

Administration of the Impact Analysis Framework

Department of the Prime Minister and Cabinet

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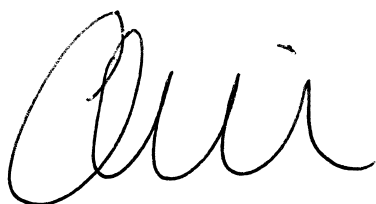
Canberra ACT
21 May 2025

Dear President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of the Prime Minister and Cabinet. The report is titled *Administration of the Impact Analysis Framework*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely



Dr Caralee McLiesh PSM
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Contents

Summary and recommendations.....	7
Background	7
Conclusion	8
Supporting findings	9
Recommendations	11
Summary of entity response	12
Key messages from this audit for all Australian Government entities	12
Audit findings.....	13
1. Background	14
Introduction	14
Rationale for undertaking the audit	20
Audit approach	20
2. Governance	22
Are internal governance arrangements fit for purpose?	23
Are there fit-for-purpose arrangements to coordinate with IA framework stakeholders?	32
3. Implementation of the Impact Analysis framework.....	38
Is there effective assistance to entities to comply with the IA framework?	39
Is there assurance that impact analyses have been submitted when required?	46
Are preliminary assessments implemented effectively?	53
Are final assessments implemented and published effectively?	57
Is the requirement for post implementation reviews administered effectively?	64
4. Stewardship	67
Is there assurance over the effective and efficient implementation of the IA framework?	68
Is there appropriate evaluation of whether the IA framework is achieving its objectives?	70
Is there advice to government on the effectiveness of the IA framework?	74
Appendices	77
Appendix 1 Entity responses	78
Appendix 2 Improvements observed by the ANAO	80



Audit snapshot

Auditor-General Report No.33 2024–25

Administration of the Impact Analysis Framework



Why did we do this audit?

- ▶ The Impact Analysis (IA) framework aims to support informed decision-making by government through high quality policy advice. The Australian Public Service (APS) reform agenda seeks to improve the policy capability of the APS.



What did we find?

- ▶ PM&C's administration of the IA framework is largely effective.
- ▶ PM&C's governance arrangements for the IA framework are largely fit for purpose.
- ▶ The IA framework is implemented largely effectively.
- ▶ PM&C has been a largely effective steward of the IA framework.



Key facts

- ▶ Impact Analyses (IAs) must be prepared for certain policy proposals. The Office of Impact Analysis (OIA) (a branch in the Department of the Prime Minister and Cabinet (PM&C)) determines which policy proposals require an IA and assesses the quality of IAs.
- ▶ Between July 2022 and June 2024, the OIA conducted around 3,800 preliminary assessments to determine if an IA was required.



What did we recommend?

- ▶ The Auditor-General made four recommendations to PM&C relating to independence of the office; stakeholder engagement planning; guidance for staff about exercising and documenting judgements; and IA framework evaluation planning.
- ▶ PM&C agreed to the recommendations.

97

IAs were required to be prepared between July 2022 and June 2024

28%

of policy proposals with more than minor impacts did not require OIA assessment of IAs, due to an exemption

69

IAs were assessed and published by the OIA between July 2022 and June 2024

Summary and recommendations

Background

1. Impact Analysis (IA) is a long-established administrative process in the Australian Public Service (APS) with the intention to support informed policy decision-making. Any policy proposals or action of government with an expectation of compliance, and assessed to have a more than minor change in behaviour or impact on people, businesses or community organisations, are required to have an IA.¹ The *Australian Government Guide to Policy Impact Analysis* provides high-level principles for policy makers and an outline of the process for developing IAs.²

2. The Office of Impact Analysis (OIA), a branch within the Department of the Prime Minister and Cabinet (PM&C), is responsible for the administration of the IA framework.³ The OIA's work has two elements: an assessment element, to assess the IA work of policy agencies against the requirements of the IA framework; and a coaching element, to lift the APS's capability to conduct evidence-based policy analysis.⁴ As at September 2024 the OIA was comprised of 16 staff and had been allocated \$2.5 million to undertake its activities in 2023–24.

Rationale for undertaking the audit

3. The *Public Service Act 1999* states that the APS 'provides the Government with advice that is frank, honest, timely and based on the best available evidence'. Providing quality advice to support government in making policy decisions is a core function of the APS. Priority four of the APS reform agenda is 'An APS that has the capability to do its job well'. This includes improving the capability of the APS to deliver good policy advice to support informed decision-making.

4. The IA framework is intended to support evidence-based policy development and informed decision-making by the Australian Government, including by improving the APS's capability to undertake quality evidence-based policy analysis. The Assistant Minister to the Prime Minister's foreword to the *Australian Government Guide to Policy Impact Analysis* states that an IA 'provides decision-makers with information about how people, community organisations and businesses may be affected and how the costs and benefits fall across these groups' to 'help government choose the best path forward'. Published IAs support transparency over Australian Government decision-making.

5. This audit provides assurance about whether PM&C is effectively administering the IA framework to achieve the IA framework's objective of enabling well-informed and transparent Australian Government decision-making.

1 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 8, available from <https://oia.pmc.gov.au/resources/guidance-impact-analysis/australian-government-guide-policy-impact-analysis> [accessed 22 October 2024].

2 *ibid.*, p. 6.

3 *ibid.*, p. 56.

4 Department of the Prime Minister and Cabinet, *Annual Report 2022–23*, PM&C, 2023, p. 56.

Audit objective and criteria

6. The audit objective was to assess the effectiveness of PM&C's administration of the IA framework to enable well-informed and transparent Australian Government decision-making.
7. To form a conclusion against the objective, the ANAO adopted the following high-level criteria.
 - Are PM&C's governance arrangements for the IA framework fit for purpose?
 - Is the IA framework implemented effectively?
 - Has PM&C been an effective steward of the IA framework?
8. The audit focused on the period 1 July 2022 to 30 June 2024.

Conclusion

9. PM&C's administration of the IA framework, including its governance and day-to-day implementation, has been largely effective. As steward of an Australian Government framework designed to achieve well-informed and transparent policy decision-making, PM&C could do more to evaluate whether the IA framework is fully achieving its objectives.
10. PM&C's governance arrangements for the Impact Analysis framework are largely fit for purpose. Structural arrangements, settings and practices of the Office of Impact Analysis (OIA) do not clearly support independence of the office from government — a key principle. PM&C has established governance arrangements relating to conflict of interest, risk management, business planning, workforce planning, and information management, which apply to the work of the OIA. The OIA has largely implemented required governance arrangements. As steward of the framework, PM&C undertakes some engagement with stakeholders in Australia and internationally, which could be improved by better strategic planning and coordination across the Australian public sector.
11. The IA framework is implemented largely effectively. PM&C provides effective assistance to policy agencies to comply with the IA framework. PM&C has not examined the merits of a risk-based approach to increasing usage of non-mandatory early assessments, which positively impact IA quality. PM&C's scrutiny of policy agencies' use of 'IA equivalents', which exempt a policy proposal from the full IA assessment process, has been strengthened. Implementation of preliminary and final assessments is largely effective. Across all stages of the IA assessment process, internal guidance supporting decision-making and documentation of decision-making could be improved.
12. PM&C has been a largely effective steward of the IA framework. It has taken steps to evaluate whether the IA framework is achieving its objectives. PM&C provides advice to government on IA framework activities and on how the IA framework could be improved. PM&C could do more to monitor its effective and efficient implementation of the IA framework, to plan its monitoring and evaluation activities, and to evaluate its secondary role in improving policy capability across the Australian Public Service. Transparency could be enhanced through better public performance reporting.

Supporting findings

Governance

13. Independence of the office is an underlying principle of the IA framework. PM&C states that the OIA ‘maintain(s) day-to-day independence from the Australian Government in our decision-making’. The office is a branch within PM&C. Practical and structural controls to protect independence could be better articulated to increase confidence in how the framework is implemented. PM&C’s governance framework includes relevant policies and tools to manage probity, risk, workforce planning and information management. Conflicts of interest are largely managed by the OIA in accordance with departmental policy. Risk management was insufficient but improved following a ‘health check’ on the office undertaken in 2023. Controls for a workforce risk have been partly implemented. The case management system is being improved. PM&C requires staff to undertake annual mandatory training on integrity, records management and security. This was not completed by all OIA staff in 2023–24, however mandatory training compliance increased in 2024–25. (See paragraphs 2.4 to 2.39)

14. While PM&C undertakes engagement activities related to its stewardship of the IA framework, including some initiated in 2024, it does not have a clearly articulated stakeholder engagement plan that identifies the desired outcomes of engagement activity, who should be part of engagement activity, the form that engagement activities should take or how PM&C will measure the effectiveness of engagement. Engagement with the Australian Public Service Commission could be increased given shared goals. (See paragraphs 2.41 to 2.52)

Implementation of the Impact Analysis framework

15. PM&C provides accessible guidance to policy agencies to assist them to meet the IA framework requirements. PM&C has developed and delivered training sessions for the Australian Public Service (APS). Feedback from training participants is sought, which is analysed and largely positive. A training strategy was finalised in March 2025. PM&C has recognised the policy agency practice of using consultants to develop IAs, and has not considered the risk that this practice may impede the development of APS policy capability. The OIA provides early assessments of IAs to policy agencies to assist with their development. Relatively few agencies participate in the voluntary early assessment stage when drafting an IA. PM&C does not have a risk-based strategy for encouraging participation in training or early assessment. (See paragraphs 3.4 to 3.22)

16. PM&C undertakes a range of assurance activities to ensure IAs have been submitted when required. It maintains guidance regarding special cases that do not require agencies to submit an IA for assessment (IA equivalent reviews, carve-outs, Prime Minister’s exemptions and sunseting instruments). The inappropriate use of IA equivalent certifications by policy agencies to avoid IA framework requirements has been identified as a risk by government. Processes implemented in 2023 were meant to tighten PM&C’s scrutiny over the use of IA equivalent certifications by policy agencies. Record keeping of suitability decisions over IA equivalent certifications was not always complete, and there could be more internal guidance to support suitability decisions. PM&C reviewed the appropriateness of existing carve-outs in 2024 and found that 12 per cent should have been cancelled. These were cancelled after the review. There is no internal requirement regarding how promptly carve-out decisions should be published or how frequently carve-outs

should be reviewed. PM&C's treatment of Prime Minister's exemptions and sunseting instruments was appropriate. (See paragraphs 3.23 to 3.49)

17. The OIA undertakes preliminary assessments to determine if an IA is required for a particular policy proposal. Guidance to assist staff to consistently undertake preliminary assessments was improved in 2023–24. PM&C's record keeping associated with preliminary assessment decisions would have been improved through better documentation of the OIA's assessed impacts (affected cohorts, type of impacts) of the policy proposal — a key consideration in determining whether an IA is required — and the rationale for the OIA's final decision about whether an IA was required. The preliminary assessment process had appropriate quality assurance. The outcome was appropriately communicated to agencies. PM&C provided timely advice to policy agencies on the outcomes of preliminary assessments, although a timeliness service standard was not always met. (See paragraphs 3.50 to 3.60)

18. The OIA assesses IAs for the quality of the analysis and IA development process. It uses a framework to support consistent assessments of the quality of IAs. There could be more documented guidance for assessment scoring and maintaining appropriate records of decision-making. Decision-making (including the rationale) for final assessments was not always appropriately documented. There is a lack of documented procedures for quality assurance over final assessments. Advice to policy agencies on final assessment outcomes was provided in all sampled IAs. On average, PM&C provides feedback to agencies to assist them to improve the quality of their IAs within a five working day standard, although the service standard is not always met. On average, publication of IAs is typically within four days of policy announcement. Publication included all of the required documents (including an accessible version of each document) for 58 per cent of 2022–23 and 2023–24 IAs. (See paragraphs 3.61 to 3.83)

19. Some policy proposals require a post implementation review (PIR). There is a lack of internal guidance about how to identify policy proposals that meet the 'substantial or widespread economic impact' criterion for a PIR. Registers of required and overdue PIRs are published by PM&C. As at October 2024, five of 17 required PIRs were overdue, including one due in 2013. (See paragraphs 3.84 to 3.92)

Stewardship

20. PM&C does not have an overarching monitoring plan to establish what needs to be measured and monitored in relation to its effective and efficient delivery of the IA framework process. PM&C has established performance measures in corporate planning documents relating to its administration of the IA framework, some of which are reported to the PM&C executive. PM&C has access to various monitoring data. This data is not always fully utilised, accurate or complete. Despite having timeliness service standards, PM&C does not monitor the timeliness and efficiency of its IA assessment work. (See paragraphs 4.4 to 4.11)

21. The objectives of the IA framework are clearly stated. The OIA's objectives could be more prominently and consistently communicated, particularly with regard to its secondary role of lifting policy capability across the Australian Public Service. PM&C has taken some steps to evaluate whether the IA framework is meeting its objectives, including a survey of policy agencies in late 2023 that examined perceived impacts of the IA framework on policy uplift. It has not developed an overarching evaluation plan for the IA framework. (See paragraphs 4.12 to 4.24)

22. PM&C regularly reports to government on administration of the IA framework. There was no public performance reporting on PM&C's implementation of the IA framework or on the achievement of policy objectives in 2023–24. (See paragraphs 4.27 to 4.32)

Recommendations

23. This report makes four recommendations to the Department of the Prime Minister and Cabinet.

Recommendation no. 1 The Department of the Prime Minister and Cabinet provide further information to the public, Parliament and policy agencies regarding the structural arrangements, settings and practices it has in place to support the independence of the Office of Impact Analysis.

Paragraph 2.13

Department of the Prime Minister and Cabinet response: *Agreed.*

Recommendation no. 2 The Department of the Prime Minister and Cabinet develop a stakeholder engagement plan to support its stewardship of the Impact Analysis framework that:

Paragraph 2.53

- (a) clearly identifies stakeholders of the framework;
- (b) provides for coordination between stakeholders responsible for targeted impact analyses or that support or share Impact Analysis framework objectives;
- (c) prioritises engagement activities of both an administrative and strategic nature; and
- (d) involves ongoing assessment of engagement activity.

Department of the Prime Minister and Cabinet response: *Agreed.*

Recommendation no. 3 The Department of the Prime Minister and Cabinet develop additional guidance for staff about how to exercise and document judgements made in Impact Analysis equivalent certification assessments, preliminary assessments, final assessments and post implementation review decisions, in line with the department's Information Management Policy.

Paragraph 3.89

Department of the Prime Minister and Cabinet response: *Agreed.*

Recommendation no. 4 The Department of the Prime Minister and Cabinet:

Paragraph 4.25

- (a) develop an evaluation plan to support an evaluation of whether the Impact Analysis framework is achieving its objectives; and
- (b) as part of its evaluation plan, in consultation with the Australian Public Service Commission, give consideration to how Impact Analysis assessment data could be used to inform policy capability needs analysis and uplift.

Department of the Prime Minister and Cabinet response: *Agreed.*

Summary of entity response

24. The proposed audit report was provided to PM&C. PM&C's summary response to the audit is provided below and its full response is at Appendix 1.

The Department of the Prime Minister and Cabinet (PM&C) welcomes the Auditor-General Report on the Administration of the Impact Analysis framework. PM&C is committed to supporting informed decision-making by ensuring the Prime Minister, the Cabinet and portfolio ministers are provided with advice that is informed, takes a whole-of-government and whole-of-nation perspective, and incorporates the views of a diverse range of stakeholders. Impact Analysis provides decision makers with information about how people, community organisations and businesses may be affected and how the costs and benefits fall across these groups.

PM&C accepts the recommendations made by the Auditor-General on the Administration of the Impact Analysis framework. PM&C will continue to work with other relevant agencies, including the Treasury's Australian Centre for Evaluation and the Australian Public Service Commission, to ensure that advice to government continues to be accompanied by the best available analysis.

25. An extract of the proposed report was provided to the Department of the Treasury (Treasury). Treasury's summary response is provided below and its full response is provided at Appendix 1.

Treasury welcomes the report and notes the ANAO's finding of outstanding post-implementation reviews (PIRs) predating the transfer of that function from the Office of Impact Analysis to Treasury in July 2023. Treasury has contacted the agencies with non-compliant PIRs for action. Further, Treasury will consider PIR non-compliance more generally, as part of a review of the *Post-Implementation Reviews Guidance Note* that is scheduled for 2025-26.

Key messages from this audit for all Australian Government entities

26. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

Policy/program implementation

- Policy owners are stewards of that policy. In accordance with the Australian Public Service value of stewardship, this means that policy owners must accept the responsibility of stewardship, including planning for, monitoring and advising on adapting the policy for which they are accountable. Stewardship of a policy includes working with system partners; anticipating how changes in the environment and institutional settings across government can affect implementation; understanding the long-term impacts of the policy; and working to ensure the policy's ongoing effectiveness.

Audit findings

1. Background

Introduction

1.1 The Australian Public Service (APS) provides policy advice to government and in doing so should equip decision-makers with the information they need to make the best possible decision.⁵ Impact Analysis (IA) is a long-established administrative process in the APS with the intention to support informed policy decision-making. ‘Any policy proposal or action of government, with an expectation of compliance, that would result in a more than minor change in behaviour or impact for people, businesses or community organisations’ is required to have an IA.⁶

1.2 IAs are defined as a ‘factual assessment of a given issue [that] is not designed to critique or praise a particular policy’.⁷ An IA should assess each policy option, cost the likely impact of the policy and consider a range of viable alternatives against existing arrangements. An IA is included as part of explanatory material for proposed legislation and is also published upon policy announcement. It is a document that may be read by decision makers, stakeholders, the media and general public.

1.3 IAs should answer the seven questions that have been part of the IA framework since March 2014, with some minor changes in March 2020 and May 2023 (Box 1).⁸

Box 1: The seven Impact Analysis questions

1. What is the problem you are trying to solve and what data are available?
2. What are the objectives, why is government intervention needed to achieve them, and how will success be measured?
3. What policy options are you considering?
4. What is the likely net benefit of each option?
5. Who did you consult and how did you incorporate their feedback?
6. What is the best option from those you have considered and how will it be implemented?
7. How will you evaluate your chosen option against the success metrics?

1.4 The *Australian Government Guide to Policy Impact Analysis* provides high-level principles for policy makers and an outline of the process for developing IAs (Box 2).⁹

5 APS Academy, *Delivering Great Policy: What is policy?*, APSA, available from <https://www.apsacademy.gov.au/aps-craft/strategy-policy-evaluation/delivering-great-policy> [accessed 27 October 2024].

6 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 8, available from <https://oia.pmc.gov.au/sites/default/files/2024-01/australian-government-guide-to-policy-impact-analysis.pdf> [accessed 22 October 2024].

7 *ibid.*, p. 7.

8 *ibid.*, p. 9.

9 *ibid.*, p. 6.

Box 2: Impact Analysis framework principles

- Policy makers should clearly demonstrate a public policy problem necessitating Australian Government intervention and should examine a range of genuine and viable options, including non-regulatory options, to address the problem.
- Each proposal must include a clear set of objectives. These are used to select the best option and to shape evaluation.
- Regulation should not be the default option: the policy option offering the greatest net benefit for Australia — regulatory or non-regulatory — should always be the recommended option.
- Policy makers should consult in a genuine and timely way with affected businesses, community organisations and individuals, as well as other stakeholders, to ensure proposed changes deliver the best possible outcomes for Australia.
- The information upon which policy makers base their decisions must be published at the earliest opportunity.
- The most significant policy proposals must undergo a post-implementation review, reflecting on the extent to which the stated objectives have been achieved, to ensure settings remain focused on delivering the best possible outcomes for Australia.

1.5 The IA framework's origins can be traced back to 1985, when the Australian Government established the Business Regulation Review Unit in the Department of Industry, Technology and Commerce to examine the impact of proposed regulatory changes. In 2022 the government sought to refocus the IA framework on the 'total effect' of policies, not only the potential regulatory burden.¹⁰ In 2023 the IA framework's supporting guidance document, the *Australian Government Guide to Regulatory Policy Analysis*¹¹, was renamed the *Australian Government Guide to Policy Impact Analysis*. Changes made to the IA framework in 2023 included¹²:

- a change in focus from 'decisions of government with an expectation of compliance' to 'any policy proposal or action of government, with an expectation of compliance, that would result in a more than minor change in behaviour or impact for people, businesses, or community organisations'¹³;
- agencies certifying other reviews or analyses as representing an equivalent process to IA, and thereby not requiring the policy proposal to undergo the full IA framework process, could do so only with the prior agreement of the Department of the Prime Minister and Cabinet (PM&C); and

10 Assistant Minister to the Prime Minister 'Setting a high standard': address to the national public sector governance forum', speech, Adelaide, 18 November 2022, available from <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F8891260%22> [accessed 5 March 2025].

