



Impact Analysis Equivalents

July 2023

The [Australian Government Guide to Policy Impact Analysis](#) (the Guide) outlines the process for developing a proposal, including meeting the Australian Government requirements for Impact Analysis.

The Guide describes some special cases in the Impact Analysis process, one of which is that a review or other similar analysis has been prepared through a process equivalent to that required in the Guide and certified by an agency head, deputy secretary, or Chief Executive as having addressed all seven Impact Analysis questions. This approach aims to remove duplication between comprehensive review processes and Impact Analyses.

Impact Analysis Equivalents are assessed by the Office of Impact Analysis (OIA) for **relevance** to the recommended option(s), and for the **coverage of the 7 Impact Analysis questions** conducted.

Additional supporting analysis will be required if the recommended option(s) put forward to the decision maker goes beyond the scope of analysis contained in the Impact Analysis Equivalent, to demonstrate applicability of the analysis where the problem identified is different or tangential to the identified issue, or if the proposed document does not cover the 7 Impact Analysis questions. This additional analysis will be released alongside the Impact Analysis Equivalent.

2023 changes

Agencies may now certify a document as an Impact Analysis Equivalent **only with** prior agreement of the OIA. The OIA has a [template letter for seeking the OIA's prior agreement](#), that agencies are encouraged to use.

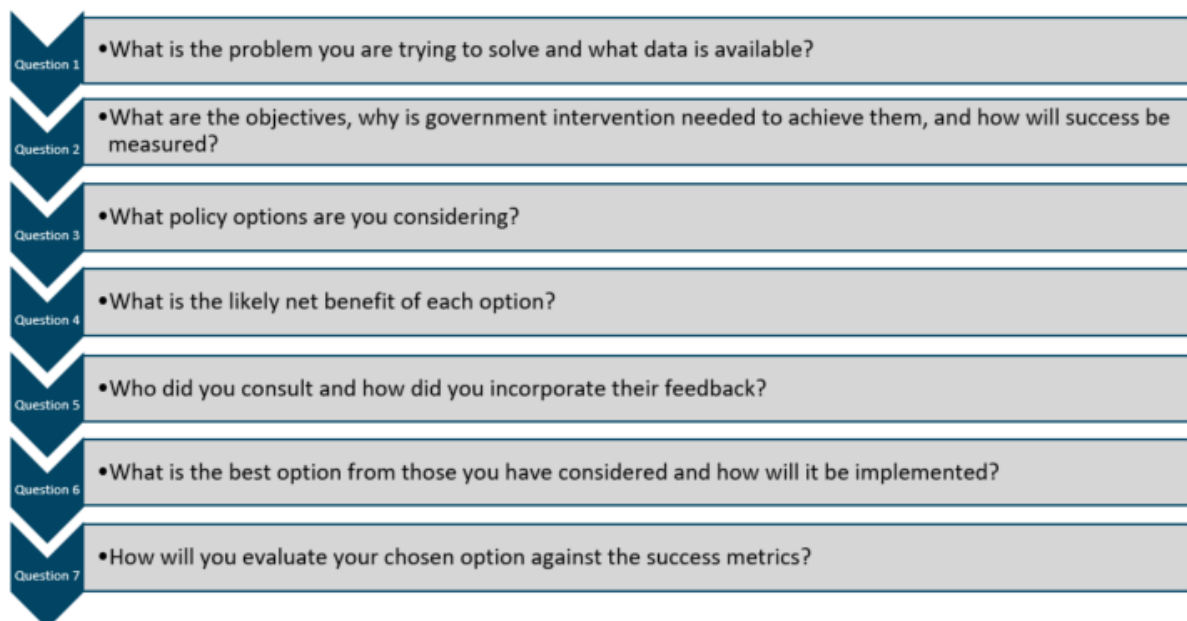
Impact Analysis equivalent process

An Impact Analysis equivalent process includes other mechanisms used by agencies to assess a policy proposal. The main proviso for an Impact Analysis equivalent process is it contains analysis of the policy proposal that is equivalent to what would otherwise have been required in an Impact Analysis. Depending on the quality and extent of the analysis (see the Requirements further below), the following can be considered as examples of an Impact Analysis equivalent process:

- Green papers (documents published to encourage discussion on a given topic)
- White papers (documents containing proposals for action on a given topic)
- Productivity Commission or Royal Commission reviews
- Substantial internal departmental or agency reviews or reports or briefs.

Importantly, Cabinet Submissions are unable to be used as an Impact Analysis Equivalent due to confidentiality of Cabinet proceedings and documentation.

