy problems and be amended quickly to address evolving needs. 	<ul style="list-style-type: none"> ▶ More difficult to assess and verify compliance because this approach can allow for a broad range of compliance strategies. ▶ If outcomes are not clearly legislated it can be difficult to enforce compliance. ▶ Outcome approaches will be difficult to develop if the outcome is not clear or measurable. ▶ Places greater onus on industry to determine how to comply with the outcome.
A risk-based regulatory approach relies on regulation that enables government to prioritize regulatory activities, and deploy inspection and enforcement resources based on an assessment of the risks a regulated firm poses to the regulator's objectives. Regulators are able to focus their attention on the firms that demonstrate the most risky behaviours over time. Firms that minimize risk and maintain a good track record can be rewarded with less burdensome regulatory requirements.	Risk-based regulatory approaches give statutory decision makers flexibility in assigning different requirements to different firms based on their risk profile. Regulated firms file plans that demonstrate how they plan to mitigate risk, such as respond to hazardous incidents.	<ul style="list-style-type: none"> ▶ There is a high level of documentation of the activity, scenario planning and preparation for worst-case scenarios and the ability to assess compliance through inspections or audits. ▶ Common in financial and environmental regulatory regimes, where activities carry significant risks. 	<ul style="list-style-type: none"> ▶ Allows the regulatory intervention to be scaled relative to the risks. ▶ Provides a framework in which high-value economic activity that carries significant risks can be regulated. ▶ Rewards companies that consistently meet or exceed their requirements. ▶ Ensures readiness for worst-case scenarios. 	<ul style="list-style-type: none"> ▶ Regulators must avoid the temptation of conflating "low-risk" with "no risk". ▶ May be difficult to assess risk accurately where there is a high degree of technical complexity (can be mitigated by introducing outcomes-based and/or self-regulatory measures into the risk-based regime). ▶ Requires a high level of public trust.



REGULATORY APPROACHES (PART 2)

	What is it?	How is it used?	When to use it	Opportunities	Risks
SELF-REGULATION	<p>Rules that govern behaviour are developed, administered and enforced by the industries or individuals being regulated. The regulatory role can be shared between government and industry ("co-regulated"). Government provides the underlying legal framework of consumer protection and laws relating to business, contracts, and competition.</p>	<p>Government delegates legal authority to an industry or professional organization to create regulatory standards, codes of conduct, and practice, training, and education standards or accreditation standards and to enforce compliance.</p>	<ul style="list-style-type: none"> ▶ Industry or profession is specialized, active and subject to change in methods, processes and techniques. ▶ Strong professional or industry commitment to self-regulation and accountability with the ability for participants to enforce standards. ▶ Problematic when there is the potential of monopolies forming, risk of collusion to exclude new entrants, or serious risk of regulatory capture. 	<ul style="list-style-type: none"> ▶ Leverages industry expertise to develop effective standards. ▶ Supports industry-government relationships through cooperation. ▶ May lower administration costs for government and compliance costs for businesses. ▶ Can increase industry compliance for standards created by industry. ▶ Depoliticizes creation of rules and standards (regulation is peer-based, not political). 	<ul style="list-style-type: none"> ▶ Sanctions may not be severe enough to function as a deterrent to non-compliance. ▶ There may be a perception that industry-led regulation is less transparent than traditional regulation. ▶ Incumbents may limit competition and stifle innovation by excluding newcomers from the market. ▶ Citizens may feel that unless self-regulated initiatives are developed, implemented, and communicated clearly, it will be difficult to enforce compliance.
PRESCRIPTIVE	<p>Prescriptive rule-making, sometimes referred to as "command and control", or "traditional" is the most common regulatory approach.</p> <p>Prescriptive rule-making is the approach to regulating in most jurisdictions.</p>	<p>Prescriptive rules state or describe what must be done (or not done) and how it is to be carried out.</p> <p>Strong enforcement efforts by regulators are generally required to ensure compliance.</p>	<ul style="list-style-type: none"> ▶ There is a high degree of hazard to human health, safety or the environment and it is important to use specific equipment, techniques or processes to minimize the risk of harm. ▶ There is minimal ambiguity about the outcome or the actions required. ▶ Government can confidently determine and arbitrate the rules about how an activity should be regulated and regulated actors can reasonably be expected to comply. 	<ul style="list-style-type: none"> ▶ Reduces ambiguity and prevents confusion about how requirements are to be properly followed. ▶ Easier to assess whether legal requirements have been met in administrative or legal proceedings. ▶ Minimizes risk to the public interest. 	<ul style="list-style-type: none"> ▶ Overly specific rules can become out-of-date as technology and processes change. ▶ Provides limited flexibility for regulated parties to develop alternative technologies and processes that may better achieve government's objectives. ▶ The complexity of prescriptive regulatory approaches tends to accumulate over time and can pose an unnecessary compliance and enforcement burden.