11 Department of the Prime Minister and Cabinet, *The Impact Analysis process*, PM&C, 2023, available from <https://oia.pmc.gov.au/impact-analysis-process> [accessed 22 October 2024].

12 Department of the Prime Minister and Cabinet, *Key changes to the Australian Government Policy Impact Analysis framework*, PM&C, 2023, available from <https://oia.pmc.gov.au/sites/default/files/2023-02/oia-changes-to-policy-impact.pdf> [accessed 22 October 2024].

13 *ibid.*

- whereas under the previous settings all Cabinet submissions that were assessed to have a low regulatory impact needed to have a ‘minor IA’¹⁴, sponsoring ministers were given the discretion to determine whether a minor IA for Cabinet submissions was required.

Office of Impact Analysis

1.6 The Office of Impact Analysis (OIA), a branch within PM&C’s Economic Division and Economic, Industry and Resilience Group, is responsible for the administration of the IA framework.¹⁵ Under the IA framework, PM&C through the OIA acts as a gatekeeper in determining whether policy proposals are of sufficient impact to trigger requirements to prepare an IA. If PM&C determines that an IA is required, it then assesses the quality of the IA against the seven questions that an IA is meant to answer (Box 1).¹⁶

1.7 As at September 2024 the OIA comprised 16 staff and had been allocated \$2.5 million to undertake its activities in 2023–24.

1.8 The OIA’s work has two elements: an assessment element, to assess the IA work of policy agencies against the requirements of the IA framework; and a coaching element, to lift the APS’s capability to conduct evidence-based policy analysis.¹⁷ The OIA’s responsibilities to support policy agencies throughout the IA process include:

- advice on whether an IA is required or not, and, if required, the depth of analysis that must be undertaken¹⁸;
- assistance with preparing an IA, including feedback on the quality of informal and early drafts of the IA prepared by an agency¹⁹;
- assessment of the quality of an IA through a formal assessment rating²⁰;
- publication of IAs and assessments on the PM&C website; and
- ensuring agencies meet requirements to publish IAs in full in explanatory material for bills and regulations tabled in the Parliament.²¹

1.9 Under the IA framework, there are four ‘special cases’ that do not require agencies to submit an IA for assessment by the OIA: Prime Minister’s exemptions, IA equivalents, carve-outs and sunseting legislative instruments.²² See paragraph 3.28 for a definition of the four special cases.

14 The ‘minor IA’ is a simplified document that sets out the problem and the likely impacts of the preferred solution.

15 In 2013 the Office of Best Practice Regulation (OBPR) was moved to PM&C from the Department of Finance and Deregulation. The OBPR was renamed the OIA in 2022.

16 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 9.

17 Department of the Prime Minister and Cabinet, *Annual Report 2022-23*, PM&C, 2023, p. 56.

18 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, pp. 8–9, available from <https://oia.pmc.gov.au/sites/default/files/2023-11/user-guide-to-the-australian-government-guide-to-policy-impact-analysis.pdf> [accessed 31 October 2024].

19 *ibid.*

20 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 56.

21 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, pp. 18–19 and 21.

22 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, pp. 47–48.

Documents relating to Prime Minister's exemptions, IA equivalents and sunseting legislative instruments are published in place of an IA or a full IA.

1.10 PM&C's assessment process for IAs comprises five steps²³ that are aligned to the policy development cycle (Figure 1.1).²⁴

- Preliminary assessment — Prior to the decision step in the policy cycle, a preliminary assessment by PM&C determines whether a policy proposal requires an IA.
- Early assessment (optional step) — If PM&C determines that an IA is required, the policy agency may submit an IA to PM&C for an 'early assessment'. This provides entities with an opportunity to test the quality of the IA.
- Assessment — PM&C assesses each IA based on the quality of analysis and the process associated with its development in a first and second pass assessment. There are four assessment tiers: exemplary; good; adequate; and insufficient.²⁵ The IA assessment is provided to government along with the policy proposal at the final decision point.
- Publication — After government makes a decision on the policy proposal and the policy is announced, the final IA (or IA equivalent), associated documents, and second pass assessment rating are published on the PM&C website.²⁶
- Post implementation review — In some cases a post implementation review of the policy is required, which is monitored by the Department of the Treasury (Treasury) (see paragraph 3.85). PM&C and Treasury share certain responsibilities to administer post implementation reviews.

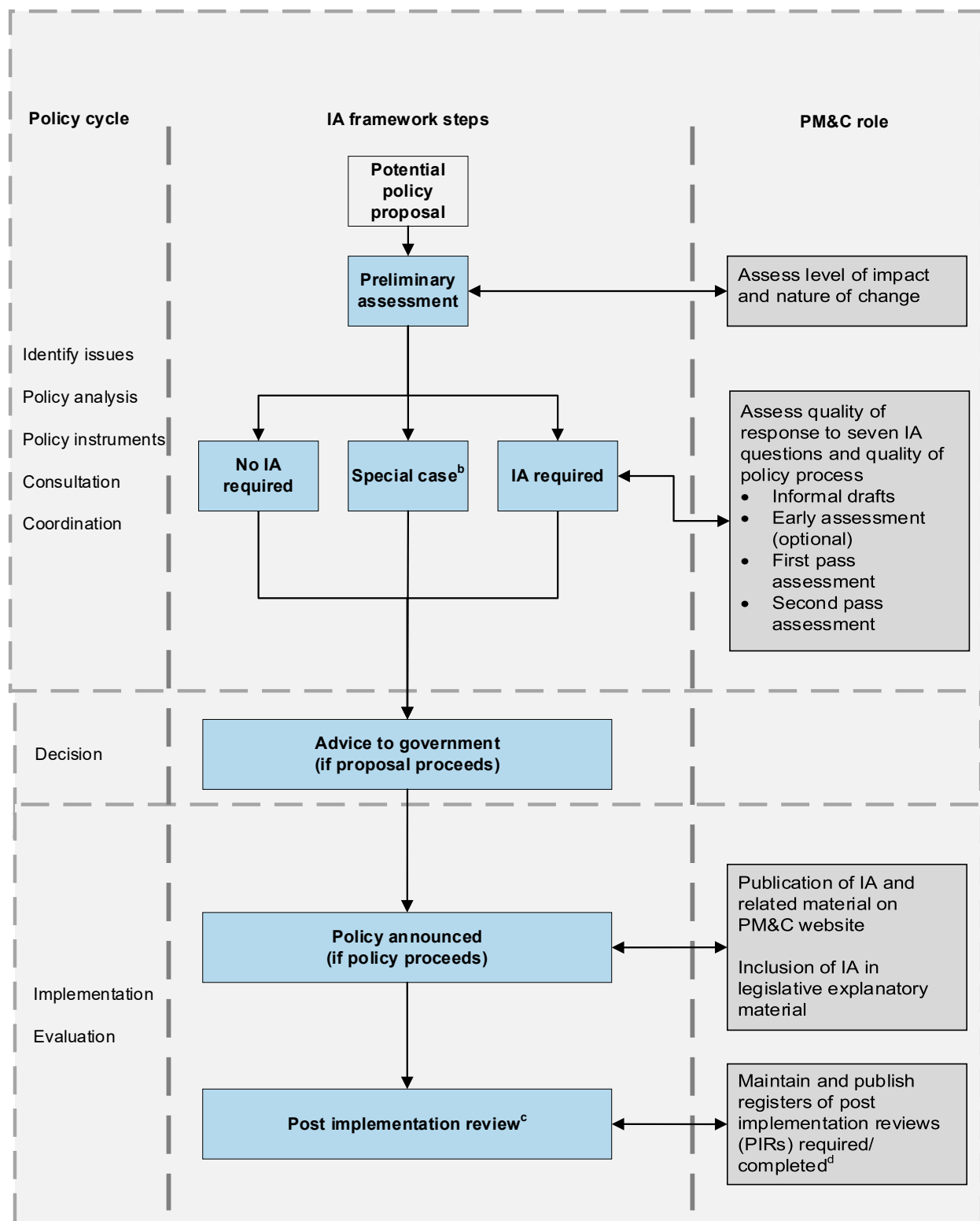
23 Department of the Prime Minister and Cabinet, *The Impact Analysis process*, PM&C, 2023, available from <https://oia.pmc.gov.au/impact-analysis-process> [accessed 22 October 2024].

24 The Australian Public Service (APS) Academy describes the 'policy cycle' as outlining how policy should be made through a logical and systematic process comprised of eight steps: identify issues; policy analysis; policy instruments; consultation; coordination; decision; implementation; and evaluation. APS Academy, *Policy Cycle*, 2022, available from https://www.apsacademy.gov.au/sites/default/files/2022-04/22-016%20-%20Toolkit-TheoryBites-31Mar22_05_Policy%20cycle.pdf [accessed 31 January 2025].

25 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 15.

26 Department of the Prime Minister and Cabinet, *Published Impact Analyses*, PM&C, 2024, available from <https://oia.pmc.gov.au/published-impact-analyses-and-reports> [accessed 22 October 2024].

Figure 1.1: Policy cycle^a, Impact Analysis and Impact Analysis assessment steps



Note a: APS Academy guidance on policy development refers to the 'policy cycle' as the steps for making public policy (APS Academy, *Policy cycle: A "good process" test for making public policy*, APS Academy. 2022, available from https://www.apsacademy.gov.au/sites/default/files/2022-04/22-016%20-%20Toolkit-TheoryBites-31Mar22_05_Policy%20cycle.pdf [accessed 31 January 2025]).

Note b: There are four types of special cases that do not require agencies to submit an IA or a full IA for assessment by the OIA: Prime Minister's exemptions, IA equivalents, carve-outs and sunseting legislative instruments.

Note c: A post implementation review is not required in all cases (see paragraph 3.85).

Note d: Responsibility for the assessment of post implementation reviews was transferred to the Department of the Treasury (Australian Centre for Evaluation) in July 2023 (see paragraph 3.84).

Source: ANAO analysis of PM&C documentation.

1.11 Table 1.1 shows IAs published by the OIA in 2022–23 and 2023–24.

Table 1.1: Preliminary assessments, IA assessments and IAs published, 2022–23 and 2023–24^a

Assessment	2022–23	2023–24	Total
Preliminary assessments ^b	2,004	1,765	3,769
• <i>IA required</i>	49	23	72
IAs published ^c	46	54 ^c	100
• <i>IAs with OIA assessment</i>	31	39	70 ^d
• <i>IAs based on IA equivalent reviews</i>	15	15	30

Note a: Australian Government assessments only. Excludes Commonwealth / state IA activities.

Note b: The total number of preliminary assessments in 2022–23 and 2023–24 was calculated by the ANAO using raw data in PM&C systems. PM&C does not calculate and record this information.

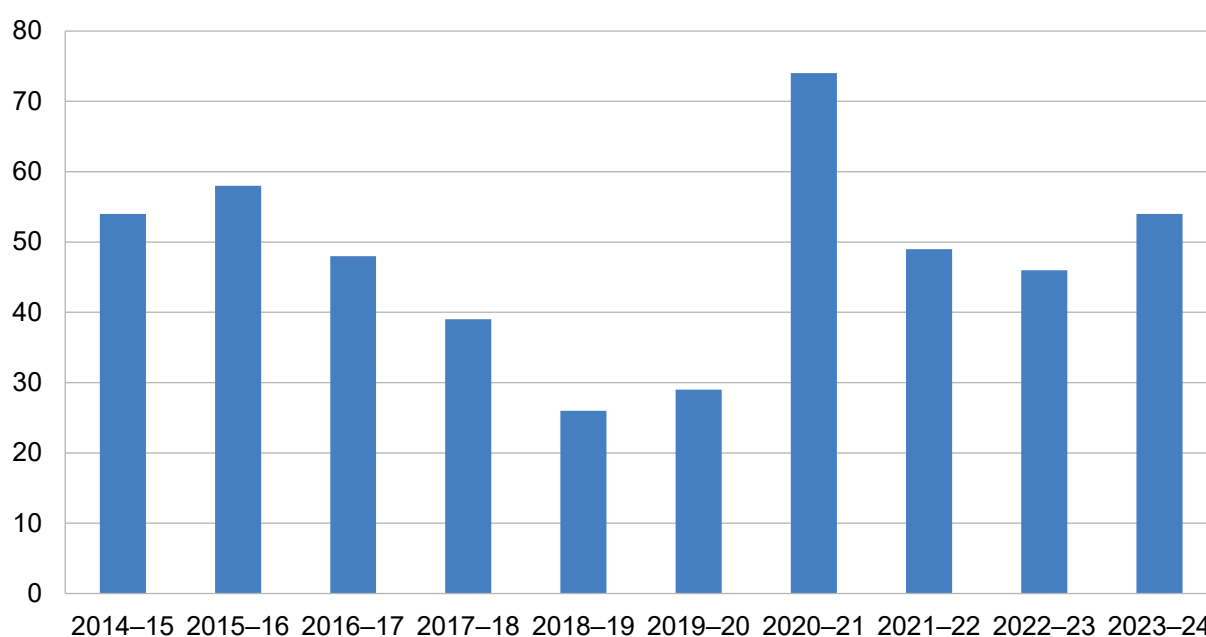
Note c: Comprises IAs for decisions announced in the relevant financial year.

Note d: Of the 70 IAs assessed one was rated 'insufficient' on the basis that the policy was announced without a finalised IA (see paragraph 3.26). This IA is excluded from the ANAO's analysis of IA's assessed by the OIA throughout this report.

Source: ANAO analysis of PM&C IA data and *Australian Government Impact Analysis status, 2023–24*, p. 5, available from <https://oia.pmc.gov.au/sites/default/files/2024-10/2023-24-aus-gov-impact-analysis-status-agency.pdf> [accessed 5 November 2024].

1.12 Figure 1.2 shows a ten-year trend of the number of IAs published.

Figure 1.2: Number of IAs published, 2014–15 to 2023–24



Source: PM&C, *Australian Government Impact Analysis status, 2023–24*, PM&C, 2024, p. 6, available from <https://oia.pmc.gov.au/sites/default/files/2024-10/2023-24-aus-gov-impact-analysis-status-agency.pdf> [accessed 13 February 2024]; PM&C, *Australian Government Regulation Impact Statement Status, 2021–22*, PM&C, 2022, p. 5, available from <https://oia.pmc.gov.au/sites/default/files/2022-08/2021-22-aus-gov-regulation-impact-statement-status-agency.pdf> [accessed 13 February 2025]; PM&C, *Compliance with the Australian Government's RIS Requirements, 2014–15 to 2019–20*, PM&C, 2020, p. 1, available from <https://oia.pmc.gov.au/sites/default/files/2021-06/compliance-with-aus-gov-regulation-impact-statement-requirements-2014-15-to-2019-20.pdf> [accessed 13 February 2025].

Rationale for undertaking the audit

1.13 The *Public Service Act 1999* states that the APS ‘provides the Government with advice that is frank, honest, timely and based on the best available evidence’.²⁷ Providing quality advice to support government in making policy decisions is a core function of the APS. Priority four of the APS reform agenda is ‘An APS that has the capability to do its job well’.²⁸ This includes improving the capability of the APS to deliver good policy advice to support informed decision-making.

1.14 The IA framework is intended to support evidence-based policy development and informed decision-making by the Australian Government, including by improving the APS’s capability to undertake quality evidence-based policy analysis. The Assistant Minister to the Prime Minister’s foreword to the *Australian Government Guide to Policy Impact Analysis* states that an IA ‘provides decision-makers with information about how people, community organisations and businesses may be affected and how the costs and benefits fall across these groups’ to ‘help government choose the best path forward’.²⁹ Published IAs support transparency over Australian Government decision-making.

1.15 This audit provides assurance about whether PM&C is effectively administering the IA framework to achieve the IA framework’s objective of enabling well-informed and transparent Australian Government decision-making.

Audit approach

Audit objective, criteria and scope

1.16 The objective of the audit was to assess the effectiveness of PM&C’s administration of the IA framework to enable well-informed and transparent Australian Government decision-making.

1.17 To form a conclusion against the objective, the ANAO adopted the following high-level criteria.

- Are PM&C’s governance arrangements for the IA framework fit for purpose?
- Is the IA framework implemented effectively?
- Has PM&C been an effective steward of the IA framework?

1.18 The audit focused on the period from 1 July 2022 to 30 June 2024.

27 *Public Service Act 1999*, subsection 10(5).

28 The Australian Public Service Commission, *APS Reform outcomes and initiatives - Stage 1*, APSC, 2022, available from <https://www.apsreform.gov.au/about-aps-reform/our-focus-areas> [accessed 22 October 2024].

29 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 5.

Audit methodology

1.19 To address the audit objective, the audit methodology included:

- review of PM&C documentation and public IA reporting;
- walkthroughs of PM&C processes for administering the IA framework and observation of a training activity;
- analysis of case management and stakeholder survey data;
- meetings with PM&C officials; and
- meetings with stakeholders that engage in the IA process or have a role in improving the APS's policy capability.

1.20 The audit was open to public contributions. The ANAO did not receive any contributions.

1.21 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately \$566,000.

1.22 The team members for this audit were Kai Swoboda, Callum Mann, Jillian Hutchinson, Yoann Colin, Megan Cook and Christine Chalmers.

2. Governance

Areas examined

This chapter examines whether the Department of the Prime Minister and Cabinet's (PM&C's) governance arrangements for the Impact Analysis (IA) framework are fit for purpose.

Conclusion

PM&C's governance arrangements for the Impact Analysis framework are largely fit for purpose. Structural arrangements, settings and practices of the Office of Impact Analysis (OIA) do not clearly support independence of the office from government — a key principle. PM&C has established governance arrangements relating to conflict of interest, risk management, business planning, workforce planning, and information management, which apply to the work of the OIA. The OIA has largely implemented required governance arrangements. As steward of the framework, PM&C undertakes some engagement with stakeholders in Australia and internationally, which could be improved by better strategic planning and coordination across the Australian public sector.

Areas for improvement

The ANAO made two recommendations aimed at reinforcing the independence of the Office of Impact Analysis and improving stakeholder engagement planning.

2.1 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act), *Public Service Act 1999*, *National Archives Act 1983*, and directions issued by the Department of Home Affairs set out governance requirements for Australian Government entities including relating to risk management, probity, record keeping and information security.

2.2 Australian Public Service Commission (APSC) guidance on stewardship notes that stewardship includes building and nurturing genuine partnerships.³⁰ The IA framework requires PM&C to work with Australian Government policy agencies. Within the Australian Government, there are other IA processes managed by other entities for women, First Nations peoples and regional Australians, and sector-wide guidance produced by other entities that refers to the IA framework and other frameworks (see Table 2.1). As the steward of the IA framework, PM&C needs to work with stakeholders across government to coordinate, implement and improve the framework to ensure that it is effectively and efficiently achieving its objectives.

2.3 The APSC's guidance *Getting stakeholder engagement right* articulates how the Australian Public Service (APS) is expected to conduct stakeholder engagement.³¹ APSC advice refers to the

30 Australian Public Service Commission, *Stewardship guidance*, APSC, 2024, available from <https://www.apsc.gov.au/working-aps/information-aps-employment/aps-values/stewardship-guidance#FN2> [accessed 11 February 2025].

31 Australian Public Service Commission, *Getting stakeholder engagement right*, APSC, 2021, available from <https://www.apsc.gov.au/initiatives-and-programs/aps-mobility-framework/taskforce-toolkit/stakeholder-engagement/getting-stakeholder-engagement-right> [accessed 22 October 2024].

APS framework for engagement and participation, which provides further guidance on effective stakeholder engagement.³²

Are internal governance arrangements fit for purpose?

Independence of the office is an underlying principle of the IA framework. PM&C states that the OIA ‘maintain(s) day-to-day independence from the Australian Government in our decision-making’. The office is a branch within PM&C. Practical and structural controls to protect independence could be better articulated to increase confidence in how the framework is implemented. PM&C’s governance framework includes relevant policies and tools to manage probity, risk, workforce planning and information management. Conflicts of interest are largely managed by the OIA in accordance with departmental policy. Risk management was insufficient but improved following a ‘health check’ on the office undertaken in 2023. Controls for a workforce risk have been partly implemented. The case management system is being improved. PM&C requires staff to undertake annual mandatory training on integrity, records management and security. This was not completed by all OIA staff in 2023–24, however mandatory training compliance increased in 2024–25.