This is not an exhaustive list. Agencies may identify other processes which cover the same ground as an Impact Analysis. A key indicator that a process may be Impact Analysis equivalent is where it addresses the seven impact analysis questions:



Requirements

Where an agency chooses to use an Impact Analysis equivalent process in lieu of Impact Analysis (**with the OIA's prior agreement - [template letter for seeking the OIA's prior agreement](#)**), it is required to self-assess whether the Review has followed a similar process to that required for Impact Analysis and has adequately addressed all seven Impact Analysis questions. The OIA will assess the document for relevance to the recommended option(s) and for coverage of the 7 Impact Analysis questions.

The self-assessment is done by way of a secretary / deputy secretary / chief executive certifying in writing to the OIA that the Review or Impact Analysis equivalent process:

1. has undertaken a process and analysis equivalent to an Impact Analysis
2. examined the same problem the proposal is seeking to address
3. examines options or recommendations that are relevant to the options or recommendations in the proposal, including justification on where the options or recommendations are not substantially the same
4. adequately addresses all seven Impact Analysis questions in relation to the proposal, and
5. is consistent with the Australian Government Guide to Impact Analysis.

The OIA has a [template self-assessment certification letter](#), which agencies are encouraged to use.

The certification letter needs to include the Regulatory Burden Estimate table quantifying the regulatory costs to people, businesses and community organisations, associated with the proposal. See the [Regulatory Burden Measurement framework](#) guidance note for more information. The OIA can provide support in the preparation of this estimate, but does not validate agency estimates as part of the assessment process.

It is good practice that the certified analysis resulting from an Impact Analysis equivalent process be communicated to the OIA before each major decision point, and published following any announcement of the decision. However, the final certified analysis resulting from an Impact Analysis equivalent process needs to be communicated to the OIA before a final decision. The Impact Analysis Equivalent document/s (Review and any required additional analysis), your agency certification letter, and the OIA decision (including any commentary on the quality of analysis) will be published on the [Department of the Prime Minister and Cabinet's website](#), following the announcement of the associated policy decision.

Test of Suitability

Impact Analysis equivalent processes are not formally assessed by the OIA against the four tier grading scale of the Government's Impact Analysis framework, but will be assessed by the OIA for relevance to the recommended option(s), and on whether all 7 Impact Analysis questions are addressed. In assessing an Impact Analysis Equivalent, the OIA applies the following test:

Where an agency seeks agreement from the OIA to use an Impact Analysis Equivalent (IAE) document ("the Review") as a process and analysis equivalent to Impact Analysis for the purpose of informing a proposal put to decision makers, a reasonable person would conclude that:

- The policy problem the proposal seeks to address is substantially the same as the policy problem addressed in the Review.
- The proposal presents options or recommendations that are substantially the same as the options or recommendations in the Review.
- The Review addresses all 7 Impact Analysis questions.

Where the above criteria are not met, the OIA may request additional analysis or advise that the Review is not suitable to be certified as an Impact Analysis Equivalent.

An example of where additional analysis may be requested is where the Government is responding to Royal Commission recommendations, but in its response takes the opportunity to make additional changes to the relevant sector that were not the subject of the Royal Commission. If the Royal Commission report is used as an Impact Analysis Equivalent, the OIA would request supplementary analysis to support the additional changes.

Upon receipt of the agency certified Impact Analysis Equivalent document(s) where additional analysis is requested, the OIA will assess whether the addition of further information enables the Review to meet the criteria listed above. The process will be deemed insufficient if additional analysis is requested but not provided, or if the additional analysis provided does not allow the Review to meet the listed criteria.

The OIA's letter acknowledging certification and containing this assessment will be published following announcement of a final decision on the proposal. This letter may also include brief commentary on the quality of the analysis in the Impact Analysis Equivalent.

Self-assessment of Impact Analysis Equivalents

When assessing whether an Impact Analysis meets the requirements in the Australian Government Guide to Policy Impact Analysis, the OIA examines whether the Impact Analysis has adequately addressed the seven Impact Analysis questions outlined in the Guide.

