 Regulatory Policy Committee	Opinion	
Impact Assessment (IA)	Designation of marine conservation zones	
Lead Department/Agency	Department for Environment, Food and Rural Affairs	
Stage	Final	
IA number	Not provided	
Origin	Domestic	
Expected date of implementation (and SNR number)	SNR 6	
Date submitted to RPC	23/08/2013	
RPC Opinion date and reference	02/10/2013	RPC12-DEFRA-1604(2)
Overall Assessment	GREEN	
<p>RPC comments</p> <p>The IA is fit for purpose. The IA responds to the points raised in our consultation stage Opinion of 3/12/2012, including justifying the assumptions used to estimate the impact of the proposals and explaining how the estimated impacts relate to stakeholder estimates of costs. The IA should include the additional information provided by the Department justifying why it is appropriate to appraise the proposal over 20 years.</p>		
<p>Background (extracts from IA)</p> <p>What is the problem under consideration? Why is government intervention necessary?</p> <p>A biologically diverse marine environment is of high value to society. Market failure occurs because no monetary price is attached to many goods and services provided by the marine environment so market mechanisms cannot ensure that actions are fully paid for. This results in negative externalities as damage to the marine environment is not fully accounted for by users. Also, marine environmental goods and services are ‘public goods’ (in that no one can be excluded from benefiting from them). In such a case, individuals do not have an economic incentive to voluntarily contribute effort or money to ensure their continued existence</p> <p>What are the policy objectives and the intended effects?</p> <p>The Government aims to have ‘clean, healthy, safe, productive and biologically diverse oceans and seas’. Contributing to an ecologically coherent network of Marine Protected Areas (MPAs) is an essential part of this strategy, helping meet the UK’s commitments to national, European and international agreements. Marine Conservation Zones (MCZs - a type of MPA) are an essential component of this and Government has a duty to designate MCZs under the Marine and Coastal Access Act 2009 (MCAA). The designation of MCZs will help to deliver the Government’s aim of a well-managed network of MPAs that is understood and</p>		

supported by stakeholders.

Comments on the robustness of the OITO assessment

The IA says that it is a regulatory proposal that would impose a net cost to business (an 'IN') with an Equivalent Annual Net Cost to Business of £0.5m. This assessment appears to be reasonable and is consistent with the current Better Regulation Framework Manual (paragraph 1.9.10).

Comments on the robustness of the Small & Micro Business Assessment (SMBA)

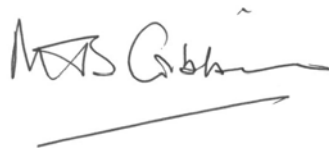
The proposals regulate business but come into force before 1 April 2014 and therefore the SMBA is not applicable.

Quality of the analysis and evidence presented in the IA

Justification of the appraisal period. The Better Regulation Framework Manual (paragraph 1.9.34) sets out that the default time period for appraising policies which do not have a specific end date should be 10 years. On this basis, the IA should include a clearer explanation for why the policy has been appraised over a 20 year period. The Department has provided additional information on this issue, explaining why a 20 year appraisal captures costs and benefits more completely than a 10 year period would, which should be used to form the basis of the explanation within the IA prior to publication.

Estimated impacts on business. By responding to the points raised in our consultation stage Opinion of 3/12/2012, the IA now explains clearly how the restrictions on activities, which will arise from the designation of Marine Conservation Zones (MCZs), will impact on businesses and how these impacts differ from the costs associated with other conservation activity. The IA now provides more accessible information on the different impacts across the main sectors that will be affected, such as the effects of fishing restrictions within MCZs, and explains how the list of proposed sites has been amended as a result of consultation responses.

Signed



Michael Gibbons, Chairman