Independence

2.4 The Office of Impact Analysis (OIA) is a branch within PM&C’s Economic Division, which is part of the Economic, Industry and Resilience Group (see paragraph 1.6). The OIA is managed by an executive director (a senior executive service band 1 official), who reports to the First Assistant Secretary of the Economic Division. The accountable authority for the OIA is the Secretary of PM&C. The OIA is subject to PM&C’s general governance arrangements including policies and governance committees.

2.5 The Organisation for Economic Co-operation and Development (OECD) states that one of the principles of a sound regulatory system is integrating regulatory impact statements into early stages of regulatory development, and that a regulatory oversight body should exercise its technical functions of assessing and advising on the quality of impact statements independently.³³

2.6 On 28 October 2010 the Minister for Finance and Deregulation made a statement reaffirming the government’s commitment to an independent regulatory assessment process.

Consistent with international best practice, the [Office of Best Practice Regulation (OBPR)] needs to exercise its decision-making functions independently. The Government will ensure that Ministers do not influence the OBPR’s decisions in determining the adequacy of Regulation Impact Statement or agency compliance with the Best Practice Regulation Guidelines. Decisions on the adequacy of a regulatory impact analysis and compliance with best practice regulation requirements will continue to be made independently by the Executive Director of the OBPR. The

32 Department of Industry, Science and Resources, *APS framework for engagement and participation*, DISR, 2019, available from <https://www.industry.gov.au/publications/aps-framework-engagement-and-participation> [accessed 22 October 2024].

33 OECD, *Recommendation of the Council on Regulatory Policy and Governance*, OECD/LEGAL/0390, 2025, pp. 4 and 10, available from <https://legalinstruments.oecd.org/public/doc/273/273.en.pdf> [accessed 4 February 2025]. The OECD states on page 3 that the Recommendation was adopted by the OECD Council on 22 March 2012.

OBPR will continue to brief Cabinet and myself independently on the quality of regulatory analysis which accompanies regulatory proposals which are submitted to Cabinet.³⁴

2.7 A 2012 Independent Review of the Australian Government's Regulatory Impact Analysis Process noted that:

To perform its watchdog role effectively, the OBPR needs to exercise its decision making functions in an independent manner. The government has put in place procedures to ensure neither ministers nor their staff can seek to intervene in or influence the OBPR's deliberations. Decisions on the adequacy of a regulatory impact analysis and compliance with the best practice regulation requirements will be made independently by the Executive Director of the OBPR.³⁵

2.8 The 2012 review noted that 'there is considerable store placed upon the integrity, wisdom or judgement that has to be exercised by the head of OBPR' and that 'the role does demand independence and a high degree of fortitude'. This is because 'difficult calls have to be made that impinge on the responsibilities of ministers, departmental secretaries and statutory agencies'.³⁶

2.9 The 2012 review found that 'the OBPR head is accorded independence in practice, even though the position is a line position in the Department of Finance and Deregulation'.³⁷ Independence was achieved through the support of the department's secretary by 'helping shield the OBPR executive director from any undue influence ...'.³⁸ The review recommended that, to strengthen the independence of the OBPR, a 'small deregulation advisory board' be established as a non-statutory body to advise the head of the OBPR and, as required, the Minister for Finance and Deregulation'.³⁹ The government's final response to the review 'noted' the recommendation, and stated that a case had not been made to justify creation of a Deregulation Advisory Board.⁴⁰ An update to IA processes in July 2013 did not include an advisory board.

2.10 PM&C's 2024–25 Corporate Plan and 2023–24 Annual Report do not include references to the OIA other than a reference to the branch in the PM&C organisation chart. The corporate plan and annual report do not discuss the concept of the OIA's independence. There is no publicly documented statement (similar to a 'statement of intent' required of entities undertaking regulatory functions) that describes how the OIA maintains independence as a branch within PM&C. On PM&C's website, in a section about the OIA, PM&C states that the OIA 'maintain(s) day-to-day independence from the Australian Government in our decision-making'.⁴¹ The *Australian*

34 D Borthwick and R Milliner, *Independent Review of the Australia Government's Regulatory Impact Analysis Process*, 20 April 2012, p. 94, available from <https://webarchive.nla.gov.au/awa/20130429180651/http://www.finance.gov.au/deregulation/riareview-preliminary-government-response.html> [accessed 28 October 2024].

35 *ibid.*, p. 92.

36 *ibid.*, p. 67.

37 *ibid.*, p. 67.

38 *ibid.*, pp. 75 and 95.

39 *ibid.*, p. 75.

40 The response stated that 'while the establishment of a Deregulation Advisory Board could have merit, the role of such a Board is unclear and there are a number of practical issues that would need to be considered in its creation'. Australian Government, *Final response to the recommendations of the independent review of the Australian Government's regulatory impact analysis process*, December 2012, available from <https://webarchive.nla.gov.au/awa/20130329022252/http://www.finance.gov.au/deregulation/riareview-final-govt-response.html> [accessed 4 February 2025]).

41 Department of the Prime Minister and Cabinet, *About OIA*, PM&C, available from <https://oia.pmc.gov.au/about> [accessed 16 October 2024].

Government Guide to Policy Impact Analysis also asserts that the office ‘maintains day-to-day independence from government in its decision making on the IA system’. Neither the website nor the guide specifically explains how independence is achieved through structural arrangements, settings or practices. PM&C advised the ANAO in November 2024 that the ‘OIA’s independence occurs through its administrative decision making which is based on the *Australian Government Guide to Policy Impact Analysis*, endorsed by the Government (rather than PM&C)’ and that:

Evidence of the independence of OIA’s administrative decision making is demonstrated through OIA’s processes – that is, a written brief provided to the OIA Executive Director providing a summary and recommendations on a IA assessment at both the formal First and Second Pass Assessment stages, with the decision made by the OIA Executive Director to determine whether an IA is of a sufficient quality to be compliant under the Guide.

2.11 PM&C advised the ANAO in November 2024 that ‘If there was pressure on the OIA around publishing an IA, the executive director of the OIA could call upon PM&C Senior Executive to provide support.’

2.12 The OIA’s 2023–24 and 2024–25 business plans (see paragraph 2.24) included a risk of ‘Potential perceived conflicts of interest, integrity of decision making, fraud and corruption’. The 2023–24 business plan described the risk source as the OIA’s ‘day to day independence’ in implementation of the IA framework is ‘unduly influenced by external parties’, including ‘pressure to publish or not publish’. The risk was rated low, described as being ‘shared’ with the PM&C executive, and had identified controls and treatments. These included: to clearly document all assessment decisions in a case management system; have clear lines of communication and escalate to senior executives; have a second OIA officer assess the final process; clear policy and procedures; and senior executive support.

Recommendation no. 1

2.13 The Department of the Prime Minister and Cabinet provide further information to the public, Parliament and policy agencies regarding the structural arrangements, settings and practices it has in place to support the independence of the Office of Impact Analysis.

Department of the Prime Minister and Cabinet response: *Agreed.*

2.14 *The Australian Government Guide to Policy Impact Analysis sets out that the Office of Impact Analysis (OIA) is located in the Department of the Prime Minister and Cabinet (PM&C) and maintains day-to-day independence from government in its decision making on the Impact Analysis system. In administering the Guide, the OIA determines where an Impact Analysis is required and makes assessments of the quality of an Impact Analysis separately from PM&C Senior Executive and Ministers. The OIA Executive Director’s final assessment on the quality of an Impact Analysis is published on the OIA website to provide transparency and accountability on OIA assessments.*

2.15 *PM&C will update its website to provide further details on the arrangements and practices underpinning the OIA maintaining day-to-day independence. PM&C will also include information in its Annual Report to better reflect the distinct function and role of the OIA in the administration of the Australian Government Guide to Policy Impact Analysis.*

Conflict of interest

2.16 The OIA's 2023–24 and 2024–25 business plans include a risk of '[p]otential/perceived conflicts of interest, integrity of decision making, fraud and corruption'. There is no further description of how these risks could arise in the specific context of the OIA's work. Threats to independence could arise from conflicts of interest.

2.17 PM&C has a department-wide conflict of interest policy that is available to staff on the PM&C intranet. The conflict of interest policy states that PM&C employees are required to disclose and take action to mitigate or resolve any real or perceived conflicts of interest. Under the policy, PM&C's senior executive service (SES) staff are required to submit an 'annual disclosure and declaration process' form on commencement. SES staff must submit a new statement in March each year and in circumstances where there is a change in their responsibilities or personal circumstances that could impact on their decision-making or advice. PM&C's non-SES staff who have identified a real or apparent conflict of interest must complete a conflict of interest declaration form submitted via the PM&C intranet. The conflict of interest policy states that, in addition to these general requirements, 'Managers may decide that specific roles or projects carry a particular risk and require those employees to declare any personal interests'.

2.18 There is no specific conflict of interest procedure or policy relating to the activity of IA assessment.

2.19 Each of the three PM&C staff who held the position of OIA executive director (an SES-level role) between July 2022 and June 2024 submitted their annual disclosure as required. In the same two-year period, one non-SES OIA official declared a conflict of interest in relation to their previous employment and for a specific policy proposal that was being considered by the OIA. As part of the declaration the staff member identified how the potential conflict of interest would be managed. Although the declaration was not submitted via PM&C's intranet, it was provided to the staff member's supervisor and branch manager via email.

2.20 PM&C's annual mandatory training includes a 30-minute training module on 'Integrity in the APS', which provides an outline of the APS values, principles and code of conduct. The module includes a scenario about conflicts of interest and gifts and benefits. The completion rate for OIA staff for this training module was 100 per cent in 2022–23, 65 per cent in 2023–24, and for 2024–25, 100 per cent as at October 2024.

Risk management

2.21 PM&C's Risk Management Policy and Framework (May 2020) specifies three strategic risks (staff welfare, failure to deliver on the government's priorities and advice not of high quality or timely); establishes a risk matrix and escalation process; and specifies the risk tolerance. The Risk Management Policy and Framework refers to a 'three yearly review process with ongoing monitoring and updates'. PM&C advised the ANAO in November 2024 that '[t]he review of the Risk Management Policy and Framework has commenced and is in progress'. A revised Risk Management Policy and Framework was presented to PM&C's audit and risk committee (ARC) in March 2025.

2.22 The Risk Management Policy and Framework requires that:

- a risk assessment be completed in quarter 1 of PM&C's governance planning cycle for each branch, to be informed by a relevant divisional risk assessment; and
- if a high or extreme risk, or a risk out of tolerance, is identified it should be escalated to the appropriate senior executive or, where appropriate, the Executive Board⁴² for approval.

2.23 In July 2023 the ARC received a 'health check' on the IA framework. The health check found that the OIA did not maintain specific risk management documentation beyond the Economic Division's Business Plan, and that this may lead to exposure to unidentified and unmanaged risks that may be outside of PM&C's risk tolerances. The health check recommended that the OIA conduct risk management activities in accordance with the Risk Management Policy and Framework. PM&C accepted the recommendation and advised the ARC in September 2023 that it would be implemented by 30 November 2023. September 2024 ARC papers described implementation as 'delayed'. The ARC agreed to close the recommendation in December 2024, on the basis of advice that an OIA 2024–25 business plan and risk assessment had been approved.

2.24 OIA risks were identified in business plans.

- A branch business plan for 2023–24 finalised in May 2024 (see paragraph 2.25) lists nine 'top risks to OIA achieving its priorities'. For each identified risk there is a risk owner, control, and residual risk rating (after treatment). One risk was rated extreme after treatment: business systems do not continue to effectively and efficiently support the work of the OIA. Two risks were rated high after treatment: officials experience burn out or other health related/psychosocial issues; and a lack of buy-in or poor relationships with APS stakeholders. As required by PM&C's Risk Management Policy and Framework, the branch business plan stated that the three risks assessed as high or extreme had been escalated to the appropriate senior executive (in the case of the extreme risk to deputy secretary level) and accepted. Acceptance of the risks by the appropriate senior executive was not documented.
- A branch business plan for 2024–25 finalised in November 2024 lists 11 risks, of which eight were assessed as low and three were assessed as medium after treatment. The extreme business system risk identified earlier in 2024 was rated medium and within tolerance in November on the basis of funded investments in systems improvements due to commence in January 2025.⁴³ The two high risks identified earlier in 2024 (burn-out and stakeholder relationships) were rated medium and outside of tolerance. The First Assistant Secretary of the Economic Division agreed to the risk management plan in November 2024.

42 The Executive Board, which meets monthly, is PM&C's primary governance committee and comprises the Secretary, four deputy secretaries and the executive director of the Office for Women. The PM&C annual report states that the Executive Board supports decision-making and risk review, with a primary focus on government priorities, strategic planning in policy and service, operational matters, performance monitoring, culture and resource allocation.

43 Paragraph 2.33 notes that the project plan for the upgrade states that changes will be implemented by June 2025.

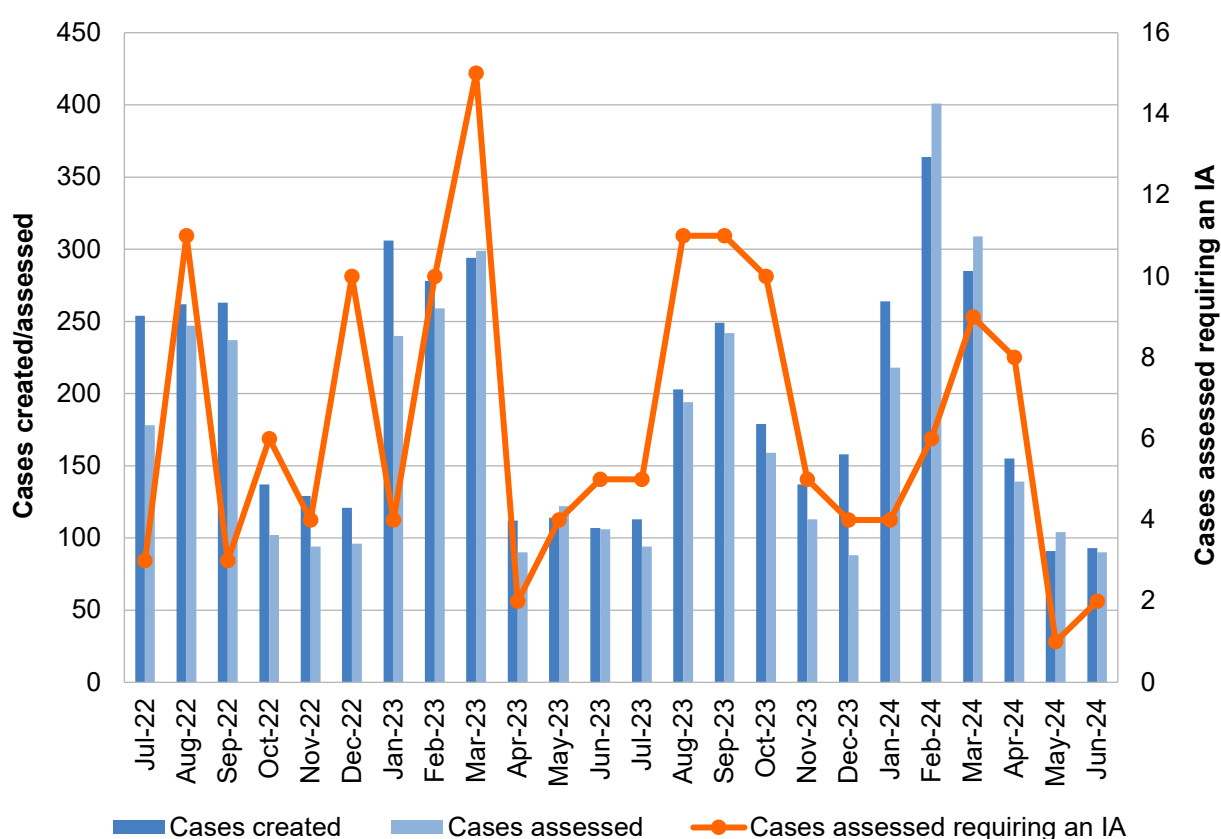
Business and workforce planning

2.25 PM&C advised the ANAO in August 2024 that its business planning arrangements require business plans to be developed at the divisional level, and that performance against these plans is reviewed by the Executive Board. Business planning at the branch level is not mandatory. The 2023–24 and 2024–25 OIA business plans:

- describe the purpose of the OIA as to ‘Ensure Government decisions that require Impact Analysis are supported by the best possible evidence and analysis and ensure Australia remains a leading nation in the delivery of exemplary impact analysis’;
- identify priority objectives, activities and intended results from these activities; and
- list performance measures.

2.26 The OIA’s workload is cyclical, with higher levels of policy development activity associated with the Budget cycle prior to May and November each year (Figure 2.1).

Figure 2.1: OIA monthly IA activities, July 2022 to June 2024^a



Note a: An individual case record may have more than one policy proposal included within the case.

Source: ANAO analysis of OIA case management system data.

2.27 A draft June 2021 OIA business plan included a staffing allocation for 2021–22 of 16 full-time equivalent (FTE). The draft 2021–22 business plan was not finalised and subsequent business plans do not include planned staffing allocations. At September 2022, the OIA consisted of 21 staff organised across three teams that aligned with Australian Government portfolios, which included a ‘surge’ function that commenced in late 2021 and continued to 2022–23 to provide more direct

support to policy agencies to develop high-quality impact analyses. OIA staffing was 18 at September 2023 (comprising 12 staff who were at the OIA in September 2022 and six new staff). At September 2024, the OIA consisted of 16 staff (comprising eight staff who were at the OIA in September 2023 and eight new staff).

2.28 As discussed at paragraph 2.24, one of OIA's high risks after treatment in the 2023–24 and 2024–25 business plans was officials experiencing burn out or other health related/psychosocial issues. The risk was attributed to tight deadlines, prolonged periods of excessive hours, delays in recruitment processes or applicants unsuited to the role, failure to communicate pressures to senior managers, and decisions made without adequate consultation. A number of controls were established for the risk, which was assessed as outside of tolerance but accepted.⁴⁴ As at October 2024, the OIA had not used workforce planning tools available on the PM&C intranet and PM&C advised the ANAO in November 2024 that 'workforce planning is optional'. In 2022–23 and 2023–24, OIA staff participated in six and 22 scheduled training activities respectively, covering new starter training (two sessions), systems training (11 sessions) and IA framework practices (15 sessions). PM&C held four wellbeing sessions for OIA staff between March 2024 and October 2024.

Information management

2.29 Records relating to IA decision-making are largely retained within an OIA-specific system called the 'OIA Record of Compliance and Assessment' system (ORCA)⁴⁵ (see paragraph 2.30). ORCA has been used since October 2021 to administer the IA framework.

2.30 The ORCA case management system: registers a unique identification number for each policy proposal; manages and auto-files all email correspondence sent or received via a central helpdesk email address; allocates each policy proposal to individual OIA staff members; provides for other records related to a policy proposal (such as meeting minutes, phone messages and other information) to be included as part of the record; and includes a reporting function. PM&C upgraded ORCA in 2022 to include additional features.⁴⁶ ORCA allows for an auditable trail as a policy proposal progresses through different stages of the IA process. The system does not capture resourcing information such as time spent by staff on assessing each IA.

2.31 PM&C has established guidance to support OIA staff to use ORCA, including a user guide and information for new starters, and provided 11 training sessions for staff in 2022–23 and 2023–24 on the use of ORCA. As at December 2024 the terminology used in ORCA and some business processes did not reflect the November 2022 renaming of the OIA or other IA framework changes (see paragraph 1.5).

44 These comprised: maintaining a new starter package and program; ensuring that well-being is continually discussed at branch meetings; workforce planning; health and safety representatives; a roster during peak periods; expert-led training on managing psychosocial hazards in the workplace; monitoring leave balances and absenteeism; submission of work health and safety hazard reports; and managing workload arrangements.

45 Previously called the 'Office of Best Practice Regulation Impact Statement Compliance and Assessment' system.

46 These included allowing related policy proposals to be grouped together to assist with the monitoring of a package of proposals; the recording of special cases and IA assessment scores; and the ability to track an IA through the assessment process.

2.32 PM&C publishes four IA framework-related compliance reports on the PM&C website.⁴⁷ May 2024 internal guidance on compliance reporting and publication monitoring notes that 'ORCA includes a reporting function to support preparation of these reports ... However it is not clear the function is operating as intended due to data validation issues'. To compile these reports, PM&C must undertake a manual validation process. PM&C's reporting for IAs published in 2023–24 as at 22 May 2024 was correct for 96 per cent of IAs. Errors in two IAs were corrected when the full-year reporting to 30 June 2024 was published on 31 October 2024.

