

Learning from Australia's oversight of Regulatory Impact Analysis (RIA)

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Summary note

A case study on Australia's RIA oversight

On Wednesday 10th March, the OECD Secretariat invited the Office of Best Practice Regulation (OBPR) in Australia to share the country's recent experience in oversight of regulatory impact analysis (RIA).

In the first half of the webinar, Ms. Elizabeth Minogue, Senior Advisor, from the OBPR described their RIA framework and the steps required to ensure RIA supported the major decisions of the Australian Government. In Australia, the requirements to develop a RIA (*otherwise known as a Regulation Impact Statement, or "RIS" in Australia*) is premised when a policy proposal is likely to have more than minor impacts on businesses, individuals or the community. Australia also noted that they did not apply quantitative thresholds when assessing their proposals, but rather stated that a RIA was always required unless OBPR confirmed otherwise¹. The focus of RIA in Australia is to inform the point of policy decisions, before an announcement is made by their Government.

To undertake a RIA within the Australian administration, there are seven questions that each policymaker had to answer:

- What is the policy problem you are trying to solve?
- Why is government action needed?
- What policy options are you considering?
- What is the likely net benefit of each option?
- Who did you consult and how did you incorporate their feedback?
- What is the best option from those you have considered?
- How will you implement and evaluate your chosen option?

As the RIA oversight body to the Australian Public Service, OBPR provides proactive support and guidance to Ministries on how they could best prepare their RIA. OBPR also plays an active role in providing advice to decision makers on the quality of the analysis prepared by the responsible Ministry once the RIA had been submitted.

Once a RIA is submitted by a Ministry and is reviewed by OBPR, OBPR then assesses the RIA into one of the following four tiers depending on its quality and policy processes followed: 1) Insufficient, 2) Adequate, 3) Good Practice, 4) Exemplary. OBPR advises on the quality of the RIA, which is an evolution from a compliance focus to one based on quality based. Since 2014-15, more than 315 federal RIAs have been finalised and this has equated to 40-50 federal RIAs being finalised each year. A RIA in Australia is published publically only after a formal government decision has been taken and announced.

¹ In other words, a Ministry must always complete a RIA for each policy proposal, unless they can demonstrate that the proposal is likely to only have minor impacts.

Though most RIAs undertaken within the Australia government have demonstrated high compliance, in 2020, it was shown that for the first time since 2013, three RIAs did not meet the requirements of OBPR. Generally, however, Australia has maintained their strength in ensuring high compliance with their RIA framework, and this has largely been attributed to elements of their approach, such as:

- Support of active engagement with RIA
- Offering a broad range of informal and formal training and assistance on individual policy items through to RIA in general
- Demonstrating that RIA is accessible and achievable

OBPR additionally noted that a strength in its RIA oversight had also been achieved through the dissemination of various guidance materials and formal and informal training sessions with civil servants. The team, however, did also assume the challenges that existed from acting as both the “referee” and the “coach” for ensuring the progression of quality RIAs.

Following the formal presentation from Australia, the OECD secretariat then invited Mr. Andrew Hallett from the UK Regulatory Policy Committee Secretariat and RegWatch Europe to offer some preliminary reactions on the first half of the webinar. Mr. Hallett confirmed, based on his experience within the UK government, that it was important to maintain a channel of informal exchanges in order to promote a culture of evidence-based assessments as well as to make RIA more accessible. Mr. Hallett even suggested that these informal channels discussing RIA may have been one of the reasons why many departments in UK submitted their RIA voluntarily even if not formally constrained to do so. His final comment, before opening the floor more generally for Q&As, further emphasized the need to build capacity for RIA within the public service, and to continue to take steps to showcase RIA as a feasible tool and to support a culture change across the administration.

Following Mr. Andrew Hallett’s comments, other participants also took part in the dynamic conversation; with delegates from Portugal, Italy and the Slovak Republic, all asking pertinent questions on Australia’s RIA and oversight mechanisms. In particular, participants enquired about instances where changes were introduced after the initial RIA. In Australia, in cases like these, OBPR would issue an early assessment, and then update the RIA (RIS) before its quality was assessed again and a final decision was taken.

[A look at Australia’s IT Tool for RIA](#)

The second half of the webinar started with a presentation by Mr. Mathew Tolley, Advisor from the Office of Best Practice Regulation, which focussed on introducing a bespoke content and workflow management system to support OBPR’s RIA oversight function. This system, which is currently under development, would offer new avenues for Australia to both strengthen and advance their capacity to support rigorous RIA even more effectively.

Presently, OBPR handles anywhere between 1500-1800 unique policy proposals each year. Given this high volume of proposals, their legacy IT system has a number of constraints in terms of engaging and upskilling the Australian public service in evidence based policymaking. The current system has also presented challenges for OBPR to conduct rapid assessment of draft RIA. Therefore, to remove these constraints and improve the quality of impact analysis advice (e.g. identify gaps in IA capability as well as improvement opportunities) and enable better workload management, OBPR has developed an innovative IT platform (hosted under Microsoft Dynamics Customer Relationship Management) to better manage their workflow as well as improve the quality of their impact analysis advice.

In general, once the IT system is fully-functional, it should comprise of the following features:

- Providing a system-wide perspective by capturing richer set of data and allowing for the reporting and analysis of aggregate data (e.g. to identify recurrent issues in RIAs from a given ministry and tailor capacity building accordingly).
- Examining changes to draft RIA over time to consider how different types of feedback from OBPR is more effective at influencing the quality of RIA, and at what stage.
- Information stored in the new system will also be more easily searchable and categorised.
- A large degree of automation, which reduces administrative time and improves the capture of important information (so OBPR has more time for analysis itself).
- System notifications for better prioritisation of work.
- Dashboards provide better visibility of internal OBPR team capacity, thus helping to balance and organise workload.

This promising initiative will offer RIA oversight bodies and Ministries a means to develop a stronger business case around opportunities to improve impact analysis within governments. The OECD will follow-up with OBPR in the future to assess the potential replicability of this new tool and potentially offer OECD countries more information on the design specifics. Comments from Mr. Manuel Cabugueira, who was the second discussant for this webinar and represented the Government of Portugal, also mentioned that Portugal was currently working on another system to help advance their current RIA system. Generally, participants were intrigued by the proposal of this new IT tool for RIA and a large number of questions requested to Australia could be supported by the country's "lessons learned" since developing the tool.