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Department of the Prime Minister and Cabinet

Office of Impact Analysis

User Guide to the Australian Government Guide to Policy Impact Analysis

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About this User Guide

The *Australian Government Guide to Policy Impact Analysis* provides an overview of how to assess the likely effects of policy changes in a robust and transparent way. It provides high-level principles for policy makers alongside an outline of the process for developing Impact Analyses.

The *Australian Government Guide to Policy Impact Analysis* is intended for policy officers and anyone else involved in analysing, developing or implementing policy where options under consideration would have an associated expectation of compliance and result in a more than minor change in behaviour or impact. An important point to remember is that the Impact Analysis is a departmental document. It is prepared to assist policy makers in developing and implementing policy and to inform their decisions.

This User Guide is designed to be read alongside the *Australian Government Guide to Policy Impact Analysis*. It provides detail on the specifics of developing your Impact Analysis and the process of having it assessed by the Office of Impact Analysis (OIA).

Among other things, this guide will help you understand the depth of analysis your Impact Analysis should include and provide helpful step by-step advice.

Remember: help is always available from OIA should you need it.

Introduction

When is Impact Analysis required?

Impact Analysis is required for:

Any policy proposal or action of government, with an expectation of compliance, that would result in a more than minor change in behaviour or impact for people, businesses or community organisations.

This expectation of compliance may be as a result of:

- an explicit obligation on certain participants;
- industry driven schemes (whether compulsory or voluntary); or
- inducements likely to cause participants to engage with, or be affected by, the measure following its implementation.

Governments and public servants make decisions every day and as a consequence can impose significant burdens on people, businesses, and community organisations.

Decisions with regulatory aspects can ensure the community has critical protections or can guide behaviour towards achieving particular objectives. These decisions involve trade-offs and the public service has an obligation to ensure that the most significant decisions are supported by robust evidence and analysis, covering the available options and how they could reasonably be expected to play out in the community.

The Office of Impact Analysis (OIA) will advise on the requirements for your proposal. For Cabinet submissions, a note about the Impact Analysis requirements that apply must be included in the Impact Analysis section of the impacts table.

Impact Analysis is not required for non-Cabinet decision makers if the OIA advises the proposal would not result in a more than minor change in behaviour or impact for people, businesses or community organisations. Generally, changes do not require Impact Analysis if they are minor or machinery in nature.

Minor changes do not substantially alter the existing regulatory arrangements for people, businesses, or community organisations. A minor change may involve a small one-off cost but no ongoing costs; examples are the introduction of an online application process, an indexation arrangement, or the setting of opening and closing dates for a fishing ground.

Machinery changes are consequential changes required as a result of a substantive regulatory decision. There is often limited discretion available to the decision maker. The fact that some of

these changes may have a significant impact does not prevent them being machinery changes. For example, a machinery change may involve legislative changes to correct errors, administrative changes (such as name changes), changes to levy rates in line with movements in the Consumer Price Index or the updating of fee or levy thresholds.

Regulation that affects people and businesses outside Australia is in the scope of the Impact Analysis requirements if there is also an impact in Australia. See the [Regulatory Burden Measurement Framework](#) guidance note for further information.

The agency responsible for bringing the proposal to the decision maker is responsible for ensuring that all Impact Analysis requirements are met.

The three steps of the Impact Analysis process

Step 1: Preliminary Assessment

You need to contact OIA to confirm whether Impact Analysis is required for any policy proposal and any proposal proceeding to Cabinet.

A Preliminary Assessment determines whether a proposal requires Impact Analysis and helps to position you for a robust policy process.

It is your responsibility to initiate a Preliminary Assessment as early as possible during policy development. This allows time for OIA to advise on the depth of analysis required in the Impact Analysis before a decision is made, and to provide additional information on the best possible approach for your Impact Analysis.

As soon as you have a rudimentary set of answers to the seven Impact Analysis questions (as set out in the [Australian Government Guide to Policy Impact Analysis](#)), give a written summary to OIA. The '[Is Impact Analysis required?](#)' template form on the Department of the Prime Minister and Cabinet website will help you identify the key features of your proposal and prepare the summary, but using the form is not compulsory (a link to the form is in Appendix 1).

The key questions you need to answer for the Preliminary Assessment are:

- Who will be the decision maker?
- What is the policy problem?
- What are the objectives of government action?
- What policy options are available?
- What are the likely impacts of the proposal (including whether there are any market or competition impacts)?
- What are the likely regulatory costs of the proposal, including administrative, substantive compliance and delay costs, as per the Regulatory Burden Measurement framework?
- What are the key dates and timelines?

Once you have provided this information, OIA will look to advise you within five working days whether an Impact Analysis is required. If one is required, OIA will also advise on the depth of analysis the Impact Analysis should include.

Where time allows, OIA can assist you by workshopping your planned policy development process and its decision points against the Impact Analysis requirements.

To help improve the efficiency of the Preliminary Assessment process, OIA can grant a 'carve-out'. This is a standing agreement between OIA and an agency that removes the need for a Preliminary Assessment to be sent to OIA for minor or machinery changes that occur regularly. See Appendix 1 for more details on carve-outs.

Step 2: Prepare your Impact Analysis

You should start your Impact Analysis at the very beginning of the policy process to allow it to develop over time before a final decision is made. Don't wait to know all the answers before you start drafting.

OIA's role is to help you develop the best possible Impact Analysis and process for your policy proposal.