2.33 A 2024–25 capital project funding proposal for a 'critical upgrade' to ORCA was presented to PM&C's Operations Committee⁴⁸ in June 2024. The funding proposal identified a design flaw that risked policy proposals being missed because specific procedures within ORCA were linked to individual staff who may have left the OIA or PM&C. The Operations Committee approved (at a cost of \$586,757) the proposal to upgrade ORCA to address the design flaw, update the outdated terminology and workflow, and implement enhancements that were expected to improve productivity and efficiency. The project plan for the upgrade states that changes would be implemented by June 2025.

2.34 An 'Information Governance Framework' (approved May 2023) establishes PM&C's approach to the creation, capture, management and use of records, information and data. Key information management policies that support the framework are: the PM&C Security Framework (December 2018; updated July 2024); and the Information Management Policy (August 2018; updated June 2024).

2.35 The Security Policy Framework covers personnel, information, and physical security. Requirements relevant to the work of the OIA include:

- establishing the 'need to know principle' whereby official information should only be made available to individuals who require access in order to do their work;
- completion by PM&C staff of security induction training within four weeks of joining PM&C and annual refresher training; and

47 Australian Government Impact Analyses (by agency) (Department of the Prime Minister and Cabinet, 2023–24 *Australian Government Impact Analysis status*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-05/2023-24-aus-gov-impact-analysis-status-agency.pdf> [accessed 27 October 2024]. As at October 2024 the Australian Government Impact Analyses (by agency) report to 30 June 2024 was not published.)

Intergovernmental Regulation Impact Statements (Department of the Prime Minister and Cabinet, 2023–24 *Commonwealth-State Impact Analysis status*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-05/2023-24-comm-state-impact-analysis-status-agency.pdf> [accessed 27 October 2024].)

Post Implementation Reviews: Required (Department of the Prime Minister and Cabinet, 2024–25, *Post-implementation Reviews: Required*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-08/post-implementation-reviews.pdf> [accessed 27 October 2024].)

Post Implementation Reviews: Completed (Department of the Prime Minister and Cabinet, 2024–25 *Post-implementation Reviews: Completed and Published*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-07/2024-25-pir-completed-published.pdf> [accessed 27 October 2024].)

48 The Operations Committee provides assurance to the Secretary and the Executive Board regarding the performance of the department, compliance with internal and external requirements, and continuous improvement of PM&C's operations and performance.

- references to a separate ICT Security Policy (July 2024) relating to the storage of classified documents and information on ICT systems, which notes that PM&C networks are audited against the requirements of the Australian Government Information Security Manual.

2.36 Access to ORCA is restricted to OIA staff, who are granted access to the full range of policy proposals across government. PM&C's annual mandatory training includes a 15-minute training module on 'security basics'. The completion rate for OIA staff for this training module was 100 per cent in 2022–23 and 76 per cent in 2023–24. The completion rate for 2024–25 was 100 per cent as at October 2024. PM&C undertook IT assurance activities prior to approving the implementation of ORCA.

2.37 The Information Management Policy specifies that all official information must be captured in an endorsed location and lists specific systems as 'acceptable repositories'. As at January 2025, ORCA was not listed in the Information Management Policy as being endorsed as an acceptable repository to hold departmental records. The Information Governance Framework states that PM&C must implement processes to ensure new systems are assessed against the National Archives of Australia's Business Systems Assessment Framework (BSAF) requirements.⁴⁹ The BSAF assessment for ORCA was completed in September 2024. PM&C advised the ANAO in April 2025 that the BSAF provides ORCA with the authority to hold departmental records.

2.38 The Information Management Policy requires PM&C staff to capture certain official information⁵⁰ in relation to decision-making 'to make known the intention of a decision-maker, the basis for a decision, all the key decision points in relation to its subject matter and who has made those decisions.' Official information should include: all the information which a decision-maker has taken into account in making a decision, including any significant options that the decision-maker considered but rejected; any information made public and upon which members of the public rely on to make decisions; and other information for which PM&C may be held accountable.

2.39 PM&C staff must participate in annual information management training programs under the Information Management Policy. PM&C's annual mandatory training includes a 20-minute training module on 'Managing records and information', which was added to the mandatory training program in late 2023.⁵¹ The completion rate for OIA staff for this training module was 71 per cent in 2023–24 and for 2024–25 was 100 per cent as at October 2024.

49 National Archives of Australia, *Business System Assessment Framework*, National Archives, 2019, available from <https://www.naa.gov.au/sites/default/files/2023-06/IM-Business-system-assessment-framework.pdf> [accessed 7 October 2024].

50 Under the policy, 'official information' is defined as: 'any information in any format that: demonstrates or is integral to the conduct of the business of PM&C; supports the decision making process; details who made a decision and when it was made; is required by law (including regulations) to be kept, or has significant historical interest to the community.'

51 A training module on information management was removed from annual mandatory training requirements in September 2022 as part of a 'refresh' of the program.

Are there fit-for-purpose arrangements to coordinate with IA framework stakeholders?

While PM&C undertakes engagement activities related to its stewardship of the IA framework, including some initiated in 2024, it does not have a clearly articulated stakeholder engagement plan that identifies the desired outcomes of engagement activity, who should be part of engagement activity, the form that engagement activities should take or how PM&C will measure the effectiveness of engagement. Engagement with the Australian Public Service Commission could be increased given shared goals.

2.40 Effective stakeholder engagement can encourage new ideas and innovation, support evidence-based advice and contribute to meeting objectives. The effectiveness of stakeholder engagement should be monitored on an ongoing basis to improve the engagement process if necessary.⁵²

Stakeholder engagement framework

2.41 APSC stakeholder engagement guidance notes that stakeholder engagement starts with mapping and identifying stakeholders and creating an engagement plan.⁵³ PM&C has not mapped IA framework stakeholders or established a stakeholder engagement plan.

2.42 In addition to the policy agencies that PM&C, as steward of the IA framework, must work with to implement the IA framework, IA framework stakeholders may include Australian Government entities that share IA framework objectives or responsibilities, are involved in other types of targeted impact assessments or own guidance that supports the effectiveness of the IA framework (Table 2.1).

Table 2.1: Selection of Impact Assessment framework stakeholders

Stakeholder type	Agency	IA framework interest
Delivery of the IA framework	<ul style="list-style-type: none">All Australian Government policy agencies	<ul style="list-style-type: none">Requirement to implement the IA framework
Shared responsibility or objectives	<ul style="list-style-type: none">Department of the Treasury (Australian Centre for Evaluation)	<ul style="list-style-type: none">Shared responsibility for aspects of administering post implementation reviews (see paragraph 2.45)Shared interest in IA assessment question 7 (How will you evaluate your chosen option against the success metrics?) (see paragraph 1.3)
	<ul style="list-style-type: none">Australian Public Service Commission	<ul style="list-style-type: none">Shared objectives around increasing APS policy development capabilityShared objectives around supporting the policy life cycle^a

52 Australian Public Service Commission, *Getting stakeholder engagement right*, APSC, 2021, available from <https://www.apsc.gov.au/node/388> [accessed 13 February 2025].

53 *ibid.*

Stakeholder type	Agency	IA framework interest
Other targeted impact assessment processes that can interact with the IA framework	<ul style="list-style-type: none"> Department of the Prime Minister and Cabinet (Office for Women) 	<ul style="list-style-type: none"> Gender impact assessment^b
	<ul style="list-style-type: none"> National Indigenous Australians Agency 	<ul style="list-style-type: none"> First Nations impact assessment^c
	<ul style="list-style-type: none"> Department of Infrastructure, Transport, Regional Development, Communication and the Arts 	<ul style="list-style-type: none"> Regional Australia impact statements^d
	<ul style="list-style-type: none"> Department of Finance 	<ul style="list-style-type: none"> Australian Government Cost Recovery Policy^e Regulatory reform^f
Owners of guidance that supports the IA framework	<ul style="list-style-type: none"> Australian Public Service Commission (APS Academy) 	<ul style="list-style-type: none"> Policy development guidance material^g
	<ul style="list-style-type: none"> Other parts of the Department of the Prime Minister and Cabinet 	<ul style="list-style-type: none"> <i>Cabinet Handbook^h</i> and <i>Legislation Handbookⁱ</i>
	<ul style="list-style-type: none"> Attorney-General's Department 	<ul style="list-style-type: none"> <i>Guide to Managing Sunsetting of Legislative Instrument^j</i>
	<ul style="list-style-type: none"> Office of Parliamentary Counsel 	<ul style="list-style-type: none"> <i>Instruments Handbook^k</i>

Note a: Australian Public Service Academy, *The Australian Policy Cycle*, APSA, available from <https://www.apsacademy.gov.au/resources/australian-policy-cycle> [accessed 31 October 2024].

Note b: Department of the Prime Minister and Cabinet, *Including Gender: An APS Guide to Gender Analysis and Gender Impact Assessment*, PM&C, 2024, available from https://www.pmc.gov.au/sites/default/files/resource/download/aps-guide-gender-analysis-impact-assessment_0.pdf [accessed 25 October 2024].

Note c: National Indigenous Australians Agency, *First Nations Impact Assessment Framework*, NIAA, available from <https://www.niaa.gov.au/our-work/closing-gap/first-nations-impact-assessments-framework> [accessed 25 October 2024].

Note d: Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Regional Australia Impact Statements*, DITRDCA, available from <https://www.infrastructure.gov.au/territories-regions-cities/regional-australia/regional-australia-impact-statements> [accessed 25 October 2024].

Note e: Department of Finance, *Australian Government Cost Recovery Policy*, DoF, available from <https://www.finance.gov.au/government/managing-commonwealth-resources/implementing-charging-framework-rmg-302/australian-government-cost-recovery-policy> [accessed 25 October 2024]. At paragraph 69, the Cost Recovery Policy notes that 'Entities must contact the Office of Impact Analysis prior to seeking policy approval to check whether a Policy Impact Assessment (PIA) will be required. If a PIA is required, it must accompany the policy proposal.'

Note f: Department of Finance, *Regulatory Reform*, DoF, available from <https://www.regulatoryreform.gov.au/> [accessed 28 November 2024].

Note g: Australian Public Service Commission, *Impact Analysis 101*, APSC, available from <https://www.apsacademy.gov.au/resources/impact-analysis-101> [accessed 25 October 2024].

Note h: Department of the Prime Minister and Cabinet, *Cabinet Handbook, 15th Edition*, PM&C, 2022, available from https://www.pmc.gov.au/sites/default/files/resource/download/cabinet-handbook-15th-edn-august-2024_1.pdf [accessed 25 October 2024].

Note i: Department of the Prime Minister and Cabinet, *Legislation Handbook*, PM&C, 2017, available from <https://www.pmc.gov.au/sites/default/files/resource/download/legislation-handbook-2017.pdf> [accessed 25 October 2024].

Note j: Attorney-General's Department, *Guide to managing the sunset of legislative instruments*, AGD, 2020, available from <https://www.ag.gov.au/sites/default/files/2020-07/Guide%20to%20Managing%20Sunsetting%20of%20Legislative%20Instruments.pdf> [accessed 25 October 2024].

Note k: Office of Parliamentary Counsel, *Instruments Handbook*, OPC, 2024, available from <https://www.opc.gov.au/sites/default/files/2024-12/Instruments%20Handbook%202024.pdf> [accessed 23 December 2024].

Source: ANAO.

Engagement activities

2.43 PM&C interacts with policy agencies to implement the IA framework. These interactions are discussed in Chapter 3.

Shared responsibility or objectives

2.44 The Australian Centre for Evaluation (ACE) was established within the Department of the Treasury (Treasury) to 'provide leadership and improve evaluation capability across government, including support to agencies and leading a small number of flagship evaluations each year'.⁵⁴ Responsibility for certain parts of the post implementation review (PIR) process under the IA framework were assumed by ACE from 1 July 2023 (see paragraph 3.84).

2.45 A memorandum of understanding (MOU) was established between PM&C and Treasury in April 2024. The MOU sets out the responsibilities of the OIA and ACE with respect to the administration of PIRs, communication and training. The MOU requires the OIA to: inform ACE via a fortnightly email of all policy proposals that trigger an IA; refer policy proposals where an IA has not been triggered to ACE for additional consideration about evaluation; alert ACE via email within two working days to instances of a PIR being triggered; maintain and publish the registers of PIRs required⁵⁵ and PIRs completed and published⁵⁶; publish the PIR Guide⁵⁷; and consult with ACE where there are concerns with the level of expertise or quality of a response to IA question seven (see paragraph 1.3). For the period between April 2024 and December 2024, the OIA met the requirement to provide ACE with fortnightly emails about policy proposals that trigger an IA. The fortnightly emails included a section for PM&C to list 'no IA triggered, but significant policy that may be of interest to ACE'. In the nine-month period examined, two policies of this nature were listed for ACE. For the one PIR triggered in the period, an email was sent to ACE within one week. PM&C has maintained the PIR registers and published the PIR Guide. The ANAO observed examples of PM&C engaging with ACE where there were concerns about the quality of a response to IA question seven.

2.46 One of the OIA's objectives is 'providing support and training across the Australian Public Service to support increased policy analysis capability and improved advice to the Australian

54 Australian Government, *Budget Paper No. 2 Budget Measures*, Commonwealth of Australia, 2023, p. 213, available from https://archive.budget.gov.au/2023-24/bp2/download/bp2_2023-24.pdf [accessed 25 October 2024].

55 Department of the Prime Minister and Cabinet, *Post-implementation Reviews: Required*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-10/2024-25-pir-required.pdf>, [accessed 25 October 2024].

56 Department of the Prime Minister and Cabinet, *Post-implementation Reviews: Completed and Published*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-07/2024-25-pir-completed-published.pdf> [accessed 25 October 2024].

57 Department of the Prime Minister and Cabinet, *Post-implementation Reviews*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-08/post-implementation-reviews.pdf> [accessed 25 October 2024].

Government’.⁵⁸ One of the APSC’s objectives is to ‘build APS capability and leadership for the future’, with an attached performance measure ‘contribute to an uplift in APS capability in the domains of APS Craft’.⁵⁹ APS Craft is defined as the ‘fundamental capabilities needed to deliver great policy and services’, one of which is ‘delivering great policy services with strategic analysis and evaluation throughout the policy lifecycle’.⁶⁰

2.47 PM&C does not have a documented approach agreed with the APSC or other entities to coordinate activities and address shared interests in lifting policy capability across the APS.

2.48 The OIA contacted the APS Academy⁶¹ in April 2024 to discuss policy development course content. PM&C advised the ANAO in November 2024 that it had provided 36 hours of impact analysis training to over 400 participants through 17 sessions between 1 July 2024 and 14 October 2024. Further meetings between the OIA and APS Academy in September and October 2024 discussed OIA involvement in graduate training and the use of IA references in training material.

Other targeted impact assessment processes that can interact with the IA framework

2.49 As shown at Table 2.1, PM&C shares purposes with other impact assessment policy owners such as: the Office for Women (gender impact assessment); the National Indigenous Australians Agency (First Nations impact assessment); and the Department of Infrastructure, Transport, Regional Development, Communication and the Arts (regional Australia impact statements). PM&C advised the ANAO in November 2024 that ‘The Australian Government Guide to Policy Impact Analysis does not reference other impact assessment frameworks or processes, and hence OIA is not required to have a direct interaction with these frameworks’. PM&C noted, however, that it ‘has gone beyond the requirements of the IA Framework’ in leading a multi-agency forum to share best practice.

2.50 Since 2023, PM&C has participated in cross-government forums with other policy owners of targeted impact assessment frameworks.⁶² Cross-agency forums comprise the following.

- Multi-agency impact statement forum — PM&C chairs on a rotating basis, a forum that was established in 2023. The forum does not have terms of reference. Meeting minutes indicate that its purpose is to ‘provide a forum where the teams developing new Impact Statements can share progress, learnings and provide feedback’. Specific issues considered by the forum in 2024 included: an update of APSC policy development training; an update on an OIA survey conducted in December 2023/January 2024 (see paragraph

58 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 56, available from <https://oia.pmc.gov.au/sites/default/files/2024-01/australian-government-guide-to-policy-impact-analysis.pdf> [accessed 22 October 2024].

59 Australian Public Service Commission, Corporate plan 2024–2028, APSC, August 2024, p. 13, available from <https://www.apsc.gov.au/sites/default/files/2024-08/APSC%202024-28%20Corporate%20Plan.pdf> [accessed 5 October 2024].

60 Australian Public Service Academy, *APS Craft*, APS Academy, available from <https://www.apsacademy.gov.au/aps-craft> [accessed 27 October 2024].

61 The APS Academy was established in July 2021 following the ‘Review of the APS Centre for Leadership and Learning’. The review suggested that central learning offerings from the APSC should focus on the capabilities that are core to the APS to increase impact and reduce duplication. In December 2020, the Secretaries Board agreed to establish the APS Academy to lead this work.

62 PM&C (Office for Women and OIA); National Indigenous Australians Agency; Department of Infrastructure, Transport, Regional Development, Communication and the Arts; Department of Finance; Digital Transformation Agency; Department of Social Services; and the Net Zero Economy Agency.

4.24); the development of a senior executive forum; and opportunities to streamline IA processes. The forum held 11 meetings between August 2023 and August 2024.

- Senior executive forum — In 2024 PM&C established and chairs a senior executive forum across the same Australian Government agencies. The forum met in June 2024 and September 2024 and intends to meet quarterly. No terms of reference have been established. The June 2024 meeting agenda states that the objective of the meeting was to ‘Build a shared understanding of the intersections of the Impact Statement frameworks to inform coordination efforts’. Issues discussed included: strategies to encourage early agency engagement; consideration of whether the APSC could assist with training to build compliance with IA processes; and lessons from international experience.

2.51 The OIA has engaged with government officials involved in regulatory analysis from other Australian jurisdictions and other countries to discuss the design and delivery of other impact analysis frameworks including ‘regulation review units’ in Australian state and territory and New Zealand governments.⁶³

Owners of guidance that supports the IA framework

2.52 The IA framework is supported by guidance material maintained and published by other Australian Government entities. With the November 2022 renaming of the OIA and the March 2023 shift in focus away from analysis of regulatory impacts (see paragraph 1.5), some supporting guidance materials, as at December 2024, reflected outdated IA arrangements. The *Legislation Handbook* (2017) and *Guide to Managing Sunsetting of Legislative Instruments* (Sunsetting Guide) (July 2020) referred to the Office of Better Practice Regulation and regulatory impact statements. PM&C had not engaged with the Attorney-General’s Department to ensure that the Sunsetting Guide was appropriately updated. Until December 2024, the *Instruments Handbook* (September 2022) referred to regulatory impact statements.⁶⁴ The Office of Parliamentary Counsel updated the 2022 *Instruments Handbook* in December 2024, following the release of the new Federal Register of Legislation. The December 2024 *Instruments Handbook* contains contemporary references to the IA framework and OIA.⁶⁵

63 The Department of Finance represents Australia on the OECD’s Regulatory Policy Committee, which is an international forum dedicated to advancing regulatory reform and encouraging and supporting regulatory best practices.

64 Office of Parliamentary Counsel, *Instruments Handbook*, OPC, 2022, p. 59, available from https://www.opc.gov.au/sites/default/files/2023-01/instruments_handbook_2022.pdf [accessed 25 October 2024].

65 *ibid.*, pp. 61–62.

Recommendation no. 2

2.53 The Department of the Prime Minister and Cabinet develop a stakeholder engagement plan to support its stewardship of the Impact Analysis framework that:

- (a) clearly identifies stakeholders of the framework;
- (b) provides for coordination between stakeholders responsible for targeted impact analyses or that support or share Impact Analysis framework objectives;
- (c) prioritises engagement activities of both an administrative and strategic nature; and
- (d) involves ongoing assessment of engagement activity.

Department of the Prime Minister and Cabinet response: *Agreed.*

2.54 *The Department of the Prime Minister and Cabinet will continue to engage across the Australian Public Service and will develop a stakeholder engagement plan for the Office of Impact Analysis to support its stewardship of the Australian Government Guide to Policy Impact Analysis.*

3. Implementation of the Impact Analysis framework

Areas examined

This chapter examines whether the Impact Analysis (IA) framework is implemented effectively by the Department of the Prime Minister and Cabinet (PM&C).

