

Regulatory Impact Statement: [Proposal title]

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| **Decision sought** | *eg, analysis produced for the purpose of informing: final/in-principle Cabinet decisions, the release of a discussion document, etc.* |
| **Agency responsible** | *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* |

## Guidance for the coversheet

* *Please contact the Ministry for Regulation RIA Team (**RIA.Team@regulation.govt.nz**) for advice if you are writing a multi-issue or multi-part RIS.*
* *Note that not all the prompting questions may be relevant for your proposal.*
* *Aim to keep the detail of your answers proportional to the significance and complexity of the proposal.*
* *If your agency’s preferred option differs from the Minister’s preferred option in the Cabinet paper, you should duplicate the boxes on costs, benefits, balance of costs and benefits, and implementation. Try to be as concise as possible.*
* *If the Minister does not yet have a preferred option, summarise in the coversheet the range of possible costs and benefits depending on which option is chosen.*
* *Please delete all guidance text in green before finalising your RIS.*

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| **Description of the Minister’s regulatory proposal*** *Try to be as brief as possible.*
 |

# Summary: Problem definition and options

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| **What is the policy problem?*** *What is the problem that the intervention is seeking to address?*
* *If the proposal is to modify an existing intervention, why is a change required?*
* *What are the views of regulated parties and/or other stakeholders about the problem?*
* *Why is government intervention required?*
* *What is the underlying market failure?*
* *Have non-regulatory options been explored?*
* *If the intervention involves a restriction on the use and exchange of private property, why is that desirable?*
 |
| **What is the policy objective?*** *What are the intended outcomes of the change?*
* *How will success or failure be measured?*
* *What indicators will be used to measure this?*
 |
| **What policy options have been considered, including any alternatives to regulation?*** *Include a description of the “do nothing” option and non-regulatory options.*
* *Clearly indicate which of these options is the Minister’s preferred option in the Cabinet paper (if any)*
 |
| **What external consultation has been undertaken?*** *Note: this section is intended to briefly summarise consultation with parties/stakeholders outside government.*
* *What form of consultation has been undertaken (e.g. targeted consultation, discussion document), and how long was the consultation period?*
* *If no consultation has been undertaken, why not?*
* *Do stakeholders support the Minister’s preferred option in the Cabinet paper (if any)? If not, why not and which option(s) do stakeholders support? (Further information on stakeholder views should be included in the options analysis section later in the RIS.)*
 |
| **Is the preferred option in the Cabinet paper the same as preferred option in the RIS?**  |

# Summary: Minister’s preferred option in the Cabinet paper [duplicate if agency’s preferred option is different]

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| **Costs [Core information]** |
| **Description of costs and where they fall** Outline the key monetised and non-monetised costs, where those costs fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect) * *Summarise the additional costs of the proposal relative to the status quo/counterfactual.*
* *What are the distributional impacts of this intervention, including on regulated parties?*
* *Does it have any impact on competition?*
 |
| **Benefits [Core information]** |
| **Description of benefits and where they fall** Outline the key monetised and non-monetised benefits, where those benefits fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)* *Summarise the additional benefits over the counterfactual.*
* *What are the distributional impacts of this intervention, including on regulated parties?*
* *Does the intervention have any impact on competition?*
 |
| **Balance of benefits and costs [Core information]** |
| **Does the RIS indicate that the benefits of the Minister’s preferred option are likely to outweigh the costs?** * *Do the benefits outweigh the costs when considering quantitative and/or qualitative evidence?*
* *How will the benefit-cost ratio change over time?*
* *If you are unable to make a judgement on the balance of benefits and costs, why is that?*
 |
| **Implementation** |
| **How will the proposal be implemented, who will implement it, and what are the risks?** * *Who will be responsible for ongoing operation and enforcement of the new arrangements? Are they confident it can be implemented effectively and efficiently? Is funding available for implementation?*
* *What are the implementation risks (including possible unintended consequences) and how will the risks be mitigated?*
* *When is it planned to come into effect? Will transitional arrangements be required?*
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| **Limitations and constraints on analysis** |
| *Outline all significant limitations and constraints e.g. lack of data, other forms of evidence, constraint on the range of options considered, lack of time or ability to consult.** *Identify where there are gaps in the evidence base, and any uncertainty in the assumptions underpinning the analysis.*
* *Explain the steps taken to address the gaps.*
* *To what extent have any limitations or constraints impacted on the quality of the analysis and can Cabinet still make an informed decision?*
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**I am satisfied that, given the available evidence, this RIS represents a reasonable view of the likely costs, benefits and impact of the preferred option.**

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| **Responsible Manager(s) signature:** |  |
| **[Insert Manager’s name]****[Insert Manager’s title]** |  |
| **[Insert date]** |  |

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| **Quality Assurance Statement *[Note this isn’t included in the four-page limit]*** |
| **Reviewing [Agency/Agencies]:** | **QA rating:** [Meets, partially meets, does not meet] |
| **Panel Comment:** |