Therefore, when you are assessing whether a review (or multiple related reviews) or similar document contains an adequate level of information and analysis to be submitted as an Impact Analysis Equivalent, you should also pay particular attention to the following:

- Is the policy problem addressed in the Review substantially the same as the policy problem in the proposal?
- Are the options or recommendations in the Review substantially the same as the options or recommendations in the proposal?
- Does it simply and clearly explain the problem and your objectives?
- Does it justify that the problem is serious enough to warrant the Government's intervention?
- Does it examine a range of viable, genuine, policy options? Where the policy problem and circumstances are such that there are fewer than three options feasible for consideration, does the Impact Analysis Equivalent include a clear explanation why other alternatives are not viable or practical? Was this certified by the secretary, deputy secretary or chief executive in the certification letter?
- Have the benefits and costs of all the proposed options for people, businesses and community organisations been clearly analysed in a balanced and objective manner?
- Were the regulatory costs quantified consistent with the Australian Government's Regulatory Burden Measurement Framework?
- Does it show how the impacts of the options would be distributed across the community, including on small business?
- Does it demonstrate 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?

Submission process

You are encouraged to test the suitability of the Review as early as possible in the policy development process. This could be at the point where you are preparing the Review terms of reference or commencing an Impact Analysis equivalent process, to ensure that each of the 7 Impact Analysis questions will be addressed.

Two stage submission process

1. Submission of a proposal to certify a document through the Impact Analysis Equivalent process can be done at the EL2 or SES Band 1 level. A [template letter](#) to assist agencies is available on the OIA website. The OIA will complete assessment of proposals and provide formal advice on the additional analysis required to support the finalisation of the Impact Analysis Equivalent process (if any is required) within 5 days.
2. The formal assessment of suitability will be made at the point when the OIA receives the completed Impact Analysis Equivalent document certified by your Deputy Secretary or Agency Head ([final certification template letter](#)). The OIA will complete this assessment within 5 days.

The Impact Analysis Equivalent document, your agency certification letter, and the OIA decision (including any commentary on the quality of analysis) will be published on the OIA website following announcement of the associated policy decision.

Assistance

If you have any questions about the use of Impact Analysis equivalent processes, or to seek input in preparing Review terms of reference, email the OIA at helpdesk-OIA@pmc.gov.au or call (02) 6271 6270.

Further information and guidance is in the [Australian Government Guide to Policy Impact Analysis](#)

Frequently asked questions

Will the OIA assess whether the Impact Analysis equivalent process addresses the 7 Impact Analysis questions?

Yes – the OIA will check to ensure the Impact Analysis equivalent addresses each of the 7 Impact Analysis questions.

Who is responsible for ensuring the Impact Analysis equivalent is of suitable quality to inform a decision of government?

Responsibility for the quality of analysis, and certification that it is sufficient to support a decision of government rests with the relevant secretary, deputy secretary or chief executive. The OIA may make general comments about the relevance of the Impact Analysis Equivalent and may comment on the quality of analysis. If an agency wants the OIA to consider whether the analysis adequately addresses all the Impact Analysis questions, then it will be required to submit the analysis for formal assessment and be subjected to the full range of Impact Analysis requirements.

Do Impact Analysis equivalent processes have to be certified before consideration by the decision maker?

As with Impact Analyses, it is best practice that an Impact Analysis equivalent process be certified by the relevant secretary, deputy secretary or chief executive before a major, non-final decision. For a final decision, this certification must occur prior to consideration by the decision maker.

The certification letter needs to include the regulatory burden estimate table, which quantifies the regulatory cost of new policies. Where fewer than three options have been examined, the letter needs to also certify that the policy problem and circumstances are such that fewer than three options are feasible for consideration.

Does the Impact Analysis Equivalent have to be published?

Yes. The Impact Analysis Equivalent (along with the certification letter, and the OIA's assessment letter) needs to be published, at a minimum on the [OIA website](#), following the announcement of a decision. This includes the additional analysis where requested by the OIA.

What happens if an Impact Analysis Equivalent is certified without prior agreement by the OIA?

The OIA may determine that the Impact Analysis Equivalent is not suitable for certification and may refuse to accept the certification. In this instance a complete Impact Analysis would be required to be completed and progress through the usual two pass process prior to a final decision or announcement to avoid non-compliance with the Australian Government Impact Analysis requirements.

What happens if an Impact Analysis Equivalent is certified without additional supporting analysis, where the OIA previously advised it is required?

The Impact Analysis Equivalent will be deemed insufficient, and if a decision or final announcement is made relying on the Impact Analysis Equivalent, the OIA advice will be published.

What happens if the certified Impact Analysis Equivalent is not provided to the OIA prior to a major decision point?

If a decision is taken without a completed Impact Analysis or Impact Analysis Equivalent, the decision may be insufficient with the Australian Government Policy Impact Analysis framework. If that decision is a final decision, it will be deemed insufficient. Publication of this insufficiency would occur following public announcement of the final decision.