Conclusion

The IA framework is implemented largely effectively. PM&C provides effective assistance to policy agencies to comply with the IA framework. PM&C has not examined the merits of a risk-based approach to increasing usage of non-mandatory early assessments, which positively impact IA quality. PM&C's scrutiny of policy agencies' use of 'IA equivalents', which exempt a policy proposal from the full IA assessment process, has been strengthened. Implementation of preliminary and final assessments is largely effective. Across all stages of the IA assessment process, internal guidance supporting decision-making and documentation of decision-making could be improved.

Areas for improvement

The ANAO made one recommendation for PM&C to develop additional guidance for staff that better clarifies how to exercise and document judgements made over IA equivalents, preliminary assessments, final assessments and post implementation reviews. The ANAO also made five suggestions relating to strategic planning of IA-related training; a strategy for encouraging use of the early assessment process; publishing and reviewing carve-outs; quality assurance of final assessments; and managing policy agency compliance with requirements to provide accessible documents to support complete and timely publication of IAs.

3.1 The PM&C 2022–23 Annual Report states that:

The [Office of Impact Analysis (OIA)] oversees the Australian Government's Policy Impact Analysis framework through 2 elements: a coaching element, to lift the [Australian Public Service's (APS's)] capability to conduct evidence-based policy analysis; and an assessment role, assessing the work of others against the Government's Impact Analysis Framework.⁶⁶

3.2 The key steps in the IA process are preliminary assessment, early assessment, final assessment and publication (see Figure 1.1). The *Australian Government Guide to Policy Impact Analysis* (Guide to Policy IA) establishes the key steps that policy agencies must undertake to comply with the IA framework and the service standards for PM&C in administering the IA framework.⁶⁷ Clear, accessible and relevant guidance and support can assist entities to comply with mandated requirements.

66 Department of the Prime Minister and Cabinet, *Annual Report 2022–23*, PM&C, 2023, p. 56, available from <https://www.pmc.gov.au/sites/default/files/resource/download/pmc-annual-report-2022-23.pdf> [accessed 6 November 2024].

67 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, available from <https://oia.pmc.gov.au/sites/default/files/2024-01/australian-government-guide-to-policy-impact-analysis.pdf> [accessed 22 October 2024].

3.3 PM&C's Information Management Policy requires PM&C staff to establish records to document decisions and decision-making (see paragraph 2.34).

Is there effective assistance to entities to comply with the IA framework?

PM&C provides accessible guidance to policy agencies to assist them to meet the IA framework requirements. PM&C has developed and delivered training sessions for the Australian Public Service (APS). Feedback from training participants is sought, which is analysed and largely positive. A training strategy was finalised in March 2025. PM&C has recognised the policy agency practice of using consultants to develop IAs, and has not considered the risk that this practice may impede the development of APS policy capability. The OIA provides early assessments of IAs to policy agencies to assist with their development. Relatively few agencies participate in the voluntary early assessment stage when drafting an IA. PM&C does not have a risk-based strategy for encouraging participation in training or early assessment.

Guidance materials

3.4 The Guide to Policy IA, published by PM&C on 17 February 2023, is the primary guidance on the IA framework. It establishes⁶⁸:

- the agencies and types of policy proposals that are subject to the IA framework;
- six principles for Australian Government policy makers (see paragraph 1.4);
- seven IA questions (see paragraph 1.3); and
- different stages of the IA process, assessment tiers and processes to be followed.

3.5 PM&C has produced other resources and guidance materials to support agencies' compliance with the IA framework. This information is accessible via PM&C's website and includes a series of guidance notes for different types of policy proposals. The guidance notes are published under four categories (Table 3.1). Published guidance materials were updated between May 2023 and July 2023, following February 2023 changes to the IA framework.

Table 3.1: Guidance materials by category, as at June 2024^a

Category	Description	Count
Guidance on Impact Analysis	<i>User Guide to the Australian Government Guide to Policy Impact Analysis</i> (User Guide) and other resources providing an overview of the IA framework, including detail on the seven IA questions	6
Forms and templates	Forms and templates that assist agencies to fulfil the relevant requirements of the IA process	9
Guidance on assessing impacts	Information on components of an IA to assist agencies assess impacts of their policy proposal, including competition, deregulation, economic, employment, environmental, health, and social impacts	7
Guidance on OIA procedures	Guidance notes on specific stages of the IA process, and exceptions (special cases) where an IA is not required	8

⁶⁸ *ibid.*, p. 4.

Note a: The following elements have been excluded from this table: resources that are outdated; and guidance notes about IA requirements for decisions taken by intergovernmental decision-making bodies.

Source: ANAO analysis of guidance materials on PM&C website.

3.6 PM&C has template emails for internal use to communicate to agencies what guidance materials are available and where to access them on the PM&C website. This is largely communicated at the beginning of IA processes after PM&C has conducted a preliminary assessment of a policy proposal.

3.7 Other than through one question about templates in a survey of six entities undertaken as part of a 2023 internal audit, external feedback about published guidance materials has not been collected by PM&C. Between January 2024 and June 2024, seven meetings were held for OIA staff to share lessons learnt and issues related to different OIA procedures or guidance materials. Each meeting focused on a specific topic.⁶⁹ The meetings resulted in a list of recommendations to update procedures or guidance notes. As at October 2024, three of 11 actions were recorded as completed.

Training

3.8 The 2024–25 OIA business plan finalised in November 2024 (see paragraph 2.25) identifies the objective of training is to uplift APS capability and improve the use of an evidence base in policy development to deliver better policy outcomes. The intention is to deliver high quality, consistent training across the APS. Performance measures comprise developing an annual training strategy, delivering targeted training sessions, and reporting on training provided.

3.9 PM&C finalised an OIA ‘Training Strategy 2025’ in March 2025, which lists training objectives, approach and evaluation activities. The Training Strategy does not set out a process for targeting training to areas or agencies with greatest need.

3.10 The OIA states on its website that it provides four types of training to APS staff.

- Foundation — aimed at APS graduates, entry level officers, and those new to public policy. The course is intended to provide a ‘solid’ foundation in IA and evidence-based policy making (see Case study 1).
- Practitioner — aimed at experienced APS officers to enhance their analytical skills, and those preparing to complete an IA. Course duration varies from one to three hours, and the information presented is focused on the Guide to Policy IA, the IA process, and the seven IA questions (see paragraph 1.3).
- Specialised — tailored training on specific components of an IA such as understanding cost-benefit analysis techniques.
- Workshop — informal style workshops with policy makers from agencies preparing an IA. The workshops primarily focus on the seven IA questions.

3.11 PM&C maintains a list of training activities delivered by the OIA. According to this list, between July 2022 and June 2024, the OIA delivered 125 training sessions to 2,081 participants.

69 Topics covered at the seven sessions were: key steps in publication of an IA; exposure draft legislation and the final decision point; techniques to assist agencies in preparing regulatory burden costings; the OIA’s role in requesting or agreeing to an agency’s use of an addendum; the consideration of grants in the preliminary assessment process; approaches for including a draft IA in Cabinet submissions; and management of explanatory statements/memoranda.

Seventy-four per cent of total training hours (8,213 hours) were for foundation-level training (6,094 hours) (Table 3.2).

Table 3.2: Training delivered by type, 2022–23 and 2023–24

Period	Training type	No. of sessions	No. of participants	Session hours	Total training hours ^a
2022–23	Foundation (Graduate)	22	525	142	3,651
	Practitioner ^b	28	467	49	864
	Workshop	18	64	26	96
	Total	68	1,056	217	4,611
2023–24	Foundation (Graduate)	15	361	102	2,443
	Practitioner	25	394	39	809
	Specialised	4	180	3	93
	Workshop	13	90	33	258
	Total	57	1,025	176^c	3,603
Total	Foundation (Graduate)	37	886	244	6,094
	Practitioner	53	861	88	1,673
	Specialised	4	180	3	93
	Workshop	31	154	58	354
	Grand total	125	2,081	392^c	8,213^c

Note a: PM&C calculated total training hours by multiplying the number of participants per session by the duration (number of hours) of each session and summing this for all sessions.

Note b: The list included courses from one to three hours duration titled 'IA Session' or 'RIA Session'. These courses have all been counted under 'Practitioner' training.

Note c: Numbers may not add to 100 per cent due to rounding.

Source: ANAO analysis of OIA training data.

Case study 1. Observation of a foundation-level course

The ANAO observed a foundation training session on 20 August 2024 that was aimed at graduates at the Department of Health and Aged Care. Foundation training was designed as a full-day (seven hour) interactive workshop. The August 2024 training was described to participants as a pilot session whereby PM&C was trialling a condensed version of the training product it offers for graduates.

The APS Learning Quality Framework sets out four design standards and 17 guidelines to analyse learning initiatives.^a The guidelines describe the types of actions expected in the design and review of learning experiences being offered to the APS. The foundation training course observed by the ANAO aligned to most guidelines under the four standards.^b

- Standard 1: Purposeful (the purpose of the course is clearly stated, and the learning need is defined) — Course participants matched the target audience description (APS graduates and entry-level officers) and the learning outcomes of the course (introducing

the IA framework and providing foundational skills in the IA process) were well articulated.

- Standard 2: User-centric (the learning experience is relevant to the needs and the work of the organisation and supports self-determined and continuous learning) — Participants in the course were graduates working in policy and were likely to be involved in preparing an IA at some point in their APS career. Course presenters referred to PM&C guidance material and IAs available on the PM&C website, and other Australian Government impact analysis frameworks (see paragraph 2.42) were discussed.
- Standard 3: Adaptable (the learning experience is scalable with content applicable to the audience) — Course presenters utilised case studies specific to the health portfolio in group work exercises, and examples of health-specific IAs were discussed.
- Standard 4: Impactful (the course design incorporates a mix of innovative and engaging learning methods) — Content quizzes and group activities were conducted at all stages of the course to check participants' understanding of the key concepts discussed. Presenters shared their insights about the IA process. A feedback survey was circulated at the end of the course.

Guidelines that were not met (the learning experience is inclusive by design; and the learning experience is innovative and captivating to all users) were related to the format of the course. The course was offered face-to-face and online. PM&C advised the ANAO in November 2024 that all participants were provided with electronic copies of the course materials, however the ANAO noted that there was less engagement with online participants. The course format was condensed from seven hours to a 2.5-hour duration, which meant that some course content was not explained in detail. Feedback from 71 per cent of participants was that the length of the training and activities were well-timed, however 29 per cent of participants provided feedback that they would have liked more time to cover practical activities related to completing an IA.

PM&C advised the ANAO in April 2025 that it 'will continue to monitor the feedback in coming graduate training sessions before evaluating the success of the new format training offering later in 2025'.

Note a: Australian Public Service Commission, APS Learning Quality Framework, APSC, 2022, available from <https://www.apsc.gov.au/initiatives-and-programs/learning-and-development/learning-quality-framework> [accessed 25 October 2024].

Note b: Guidelines not applicable to the course have not been included in the analysis.

3.12 Although a draft training plan from 2023 identified four key training-related risks, the Training Strategy did not discuss risks. The four risks included lack of knowledge in specialist training such as regulatory burden measurement or cost benefit analysis⁷⁰, and an assumption that training translates into better IAs or further engagement.

- Lack of knowledge in specialist training — The risk was focused on the ability of OIA staff to provide appropriate training in specialist areas. The mitigation strategy was to involve specialised trainers to upskill OIA staff. Although the Guide to Policy IA notes that

70 The other two risks were high staff turnover resulting in a loss of training experience; and lack of internal communication resulting in missed knowledge-sharing opportunities and duplication of materials.

‘[e]ngaging external consultants to do the work for you will not build the appropriate in-house skills within your agency’, it also states that consultants ‘are often best placed to help with technical aspects of [an] IA’⁷¹ The draft training plan did not consider the implications of a lack of capability in specialist areas within policy agencies and the use of contractors, to the achievement of IA framework objectives to uplift capability across the APS.

- Assumption that training results in better IAs — The mitigation for this risk was to collate evaluations on the effectiveness of training ‘to build an identifiable trend’. The draft training plan included a performance metric based on conducting training evaluation surveys. The Training Strategy included evaluation activities such as measuring and reporting training hours, monitoring the share of forms returned (target 90 per cent of participants) and summarising training effectiveness on an ongoing basis. Feedback is routinely collected from participants in foundation courses, however PM&C does not consistently collect feedback from training courses delivered at other levels. PM&C advised the ANAO in August 2024 that it does not collect feedback from other training sessions where it is difficult to distinguish formal workshops and training from general meetings and feedback on their IA processes, or if a session involves small numbers of people and participant feedback could be readily identifiable. Participant feedback data is collated and analysed for each financial year (Table 3.3). Feedback was largely positive in 2022–23 and 2023–24.

Table 3.3: Impact Analysis training feedback data, 2022–23 and 2023–24

Theme	Question	Positive response (%)	Neutral response (%)	Negative response (%)
1. Knowledge of the IA framework	If training improved the participants knowledge of the IA framework	99	1	0
2. Uplift in capabilities for undertaking an IA	How the training helped the participant explain different policy options and use evidence to support these	92	6	2
3. Engaging and interactive training	Feedback on the content and delivery of the training	93	6	1
4. Duration of training	If the length of the training and activities was appropriate	87	9	4
5. Likelihood to recommend training to others	The likelihood of recommending the training to others	94	5	1

Source: ANAO analysis of OIA training feedback data.

71 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, pp. 52–53.

3.13 OIA training activity⁷² is reported monthly to the Assistant Minister to the Prime Minister (Assistant Minister) (see paragraph 4.29).

3.14 While collecting training feedback from participants could provide some indication of perceived effectiveness from the participant perspective, directly correlating training provision with IA quality could provide more meaningful information about training impact. In November 2022, PM&C analysed a selection of training data (July 2020 to November 2022) to assess if an increased number of training hours completed by an agency led to an improvement in IA assessment scores. For 11 agencies, PM&C compared the overall average IA assessment score against the total number of training hours that the agency had received. Results did not demonstrate a relationship between training hours and an agency's IA assessment score. PM&C has not undertaken this type of analysis since 2022.

Opportunity for improvement

3.15 The Department of the Prime Minister and Cabinet could improve its strategic planning of training by:

- building into its training plan the targeting of training activities to policy agencies that require more support;
- examining how implementation of the IA framework, including training, contributes to improving APS policy capability in areas requiring specialist skills, such as cost-benefit analysis; and
- considering how existing data from IA assessments could be used to support analysis of training impact.

Early assessments

3.16 Agencies may submit an early draft of an IA, covering IA framework questions one to four (see paragraph 1.3), for an early assessment by the OIA. While submitting an early assessment is not mandatory, published early assessment guidance notes that⁷³ submitting an IA for early assessment 'demonstrates that [the agency is] undertaking a rigorous process'. The early assessment process⁷⁴:

is used for consultation or to inform a non-final decision point. It allows [the agency] to test [the agency's] initial policy options and analysis with stakeholders or provide preliminary analysis to decision makers. It presents a clearly defined problem, potential options to solve this problem, and an early consideration of likely impacts, well in advance of the final decision. The document is designed to be reacted to and corrected by stakeholders, not as a final decision making tool.

72 Reported training metrics were: total number of training hours delivered for the reporting month; total number of participants (receiving training) for reporting month; and year-to-date cumulative number of training hours. An additional training metric of the proportion of training participants satisfied with the training provided was included in the monthly reports until September 2023, after which it was removed.

73 Department of the Prime Minister and Cabinet, *Early Assessment of an Impact Analysis*, PM&C, 2023, p. 3, available from <https://oia.pmc.gov.au/sites/default/files/2023-08/early-assessment-impact-analysis.pdf> [accessed 26 October 2024].

74 *ibid.*

3.17 The OIA's case management system — OIA Record of Compliance and Assessment (ORCA) (see paragraph 2.29) — does not capture sufficient information to identify which IAs progressed through the early assessment process, nor is this information separately captured by PM&C. In a sample of 27 (out of a total population of 69) published IAs in 2022–23 and 2023–24 (see paragraph 3.72)⁷⁵, three involved the policy agency undertaking the early assessment process (although an additional 18 involved agencies submitting informal drafts of the IA to the OIA outside of this process). One of the three was at the direction of government.

3.18 A template email to advise agencies that an IA is required included the option of undertaking the early assessment process. PM&C does not have a strategy for the use of the early assessment process by agencies. Based on the sample of 27 IAs, PM&C did not target specific agencies or policies to undergo an early assessment (for example, on the basis of the risk an agency does not have the policy capability or capacity to deliver an IA of sufficient quality or experiences in previous IA processes with an agency).

3.19 For the three sampled IAs that progressed through the early assessment process (see paragraph 3.17):

- the average time taken for the early assessment was five working days;
- the OIA provided advice on how to improve the quality of the IA; and
- the two IAs that were assessed using the assessment rubric (see paragraph 3.61) improved their score between the early and first pass final assessments by between 10 and 20 points across the four IA questions.⁷⁶

3.20 The IA assessment rating of 'exemplary' was introduced with the March 2020 changes to the IA framework. Under the March 2023 IA framework, to achieve an 'exemplary' rating, policy agencies are required to complete the early assessment process (see paragraph 1.10).⁷⁷ This requirement is set out in OIA's guidance on the early assessment process, which was published in July 2023. It is not set out in other published guidance.⁷⁸

3.21 Between July 2022 and June 2024, five published IAs were rated as 'exemplary'. Three of these did not meet the requirement to undertake the early assessment process. For two of the three, the OIA executive director was advised that the decision to overlook the early assessment requirement was based on 'good practice engagement' by the entity. There was no documented rationale for granting an exemplary rating despite the lack of an early assessment for the third IA.

75 The targeted sample of the 27 2022–23 and 2023–24 published IAs comprised all five 'exemplary' IAs in the period, and 22 other IAs that were broadly representative of IAs by agency and by rating.

76 One of the IAs that completed the early assessment process was assessed in February 2022 prior to the use of the rubric assessment tool and so cannot be directly compared to its first pass final assessment score which used the rubric when it was undertaken in September 2022.

77 Department of the Prime Minister and Cabinet, *Early Assessment of an Impact Analysis*, PM&C, 2023, p. 1, available from <https://oia.pmc.gov.au/sites/default/files/2023-08/early-assessment-impact-analysis.pdf> [accessed 23 October 2024].

78 For example, it is not stated in: Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023; Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, available from <https://oia.pmc.gov.au/sites/default/files/2023-11/user-guide-to-the-australian-government-guide-to-policy-impact-analysis.pdf> [accessed 23 October 2024], or Department of the Prime Minister and Cabinet, *Exemplary Analysis and Case Studies*, PM&C, 2023, available from <https://oia.pmc.gov.au/sites/default/files/2023-08/exemplary-analysis-and-case-studies.pdf> [accessed 23 October 2024].

Opportunity for improvement

3.22 PM&C could develop a strategy for encouraging agencies' use of the early assessment process, giving consideration to the risk that an agency does not have the policy capability or capacity to deliver an IA of sufficient quality, the objective of achieving an 'exemplary' IA assessment rating and available OIA resources to conduct the early assessment. The pre-requisite of an early assessment for an exemplary rating could be more consistently communicated and applied.

Is there assurance that impact analyses have been submitted when required?

PM&C undertakes a range of assurance activities to ensure IAs have been submitted when required. It maintains guidance regarding special cases that do not require agencies to submit an IA for assessment (IA equivalent reviews, carve-outs, Prime Minister's exemptions and sunseting instruments). The inappropriate use of IA equivalent certifications by policy agencies to avoid IA framework requirements has been identified as a risk by government. Processes implemented in 2023 were meant to tighten PM&C's scrutiny over the use of IA equivalent certifications by policy agencies. Record keeping of suitability decisions over IA equivalent certifications was not always complete, and there could be more internal guidance to support suitability decisions. PM&C reviewed the appropriateness of existing carve-outs in 2024 and found that 12 per cent should have been cancelled. These were cancelled after the review. There is no internal requirement regarding how promptly carve-out decisions should be published or how frequently carve-outs should be reviewed. PM&C's treatment of Prime Minister's exemptions and sunseting instruments was appropriate.

Monitoring compliance with the IA framework

3.23 Agencies must consult PM&C regarding IA requirements for every type of policy decision if they are a: government department; statutory authority; board (even if it has statutory independence); or public entity operating under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).⁷⁹ Any policy proposal or action of the Australian Government, with an expectation of compliance, that would result in a more than minor change in behaviour or impact for people, businesses or community organisations, must be accompanied by an IA.⁸⁰

3.24 As at 1 August 2024, 191 entities were subject to the PGPA Act.⁸¹ Between July 2022 and June 2024, the OIA created 4,530 cases in its case management system for potential policy proposals across 81 entities.