What standard of Impact Analysis is required?

The proportionality principle applies to Australian Government Impact Analyses. This means the depth of analysis for the seven Impact Analysis questions is proportionate to the magnitude of the proposed change and the stage in the policy development process.

Key determinants of proportionality for Impact Analyses are therefore:

- the scale, scope and gravity of the problem to be addressed;
- the nature of the proposed intervention and alternative options and their potential impacts;
and
- the stage of the policy development process and type of the decision being taken.

In the case of a Cabinet submission, where a proposal has been assessed as minor or machinery in nature, an Impact Analysis may be provided at the discretion of the sponsoring Minister. In these cases, where the sponsoring Minister considers additional analysis could aid the decision making process, a simplified document may be prepared to set out the problem and the likely impacts of the preferred solution. The Impact Analysis may be included in the relevant submission but is not formally assessed or published by OIA.

Where the problem is significant in scope or scale, or government intervention has potential to impose significant impacts, a greater depth of analysis on the Impact Analysis questions is required for both Cabinet and non-Cabinet decisions. The Impact Analysis is subject to assessment by OIA through a two pass process and is required to be published after an announcement of the final policy decision.

Note that there can be different types of 'impacts' to consider: direct regulatory impacts – such as the burden of compliance – and any other significant flow-on impacts, for example, on the economy, competition, society, or the environment. You should also consider impacts on specific cohorts, or the creation of incentives or disincentives within a market.

In addition to the significance of the problem and impacts, proportionality may vary according to the gravity of the decision being taken. Policy development may involve multiple decision points, potentially ranging from minor decisions on process or funding future work, through to major policy decisions shaping the substance of the resulting measure.

For any given decision point, the level and depth of analysis in the Impact Analysis needs to reflect the significance of the proposal and the stage of the policy process.

For example, an in-principle decision by Cabinet to regulate, or a decision by the Government to announce regulation in a particular form (such as announcing an intention to legislate), but to consult on the detail of the final regulation, should be informed by a detailed Impact Analysis that has completed at a minimum the first four Impact Analysis questions and provided an outline of the consultation plan. This would also apply to other major substantive decisions such as precluding one or more options from further consideration.

However, a decision to consult on a set of policy alternatives without advocating a specific policy direction may be informed by a less detailed examination of the first four Impact Analysis questions, as well as possibly identifying information gaps and soliciting stakeholder views.

Examples of how the proportionality principle would apply in commonly encountered situations are shown in the table below.

Nature of proposal (as confirmed by OIA)	Decision maker	Impact Analysis Requirement	Examples
Proposal is machinery, or non-regulatory	Non-Cabinet (e.g. Minister or statutory decision maker)	Impact Analysis not required.	<ul style="list-style-type: none"> • Appointment to a board • Time extension to an existing program • Minor amendments to an instrument to clarify the existing requirement
Proposal is machinery, or non-regulatory	Cabinet	Impact Analysis requirements can be met by the inclusion of a short statement in the Impacts Table of the submission. (See Appendix 2 for a template)	<ul style="list-style-type: none"> • Appointment to a board • Time extension to an existing program • Minor amendments to an instrument to clarify the existing requirement
Proposal likely to have minor impacts.	Non-Cabinet (e.g. Minister or statutory decision maker)	Impact Analysis not required.	<ul style="list-style-type: none"> • Significant streamlining of processes through digitisation, to reduce regulatory burden • Measure is low risk but expected to have small and contained impacts on identifiable cohorts
Proposal likely to have minor impacts.	Cabinet	Impact Analysis at the discretion of the sponsoring Minister. Impact Analysis requirements can be met by the inclusion of a short statement in the Impacts Table of the submission. (See Appendix 2 for a template)	<ul style="list-style-type: none"> • Significant streamlining of processes through digitisation, to reduce regulatory burden • Measure is low risk but expected to have small and contained impacts on identifiable cohorts
Proposal likely to have significant impacts (more than minor or machinery)	Both Cabinet and Non-Cabinet	<p>Impact Analysis required – in depth analysis that:</p> <ul style="list-style-type: none"> • addresses the 7 Impact Analysis questions (for final policy decision); or • addresses at a minimum the first 4 Impact Analysis questions and consultation plan (for earlier major policy decision that is subject to further consultation or decisions). <p>Impact Analysis must be assessed by OIA before announcement of a final policy decision. Impact Analysis is published after the announcement of a final policy decision. (A PIR needs to be completed within five years following the implementation of a policy that has been assessed by OIA as having a substantial or widespread impact on the Australian economy.)</p>	<ul style="list-style-type: none"> • Significant intervention in a market • Measure likely to impose significant burden on a sector or cohort • Measure could have significant second order impacts that require analysis (e.g. economic, social, competition, or potential to create undesirable incentives) • New regulatory scheme where none has existed

When providing its Preliminary Assessment, OIA will advise on the depth of analysis required, depending on the context and its assessment of the key determinants described above.

In its consideration of the problem, impacts and stage of the policy development process, OIA will take into account a broad range of factors. These may include, but are not limited to:

- the level of difference the proposed intervention represents from the status quo;
- the number of entities impacted and the degree to which each entity is affected;
- the level of stakeholder interest and degree to which the policy issue is contested;
- whether the proposal is likely to limit future options or opportunities;
- distributional impacts; and
- the levels of risk involved.

