**Guidance box [to be deleted] Introductory Guidance**

*This Regulatory Impact Statement (RIS) template replaces the Impact Summary and Full Impact Statement templates. Please always use the latest version of the template on the Treasury’s website rather than outdated versions available from other sources.*

***Before developing your RIS***

* *Engage with the Treasury’s Regulatory Impact Analysis Team as early as possible in your policy development process so they can support you to meet Cabinet’s impact analysis requirements with minimal complications. You can* *send them an email* *with informal questions any time, or instead* [*submit an early engagement form*](https://www.treasury.govt.nz/sites/default/files/2019-12/early-engagement-form.docx) *if you would find this useful.*
* *We also highly recommend that you undertake early engagement within your agency and discuss the proposal with your agency’s internal RIA panel (or equivalent) throughout the process. You may find this particularly valuable after completing Section 1 so you can discuss your draft problem definition and objectives with experienced RIA practitioners.*
* *Evidence of effective consultation is a key quality assurance criterion. You are required to consult to the best of your ability before developing a RIS, reference stakeholder engagement & consultation throughout the document, identify the key issues raised during consultation, and outline how you have responded to and addressed these issues.*
* *Feel free to attach a summary of stakeholder engagement and consultation to the RIS as an annex if it is extensive and worth outlining separately.*
* *Keep in mind the* [*Government Expectations for Good Regulatory Practice*](https://www.treasury.govt.nz/information-and-services/regulation/regulatory-stewardship/good-regulatory-practice) *and use the* [*guidance documents on the Treasury’s website*](https://www.treasury.govt.nz/information-and-services/regulation/impact-analysis-requirements-regulatory-proposals) *when you begin developing your RIS. Direct links to guidance have also been provided throughout the template.*

***As you develop your RIS***

* *Keep proportionality in mind. This template is flexible by default and you are expected to adjust it according to the length, breadth, and complexity of your proposal. The RIA Team will be able to guide you on how best to customise the template when you confirm your proposal’s process with them.*
* *Consider details around implementation and monitoring, evaluation, and review even when developing earlier sections of the document. These should not be left as an afterthought.*
* *You may wish to provide an overview of how your RIS fits into the broader scheme of things, eg, other related analytical documents like a cost recovery impact statement, CIPA, a business case, an independent review, or a system assessment resulting from your agency’s regulatory stewardship work. Feel free to describe them or link to them directly.*
* *Refer to* [*DPMC’s Policy Project*](https://dpmc.govt.nz/our-programmes/policy-project) *for broader guidance and policy development tools, and keep the* [*quality assurance criteria*](https://www.treasury.govt.nz/information-and-services/regulation/impact-analysis/quality-assurance-ris) *in mind when developing your RIS.*

***Formatting your RIS***

* *Feel free to add content to the RIS, for example your agency’s logo, a title page, contents page, disclosure statement, graphics and tables throughout the document, or any other useful information beyond the default sections of the template. Adjust the template headings to suit your proposal and add new ones where desired.*
* *Format the RIS neatly before it is finalised so the reader can easily navigate it. Ensure that the sections of the template are distinguished from each other and start on new pages where appropriate.*