79 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 50.

80 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 5.

81 Department of Finance, *Flipchart of Commonwealth entities and companies*, 1 August 2024, available at <https://www.finance.gov.au/sites/default/files/2024-07/Flipchart%201%20August%202024%20-%20FINAL.pdf> [accessed 25 September 2024].

3.25 PM&C's compliance approach for the IA framework is outlined in the User Guide, which notes⁸²:

OIA monitors regulations tabled in parliament, news reports, media releases and other sources for indications that a decision that falls within the Policy Impact Analysis framework has been made. Where it appears that such a decision has been taken before Impact Analysis was completed, OIA will contact the agency in the first instance to obtain additional information. After consultation with the agency, OIA determines one of the following: the Impact Analysis requirements have been met and no further action is required; the process used to prepare Impact Analysis was in some way inconsistent with the Impact Analysis requirements (the reason for this determination will be published as part of OIA's assessment advice); or the requirement to prepare Impact Analysis has not been met and the agency needs to undertake a post-implementation review (in addition, the agency will be reported as insufficient).

3.26 Between July 2022 and June 2024 the OIA published one instance where a policy was announced without a finalised IA, requiring a post-implementation review (Case study 2).

Case study 2. Insufficient rating for policy proposal

On 28 February 2023 the government announced a decision to reduce tax concessions on total superannuation balances exceeding \$3 million. PM&C became aware that the proposal was to be put to the government for a decision through its departmental access to policy proposals to be provided to government. An IA was not completed for this measure prior to the government announcement. PM&C reported on its website on 2 March 2023 that, as the policy would likely have major impacts on affected individuals and superannuation funds, an IA was required to be prepared but was not completed. PM&C stated that the IA for the policy was 'insufficient' and that, in accordance with the IA framework, a post implementation review was required to be completed within two years of implementation of the policy.⁸³ The OIA provided advice to the government about non-compliance by the Department of the Treasury (Treasury) with the IA requirements. Treasury subsequently prepared an IA which was published on the PM&C website. The website states that publication of the IA was for transparency purposes only and that the OIA had not assessed it.

3.27 PM&C has not formally reviewed the effectiveness of its approach to ensuring agencies comply with the requirement to consult with the OIA about whether an IA is required. PM&C advised the ANAO in October 2024 that:

While the [OIA] has not conducted a formal review of its effectiveness of the approach it uses to monitor compliance with the framework, the OIA notes that the current OIA process and practices take advantage as much as possible of PM&C processes to mitigating the risk of non-compliance. The OIA regularly engages with Department and Agencies, particularly Budget coordination areas, to ensure that the OIA is across the development of new policies. The OIA has not been able to identify any further process or approaches that would be effective and time-efficient in assisting the OIA to further identify potential non-compliance.

82 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 21.

83 Department of the Prime Minister and Cabinet, *Insufficient Impact Analysis — Reducing tax concessions on superannuation balances exceeding \$3 million*, PM&C, 2023, available from <https://oia.pmc.gov.au/published-impact-analyses-and-reports/insufficient-impact-analysis-reducing-tax-concessions> [accessed 26 October 2024].

Special cases

3.28 There are four types of special cases that do not require agencies to submit an IA for assessment: Prime Minister's exemptions; IA equivalents; carve-outs; and sunseting legislative instruments. The OIA has published a guidance note on each of these special cases, outlining the specific requirements a policy proposal needs to satisfy.⁸⁴

Prime Minister's exemption

3.29 Under the IA framework the Prime Minister can exempt an entity from the need to undertake an IA in limited circumstances, which are⁸⁵:

- when there are truly urgent and unforeseen events requiring a decision before an adequate IA can be undertaken; or
- where there is a matter of budget or other sensitivity and the development of an IA could compromise confidentiality and cause unintended market effects or lead to speculative behaviour which would not be in the national interest.

3.30 A Prime Minister's exemption was used four times between January 2020 and June 2022.⁸⁶ In each of these cases the OIA published on its website that an exemption had been applied, the reason the exemption had been applied and post implementation review requirements (see paragraph 3.86). In the period July 2022 to June 2024, one Prime Minister's exemption was applied.⁸⁷ PM&C published the exemption on its website on 1 November 2022.

Impact analysis equivalent

3.31 IA requirements can be met by an agency if a process has been undertaken that contains analysis of the policy proposal that is equivalent to what would otherwise have been required in an IA.⁸⁸ Examples of an IA equivalent process may include 'green papers'; 'white papers'; Productivity Commission reviews; Royal Commissions; or substantial internal departmental or agency reviews or reports or briefs.⁸⁹ The policy agency's secretary, chief executive or deputy secretary must certify

84 Department of the Prime Minister and Cabinet, *Special cases*, PM&C, 2023, available from <https://oia.pmc.gov.au/sites/default/files/2023-08/special-cases.pdf> [accessed 22 October 2024]; Department of the Prime Minister and Cabinet, *Impact Analysis Equivalents*, PM&C, 2023, available from <https://oia.pmc.gov.au/sites/default/files/2024-01/impact-analysis-equivalents-guidance-note.pdf> [accessed 22 October 2024]; Department of the Prime Minister and Cabinet, *Carve-outs*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-03/carve-outs.pdf> [accessed 22 October 2024]; Department of the Prime Minister and Cabinet, *Sunsetting legislative instruments*, PM&C, 2024, available from https://oia.pmc.gov.au/sites/default/files/2024-09/sunsetting-instruments_0.pdf [accessed 22 October 2024].

85 Department of the Prime Minister and Cabinet, *Special cases*, PM&C, 2023, pp. 1–2, available from <https://oia.pmc.gov.au/sites/default/files/2023-08/special-cases.pdf> [accessed 22 October 2024]

86 The four Prime Minister's exemptions related to the Social Media (Anti-Trolling) Bill 2021 (published 8 December 2021); removing the preferential tax treatment for offshore banking units (published 19 March 2021); strengthening regulatory protection for franchise automotive dealerships (published 18 March 2021); and COVID-19 related measures (published 31 March 2020).

87 This related to the expansion of functions and powers of the Australian Energy Market Operator (published 1 November 2022).

88 Department of the Prime Minister and Cabinet, *Impact Analysis Equivalents*, PM&C, 2023, p. 2, available from <https://oia.pmc.gov.au/sites/default/files/2024-01/impact-analysis-equivalents-guidance-note.pdf> [accessed 22 October 2024].

89 *ibid.*

in writing to the OIA that the review or other similar analysis has been prepared through a process equivalent to an IA and has addressed all seven IA questions.⁹⁰

3.32 In December 2022 the Assistant Minister to the Prime Minister wrote to the Prime Minister (see paragraph 1.5) that the OIA would implement a quality assurance process ‘to reduce the capacity for the APS to circumvent the IA framework by using [IA equivalents] in lieu of an IA’. The Prime Minister was advised that around 28 per cent of all items that required an IA used this mechanism. As discussed at paragraph 4.27, PM&C considered that there was a risk that agencies used this mechanism to avoid scrutiny of less-than-robust policy development.

3.33 Prior to March 2023, the OIA would assess IA equivalent reviews for relevance to the recommended options, however it did not assess the analytical quality of reviews.⁹¹ Where the OIA assessed the options or recommendations in reviews as not relevant, it was to request additional analysis. However, it did not assess any additional analysis provided. The IA equivalent process would be deemed ‘insufficient’ if additional analysis was requested but not provided.

3.34 Changes to the IA equivalent certification process from March 2023 included the following.

- Pre-approval — A requirement for the OIA to pre-approve the certification of an IA equivalent.
- Suitability assessment — An expansion of the relevance assessment so that ‘a reasonable person’ would conclude that the policy problem the proposal seeks to address is substantially the same as the policy problem addressed in reviews, the proposal presents options or recommendations that are substantially the same as the options or recommendations in reviews, and the reviews address all seven IA questions.⁹²
- Additional analysis — The OIA could request additional analysis (which was also subject to a suitability assessment). The IA would be deemed insufficient if additional analysis was requested but not provided, or if the additional analysis did not meet the suitability assessment.⁹³

3.35 Although the March 2023 changes increased scrutiny of IA certifications’ relevance and equivalence, the reviews themselves are not assessed against the IA questions by the OIA. The OIA’s published letter acknowledging certification and containing the assessment may include ‘brief commentary’ on the quality of the analysis in the IA equivalent, however this is not a requirement.⁹⁴ PM&C guidance states that 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 of the policy agency.⁹⁵

90 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 47.

91 The relevance assessment required a ‘reasonable person’ to conclude that: the policy problem the proposal sought to address was substantially the same as the policy problem addressed in the review; and the proposal presented options or recommendations that were substantially the same as the options or recommendations in the review.

92 Department of the Prime Minister and Cabinet, *Impact Analysis Equivalents*, PM&C, 2023, p. 4, available from <https://oia.pmc.gov.au/sites/default/files/2024-01/impact-analysis-equivalents-guidance-note.pdf> [accessed 22 October 2024].

93 *ibid.*

94 *ibid.*

95 *ibid.*, p. 7.

3.36 PM&C has not developed internal procedural guidance for the pre-approval of an IA equivalent or the approach to assessing IA equivalent suitability. Its internal guidance does not address under what conditions additional information would be required.

3.37 The ANAO reviewed IA equivalents certified and published between March 2023 to June 2024 to examine the OIA's treatment of IA equivalent certifications under the strengthened post-March 2023 arrangements (Table 3.4). During this period, 12 IA equivalent certifications were submitted to the OIA. All were deemed to be suitable by PM&C.⁹⁶ As discussed at paragraph 3.32, at December 2022, the Prime Minister was advised that 28 per cent of items that required an IA used the mechanism of an IA equivalent. The 15 IA equivalents published in 2023–24 also comprised 28 per cent of the 54 IAs published in 2023–24 (see Table 1.1).

Table 3.4: IA equivalent decision-making, March 2023 to June 2024

Assessment requirement	ANAO assessment
Pre-approval request received from appropriate senior official	●
IA equivalent certification received from appropriate official	●
Documentation of decision-making shows consideration of a regulatory burden estimate provided in certification letter	●
Suitability — Documentation of decision-making shows consideration that IA equivalent policy problem the proposal seeks to address is substantially the same as the policy problem addressed in the review	●
Suitability — Documentation of decision-making shows consideration that the IA equivalent presents options or recommendations that are substantially the same as the options or recommendations in the review	●
Suitability — Documentation of decision-making shows consideration that the IA equivalent review (including any additional information) addresses all seven impact analysis questions	●
All required IA equivalent documentation published ^a	●

Key: ● Meets requirement for all assessed IAs ● Meets requirement for 75 to 99 per cent ● Meets requirement for 25 to 74 per cent ● Meets requirement for less than 25 per cent ○ Does not meet requirement for any assessed IAs.

Note a: Required documentation requires the certification letter, OIA assessment letter and IA for OIA equivalent reviews. There are also accessibility requirements.

Source: ANAO analysis of OIA decision-making documentation for 12 IA equivalent certifications.

3.38 Exceptions in PM&C's documentation of decision-making over IA equivalents included the following.

- Pre-approval — In one instance, PM&C did not clearly document pre-approval to use the IA equivalent approach. In a second instance, the request was not put by an appropriate official from the policy agency.

⁹⁶ There was a total of 15 IA equivalent certifications dated and published between 1 March 2023 and June 2024. Of these, three were excluded from analysis. One IA equivalent certification was made on a voluntary basis and was not assessed by the OIA. Two were excluded as they were considered by the OIA to be in progress under the former IA equivalent arrangements.

- Regulatory burden estimates — While all 12 IA equivalent certifications included regulatory burden estimates, the OIA did not document its consideration of this in five instances.
- Suitability of IA equivalent reviews:
 - for six IA equivalent suitability assessments, documentation demonstrated limited consideration of the relevance of the policy problem;
 - for 10 IA equivalent suitability assessments, documentation demonstrated limited consideration of the relevance of the options/recommendations presented; and
 - for one IA equivalent suitability assessment, fewer than seven IA questions had been addressed.
- Publication — In eight of 12 instances, not all required documents (including accessible versions) were published.⁹⁷

3.39 PM&C has established a service standard of five working days for the timeliness of pre-approvals to use the IA equivalent process and for the formal assessment of suitability following agency certification.⁹⁸ Median timeframes for key steps to be completed were three days (Table 3.5), with pre-approval times ranging from one to six days.

Table 3.5: Timeliness of IA equivalent decision-making, March 2023 to June 2024

Assessment requirement	Median number of working days	Minimum number of working days	Maximum number of working days
Pre-approval granted	3	1	6
Assessment of suitability of IA equivalent	3	1	24
Publication of IA equivalent on PM&C website after announcement date	3	1	19

Source: ANAO analysis of 12 IA equivalent certifications.

Sunsetting instruments

3.40 Under the *Legislative Instruments Act 2003*, all legislative instruments sunset, or cease automatically, after 10 years, unless action is taken to remake them, or they are otherwise exempt. If instruments have impacts on people, businesses, or community organisations, changes to their future operation fall within the scope of the IA framework.⁹⁹

3.41 PM&C has clear guidance for sunseting legislative instruments. Where there is a genuine need for ongoing regulation, a review of the performance of the instrument has found it to be fit

97 PM&C noted to the ANAO in November 2024 that ‘in some instances it is impractical to replicate the publishing of a large report (such, as royal commission report which can have multiple volumes)’. However, the User Guide states that accessible versions of all documents must be published.

98 Department of the Prime Minister and Cabinet, *Impact Analysis Equivalents*, PM&C, 2023, p. 6, available from <https://oia.pmc.gov.au/sites/default/files/2024-01/impact-analysis-equivalents-guidance-note.pdf> [accessed 22 October 2024].

99 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 28.

for purpose and the instrument is to be remade without significant change, agencies may use a streamlined process.¹⁰⁰

- An agency's secretary, deputy secretary, or equivalent may write to the OIA to certify that they have reviewed and assessed the performance of the instrument and found that it is achieving its objectives efficiently and effectively.
- The certification letter needs to state that the agency's assessment was informed by appropriate consultation with relevant stakeholders.
- Before the instrument is tabled in Parliament, the agency certification letter and outcomes of the assessment must be sent to the OIA for publication.

3.42 Twenty-three sunseting instruments were remade between July 2022 to June 2024. The ANAO examined PM&C's documentation of the 12 that were remade after April 2023. In all 12 cases, agency certification letters were documented.

3.43 PM&C does not establish a timeliness service standard for the publication of agency certification letters for sunseting instruments. Notices for seven of the 12 examined (58 per cent) were published to the PM&C website within two weeks of an announcement that a new instrument had been issued or remade. Timely publication requires the OIA to be aware of the announcement of the instrument. Instances where publication was delayed beyond two weeks included instances where the agency did not advise the OIA of the announcement of the instrument.

Carve-outs

3.44 A carve-out is a standing agreement between PM&C and an entity that removes the requirement for a preliminary assessment for certain types of regulatory change. A carve-out can be used when anticipated regulatory changes are machinery in nature, minor and likely to occur on a regular basis. Carve-outs cannot be applied to proposals where Cabinet is the decision maker.¹⁰¹

3.45 PM&C has clear guidance and internal procedures for granting a carve-out for a proposal. In order to grant a carve-out PM&C must¹⁰²: obtain approval from an appropriate senior official from the agency proposing a carve-out; check the proposal is appropriate against the carve-out requirements; add the approved carve-out to the list of existing carve-outs; and publish to the PM&C website at the next update.

3.46 The ANAO reviewed the OIA's assessment of proposals that met the requirements for a carve-out for the period July 2022 to June 2024. Eleven new carve-outs were granted during this period. For all carve-outs granted, the OIA's decision-making is clearly documented and complies with internal guidance.

3.47 PM&C maintains a list of approved carve-outs that is published as part of a carve-out guidance note (see paragraph 3.5) on the PM&C website.¹⁰³ The OIA is required to update the list on a 'periodic' basis once a carve-out is granted for a proposal. Updates to the carve-outs guidance

100 Department of the Prime Minister and Cabinet, *Sunseting legislative instruments*, PM&C, 2023, p. 4, available from https://oia.pmc.gov.au/sites/default/files/2024-09/sunseting-instruments_0.pdf [accessed 23 October 2024].

101 Department of the Prime Minister and Cabinet, *Carve-outs*, PM&C, 2024, p. 1, available from <https://oia.pmc.gov.au/sites/default/files/2024-03/carve-outs.pdf> [accessed 23 October 2024].

102 *ibid.*, pp. 3–4.

103 *ibid.*, pp. 5–35.

note were published in March 2020, August 2022, July 2023, and March 2024. For the 11 carve-outs granted in 2022–23 and 2023–24, publication occurred in either July 2023 or March 2024. The guidance note published in March 2024¹⁰⁴ contains 102 carve-outs listed by agency, details of the proposal for which the carve-out was granted, the nature of the proposed change (an indexation, routine administrative, or minor or machinery change), and any associated comments or limits to the carve-out granted.¹⁰⁵

3.48 The OIA does not have a regular, established process to review the currency of carve-outs (that is, that the policy change described in the carve-out is still considered to be minor or machinery in nature and likely to occur on a regular basis). In the two-year period examined by the ANAO, PM&C reviewed the currency of carve-outs once (between November 2023 and March 2024). The suitability of each listed carve-out was assessed against the eligibility requirements. Agency representatives were contacted to confirm if the policy change described in the carve-out was still minor or machinery in nature, and likely to occur on a regular basis. The review determined that 102 out of 116 carve-outs were still current and 14 carve-outs should be cancelled. Following the review, the guidance note was updated with the revised list and published by PM&C in March 2024.¹⁰⁶

Opportunity for improvement

3.49 PM&C could establish a requirement regarding how frequently reviews of approved carve-outs should occur, and a clearer requirement regarding how promptly an approved carve-out should be published for the purposes of transparency.

Are preliminary assessments implemented effectively?

The OIA undertakes preliminary assessments to determine if an IA is required for a particular policy proposal. Guidance to assist staff to consistently undertake preliminary assessments was improved in 2023–24. PM&C's record keeping associated with preliminary assessment decisions would have been improved through better documentation of the OIA's assessed impacts (affected cohorts, type of impacts) of the policy proposal — a key consideration in determining whether an IA is required — and the rationale for the OIA's final decision about whether an IA was required. The preliminary assessment process had appropriate quality assurance. The outcome was appropriately communicated to agencies. PM&C provided timely advice to policy agencies on the outcomes of preliminary assessments, although a timeliness service standard was not always met.

3.50 Under the IA framework, an agency is required to contact the OIA to seek advice on whether an IA is required for an Australian Government policy proposal.¹⁰⁷ A preliminary assessment is

104 *ibid.*

105 *ibid.*

106 Revised guidance on carve-outs was published in January 2024 (Department of the Prime Minister and Cabinet, *Carve-outs*, PM&C, 2025, available from <https://oia.pmc.gov.au/sites/default/files/2025-01/carve-outs-guidance-note.pdf> [accessed 7 April 2025]).

107 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 24.

undertaken by the OIA.¹⁰⁸ The OIA assigns policy proposals that undergo a preliminary assessment to different IA requirement categories (Table 3.6).¹⁰⁹ When providing a preliminary assessment decision, PM&C is required to advise on the depth of IA required (minor¹¹⁰ or standard).¹¹¹ The assessment of impact must take into account a range of factors that may include¹¹²: the level of difference the proposed intervention represents from the status quo; the number of entities impacted and the degree to which each entity is affected; the level of stakeholder interest and degree to which the policy issue is contested; whether the proposal is likely to limit future options or opportunities; distributional impacts; and the levels of risk involved.¹¹³

Table 3.6: Possible outcomes of a preliminary assessment

Type of policy proposal	Cabinet is the decision-maker	Cabinet is not the decision-maker (e.g. minister or statutory decision-maker)
Sunsetting legislation	Streamlined IA for sunsetting instruments meeting certain conditions	
Machinery or non-regulatory	Nil IA	No IA required
Likely to have minor impacts	Minor IA	
Likely to have significant impacts (more than machinery or minor)	IA required ^a	

Note a: Includes the special cases of IA equivalents and Prime Minister’s exemptions. Carve-outs do not require a preliminary assessment.

Source: ANAO analysis of PM&C documentation.

3.51 Between July 2022 and June 2024, the OIA conducted 3,769 preliminary assessments, of which it was decided that 97 (three per cent) required an IA (Figure 3.1).