Assessment of Impact Analyses

Where the Impact Analysis, other than a Minor Impact Analysis, is prepared for a proposal:

- The Impact Analysis should be submitted to OIA for an Early Assessment (see below) before any major policy decision is made.¹ Early Assessment is optional, but allows OIA to give you feedback on whether the depth of analysis in your Impact Analysis is sufficient for the decision about to be made and/or as a basis for consultation.
- Your Impact Analysis must pass through a Final Assessment before it is provided to decision makers to inform their final decision.
- Consultation will vary according to your issue and policy process, but is mandatory before a final decision occurs.

When does OIA assess the Impact Analysis?

OIA provides an Early Assessment (optional) and a Final Assessment (mandatory). These formal assessments are undertaken only after your Impact Analysis has been certified by your secretary, deputy secretary, or chief executive (whoever is relevant to the proposal).²

OIA can also offer advice on preparing your Impact Analysis at any stage of the Impact Analysis process, including providing feedback on the quality of early drafts of your Impact Analysis outside the formal assessment process.

Early Assessment

OIA can provide an Early Assessment once you have completed the first four Impact Analysis questions (including costing the regulatory burden), planned your consultations, and had your Impact Analysis certified by your secretary, deputy secretary or chief executive.

OIA will then assess your Impact Analysis for adequacy against the proportionality principle and on how well you have answered the Impact Analysis questions and followed requirements set out in the *Australian Government Guide to Policy Impact Analysis*.

¹ Major policy decision points include: an in-principle decision to regulate; a decision by the Government to consult on a proposal that may lead to regulatory change; a decision by the Government to announce regulation in a particular form (such as announcing an intention to legislate), but to consult on the detail of the final regulation; a decision to preclude one or more options from further consideration; and a final decision on the proposal.

² [Template certification letters](#) are available from OIA.

At the Early Assessment stage, the focus will be on the first four Impact Analysis questions, and whether your Impact Analysis contains an appropriate plan for consultation, including an explanation of the purpose and objectives of consultation.

Following this assessment, OIA will write to tell you whether you have met the Impact Analysis requirements and whether the Impact Analysis is suitable as a basis for consultation or for an initial decision. Alternatively, OIA will advise on the areas that need to be addressed for the Impact Analysis to provide the requisite depth of analysis, proportionate to the problem, impacts and stage of the policy development process. OIA will also provide direction for the development of your Impact Analysis before the Final Assessment.

OIA also provides its assessment of the quality of the Impact Analysis in its coordination comment. The comment includes OIA's view on what additional information would improve the Impact Analysis, taking into account the problem, impacts and stage of policy process.

Except where Cabinet is the decision maker, when an Early Assessment Impact Analysis proceeds to the decision maker, your Impact Analysis and OIA's assessment needs to be included with documents provided to the decision maker. Where Cabinet is the decision maker, a copy of your Impact Analysis needs to be included in the Cabinet submission³ unless the OIA has advised it would be appropriate to attach a summary due to the length of the full Impact Analysis.

Final Assessment: the two-pass process

A final policy decision always needs to be accompanied by an Impact Analysis that has been through a Final Assessment. Where Cabinet is the final decision maker, a copy of the Impact Analysis needs to accompany the final policy decision unless the OIA has advised it would be appropriate to attach a summary due to the length of the full Impact Analysis.

The Final Assessment of the Impact Analysis is a two-pass process, as described in the Guide to Impact Analysis. It is up to you to decide when a Final Assessment is undertaken, although all seven Impact Analysis questions need to be answered in full before this can happen.

In the first pass, OIA comments on whether your Impact Analysis (and Impact Analysis summary) is consistent with the Government's requirements, sufficiently addresses all seven Impact Analysis questions and provides an accurate description of the status of the Impact Analysis at each previous major decision point in the proposal's development.⁴

³ Note that the full Impact Analysis must be circulated for coordination comments.

⁴ For example, if a decision to announce regulation in a particular form but to consult on the detail of the final regulation was informed by Impact Analysis that had not been assessed by OIA prior to that decision, the Impact Analysis for Final Assessment needs to contain a statement acknowledging this.

OIA provides formal written advice to you. You then have an opportunity to revise the Impact Analysis in response to OIA's assessment.

There is no limit on the time your agency may take to revise an Impact Analysis after receiving initial advice from OIA, and no restriction on the number of times you can discuss an Impact Analysis with OIA before submitting the Impact Analysis for the second pass.

For the second pass, OIA relies heavily on the certification by your secretary, deputy secretary or chief executive in determining the adequacy of the Impact Analysis (including the Impact Analysis summary), provided the certification letter directly addresses in detail OIA's written comments at the first pass. OIA will also provide its assessment, after which the Impact Analysis can proceed to the decision maker.

If OIA assesses that your Impact Analysis is insufficient, you can nevertheless choose to bring forward the proposal for decision by the decision maker. OIA will give you written advice of its assessment, including reasons.

Except where Cabinet is the decision maker, if the proposal proceeds to the decision maker after the second pass, your Impact Analysis, and OIA's assessment must be included with the documents provided to the decision maker. Where Cabinet is the decision maker, a copy of your Impact Analysis needs to be included in the Cabinet submission⁵ unless the OIA has advised it would be appropriate to attach a summary due to the length of the full Impact Analysis.