# Regulatory Impact Statement: [Proposal title]

## Coversheet

|  |
| --- |
| Purpose of Document |
| Decision sought: | *eg, analysis produced for the purpose of informing: final/in-principle Cabinet decisions, the release of a discussion document, etc.* |
| Advising agencies: | *ie, the agency/agencies responsible for developing this RIS* |
| Proposing Ministers: | *ie, the Ministerial portfolios responsible for the Cabinet paper* |
| Date finalised: | *ie, date the RIS was signed out* |
| Problem Definition |
| **Guidance box [to be deleted] Problem Definition***Before summarising the proposal, state the policy problem the proposal is seeking to address. This problem definition should be 1-2 sentences, drawn from the “What is the policy problem or opportunity?” sub-section of the template.* |
| [enter text here]  |
| Executive Summary |
| **Guidance box [to be deleted] Executive Summary***Summarise the proposal so that an unfamiliar reader could read only the coversheet and leave with a firm grasp of the fundamentals. The length of this section should reflect the length, breadth, and complexity of your proposal. This could be a few paragraphs or up to 2-3 pages. Although you will address these issues in-depth later, we recommend you briefly outline here:** *Why government intervention is required;*
* *The number of options considered, noting what the options entail, which (if any) is the agency’s preferred option, and whether it will be reflected in the Cabinet paper;*
* *The potential impact of the preferred option, including the costs, benefits, risks, and risk mitigations of the proposal, and the nature of impacts on different population groups; and*
* *What stakeholders and the general public think – are there any significant divergences in their views that should be brought to Ministers’ attention?*
 |
| [enter text here]  |
| Limitations and Constraints on Analysis |
| **Guidance box [to be deleted] Limitations and Constraints on Analysis***Although you will address the constraints on your analysis throughout the document, this section allows you to outline them at a high-level alongside the executive summary.**As this is an agency document, intended to provide transparency and accountability for decision-making, you should clearly outline all significant constraints on your analysis and any implications they could have for how confident Ministers can be when using this analysis to inform their decisions. Consider:** *Were there any constraints or limitations imposed by Ministers’ commissioning, eg, narrowing the scope of options to be considered or the timeframes this proposal had to be developed under?*
* *Were the problem definition or the options considered somehow limited by other factors, eg, by prior legislative or policy decisions?*
* *What are the assumptions underpinning the impact analysis?*
* *What is the quality of the data and evidence used in developing this proposal?*
* *Were there any limitations on consultation, testing, and stakeholder engagement?*
* *What additional analysis of distributional impacts on certain population groups would you have liked to include given sufficient time/resources?*
* *What is the overall impact of these limitations and constraints on how confident Ministers can be when using this analysis to inform their decisions?*
 |
| [enter text here] |
| Responsible Manager(s) (completed by relevant manager) |
| *[Name]**[Position]**[Team]**[Agency]**[Signature]**[Date signed out]* |
| Quality Assurance (completed by QA panel) |
| Reviewing Agency: | [enter text here] |
| Panel Assessment & Comment: | [enter text here] |

## Section 1: Diagnosing the policy problem

### What is the context behind the policy problem and how is the status quo expected to develop?

1. [enter text here]

**Guidance Box [to be deleted] Context/Background Information**

*Set the scene for the problem to be explored by describing the status quo. Consider:*

* *What is the current state within which action is proposed? eg, the nature of the market, industry structure, social context, environmental state, etc.*
* *How is the status quo expected to develop if no action is taken?*
	+ *If the status quo is expected to remain unchanged, explain why.*
	+ *If it is expected to change, describe how it will evolve and its impact in the absence of action (ie, the counterfactual).*
* *What are the key features of the regulatory system(s) already in place in this area (if any)? What are its objectives?*
* *Are there any previous government decisions, legislation, or Regulatory Impact Statements in this area that are relevant to this problem?*
* *Are there any other ongoing government work programmes with interdependencies and linkages to this area that might be relevant context from a systems view?*

*Depending on the length, breadth, and complexity of the context and the status quo you may wish to separate these questions out into sub-headings. Feel free to tailor the questions to suit the problem, address them in an order that makes sense to you, and include further information beyond these prompts where relevant.*

***For more information on how to complete this Context/Background Information section, refer to*** [***Section 2.1 of our Guidance Note: Best Practice Impact Analysis***](https://www.treasury.govt.nz/sites/default/files/2018-03/ia-bestprac-guidance-note.pdf#page=8)***.***

### What is the policy problem or opportunity?

1. [enter text here]

**Guidance Box [to be deleted] Problem Definition**

*Now that you have outlined the expected outcomes in the status quo, including how it is anticipated to develop over time in the absence of further government action (the counterfactual), explain why**these outcomes are problematic and describe the features of the problem.*

