



# Exemplary Analysis and Case Studies

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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 analysis 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.

## Exemplary Analysis

The following Impact Analyses have achieved an exemplary rating. While considerable effort and planning is necessary to achieve this rating, it is a target that should be pursued by all drafters. The common feature of these documents is planning and early engagement and preparation of the analysis as part of the policy development process rather than at the conclusion of work. The OIA has resources available to assist in working through the impact analysis questions and to review drafts and excerpts throughout the drafting process.

### Department of Industry, Science and Resources – Reforming Australia’s Measurement Law Framework

The National Measurement Institute within the Department of Industry, Science and Resources (DISR) finalised impact analysis on options to improve Australia’s approach to measurement law.

This analysis includes an in-depth exploration of the qualitative and (where possible) quantitative costs and benefits of a range of options to streamline and modernise the measurement law framework in Australia.

Of particular note to drafters is the approach taken to setting out the objectives of government and the considerable effort made to analyse the extent to which each option would achieve those objectives. The level of detail in the qualitative components of the cost-benefit analysis and the efforts taken to monetise and sensitivity test all of the components where feasible is also of note.

The analysis is underpinned by extensive consultation, which was conducted effectively in the context of the COVID-19 pandemic and associated challenges. The analysis explains the key areas of agreement and difference between stakeholders and clearly sets out how consultation shaped the final options, particularly the recommended option.

Policy advisers interested in this analysis can find further details on the OIA website: <https://oia.pmc.gov.au/published-impact-analyses-and-reports/reforming-australias-measurement-legislation>

## **Department of Infrastructure, Transport, Regional Development, Communications and the Arts – Australia’s Accession to the Nairobi International Convention on the Removal of Wrecks**

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) undertook impact analysis on the costs and benefits of accession to the Nairobi International Convention on the removal of wrecks.

The analysis prepared by DITRDCA included a comprehensive exploration of the costs and benefits of a range of options to better manage shipwrecks in Australian waters. The options considered were set out in detail with an open and transparent overview of the advantages and disadvantages of each.

The analysis was underpinned by extensive industry consultation, including testing options, costs and benefits, and implementation arrangements. The analysis of impacts is supported by a robust cost-benefit analysis and quantified data. Where impacts were difficult to quantify, DITRDCA presented qualitative data to support the analysis. Because the costs and benefits accrue across a range of stakeholders, DITRDCA prepared a distributional analysis to assist readers in understanding how the options under consideration would shift the accrual of costs and benefits.

Importantly, stakeholder consultation was central to shaping the final recommendation and the implementation arrangements presented in the analysis. In particular, the interoperability of the treaty with other Australian Government, state and territory laws.

Policy advisers interested in this analysis can find further details on the OIA website: <https://oia.pmc.gov.au/published-impact-analyses-and-reports/australias-accession-nairobi-international-convention-removal>

# Case Studies

The Office of Impact Analysis maintains a wide range of guidance materials to assist drafters in approaching the preparation of Impact Analyses. The following case studies highlight specific analyses that can be used as a reference point for drafters seeking examples on specific aspects of the Impact Analysis framework.

## Case Study - Proportionality

The Australian Government Policy Impact Analysis framework includes a requirement that analysis is proportionate to the magnitude of the problem at hand. Drafters often ask “how much analysis is enough?”

For some problems with significant economy-wide effects, it may be the case that the costs and benefits are best explored through sophisticated modelling; however, for smaller proposals that have a more than minor impact but that are not anticipated to have significant and widespread effects it may be appropriate to conduct more basic analysis to demonstrate to decision makers and the public that the costs and benefits are understood and that the proposed option could reasonably be expected to deliver a net benefit.

Analysis undertaken by the Department of Home Affairs on an agreement between the Government of Australia and the Government of the United States on Access to Electronic Data for the Purpose of Countering Serious Crime (AUS-US CLOUD Act Agreement) indicated the decision would require Impact Analysis, but on the lower end of the complexity scale. The analysis prepared met the Government’s requirements in a straightforward and streamlined way.