When a final decision is announced, the Impact Analysis provided to the decision maker will be published on the [Department of the Prime Minister and Cabinet](#) website, together with your second pass certification letter and written advice from OIA setting out the status of the Impact Analysis.

Impact Analyses used to inform a Cabinet decision (where that is not the final decision) that have not been subject to a Final Assessment by OIA prior to a final decision will be published following an announcement of the final decision. In publishing the Impact Analysis in these circumstances, OIA will outline the depth of analysis recommended for the proposal, while noting that the agency's process is insufficient. In these circumstances, a [post-implementation review](#) will also be required to be completed within two years of implementation of the proposal.

Note, Impact Analyses prepared for Cabinet decisions which are minor or machinery are not subject to the formal assessment process described above, and are not published.

How does OIA assess your Impact Analysis?

OIA formally assesses your Impact Analysis against the principles for Australian Government policy makers and the adequacy with which you have addressed the seven Impact Analysis questions.

⁵ Note that the full Impact Analysis must be circulated for coordination comments.

There are two elements to this assessment: the quality of analysis contained in the Impact Analysis, and the quality of the process associated with its development.

OIA categorises its assessment into the following tiers:

Assessment Tier	Description
Insufficient	Impact Analysis assessed as insufficient means the process and analysis contained in the Impact Analysis is of poor quality and should not be used as a basis for decision-making. An insufficient Impact Analysis triggers a requirement for a post-implementation review to be completed within two years of implementation.
Adequate	Adequate means the Impact Analysis is sufficient for a decision, but contains a number of shortcomings in its analysis and/or the policy development process used to underpin the analysis, such as not conducting a reasonable level of consultation.
Good practice	Impact Analysis assessed as good practice contains an overall good quality analysis addressing the seven Impact Analysis questions and following an appropriate policy development process commensurate with the significance of the problem and magnitude of the proposed intervention. A good practice Impact Analysis may contain a small number of elements where the quality of analysis or the process followed were not of exceptional quality and could have been improved.
Exemplary practice	Exemplary practice Impact Analyses contain exceptionally high quality analysis for each of the seven Impact Analysis questions, and the process followed in developing the proposed policy and the Impact Analysis were exceptional. Policy makers should aim to produce exemplary practice Impact Analyses.

In reaching its assessment, OIA first looks at the quality of analysis contained in the Impact Analysis, and then assesses the quality of the process undertaken.

You should aim to have the highest possible quality of Impact Analysis. The *Australian Government Guide to Policy Impact Analysis* will assist you with this task.

In assessing the quality of the Impact Analysis, and examining whether you have sufficiently addressed the Impact Analysis questions, OIA considers the following:

- Does your Impact Analysis simply and clearly explain the problem and your objective?
- Does it examine a range of viable, genuine policy options, including non-regulatory and options put forward during consultations?
- Where the policy problem and circumstances are such that there are fewer than three options feasible for consideration, does your Impact Analysis include a clear explanation why other alternatives are not viable or practical?
- Have the benefits and costs of all the proposed options for people, business, and community organisations been clearly analysed in a balanced and objective manner?

- Is the methodology selected to determine the costs and benefits of the proposed options the most appropriate, considering the scale and complexity of the problem, and the strengths and limitations of the methodologies available?
- Are the regulatory impacts quantified?
- Does your Impact Analysis show how any significant impacts of the options will be distributed across the community, for example, on gender, age, Indigeneity, disability, regions and small business?
- Does it demonstrate meaningful consultation has been undertaken and that the views of affected stakeholder groups have been considered?
- Does it recommend the option with the highest net benefit?
- Does it have a clear implementation and evaluation plan?
- Does it describe the status of the IA at each major decision point in the proposal's development?

In considering the quality of the process, OIA considers the following:

- Was the appropriate type and duration of consultation undertaken?
- Was Impact Analysis, assessed by OIA, provided to the decision maker prior to each major decision point?
- Was the Impact Analysis certified by the secretary, deputy secretary or chief executive before formal OIA assessment?
- Where the policy problem and circumstances are such that there are fewer than three options feasible for consideration, did the secretary, deputy secretary or chief executive (or delegate) explicitly state this in the certification letter? Was this also discussed in the Impact Analysis?

OIA may also make a retrospective assessment that the Impact Analysis process is insufficient if approval to publish the Impact Analysis is not granted at the earliest opportunity following an announcement of a decision.

Assessment of the process can only move the analysis assessment lower. For example, an exemplary level of analysis could be dragged down if the policy making and Impact Analysis process were poor. Whereas an exemplary process would not improve the overall assessment of Impact Analysis that contained an analysis rated as merely adequate.

What happens if your Impact Analysis does not achieve an exemplary rating?

If your Impact Analysis does not achieve an exemplary rating, OIA's assessment will provide direction on how your Impact Analysis can be improved. You should try to address OIA's concerns if that is practical. For its part, OIA will identify and communicate the reasons for the Impact Analysis not achieving an exemplary rating. Where analysis is at the lower end of the adequate rating or at risk of an insufficient rating, OIA will communicate this through a range of methods, such as:

- meeting with, or writing to you, to discuss areas of concern and suggested remedies;
- briefing the Prime Minister or the Assistant Minister to the Prime Minister and Cabinet on areas of concern;
- briefing Cabinet, through coordination comment, on areas of concern;
- publishing information on areas of concern in OIA's assessment; and
- assessing the Impact Analyses as insufficient, communicating this to you in writing and publishing that information, including the requirement to undertake a post-implementation review, on the [Published Impact Analyses](#) website.