*You should start by reducing the problem to 1-2 succinct sentences summarising the key dynamics and interactions of the problem, which you can then copy into the problem definition section of the coversheet.*

***Describe the problem or opportunity***

* *What is the nature, scope, and scale of the problem?*
* *Who are the stakeholders in this issue, what is the nature of their interest, and how are they affected? Outline which stakeholders share your view of the problem, which do not, and why. Have their views changed your understanding of the problem?*
* *Does this problem disproportionately affect any population groups? eg, Māori (as individuals, iwi, hapū, and whānau), children, seniors, people with disabilities, women, people who are gender diverse, Pacific peoples, veterans, rural communities, ethnic communities, etc.*
	+ *If yes, have you consulted with them? What is their view of the problem? Outline in Section 2 whether/what options were considered involving, for example, partnership, co-design, or transfers of functions/responsibilities.*
* *Are there any special factors involved in the problem? eg, obligations in relation to Te Tiriti o Waitangi, human rights issues, constitutional issues, etc.*

***Be specific***

* *Give details and provide data wherever you can eg, outline exactly how many individuals, groups, or businesses are affected and quantify impacts to the extent possible (in monetary terms where it makes sense to do so).*
* *Outline the key assumptions underlying your understanding of the problem.*

***What to do when a policy problem contains several distinct issues/sub-problems***

* *Contact the Treasury’s RIA Team as soon as possible if your proposal includes several distinct policy issues so they can guide you through the process.*
* *In these cases, you will likely need to outline the overall problem definition as would normally be the case for a single-issue RIS, then break down the sub-problems within it and note the unique features of each one.*
* *Once these distinct policy issues have been identified you can duplicate Section 2 so that multi-criteria analysis and a summary of costs and benefits of an option are undertaken for each issue. You may also need to add in a new section to discuss packages of options before progressing to the implementation section.*

### What objectives are sought in relation to the policy problem?

**Guidance Box [to be deleted] Problem Definition Cont.**

***Distinguish between the root cause and the symptoms of the problem***

* *Identifying the root cause of the problem involves understanding why the problem will not be addressed within the existing regulatory framework or by new voluntary arrangements in the counterfactual scenario. Consider for example:*
	+ ***Government regulatory failure*** *– where there are unintended consequences resulting from the* ***design*** *or* ***implementation*** *of existing regulation (eg, outcomes misaligned with the original policy intent),*
	+ ***Information problems*** *– where one or more party in an arrangement does not have the information needed to act in their best interests,*
	+ ***Equity issues*** *– where the impacts of current arrangements fall disproportionately on certain groups and require fairer distribution,*
	+ ***Imperfect competition*** *– where one or more party is able to control a market for their own benefit at the expense of consumers or other firms,*
	+ ***Behavioural problems*** *– where cognitive biases (eg, confirmation bias, optimism bias, status quo bias, the availability heuristic, etc.) can lead to distorted incentives and poor decision-making, and*
	+ ***Externalities*** *– where impacts fall on people other than those who use a good/service which can lead to its over- or under-provision.*
* *For example, if the problem comes as a result of information asymmetries, then this section needs to identify* ***who*** *is unable to access* ***what*** *information and* ***how*** *their behaviour results in evidence of a problem.*

*Depending on the length, breadth, and complexity of the problem you may wish to separate these questions out into sub-headings. Feel free to tailor the questions to suit the problem, address them in an order that makes sense to you, and include further information beyond these prompts where relevant.*

***For more information on how to complete this Problem Definition section, refer to*** [***Section 2.2 of our Guidance Note: Best Practice Impact Analysis***](https://www.treasury.govt.nz/sites/default/files/2018-03/ia-bestprac-guidance-note.pdf#page=10)***.***

1. [enter text here]

**Guidance Box [to be deleted] Objectives**

*Discuss the objectives sought in relation to the policy problem. If there are multiple competing objectives, explain how trade-offs between them will be made.*