108 *ibid.*, p. 7.

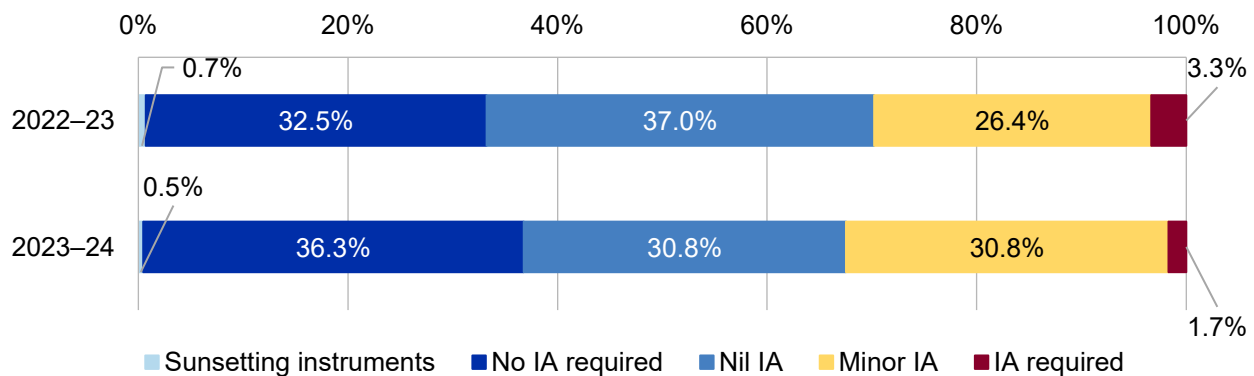
109 *ibid.*, p. 10.

110 Proposals to be considered by Cabinet where a detailed IA is not required may include a Minor Impact Analysis (Minor IA) in their Cabinet submission. Inclusion of a Minor IA is not mandatory but may be attached to a Cabinet submission at the discretion of agencies and the sponsoring Minister. Preparation of a Minor IA is for consideration by Cabinet only and is not published. PM&C provides a Minor IA template for agencies to use: <https://oia.pmc.gov.au/resources/forms-and-templates/template-minor-ia> [accessed 23 October 2024].

111 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 10.

112 *ibid.*, p. 11.

113 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 11.

Figure 3.1: Completed preliminary assessments^a by outcome^b, 2022–23 and 2023–24

Note a: This figure is based on 2,004 preliminary assessments for 2022–23, and 1,765 preliminary assessments for 2023–24.

Note b: IA required includes Prime Minister's exemptions and IA equivalents.
Carve-outs do not involve a preliminary assessment.

Source: ANAO analysis of OIA ORCA case data.

Preliminary assessment guidance and tools

3.52 Internal guidance for the preliminary assessment process outlines the workflow required to complete an assessment and how to document the information and assessment results in the case management system, ORCA (see paragraph 2.29).

3.53 Agencies must give a written summary of a policy proposal to the OIA by completing a preliminary assessment form or submitting a policy proposal for review.¹¹⁴ The form facilitates the process for OIA staff to make assessments as it requires agencies to indicate: the type of proposal¹¹⁵; whether the proposal is an election commitment; key dates and timeline; who the decision-maker will be¹¹⁶; description of the problem; outline of the objectives of government action; outline of the options available; likely impacts of the proposal; assessment of the significance of the likely impacts of the proposal; number of people, businesses or community organisations that will be affected; and stakeholder views. A preliminary assessment form is encouraged. For a random sample of 215 preliminary assessments (see paragraph 3.58), the OIA received information from agencies via the preliminary assessment form in 40 per cent of cases. For the remaining 60 per cent of cases, information was provided via a policy proposal or email request. Provision of the policy proposal without a preliminary assessment form requires PM&C to develop the information required by the form. PM&C requested additional information from agencies in 24 per cent of the sampled preliminary assessments.

3.54 'Salami slicing' occurs when policy proposals are submitted by an agency on a piecemeal basis. The preliminary assessment may determine that the impact is 'no more than minor' when a

114 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, pp. 7–8.

115 Budget or Mid-Year Economic Financial Outcome proposal; treaties/conventions; legislation/regulation amendment or proposal; sunsetting instrument; standard; industry code; grant funding; non-grant funding; or something else.

116 Minister/secretary/CEO; Cabinet; ministerial forum/standard setting body (and, if yes, whether the changes will be implemented by states and territories; or other decision-maker).

policy proposal is assessed in isolation. However, the cumulative impact of multiple related proposals may be significant. PM&C is cognisant of the risk of ‘salami slicing’ and has prepared guidance for staff when considering multiple new policy proposals within a Cabinet submission. As discussed at paragraph 2.30, PM&C upgraded ORCA in 2022 to include additional features such as allowing related policy proposals to be grouped together to assist with the monitoring of a package of policy proposals.

3.55 A June 2023 PM&C internal audit (see paragraph 2.23) found that OIA staff (particularly new staff) had requested additional guidance on the criteria and thresholds to apply when deciding if a proposal is significant enough to warrant an IA. In September 2023 PM&C undertook internal consultation to understand key issues that staff encounter when undertaking preliminary assessments. In December 2023 PM&C developed additional guidance. A Preliminary Assessment Tool (PAT) was developed to give OIA staff more confidence in completing preliminary assessments; create efficiencies in the assessment workflow; improve consistency of assessment within and across OIA teams; and improve consistency in the recording of preliminary assessment results in ORCA.

3.56 The OIA piloted the optional use of the PAT between February 2024 and May 2024. In assessing the results of the pilot, the OIA noted that use of the PAT had led to discussions among staff on what is or is not in scope for IA when assessing preliminary assessment forms. From these discussions, the tool was refined to include more detail about where a policy proposal may be ‘out of scope’ of the IA process. The PAT became mandatory in August 2024. When communicating the preliminary assessment decision to agencies, PM&C advised policy agencies of the next steps and different requirements for a minor or standard IA. Templated guidance is built into ORCA for this process. PM&C advised the ANAO in November 2024 that it intends to integrate the PAT into ORCA in the proposed upgrade to the case management system scheduled for the first half of 2025. Preliminary assessment forms were updated in January 2025.

Administration of preliminary assessments

3.57 Internal consultation found inconsistency in how preliminary assessment decision-making was recorded in ORCA. One of the aims of the PAT was to improve consistency in the recording of preliminary assessment results in ORCA. The OIA found that there was an increase in the recording of details in ORCA for two of three months that the voluntary PAT pilot was underway.

3.58 The ANAO examined a random sample of 215 preliminary assessments conducted between July 2022 and June 2024 to determine if they were conducted in a manner consistent with internal guidance, and whether decisions and decision-making were documented as required under PM&C’s Information Management Policy (see paragraph 2.34) (Table 3.7). The use of the PAT by OIA staff to document an IA decision was identified in 17 per cent of sampled preliminary assessments.

Table 3.7: Documentation of preliminary assessments, 2022–23 and 2023–24

Administration element	ANAO assessment (%)
Impacts (affected cohorts, type of impacts) of the policy proposal documented	53
Decision rationale documented	86
Decision rationale documented and the rationale was clear	68

Administration element	ANAO assessment (%)
Decision-maker was documented	100
Outcome was communicated to the policy agency	100

Source: ANAO Analysis of OIA ORCA case data for 215 randomly sampled preliminary assessments.

Quality assurance

3.59 PM&C has quality assurance processes for preliminary assessments. If OIA staff conduct a preliminary assessment and the result is determined to be uncertain, an executive level (EL) 2 staff member is required to be consulted on the preliminary assessment result. Where the outcome of a preliminary assessment is determined to be 'more than minor' and therefore requiring an IA, OIA staff are required to provide email advice to an EL2 staff member. For the sample of 215 preliminary assessments, 13 involved instances where the preliminary assessment decision was either uncertain or 'more than minor'. Of these, 100 per cent received advice from an EL2 officer.

Advice to agencies about the outcomes of preliminary assessments

3.60 PM&C has established a service standard of five working days to conduct a preliminary assessment and advise an agency if an IA is required.¹¹⁷ For the sampled preliminary assessments, the median number of working days taken by PM&C to communicate the outcomes of a preliminary assessment decision was two working days, ranging from a minimum of less than one working day to a maximum of 23 working days.¹¹⁸ PM&C provided links to guidance materials for 95 per cent, advice on the next steps for 100 per cent, and offers of support and coaching for 100 per cent, of sampled applicable preliminary assessments.¹¹⁹

Are final assessments implemented and published effectively?

The OIA assesses IAs for the quality of the analysis and IA development process. It uses a framework to support consistent assessments of the quality of IAs. There could be more documented guidance for assessment scoring and maintaining appropriate records of decision-making. Decision-making (including the rationale) for final assessments was not always appropriately documented. There is a lack of documented procedures for quality assurance over final assessments. Advice to policy agencies on final assessment outcomes was provided in all sampled IAs. On average, PM&C provides feedback to agencies to assist them to improve the quality of their IAs within a five working day standard, although the service standard is not always met. On average, publication of IAs is typically within four days of policy announcement. Publication included all of the required documents (including an accessible version of each document) for 58 per cent of 2022–23 and 2023–24 IAs.

¹¹⁷ Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 8.

¹¹⁸ Where further information was requested from the policy agency by the OIA, the median number of working days taken to communicate the outcome was three working days. This ranged from a minimum of 1 working day to a maximum of 21 days working days.

¹¹⁹ Preliminary assessments where Cabinet is the decision-maker; and preliminary assessments where Cabinet is not the decision-maker but an IA is required.

3.61 The final assessment process comprises a first pass and second pass assessment. Assessment is made of both the quality of the IA itself and the development process.¹²⁰ In March 2022, the OIA introduced an assessment rubric to assist OIA decision-making on IA quality. The rubric is linked to the seven IA questions (Box 3).

Box 3: Assessment rubric

Each of the seven questions (see paragraph 1.3) has multiple criteria (referred to as sub questions). For example, for question 3 (What policy options are you considering?), there are five criteria (3.1 — establishes the status quo; 3.2 — identifies a range of alternative policy options; 3.3 — ensures options can achieve stated objectives; 3.4 — identifies why each option has been brought forward (e.g. election commitment); and 3.5 — gives the decision-maker confidence you have identified all options open to government).

For each criterion, there are a varying number (between four and seven) of tiered alternative responses (referred to as benchmark statements). For example, for criterion 3.5, alternatives comprise: 3.5.0 — Information cannot be relied on (0 per cent score); 3.5.1 — provides information for decision-makers to consider (33 per cent score); 3.5.2 — presents options in a format that will allow decision-maker to compare alternative options (67 per cent score); 3.5.3 — presents a persuasive and concise range of options that will give decision-makers the confidence that all viable options have been considered (100 per cent score).

Scores are averaged across criteria for each of the seven questions (with each criterion weighted equally) to result in a final score against each of the seven questions.

Question scores are, in turn, averaged to arrive at an overall assessment. Different weights are assigned to each question (Q1 — 15 per cent; Q2 — 10 per cent; Q3 — 15 per cent; Q4 — 25 per cent; Q5 — 15 per cent; Q6 — five per cent; and Q7 — 15 per cent).

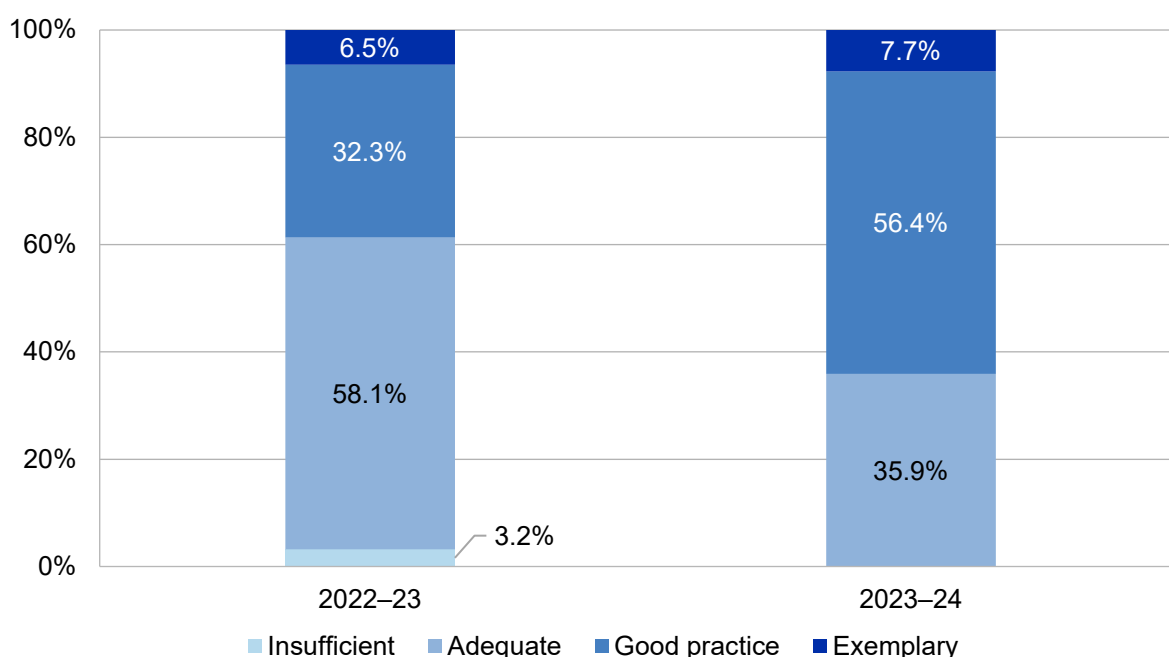
The overall assessment score is determined as follows:

- insufficient — score of less than 50 per cent;
- adequate — score of between 50 and 69 per cent;
- good — score of between 70 and 89 per cent; and
- exemplary — score of 90 per cent or greater.

3.62 The OIA published 70 assessed IAs for policies that were announced between 1 July 2022 and 30 June 2024 (Figure 3.2). Between 2022–23 and 2023–24, the proportion of IAs assessed as ‘good practice’ or ‘exemplary’ increased from 39 per cent to 64 per cent. PM&C advised the ANAO in November 2024 that:

Any number of factors could have led to the increase by over 20%. Some of these could include but are not limited to: the time allowed to improve the quality of IA; the capability of the agency; and ‘workshop’ approach of OIA staff to provide improved support to agencies. Importantly, given the limited time period of observation (only two years) and the relatively small number of observations, the OIA would suggest there is not sufficient data to reasonable *[sic]* determine if this represented any real shift or is just some usual year-on-year variation.

¹²⁰ Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, pp. 15–16.

Figure 3.2: Assessment of published IAs, 2022–23 and 2023–24^a

Note a: This figure is based on 31 IAs for 2022–23 and 39 IAs for 2023–24.

Source: ANAO analysis of OIA IA framework reporting.

Final assessment guidance and tools

3.63 In January 2023, ahead of the March 2023 changes to the IA framework (see paragraph 1.5), the OIA commenced a review of the assessment rubric that had been established in March 2022. The final review report stated that the March 2023 changes had caused the rubric to be ‘no longer fit for purpose’. The objectives of the review were to ensure: each of the seven IA questions had the required and appropriate sub questions to be able to easily describe and justify the score assigned by the OIA; and questions, sub questions and benchmark statements were linked to the Guide to Policy IA and related guidance, such as the User Guide. The review involved workshops and discussions with OIA staff. PM&C discussed aspects of question seven (evaluation) with the Australian Centre for Evaluation (ACE) in July 2023. The review was finalised in August 2023. The revised rubric, first used in October 2023¹²¹, includes 37 sub questions (compared to 35 sub questions in the previous rubric), and more benchmark statements.

3.64 Internal guidance includes limited information about how to use the rubric and how to document score decision-making in ORCA. There is no documented guidance about how to apply the necessary judgements in assessing sub questions or the quality of the IA process. PM&C advised the ANAO in November 2024 that the use of the rubric is supported by in-person mentoring that includes practice rubric scoring, reviews of scores and reconciliation of different scores.

121 Six IAs which had a first pass certification dated after 1 March 2023 through to 13 October 2023 were assessed under the previous rubric.

Administration of final assessments

Documentation of decision-making

3.65 As discussed at paragraph 3.3, PM&C's Information Management Policy requires staff to establish records to document decisions and decision-making. PM&C's assessment at first and second pass has two elements: the quality of analysis contained in the IA and the quality of the process associated with the IA's development.¹²²

3.66 A June 2023 internal audit (see paragraph 2.23) found that, in a sample of IAs, there were instances where records could not be located in ORCA to evidence key decisions. The internal audit noted that there was a risk of questions being raised about IA assessments, including those published online, which may not be readily substantiated with retained documentation. The report included a recommendation that the OIA should review processes to ensure all key documentation associated with the assessment process is being maintained in the ORCA system. PM&C's audit and risk committee (ARC) agreed to close the recommendation in December 2023, noting actions taken including updating internal record keeping and briefing processes and templates.

3.67 The ANAO examined a sample of 27 of the 69 2022–23 and 2023–24 IAs to determine whether the decision-making over the quality of IAs and the IA process were clearly documented (Table 3.8).

Table 3.8: Documentation of final assessments, 2022–23 and 2023–24

Assessment item	ANAO assessment
Second pass decision-making about quality of analysis in the IA was appropriately documented	▲
Second pass decision-making about policy development process was appropriately documented	▲
Decision-maker was documented	◆

Key: ◆ Requirements met in all instances. ▲ Requirements met in in part. ■ Requirements not met.

Source: ANAO analysis of sample of 27 assessed IAs.

3.68 The documentation of decision-making about the quality of IA was not always complete.

- Of the 27 sampled IAs, an assessment rubric was completed for 26.
- Of the 26 IAs that had a completed assessment rubric, 24 had no clear documentation at the second pass assessment about how judgement was applied to arrive at sub question scores. The second pass assessment brief provided to the executive director for approval contains an overview of the rating, potential improvements and the rubric score, with limited information that goes to the rationale for scores. For the two IAs that documented how judgement was applied at the second pass assessment, documentation related to 12 of 35 sub questions and 12 of 37 sub questions respectively.¹²³ The lack of documentation of the rationale for scores is not consistent with PM&C's Information Management Policy,

¹²² Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, pp. 14–15.

¹²³ The number of sub questions included in the assessment changed from 35 to 37 in moving to the October 2023 revised rubric.

which requires PM&C staff to establish records to document the basis for a decision as well as the decision itself (see paragraph 2.34).

- Under the rubric, assessors can skip a sub question if it is considered to be irrelevant.¹²⁴ Sixteen of 27 assessments excluded one or more sub questions at the second pass assessment.¹²⁵ None of these documented the rationale for skipping the sub question. Of the 16, five had at least one sub question that was turned off or on between the first and second pass assessments with no documented rationale about why the approach changed between the first and second pass.

3.69 In assessing the quality of the IA process, the OIA considers four factors:

1. whether the IA was certified by the appropriate official before formal OIA assessment;
2. if the policy problem and circumstances were such that there were fewer than three options feasible for consideration, did the appropriate official explicitly state this in the certification letter and whether this was also discussed in the IA;
3. whether the IA was assessed by PM&C and provided to the decision-maker prior to each major decision point; and
4. the appropriateness of the type and duration of consultation.¹²⁶

3.70 Decision-making documentation about the quality of the IA process was not always complete. Of the 27 sampled IAs, all final assessments mentioned that the IA was certified by the appropriate official. Of these, 10 assessments referred to other elements of the quality of the IA process (statement of fewer than three options, assessment by PM&C prior to major decision points and/or overall appropriateness of the consultation). For the 17 assessments that did not refer to other elements of the quality of the IA process, decision-making records for 11 showed consideration of these factors and decision-making records for six did not.

Advice to policy agencies

3.71 Under the Guide to Policy IA and the User Guide, PM&C is required to undertake certain steps in the final assessment process. These include¹²⁷:

- certification — ensuring that the submitted first pass and second pass IAs are certified by an official of appropriate seniority in the agency that submitted the IA¹²⁸;
- advice to policy agencies at first pass — advising the agency on whether the first pass IA is consistent with the requirements and adequately addresses all seven IA questions; and

124 For example, IA question four (What is the likely net benefit of each option?) includes the sub question: 'Provides information on applicable international standards'. This criterion may not be relevant to the policy proposal being assessed.

125 Eleven excluded one sub question, two excluded two sub questions, one excluded three sub questions, one excluded four sub questions and one excluded seven sub questions.

126 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 16.

127 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023; Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023.