Assessment of Insufficiency

Making a final decision to regulate without Impact Analysis that has been the subject of an OIA Final Assessment will lead to an assessment of insufficiency.

Furthermore, a poor quality Impact Analysis and/or process may lead to an assessment that the Impact Analysis is insufficient for a final decision. Instances of a poor quality Impact Analysis or process would include:

- not considering at least three policy options in the Impact Analysis (including the mandatory non-regulatory option) in circumstances where the deputy secretary has not certified that the policy problem and circumstances are such that there are fewer than three options feasible for consideration;
- insufficiently articulating why the option with the highest net benefit has not been selected as the preferred option;
- not conducting an appropriate form of consultation as part of the Impact Analysis process;
- not sufficiently addressing the seven Impact Analysis questions; or

- not sufficiently describing the Impact Analysis status at each major decision point of policy development.

An assessment of insufficiency triggers the requirement for a post-implementation review to be completed within two years of implementation.

An assessment of insufficiency may also result where approval to publish the Impact Analysis is not provided by your agency at the earliest opportunity following the announcement of the final decision. However, as long as the Impact Analysis is subsequently published, this will not trigger a requirement to undertake a post-implementation review.

Regulatory burden estimate requirements

All proposals subject to Impact Analysis need to quantify the regulatory costs to people, business, and community organisations. The Regulatory Burden Measurement framework is a useful tool to assist in calculating the expected change to compliance impacts from each option.

The [Regulatory Burden Measurement Framework](#) guidance note contains further details on costing requirements.

Where a document is certified as an Impact Analysis equivalent, the regulatory costs must be calculated and set out in the certification letter.

Keep in mind, however, that regulatory costs are often only a very small subset of broader economic and other impacts on stakeholders.

Step 3: Ensuring transparency

Transparency is one of the main purposes of policy impact analysis. The publication of Impact Analyses and information about their adequacy is critical to transparency.

When does the Impact Analysis need to be published?

Upon announcement of a final decision, the Impact Analysis provided to the decision maker for the final decision will be published on the [Department of the Prime Minister and Cabinet](#) website, together with your second pass certification letter and written advice from OIA setting out the status of the Impact Analysis. Impact Analysis equivalent documents (and additional supporting analysis where relevant) are published with the certification letter following announcement of a final decision.

OIA will obtain your agency's approval prior to publishing the Impact Analysis. In practice, OIA will seek to publish the Impact Analysis on its website as soon as practicable after a final decision is publicly announced (for example, by media release, or tabling of legislation in Parliament).

OIA will make clear on its website if no Impact Analysis is prepared or if Impact Analysis published elsewhere (such as in explanatory memorandums or statements) does not match the Impact Analysis assessed by OIA.

Where a draft Impact Analysis that has not been assessed by OIA is used to inform a major non-final Cabinet decision, it is required to be finalised and assessed by OIA prior to a final decision. If it is not finalised and assessed prior to a final decision, OIA will publish the Impact Analysis that was provided to decision makers earlier in the process and label that process as insufficient.

OIA also publishes any Prime Minister's exemptions, including the applicable criteria. Agencies will not attract an insufficient assessment when a Prime Minister's exemption is granted.

If a decision to regulate results in legislation, the fact that the Impact Analysis was subject to a Prime Minister's exemption needs to be noted in the explanatory material.

Where does the Impact Analysis need to be published?

Impact Analyses (or Impact Analysis equivalents), certification letters and OIA's assessments of those Impact Analyses will be published on the [Department of the Prime Minister and Cabinet](#) website on the announcement of the final policy decision.

Where a regulation is tabled in Parliament, your Impact Analysis, as assessed by OIA, needs to be included in the explanatory memorandum (for primary legislation) or the explanatory statement (for legislative instruments).

Impact Analyses for treaties must be tabled along with the final text of the treaty and the national interest analysis.

Is there scope to amend the Impact Analysis prior to publication?

Except in very limited circumstances, the Impact Analysis submitted to OIA for Final Assessment and subsequently provided to the decision maker will be published under the transparency requirements. It cannot be changed even where the information may have effects on the market or market stability.

Remember, your Impact Analysis is not an advocacy document. It informs a decision maker by providing an objective assessment of the impacts of various options to address an identified problem. Making public the various options, and commensurate impacts, considered by a decision maker is an important aspect of transparency. The published Impact Analysis should reflect the analysis that was before the decision maker when they made their decision, and as such should not be amended following a final decision to support or justify the decision taken.

However, some limited scope exists to modify Impact Analysis after the decision maker's consideration but before publication:

- where the Impact Analysis refers to commercial-in-confidence or national security information;
- to correct minor typographical or formatting errors, but without substantially changing the meaning or analysis in the Impact Analysis;
- to include additional relevant information that does not substantially alter the analysis in the Impact Analysis (for example, additional information about consultation processes or extra details of future reviews of the regulation); or
- to update the impacts, where the proposal was modified by the decision maker.

All such changes must be approved by OIA before publication. A failure to seek OIA approval of changes prior to publication will lead to the agency's Impact Analysis being reported on the [Published Impact Analyses and Reports](#) website as insufficient.

Is there scope to provide additional information after publication?

In limited circumstances it may be appropriate to provide additional information or analysis after the publication of an Impact Analysis. For example, the costs and benefits for a policy being implemented in incremental steps may only be able to be reliably calculated following the commencement of earlier component parts.