***For more information on how to complete this Objectives section, refer to*** [***Section 2.3 of our Guidance Note: Best Practice Impact Analysis***](https://www.treasury.govt.nz/sites/default/files/2018-03/ia-bestprac-guidance-note.pdf#page=12)***.***

## Section 2: Deciding upon an option to address the policy problem

### What criteria will be used to compare options to the status quo?

1. [enter text here]

**Guidance Box [to be deleted] Assessment Criteria**

*Outline the criteria you will use to evaluate options against the status quo or the counterfactual. Comment on relationships between the criteria eg, where meeting one criterion can only be achieved at the expense of another (trade-offs), or where certain criteria are prioritised or weighted more than others. Consider:*

* *Criteria directly linked to the objectives identified in the previous section, so that options are compared on the basis of how likely they are to meet those objectives.*
* *Generic criteria including difficulty of implementation, time required for implementation, compatibility with pre-existing regulation or regulatory systems, fiscal/administrative/compliance costs, equity, value for money, etc.*

*Explain plainly how you define these criteria and what they mean in this context. Ensure that these assessment criteria do not pre-emptively influence the scope of options considered or the analysis and descriptions of the options.*

### What scope will options be considered within?

1. [enter text here]

### What options are being considered?

**Guidance Box [to be deleted] Scope of Options**

*Outline the scope of options you could feasibly address. Consider:*

* *Has the scope of feasible options been limited by Ministers’ commissioning or previous policy decisions?*
* *Has the scope of feasible options been limited by stakeholder engagement?*
* *What non-regulatory options are available? If there are feasible non-regulatory options address them in the next section, otherwise explain why they were ruled out.*
* *Have you considered relevant experience from other countries (if any) when setting the scope for options identification?*
* *You can attach a list of the options ruled out as an annex if there are too many to easily record in this section.*

*Depending on the length, breadth, and complexity of the options available you may wish to separate your answers to these questions out using sub-headings. Feel free to tailor the questions to suit the options, address them in an order that makes sense to you, and include further information beyond these prompts where relevant.*

***For more information on how to complete this Scope of Options section, refer to*** [***Section 2.4 of our Guidance Note: Best Practice Impact Analysis***](https://www.treasury.govt.nz/sites/default/files/2018-03/ia-bestprac-guidance-note.pdf#page=13)***.***

**Guidance Box [to be deleted]**

*Now that you have set out the scope of feasible options you can provide details on the specific options being considered. You may wish to list the options in bullet points first for clarity. If options are not mutually exclusive, and could work in combination, make this clear and discuss potential packages of options.*

#### Option One – [*Status Quo / Counterfactual*]

**Guidance Box [to be deleted]**

*Compare options to the* ***status quo*** *if the situation is unchanging and expected to remain the same.*

*If the status quo is expected to develop and change in the absence of action being taken, instead refer to it as the* ***counterfactual****.*

1. [enter text here]

#### Option Two – [*Option title*]

1. [enter text here]

#### Option # - [*Option title*]

1. [enter text here]

**Guidance Box [to be deleted] Description and Analysis of Options**

*Describe the key features of each option and analyse them under the sub-headings, duplicating as many times as appropriate depending on the number of options you intend to address in this RIS. Keep analysis distinct from the description, ensuring that analysis is robust and equitable across options and that the descriptions of the features of each option are not pre-emptively influenced by your analysis. Consider:*

* *How will the option deliver the objectives you have identified in relation to the policy problem/opportunity?*
* *What is the level of stakeholder support for this option? Who supports, and who is opposed? Has this option been affected by consultation?*
* *What distributional impacts could this option have, for example in relation to Māori (as individuals, iwi, hapū, and whānau), children, seniors, people with disabilities, women, people who are gender diverse, Pacific peoples, veterans, rural communities, and ethnic communities?*
	+ *Refer to policy analysis tools (where available) to gauge these impacts, eg, the* [*Pacific peoples*](https://www.mpp.govt.nz/publications/resources/)*,* [*children*](https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/resources/child-impact-assessment.html)*,* [*rural communities*](https://www.mpi.govt.nz/news-and-resources/resources/rural-proofing/)*, and* [*gender*](https://women.govt.nz/gender-tool/start) *impacts* *tools.*
* *Will the impacts of each option be direct, or will there be indirect (ie, flow on) effects? Will the impacts be one-off, recurring, or ongoing? What could the magnitude of the impacts be? Quantify if possible.*
* *Will there be an increase or decrease in the benefit to society compared with the status quo or counterfactual option?*