# 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 – use the ‘Numbered paragraph’ style]

## Guidance for context of policy problem and status quo

*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 the Guidance Note: Best Practice Impact Analysis***](https://www.regulation.govt.nz/assets/Uploads/Best-Practice-Impact-Analysis-Guidance-Note.pdf)***.***

## What is the policy problem or opportunity?

1. [enter text here – use the ‘Numbered paragraph’ style]

## Guidance for 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 that the intervention is seeking to address?*
* *If the proposal is to modify an existing intervention, why is a change required?*
* *Who are the regulated parties and/or other stakeholders in this issue, what is the nature of their interest, and how are they affected? What are their views of the problem? 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 Ministry for Regulation’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.*

***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, and therefore why government intervention is required. 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.*

*If the intervention involves a restriction on the use and exchange of private property, why is that necessary?*

*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 the Guidance Note: Best Practice Impact Analysis***](https://www.regulation.govt.nz/assets/Uploads/Best-Practice-Impact-Analysis-Guidance-Note.pdf)***.***

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

1. [enter text here – use the ‘Numbered paragraph’ style]

## Guidance for 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.regulation.govt.nz/assets/Uploads/Best-Practice-Impact-Analysis-Guidance-Note.pdf)***.***

## What consultation has been undertaken?

1. [enter text here – use the ‘Numbered paragraph’ style]

## Guidance for consultation

*What form of external consultation was undertaken (e.g. targeted consultation, discussion document) consultation process? How long was the consultation period? Who was consulted?*

*Include further information on what stakeholders thought of the policy options in the next section.*

# Section 2: Assessing options to address the policy problem

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

1. [enter text here – use the ‘Numbered paragraph’ style]

## Guidance for 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 – use the ‘Numbered paragraph’ style]

## Guidance for scope

*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 settling 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 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.regulation.govt.nz/assets/Uploads/Best-Practice-Impact-Analysis-Guidance-Note.pdf)***.***

## What options are being considered?

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

1. [enter text here – use the ‘Numbered paragraph’ style]

### Option Two – [*Option title*]

1. [enter text here – use the ‘Numbered paragraph’ style]

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

1. [enter text here – use the ‘Numbered paragraph’ style]

## 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 |  |  |

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

1. [enter text here – use the ‘Numbered paragraph’ style]

## Guidance for the preferred option

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

* *What are the distributional impacts of this intervention, including on regulated parties?*
* *Does it have any impact on business competition?*
* *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?*
* *Do the benefits outweigh the costs when considering quantitative and/or qualitative evidence?*
* *How will the benefit-cost ratio change over time?*
* *If you are unable to make a judgement on the balance of benefits and costs, why is that?*

## Is the Minister’s preferred option in the Cabinet paper the same as the agency’s preferred option in the RIS?

1. [enter text here – use the ‘Numbered paragraph’ style]

## What are the marginal costs and benefits of the preferred option in the Cabinet paper?

|  |  |  |  |
| --- | --- | --- | --- |
| **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.)*For fiscal costs, both increased costs and loss of revenue could be relevant* |  |  |  |
| **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]

## Guidance for Cost Benefit Analysis (CBA)

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

*However, you should duplicate the table if your agency’s preferred option in the RIS differs from the Minister’s preferred option in the Cabinet paper. You may also want to duplicate the table if it is clear following the multi-criteria analysis that more than one option may be worth considering.*

***See the Treasury’s*** [***Guide to Social Cost Benefit Analysis***](https://www.treasury.govt.nz/sites/default/files/2015-07/cba-guide-jul15.pdf#page=8)

# Section 3: Delivering an option

## How will the proposal be implemented?

1. [enter text here – use the ‘Numbered paragraph’ style]

## Guidance for 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? Have they been consulted and had input into the design? Are they confident it can be implemented effectively and efficiently?*
* *Is adequate funding available for effective implementation?*
* *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 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?*
* *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 implementation details and operational requirements are not yet clear or developed, how will Ministers get assurance that these issues have been adequately resolved before final approval to introduce or make legislation?*
* *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 the Guidance Note: Best Practice Impact Analysis***](https://www.regulation.govt.nz/assets/Uploads/Best-Practice-Impact-Analysis-Guidance-Note.pdf)***.***

## How will the proposal be monitored, evaluated, and reviewed?

1. [enter text here – use the ‘Numbered paragraph’ style]

## Guidance for 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.regulation.govt.nz/our-work/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?*
* *Is a review of the regulatory system planned, which could include an evaluation of the new arrangements for this proposal. If not, and it is a significant proposal, are you planning a separate review of this proposal? If there are no plans to review this proposal, 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 the Guidance Note: Best Practice Impact Analysis***](https://www.regulation.govt.nz/assets/Uploads/Best-Practice-Impact-Analysis-Guidance-Note.pdf)***.***

***If you require further information, refer to the*** [***Guidance Note: Best Practice Monitoring, Evaluation and Review***](https://www.regulation.govt.nz/assets/Uploads/guidance-note-monitoring-evaluation-review.pdf)***.***