With the agreement of the OIA, agencies may publish an addendum to an Impact Analysis to provide additional context, expand on the information available for any of the questions, for example to provide further cost-benefit information, or to canvass new options.

Material covered in addenda must be substantively similar to the content of the original Impact Analysis. In circumstances where the addendum would materially change the proposal, a new Impact Analysis must be prepared and assessed by the Office of Impact Analysis.

In cases where an addendum is published, the original Impact Analysis will be retained, unedited, on the OIA website alongside the supplementary information provided by an agency.

OIA will not assess the material presented in the addendum and will note that it has been prepared as supplementary information to support readers and (if applicable) decision makers. OIA may make general comments on the quality of the information presented.

Does the Impact Analysis need to be included in the Explanatory Memorandum or Statement?

By default, where a regulation is tabled in Parliament, the Impact Analysis needs to be included in full in the explanatory memorandum or statement, regardless of whether the Impact Analysis has already been published on the Published Impact Analyses website. This requirement only applies to Impact Analyses that are more than minor or machinery in nature. Minor Impact Analyses prepared for Cabinet submissions are not required to be included in explanatory memorandums or statements.

There may be certain circumstances where publishing the Impact Analysis in the explanatory memorandum or statement is impractical, such as where the Impact Analysis (or Impact Analysis equivalent):

- has been tabled in Parliament previously, and a stable web link to the document is available; or
- is exceptionally long and would impose an unreasonable cost. In this case, a summary of the document (for example, the executive summary) may be published instead in the explanatory memorandum or statement.

You must seek OIA agreement to the exceptions above prior to seeking Ministerial approval of the Parliamentary Bill.

Failure to publish the Impact Analysis in full in the explanatory memorandum or statement without the agreement of OIA will lead to an agency being reported on the Published Impact Analyses website as insufficient.

Reporting of compliance

OIA monitors regulations tabled in parliament, news reports, media releases and other sources for indications that a decision that falls within the Policy Impact Analysis framework has been made. Where it appears that such a decision has been taken before Impact Analysis was completed, OIA will contact the agency in the first instance to obtain additional information. After consultation with the agency, OIA determines one of the following:

- the Impact Analysis requirements have been met and no further action is required;
- the process used to prepare Impact Analysis was in some way inconsistent with the Impact Analysis requirements (the reason for this determination will be published as part of OIA's assessment advice); or
- the requirement to prepare Impact Analysis has not been met and the agency needs to undertake a post-implementation review (in addition, the agency will be reported as insufficient).

If OIA confirms that a decision on a policy proposal was made without the appropriate level of supporting analysis, it will report that on its website.

An agency's Impact Analysis process may be deemed insufficient in Step 3 (Ensuring transparency) if it does not provide approval to OIA for publishing the Impact Analysis as soon as practicable after a final decision is made. An insufficient assessment at this stage is reported on the [Published Impact Analyses](#) website, but it does not trigger a requirement to complete a post-implementation review.

Web accessibility

Impact Analyses and post-implementation reviews supplied to OIA for publication on the Published Impact Analyses website must conform to the [Web Content Accessibility Guidelines 2.2 \(WCAG\)](#).

The Australian Government, together with state and territory governments, has endorsed the guidelines for all government websites. This means that all documents published online by Australian governments must conform to the standards specified in the WCAG.

For Impact Analyses and post-implementation reviews, certain formatting and style conventions must be observed, and any PDF documents must be published in at least one alternative format, such as rich-text format or HTML. If your document contains charts and tables, you may have to do additional work and you should build that into your timeframes.

Agencies that take too long to provide web accessible versions of the Impact Analysis for publication may attract a negative comment from OIA or an 'insufficient' assessment. Therefore, you should liaise with your web services team before drafting the Impact Analysis to ensure that the guidelines are met.

Assistance

If you have any questions about the Impact Analysis process, email OIA at helpdesk-OIA@pmc.gov.au or call (02) 6271 6270.

[Further information and guidance material on the Impact Analysis process.](#)

Appendix 1: Other guidance material available

Further guidance material is available on the following aspects of the Impact Analysis process.

'Is Impact Analysis required?'

An agency is required to contact OIA to seek advice on whether an Impact Analysis is required for an Australian Government policy proposal. This is known as a Preliminary Assessment. The 'Is Impact Analysis required' form will help you identify the key features of your proposal, which, in turn, will allow OIA to quickly assess whether Impact Analysis is required.

More information on the Preliminary Assessment process is available in the ['Is Impact Analysis required?'](#) form.

Case Studies and Examples

Drafters of Impact Analysis often approach the Office of Impact Analysis seeking advice and guidance on earlier approaches that have worked for agencies in similar situations. The OIA holds an extensive library of impact analyses on a wide range of topics. It is likely something similar has been done in the past that your work can use as a foundation.

Published Impact Analyses are available on the [Published Impact Analysis and Reports](#) page of the OIA website.

More information on exemplary analysis and examples of ways to approach common situations is available in the [Exemplary Analysis and Case Studies](#) guidance note

Policy Options

When preparing Impact Analysis, Australian Government agencies must consider a range of viable policy options. The number of options included in the analysis should take into account the magnitude of the policy problem being considered. The Impact Analysis should consider all practical policy alternatives that can be implemented to achieve the policy objective and address the identified problem.