### How do the options compare to the status quo/counterfactual?

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Option One – [*Status Quo / Counterfactual*]** | **Option Two – [*Option title*]** | **Option # - [*Option title*]** |
| **[Criterion title]** | 0 | *(monetary value or symbol for qualitative judgement, plus a brief comment)* |  |
| **[Criterion title]** | 0 |  |  |
| **[Criterion title]** | 0 |  |  |
| **[Criterion title]** | 0 |  |  |
| **Overall assessment** | 0 |  |  |

### What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

1. [insert text here]

**Guidance Box [to be deleted] Conclusions of Multi-Criteria Analysis**

*Discuss the trade-offs being made in the multi-criteria analysis table above. Evaluate options against the status quo or counterfactual through the criteria you outlined earlier and explain your rationale for making these trade-offs.*

*Make it clear which option is your agency’s preferred option and why. If no conclusion has been reached, identify the judgement (eg, which stakeholders or criteria are the most important) or the additional information that is needed to enable a decision to be made.*

*Depending on the length, breadth, and complexity of the proposal you may wish to address this section on a separate page rather than under the multi-criteria analysis.*

**Example key for qualitative judgements:**

**++** much better than doing nothing/the status quo/counterfactual

**+** better than doing nothing/the status quo/counterfactual

0 about the same as doing nothing/the status quo/counterfactual

**-** worse than doing nothing/the status quo/counterfactual

**- -** much worse than doing nothing/the status quo/counterfactual

### What are the marginal costs and benefits of the option?

**Guidance Box [to be deleted] Further information on the Preferred Option**

*Provide any further relevant details on the preferred option below the table. Consider:*

* *What are the key assumptions underlying this cost-benefit analysis?*
* *If there are non-monetised costs or benefits identified, how has the impact (low/medium/high) been determined?*
* *Could this option have any other possible impacts, including unintended ones, that are not captured in the above table? Are there any risks/uncertainties?*

**Guidance Box [to be deleted] Summary CBA Table**

*The default approach is to only summarise the additional costs and benefits of your agency’s preferred option relative to what would happen if no action were taken.*

*However, if it is clear following the multi-criteria analysis that more than one option may be worth considering, you can duplicate the table below for each option. You should also do this if your agency’s preferred option differs from the Minister’s preferred option.*

***See our*** [***Guide to Social Cost Benefit Analysis***](https://www.treasury.govt.nz/sites/default/files/2015-07/cba-guide-jul15.pdf#page=8) ***for further guidance on this section.***

|  |  |  |  |
| --- | --- | --- | --- |
| **Affected groups***(identify)* | **Comment***nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.* | **Impact***$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.* | **Evidence Certainty***High, medium, or low, and explain reasoning in comment column.* |
| **Additional costs of the preferred option compared to taking no action** |
| Regulated groups |  |  |  |
| Regulators |  |  |  |
| Others (eg, wider govt, consumers, etc.) |  |  |  |
| **Total monetised costs** |  |  |  |
| **Non-monetised costs**  |  | *(High, medium or low)* |  |
| **Additional benefits of the preferred option compared to taking no action** |
| Regulated groups |  |  |  |
| Regulators |  |  |  |
| Others (eg, wider govt, consumers, etc.) |  |  |  |
| **Total monetised benefits** |  |  |  |
| **Non-monetised benefits** |  | *(High, medium or low)* |  |

1. [enter text here]

## Section 3: Delivering an option

### How will the new arrangements be implemented?

1. [enter text here]