Policy advisers interested in this analysis can find further details on the OIA website:

<https://oia.pmc.gov.au/published-impact-analyses-and-reports/agreement-between-government-australia-and-government-united>

## Case Study – Defining the problem

Defining the problem sets the foundation for a good Impact Analysis. Good problem sections tease out the issues, explain the effects they have on all of the different stakeholder cohorts, and discuss both how many stakeholders are affected and the scale of those effects on each stakeholder group.

For multifaceted or complex conceptual problems it may be useful to employ short case studies to explain how different stakeholders experience issues.

The Australian Communications and Media Authority prepared Impact Analysis on options to reduce the impact of unauthorised high-risk customer transactions. This analysis focuses on addressing the costs of fraudulent activity with the objective of reducing the harm and loss caused

to Australians by scammers targeting telecommunications providers' customer authentication processes.

Policy advisers seeking information about effective problem definition can find further details on the OIA website: <https://oia.pmc.gov.au/published-impact-analyses-and-reports/reducing-impact-unauthorised-high-risk-customer-transactions>

## Case Study – Narrowing options

Presenting options in a clear and concise way can be challenging. Where a wide range of options are available or an initial consideration is necessary to examine how multiple options could fit together, drafters may wish to conduct a multi criteria analysis to show at a high level how well the proposed options align to the objectives of government set out in the response to question two.

The Impact Analysis prepared on Reforming Australia's Measurement Law framework included a multi-criteria analysis to assist in showing how well each of the options and sub-options under consideration could be expected to perform in achieving the Government's objectives.

Impact Analysis drafters working through a broad range of options may find multi-criteria analysis is a useful tool to assist in narrowing or drawing together groups of actions ahead of a more detailed cost-benefit analysis.

Policy advisers interested in this analysis can find further details on the OIA website: <https://oia.pmc.gov.au/published-impact-analyses-and-reports/reforming-australias-measurement-legislation>

## Case Study – Calculating costs and benefits

Understanding and communicating the costs and benefits of options under consideration is the most important part of an Impact Analysis and often the most difficult to prepare. There are a range of approaches that can be taken to calculate the costs and benefits – some methodologies used include willingness to pay or avoided cost models, and (in limited circumstances) multi-criteria or break-even analysis.

When considering the costs and benefits of options to improve the accessibility of houses, the Australian Building Codes Board took an approach that considered both avoided costs and community willingness to pay as the basis for analysis. This sophisticated ensured a wide range of factors was considered in the development of advice to government.

Policy advisers seeking an example of detailed cost-benefit analysis can find further details on the OIA website: <https://oia.pmc.gov.au/published-impact-analyses-and-reports/proposal-include-minimum-accessibility-standards-housing-0>

The Office of Impact Analysis also maintains a range of [guidance notes](#) about calculating costs and benefits and assessing impacts. OIA staff are also available to assist agencies in scoping CBA projects.

## Case Study – Engaging Stakeholders

Stakeholder engagement is critical to good policy development processes – the best stakeholder engagement activities seek to test the options presented but to ensure that the full range of viable options has been considered and to establish whether assumptions about costs and benefits are reasonable. They also test implementation and evaluation approaches to ensure real-world applicability. The input from stakeholders should also demonstrably shape the final analysis – whether adopted into the final recommendation or not.

Although the Australian Government Impact Analysis process does not include a requirement to release a consultation Impact Analysis, drafters can draw on many good examples in the Commonwealth-State space where this is a requirement.

An example of a consultative process built around an impact analysis with a specific objective of improving the quality of the final product and testing the options, assumptions, costs and benefits is work conducted by Austroads on the National Heavy Vehicle Driver Competency Framework.

Policy Advisers interested in the consultative approach taken in this analysis can find it on the OIA website: <https://oia.pmc.gov.au/published-impact-analyses-and-reports/austroads-national-heavy-vehicle-drive-competency-framework>