Impact Analysis needs to include at least three options unless the agency certifies in the Impact Analysis that the policy problem and circumstances are such that fewer than three options are feasible

for consideration. For election commitments and international agreements, Impact Analysis can have fewer than three options.

More information on the number of policy options that need to be considered in Impact Analysis is available in the [Impact Analysis Policy Options guidance note](#).

Carve-outs

OIA is responsible for advising government agencies on whether Impact Analyses are required. To make this process more efficient, OIA grants 'carve-outs'.

A carve-out is a standing agreement between OIA and an agency that removes the need for a Preliminary Assessment to be sent to OIA for minor or machinery changes that occur regularly. This reduces the workload for both parties while ensuring consistent advice on whether or not Impact Analysis is required.

More information on carve-outs is available in the [Carve-outs guidance note](#).

Best practice consultation

The Best practice consultation guidance note contains more detail on the application of the whole-of-government consultation principles outlined in the *Australian Government Guide to Policy Impact Analysis* and highlights the importance of developing a consultation strategy for policy proposals.

More information on the Government's consultation principles is available in the [Best practice consultation guidance note](#).

Regulatory Burden Measurement framework

All proposals need to quantify the regulatory costs to people, business, and community organisations and should endeavour to identify offsets using the Regulatory Burden Measurement framework.

Further information on how to quantify the administrative costs, substantive compliance costs and delay costs to people, business, and community organisations is available in the [Regulatory Burden Measurement framework guidance note](#).

People

The trigger for preparing Impact Analysis captures the impacts on people, reflecting the significant effects that policies falling within the Impact Analysis framework can have on the behaviour and livelihoods of people.

The [People guidance note](#) helps agencies to understand when Impact Analysis may be required for proposals that affect people and provides guidance on how to quantify those impacts.

Small Business

The [Small Business guidance note](#) describes the factors unique to small business that should be considered when undertaking policy impact analysis. It expands on the *Australian Government Guide to Policy Impact Analysis* by providing policy makers with principles to consider in developing policy that affects small business.

Community organisations

Because community organisations function in different ways from commercial businesses, they should be considered separately when assessing the impact of a proposal. OIA's [Community organisations guidance note](#) aims to help agencies gain a better understanding of the types of issues they should be considering if they are proposing a policy change that may affect community organisations. This will help to ensure that those impacts are recognised early in the policy process and discussed thoroughly in the Impact Analysis, where appropriate.

Competition and regulation

Impact Analyses for policy proposals that restrict competition are required to demonstrate that the benefits to the community outweigh the costs, and that there are no alternative means of achieving the same objective without restricting competition. The [Competition and regulation guidance note](#) outlines how OIA assesses whether a proposal restricts competition, and how such a proposal would be justified in the Impact Analysis.

Commonwealth programmes

Regulatory impacts of the Commonwealth's procurement, grants and cost recovery frameworks is included in the scope of the Australian Government Impact Analysis framework.

The [Commonwealth programmes guidance note](#) provides additional information to help agencies understand when Impact Analysis is required for government benefits, grants, procurement and cost recovery proposals and how to quantify the impacts of those proposals.

Cost-benefit analysis

The Australian Government is committed to the use of cost-benefit analysis to assess regulatory proposals and encourage better decision making. A cost-benefit analysis involves a systematic evaluation of the impacts of a proposal, accounting for all the effects on the community and economy—not just the immediate or direct effects, financial effects or effects on one group. It emphasises valuing the gains and losses from a policy proposal in monetary terms as far as possible.

More information on conducting a cost–benefit analysis is available in the [Cost–benefit analysis guidance note](#).

Risk analysis in Impact Analyses

Government regulation rarely deals with certainties, but is often designed to reduce the likelihood of harmful or hazardous events occurring.

OIA has prepared a guidance note on approaches to evaluating policies aimed at managing risks. An effective approach to risk management requires that agencies develop a thorough understanding of the risks they are seeking to manage. This can be achieved by soundly applying risk analysis and economic evaluation principles.

More information on dealing with risk in Impact Analyses is available in the [Risk analysis in Impact Analyses guidance note](#).

Trade impact assessments

If a policy proposal has a direct bearing on trade performance, a trade impact assessment should be incorporated into the impact analysis of the preferred option in the Impact Analysis. The assessment should summarise the impact of regulatory options and proposals on exporters and importers and assess the overall impact on Australia’s international trade. This should address consideration of Australia’s international trade obligations, which could include a requirement to notify new measures through the World Trade Organization (WTO). OIA’s [Trade impact assessments guidance note](#) provides more detailed information on how to complete an assessment.

Environmental valuation

Analyses of proposals that significantly affect environmental assets should take into account the benefits that those assets provide to the community.

OIA has developed a framework to analyse how decisions can affect environmental assets and the benefits they provide. While the framework is broadly applicable, its main aim is to inform the development of Impact Analyses.

More information can be found in the [Environmental evaluation guidance note](#).

Distributional analysis

Decision makers are often concerned about the distributional impacts of projects and policies. Distributional analysis is an important supplementary step to provide decision makers important information about the overall outcomes for the community.

More information on conducting a distributional analysis is available in the [Distributional Analysis guidance note](#).

Impact Analysis equivalent processes

If an Impact Analysis equivalent process has been undertaken by a department, agency, statutory authority, or board, agreement may be sought from OIA for that analysis to be lodged through the Impact Analysis equivalent process. Impact Analysis equivalents will be assessed by OIA for relevance to the recommended option(s).