**Guidance Box [to be deleted] Implementation**

*Detail how the option could be given effect, provide evidence to Ministers that implementing this proposal is genuinely feasible, and outline what risks need to be managed and how this will be done. Consider:*

* *Who will be responsible for the ongoing operation and enforcement of the new arrangements? Will there be a role for local government or other relevant groups?*
* *When will the arrangements come into effect? Does this allow sufficient preparation time for both the regulated parties and the regulators? What will the implementation process look like?*
* *How will stakeholders or other agencies with a substantive interest in the relevant regulatory system be involved in its implementation and ongoing operation?*
* *How will people be notified about any changes to their responsibilities resulting from this proposal? What assistance will be made available to help them comply?*
* *What other work may be necessary to ensure the proposal is implemented effectively? eg, education campaigns, communications strategies, etc.*
* *What are the implementation risks? Have any issues been raised through consultation? How will these risks be mitigated?*
* *How will the existing stewardship arrangements of the regulatory system support the implementation of this proposal and help to manage implementation risks?*
* *If this RIS is for an in-principle decision, and implementation details are not yet clear, state this explicitly and give a preliminary indication of your approach to the above prompts.*
* *If you are considering one or more alternatives in addition to your agency’s preferred option, you may wish to outline how implementation could vary depending on which of these options is chosen.*

*Depending on the length, breadth, and complexity of the proposal you may wish to separate these questions out into sub-headings. Feel free to tailor the questions to suit your proposal, address them in an order that makes sense to you, and include further information beyond these prompts where relevant.*

***For more information on how to complete this Implementation section, refer to*** [***Section 2.8 of our Guidance Note: Best Practice Impact Analysis***](https://www.treasury.govt.nz/sites/default/files/2018-03/ia-bestprac-guidance-note.pdf#page=25)***.***

### How will the new arrangements be monitored, evaluated, and reviewed?

1. [enter text here]

**Guidance Box [to be deleted] Monitoring, Evaluation, and Review**

*This proposal, if agreed to, will either be integrated into your pre-existing regulatory systems or establish a new regulatory system and regardless become part of your agency’s* [*regulatory stewardship obligations*](https://www.treasury.govt.nz/information-and-services/regulation/regulatory-stewardship)*. Agencies are expected to work collaboratively alongside other agencies with stewardship roles in the same regulatory system to monitor, evaluate, and review the regulatory system. Consider:*

* *What opportunities will regulators, regulated parties, and other stakeholders have to raise concerns? Is there (or will there be) a systems issues log or equivalent to record and respond to issues as they arise?*
* *How else will the impact of the new arrangements be monitored? How will you know whether the impacts anticipated actually materialise?*
* *Are there already monitoring and evaluation provisions in place for the system as a whole (ie, the broader legislation or regulatory systems within which this arrangement sits)? If so, what are they?*
* *With these new arrangements in place, will you need to collect any extra data?*
* *Will the new arrangements be incorporated into existing planned system reviews, or will they be reviewed separately? What arrangements are in place to plan for these reviews? If there are no plans to review these new arrangements, why?*
* *What outcomes would have to come to your attention, through monitoring or feedback from system users, to prompt an earlier review of this legislation?*

*Depending on the length, breadth, and complexity of the proposal you may wish to separate these questions out into sub-headings. Feel free to tailor the questions to suit your proposal, address them in an order that makes sense to you, and include further information beyond these prompts where relevant.*

***For more information on how to complete this Monitoring, Evaluation, and Review section, refer to*** [***Section 2.9 of our Guidance Note: Best Practice Impact Analysis***](https://www.treasury.govt.nz/sites/default/files/2018-03/ia-bestprac-guidance-note.pdf#page=28)***.***

***If you require further information, refer to our*** [***Guidance Note: Best Practice Monitoring, Evaluation and Review***](https://www.treasury.govt.nz/sites/default/files/2019-12/guidance-note-monitoring-evaluation-review.pdf)***.***