OIA has prepared the guidance note [Impact Analysis Equivalent Processes Requirements](#) to explain the specific requirements for this compliance pathway.

Sunsetting legislative instruments

Under the *Legislative Instruments Act 2003*, all legislative instruments 'sunset', or cease automatically, after 10 years, unless action is taken to remake them or they are otherwise exempt. Some instruments may have impacts on people, businesses, or community organisations, so changes to their future operation fall within the scope of the Impact Analysis requirements. However, some streamlined administrative processes apply to sunseting instruments and Impact Analysis may not need to be prepared in all circumstances.

More information can be found in the [Sunsetting legislative instruments guidance note](#).

Post-implementation reviews

Post-implementation reviews (PIRs) need to be prepared when decisions that fall within the scope of the Australian Government Impact Analysis framework have been taken without Impact Analysis. This may be because Impact Analysis was not prepared for the final decision, or because the Prime Minister granted an exemption from the Impact Analysis requirements. Where Impact Analysis was not prepared for the final decision or was assessed by OIA as insufficient, a PIR needs to be completed within two years of the decision being implemented.

For decisions assessed by OIA as having a substantial or widespread impact on the Australian economy, a PIR needs to be completed and signed off by OIA within five years following the implementation of the decision.

More information can be found in the [Post-implementation reviews guidance note](#).

Appendix 2: Impact Analysis input for Cabinet proposals

All Cabinet submissions (including committees of Cabinet, such as ERC) must meet the Australian Government Impact Analysis requirements. The following describes how to meet the Impact Analysis requirements for proposals where Cabinet is the decision maker.

Proposals that require Impact Analysis

Where Cabinet is the decision maker for a proposal that has been assessed by OIA as requiring detailed Impact Analysis, the Cabinet submission requirements can be met by attaching a copy of the completed Impact Analysis to the submission and including the following in the relevant section of the Impacts table:

Economic, Social and Community (Impact Analysis):

[Comments about the economic, social and community impacts, net benefit and distribution of benefits (as applicable), consistent with the analysis contained in the Impact Analysis.]

Impact Analysis has been prepared for this proposal and is at Attachment X (OIA ref ID).

Proposals that do not require detailed Impact Analysis

Where Cabinet is the decision maker for a proposal that has been assessed by OIA as not requiring detailed Impact Analysis, Cabinet submission requirements can be met by including the following in the relevant section of the Impacts table:

Economic, Social and Community (Impact Analysis):

[Comments about the economic, social and community impacts of the proposal.]

Detailed Impact Analysis is not required (OIA ref ID).

Minor Impact Analysis

Where Cabinet is the decision maker for a proposal that has been assessed by OIA as not requiring detailed Impact Analysis, a Minor Impact Analysis may be prepared at the discretion of the Minister sponsoring a Cabinet submission. In cases where a sponsoring Minister feels Impact Analysis could aid the decision making process, a simplified document may be prepared to set out the problem and the likely impacts of the preferred solution. The Minor Impact Analysis may be included in the relevant submission but is not formally assessed or published by OIA.

Cabinet submission requirements can be met by including the following in the relevant section of the Impacts table:

Economic, Social and Community (Impact Analysis):

[Comments about the economic, social and community impacts of the proposal.]

Minor Impact Analysis at Attachment X (OIA ref ID).

Where a Minor Impact Analysis for these proposals is prepared, it should include:

- a summary of the proposed policy and any options considered
- an overview of likely impacts
- an outline of regulatory costs.

The following Minor Impact Analysis template may be used for proposals assessed by OIA as not requiring detailed Impact Analysis. The completed template should be included in the NPP, or as a separate attachment to the Cabinet Submission.

Minor Impact Analysis

Name of department/agency:

OIA Reference number:

Name of proposal:

Summary of the proposed policy and any options considered:

What are the regulatory impacts (including costs and savings) associated with this proposal?

Explain and quantify.

Regulatory burden estimate (RBE) table

Average annual regulatory impacts (from business as usual)

Change in costs (\$ million)	People	Businesses	Community Organisations	Total change in cost
Total, by sector	\$	\$	\$	\$

Minor Impact Analysis example

Impact Analysis

Name of department/agency: *Department of C*

OIA Reference Number: *11111*

Name of proposal: *Proposal F*

Summary of the proposed policy and any options considered:

The proposed policy is to introduce simplified reporting requirements for a grant program for Group G. Option H, to simplify reporting requirements for a subset of the grants, was also considered. However, that option was not progressed further due to feedback received from stakeholders that the option could be extended to the full range of grants.

What are the regulatory impacts (including costs and savings) associated with this proposal? Explain and quantify.

The program would reduce compliance burden on Group G. The proposal aims to simplify reporting for members of Group G who choose to participate in the program.

Reporting requirements are reduced for X businesses that participate. This reduces the time for businesses to complete reporting requests by Y hours a year, which represents a reduction in annual average compliance costs of \$Z. This is based on comments received from stakeholders that the total reporting time for business is W. This proposal will take Y hours off that time. This is quantified in the regulatory burden estimate table below.

Regulatory burden estimate (RBE) table

Average annual compliance impacts (from business as usual)

Change in costs (\$ million)	People	Businesses	Community Organisations	Total change in cost
Total, by sector		\$Z	\$	\$