128 Under the IA Policy Guide, the first and second pass IAs must be certified by the agency's secretary, deputy secretary or chief executive. The IA framework guide that applied over the period March 2020 to February 2023 included similar requirements but also provided for a delegate to certify the IA.

- advice to policy agencies at second pass — if not rated exemplary, explaining to the agency how an IA could have been improved.

3.72 For the sample of 27 IAs¹²⁹, all 27 adhered to these requirements.

3.73 For the sampled IAs, average improvement in IA score achieved by agencies between first pass and second pass assessments was 12 percentage points.

Timeliness of decision-making

3.74 PM&C has established a service standard of providing feedback and decisions on first pass IAs and second pass IAs within five working days.¹³⁰ Table 3.9 shows that, for the sample examined, the median number of working days was five or less in 2022–23 and 2023–24, but that the standard was not always met.

Table 3.9: Timeliness of the final assessment process, 2022–23 and 2023–24^a

Stage	Median number of working days	Minimum number of working days	Maximum number of working days
First pass	5	1	15
Second pass	3	<1	17

Note a: Timeliness was measured as the number of working days between the date the IA was submitted to the OIA for assessment by the policy agency and the date of OIA’s final assessment letter.

Source: ANAO analysis of sample of 27 assessed IAs.

Quality assurance

3.75 IA assessments are required to be reviewed by team members’ supervisors prior to submission to the executive director of the OIA for endorsement. The OIA has no standard operating procedures for reviewing individual staff scoring for an IA or reviewing IA scoring across the three portfolio-based teams (see paragraph 2.26). PM&C advised the ANAO in August 2024 that it had put in place a practice of peer reviews for IAs rated as exemplary, referred to as a ‘secondary assessment’. This practice is undocumented.

3.76 The ANAO has seen evidence of PM&C reviewing rubric scoring for two IAs — once in March 2024 for an exemplary IA, and once in August 2024 as part of a demonstration to the ANAO. In the March 2024 example, the separate assessment scores were 91 (exemplary) and 77 (good practice). The IA was finally rated as exemplary on the basis that ‘the quality of analysis is proportional to the scale of impact, and [the policy agency] has actioned all of our formal and informal feedback’.

Opportunity for improvement

3.77 The Department of the Prime Minister and Cabinet could develop standard operating procedures for quality assurance of final assessments.

129 One IA was rated as insufficient because an IA was not submitted and assessed by PM&C prior to the final decision. This IA is not included in the ANAO analysis.

130 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 44.

Publication

3.78 Under the Guide to Policy IA and the User Guide, the following must be published.¹³¹

- PM&C must publish the IA and associated documents (the second pass policy agency certification letter; and the IA assessment) on the PM&C website ‘as soon as practicable’ following the announcement of the government’s policy decision.¹³²
- If the IA relates to legislation or a regulation tabled in Parliament, the IA that has been assessed by PM&C must be included in the explanatory memorandum (for primary legislation) or the explanatory statement (for legislative instruments). This requirement is described in the *Legislation Handbook* and *Instruments Handbook*.¹³³

3.79 A June 2023 internal audit (see paragraph 2.23) found that for 15 sampled IAs, some of the required published information could not be located for three. The internal audit noted that not publishing the required documents reduced public visibility over the IA process and recommended that the OIA reviews processes. PM&C’s ARC endorsed closure of this recommendation in June 2024, noting actions taken including new guidance and an executive director briefing template.

3.80 The 2023–24 OIA business plan included a performance measure for IAs to be published within five business days and the 2024–25 business plan included a performance measure for IAs to be published ‘as soon as possible’ after announcement. Documents supplied to the OIA for publication by policy agencies must conform to accessibility guidelines, which require PDF documents to be published in at least one alternative format.

3.81 The ANAO examined the 69 IAs¹³⁴ that were assessed and published between July 2022 and June 2024 to determine the timeliness of publication after the announcement of final decisions and whether published documents included required documents (including at least one alternative format) (Table 3.10).

- As at December 2024, of 68 published IAs where an announcement date was specified on the PM&C website¹³⁵, the median number of working days to publish after the policy announcement was four days, and the maximum number of days was 195.

131 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023; Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023.

132 The IA framework requires that the OIA obtains the policy agency’s approval prior to publishing the IA (Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 18).

133 Department of the Prime Minister and Cabinet, *Legislation Handbook*, PM&C, 2017, p. 39, available from <https://www.pmc.gov.au/sites/default/files/resource/download/legislation-handbook-2017.pdf> [accessed 23 December 2024]; Office of Parliamentary Counsel, *Instruments Handbook*, OPC, 2024, p. 66, available from <https://www.opc.gov.au/sites/default/files/2024-12/Instruments%20Handbook%202024.pdf> [accessed 23 December 2024].

134 A seventieth IA that was rated insufficient because an IA was not submitted prior to the policy announcement is excluded from the analysis.

135 One of 69 IAs examined had no announcement date specified on the PM&C website.

- As at December 2024, the full suite of documents¹³⁶ was included for 58 per cent (40) of the 69 IAs. Of the remaining 29, 20 were complete except for an accessible version of the agency certification letter. Nine were missing accessible versions of other documents.¹³⁷

Table 3.10: Final assessment publication timeliness and completeness, 2022–23 and 2023–24, as at December 2024

	2022–23	2023–24	Total/average
Number of IAs published	30	39	69
Median working days announcement to publication ^a	5 days	4 days	4 days
Minimum working days ^a	1 day	1 day	1 day
Maximum working days ^a	73 days	195 days	195 days
IAs published with full suite of documents	63%	54%	58%

Note a: One IA published in 2022–23 did not specify an announcement date so was excluded from these calculations.
Source: ANAO analysis of final assessment IAs published on the PM&C website as at December 2024.

3.82 The IA framework places the onus on policy agencies to provide accessible versions of documents for publication by PM&C, however, also provides a lever for the OIA to manage compliance. The User Guide to Policy IA states that policy agencies that take too long to provide accessible versions of documents may attract a negative comment from the OIA or an IA assessment of insufficient.¹³⁸ If the IA relates to legislation or a regulation tabled in Parliament, the IA framework provides that the failure of the policy agency to publish the IA in full in explanatory material, without the agreement of PM&C, will lead to an IA being reported as insufficient.¹³⁹ There were no examples of PM&C taking this action in 2022–23 or 2023–24.

Opportunity for improvement

3.83 The Department of the Prime Minister and Cabinet could actively use available levers in the Impact Analysis framework, such as publishing a negative comment or assessing the impact analysis as ‘insufficient’, to encourage better compliance by policy agencies with accessibility requirements.

Is the requirement for post implementation reviews administered effectively?

Some policy proposals require a post implementation review (PIR). There is a lack of internal guidance about how to identify policy proposals that meet the ‘substantial or widespread economic impact’ criterion for a PIR. Registers of required and overdue PIRs are published by PM&C. As at October 2024, five of 17 required PIRs were overdue, including one due in 2013.

136 The required documents are the agency certification letter, OIA assessment letter and full impact assessment in portable document and accessible format.

137 PM&C published additional documents related to five IAs in January 2025.

138 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 22.

139 *ibid*, p. 21.

3.84 As discussed at paragraph 2.44, PM&C has had joint responsibility for the administration of post implementation reviews (PIRs) with the Department of the Treasury (Treasury) since July 2023. Under an April 2024 memorandum of understanding (MOU), the agencies have responsibility for administering different parts of the PIR process (Table 3.11).

Table 3.11: PIR responsibilities since April 2024

PM&C (Office of Impact Analysis)	Treasury (Australian Centre for Evaluation)
<ul style="list-style-type: none"> Establish policy for when a PIR is triggered under the IA Policy Guide Maintain and publish the PIR registers of PIRs required and completed^a Publish PIRs completed^b Publish the PIR guide^c Alert ACE via email within two working days to instances of a PIR being triggered 	<ul style="list-style-type: none"> PIR evaluation and monitoring, policy on the PIR process, content of PIRs, how PIRs are conducted and reviewed Maintain the PIR Guide to support agencies on their PIR responsibilities Review the PIR Guide on a bi-annual basis with input from the OIA Assess the adequacy of PIRs and advise the OIA via email within two working days of outcomes of the assessment

Note a: Department of the Prime Minister and Cabinet, *2024–25 Post-implementation Reviews: Completed and Published*, available from <https://oia.pmc.gov.au/sites/default/files/2024-07/2024-25-pir-completed-published.pdf>; and *2024–25 Post-implementation Reviews: Required*, available from <https://oia.pmc.gov.au/sites/default/files/2024-08/post-implementation-reviews.pdf> [both accessed 27 October 2024].

Note b: Individual PIRs completed are published on the PM&C website and are searchable. Department of the Prime Minister and Cabinet, *Published Impact Analyses*, PM&C, available from <https://oia.pmc.gov.au/published-impact-analyses-and-reports> [accessed 27 October 2024].

Note c: Department of the Prime Minister and Cabinet, *Post-implementation reviews*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-08/post-implementation-reviews.pdf> [accessed 27 October 2024].

Source: ANAO analysis of PM&C/Treasury MOU.

3.85 A PM&C guidance note states that the three circumstances that trigger a PIR are¹⁴⁰:

- the OIA has assessed a policy proposal as having a substantial or widespread economic impact;
- an IA had not been assessed by the OIA for the policy change prior to the final decision being taken and the change was neither minor nor machinery in nature; or
- the policy proposal was granted a Prime Minister's exemption (see paragraph 3.29).

3.86 Between July 2022 and June 2024, the OIA determined that a PIR was required for seven policy proposals (all seven involved IAs that were published in 2022–23). A PIR was required for five of the seven on the basis of the policy proposal having a substantial or widespread economic impact; for one on the basis of the IA being rated as insufficient; and for one on the basis of it being granted a Prime Minister's exemption. Advice was provided to policy agencies about why a PIR was required.

3.87 PM&C's internal guidance does not cover how to make decisions about whether a policy proposal meets the threshold for having a substantial or widespread economic impact. PM&C

140 Department of the Prime Minister and Cabinet, *Post-implementation Reviews*, PM&C, 2024, p. 3, available from <https://oia.pmc.gov.au/sites/default/files/2024-08/post-implementation-reviews.pdf> [accessed 23 October 2024].

advised the ANAO in August 2024 that the PAT provides guidance. While the PAT includes a category of ‘major/significant’ impact, there is no reference to the term ‘widespread’ or any guidance as to what ‘major/significant’ means.

3.88 PM&C’s assessment of 12 IA equivalent certifications from March 2023 to June 2024 (see paragraph 3.37) and the 27 IAs assessed between July 2022 and June 2024 included in the ANAO sample (see paragraph 3.72) did not document why the IAs did not meet the substantial or widespread economic impact trigger for a PIR.

Recommendation no. 3

3.89 The Department of the Prime Minister and Cabinet develop additional guidance for staff about how to exercise and document judgements made in Impact Analysis equivalent certification assessments, preliminary assessments, final assessments and post implementation review decisions, in line with the department’s Information Management Policy.

Department of the Prime Minister and Cabinet response: *Agreed.*

3.90 *The Department of the Prime Minister and Cabinet has commenced and will continue work on a schedule of standard operating procedures to better support Office of Impact Analysis (OIA) staff in their assessments under the Australian Government Guide to Policy Impact Analysis. As highlighted in the report, the OIA has developed and deployed the Preliminary Assessment Tool to assist OIA staff undertaking a preliminary assessment of an Impact Analysis requirement.*

3.91 Under the MOU with Treasury, PM&C is required to maintain and publish a register of required PIRs. As at 9 October 2024, the required PIR register had 17 entries.¹⁴¹ Of these, five were overdue. For the 17, the register indicates which agency has responsibility to complete the PIR to take account of machinery of government changes made over time. Of the five overdue PIRs, four were the responsibility of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. One was the responsibility of the Attorney-General’s Department. The due dates ranged from June 2013 to October 2022. For overdue PIRs there are no further measures under the IA framework to ensure that these are completed.

3.92 On 1 July 2023 responsibility for PIR evaluation and monitoring was transferred to Treasury. PM&C advised the ANAO in October 2024 that ‘As such, OIA ... is not responsible for activities to notify agencies with “non compliant” PIRs to notify them that a PIR remains outstanding.’ Treasury advised the ANAO in March 2025 that it intends to take action on PIR non-compliance relating to the period prior to July 2023 and that Treasury will also consider PIR non-compliance more generally, as part of a review of the *Post-Implementation Reviews Guidance Note* that is scheduled for 2025–26.

141 Department of the Prime Minister and Cabinet, *Post-implementation Reviews: Required*, PM&C, 2024, available from <https://oia.pmc.gov.au/sites/default/files/2024-10/2024-25-pir-required.pdf>, accessed 23 October 2024].

4. Stewardship

Areas examined

The ANAO examined whether the Department of the Prime Minister and Cabinet (PM&C) has been an effective steward of the Impact Analysis (IA) framework.

Conclusion

PM&C has been a largely effective steward of the IA framework. It has taken steps to evaluate whether the IA framework is achieving its objectives. PM&C provides advice to government on IA framework activities and on how the IA framework could be improved. PM&C could do more to monitor its effective and efficient implementation of the IA framework, to plan its monitoring and evaluation activities, and to evaluate its secondary role in improving policy capability across the Australian Public Service. Transparency could be enhanced through better public performance reporting.

Areas for improvement

The ANAO made one recommendation aimed at developing an evaluation plan for the IA framework and using IA assessment data in evaluation activities. The ANAO made two suggestions for improvement related to developing a monitoring plan and performance measures for the implementation of the IA framework; and public performance reporting.

4.1 In 2022 the PM&C Secretary stated:

Alongside our roles of policy, impartial advice and service delivery, there is another key responsibility for the public service: stewardship ... Stewardship is the ability to anticipate, plan, record outcomes, and learn. Stewardship is about now and the endless future, a public service with a shared memory and capacity to act when required.¹⁴²

4.2 The *Public Service Amendment Act 2024* added a new Australian Public Service (APS) value of stewardship that all APS employees must uphold. Stewardship means that ‘the APS builds its capability and institutional knowledge and supports the public interest now and into the future, by understanding the long-term impacts of what it does’.¹⁴³ The Australian Public Service Commission (APSC) further defines stewardship in the following way.

Stewardship is a practice of caring for something that we have been trusted to look after. Being a good steward means accepting responsibility for that care, and working to ensure the long-term integrity and sustainability of what has been entrusted to us.¹⁴⁴

4.3 Appropriate stewardship of the IA framework includes assuming responsibility for ongoing monitoring of how well it is being implemented, as well as assessing and communicating to decision-makers whether the IA framework is achieving its objectives.

142 Department of the Prime Minister and Cabinet, *Secretary IPAA Annual Address to the Australian Public Service 2022*, PM&C, 2022, available from <https://www.pmc.gov.au/news/secretary-professor-glyn-davis-ac-ipaa-annual-address-australian-public-service-2022> [accessed 31 January 2025].

143 *Public Service Act 1999*, subsection 10(6).

144 Australian Public Service Commission, *Stewardship guidance*, APSC, 2024, available from <https://www.apsc.gov.au/working-aps/information-aps-employment/aps-values/stewardship-guidance#what-is-stewardship> [accessed 31 January 2025].

Is there assurance over the effective and efficient implementation of the IA framework?

PM&C does not have an overarching monitoring plan to establish what needs to be measured and monitored in relation to its effective and efficient delivery of the IA framework process. PM&C has established performance measures in corporate planning documents relating to its administration of the IA framework, some of which are reported to the PM&C executive. PM&C has access to various monitoring data. This data is not always fully utilised, accurate or complete. Despite having timeliness service standards, PM&C does not monitor the timeliness and efficiency of its IA assessment work.

4.4 PM&C does not have an overarching monitoring plan to establish what needs to be measured and monitored in relation to its effective and efficient implementation of the IA framework. PM&C has established some performance measures and service standards in corporate planning documents relating to its administration of the IA framework.

- The 2022–2026 Corporate Plan included the performance measure ‘proportion of [Australian Public Service (APS)] employees [participating in a training evaluation survey] satisfied with the training provided to uplift their policy capability’.¹⁴⁵ The target for this measure was 75 per cent in 2022–23, 76 per cent in 2023–24, 77 per cent in 2024–25 and 78 per cent in 2025–26. This measure was removed from the 2023–24 and 2024–25 corporate plans.
- The *User Guide to the Australian Government Guide to Policy Impact Analysis* establishes a service standard of five working days for Office of Impact Analysis (OIA) advice at the preliminary assessment stage as to whether an IA is required.¹⁴⁶ The *Australian Government Guide to Policy Impact Analysis* (Guide to Policy IA) establishes a service standard of five working days for the provision of advice at the final assessment stage (first and second pass).¹⁴⁷
- The 2022–23 and 2023–24 Economic Division business plans had internal ‘results/outcomes’ for the number of preliminary assessments undertaken; the number of IAs assessed as at least adequate; and the percentage of policy proposals for which IA requirements would be met.
- The OIA’s 2023–24 business plan (see paragraph 2.25) included 21 internal performance measures. These comprised a mix of activity (15) and output (five) measures, and one outcome measure. The one outcome measure was that: ‘Australia is seen as a best practice practitioner in [IA]’. The OIA’s 2024–25 business plan (see paragraph 2.25) included 25 performance measures (17 activity; eight output; and zero outcome).

145 Department of the Prime Minister and Cabinet, *Corporate Plan 2022–2026*, p. 55, available from <https://www.pmc.gov.au/sites/default/files/resource/download/pmc-corporate-plan-2022-2026.pdf> [accessed 1 October 2024].

146 Department of the Prime Minister and Cabinet, *User Guide to the Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 8, available from <https://oia.pmc.gov.au/sites/default/files/2023-11/user-guide-to-the-australian-government-guide-to-policy-impact-analysis.pdf> [accessed 25 October 2024].

147 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 44, available from <https://oia.pmc.gov.au/sites/default/files/2024-01/australian-government-guide-to-policy-impact-analysis.pdf> [accessed 25 October 2024].

4.5 The Executive Board reviewed divisional business plans and mid-year outcomes since 2022–23. In its mid-year reporting on the 2023–24 business plan (covering the period July 2023 to February 2024), it was reported that 965 policy proposals had a preliminary assessment (against a full year ‘results/outcome’ of 2,000 to 3,000), 13 IAs had been assessed as being at least adequate (against a full year ‘results/outcome’ of 80 to 100) and that IA requirements had been met for 100 per cent of proposals (against a ‘results/outcome’ of 99 per cent). These results were assessed as ‘Completed or on track to be delivered by 30 June 2024’. End of year business plan outcomes are not reported to the Executive Board.

4.6 PM&C has access to various monitoring data. This data is not always fully utilised, accurate or complete.

- Data on external training activities is manually compiled by the OIA and includes training activities conducted, number of participants and feedback (see paragraph 3.11). In addition to informing a previous annual performance statements measure, the training data is included in monthly reporting to the Assistant Minister (see paragraph 4.29). A June 2023 internal audit report (see paragraph 2.23) noted that the 2022–23 Corporate Plan measure was based on incomplete and inaccurate data, and used data from training evaluation surveys that were not relevant to the performance measure. The internal audit recommended that the OIA should take steps to ensure completeness of annual performance measure results; and implement a robust quality assurance process to ensure accuracy of results and calculations. The PM&C audit and risk committee (ARC) endorsed closure of the recommendation in December 2023, noting actions taken in response to the recommendation including removing the measure from the 2023–24 Corporate Plan.
- As discussed at paragraph 2.29, PM&C can extract data from the OIA’s case management system — the OIA Record of Compliance and Assessment system (ORCA) — to provide information about its IA-related activities including throughput, status, outcomes and workload. The OIA maintains a range of dashboard reports that draw on ORCA data to provide point-in-time information. PM&C advised the ANAO in September 2024 that it regularly uses dashboards to monitor workload, analyse trends and track overdue matters. ORCA data is also used for publicly available IA framework compliance reporting (see paragraph 2.31).
- While PM&C has timeliness service standards for preliminary and final assessments, it does not collate timeliness data from ORCA or other sources. It does not analyse or report on whether it is meeting timeliness targets. PM&C advised the ANAO in November 2024 that the 2025 systems improvements to ORCA will introduce the ability to input dates for when IAs are received and finalised.
- PM&C does not collect data on resources used to enable monitoring of efficiency (output per unit of input) across its various IA assessment activities.

4.7 A stakeholder survey was undertaken as part of the June 2023 internal audit, which consisted of 11 questions about OIA engagement, responsiveness, quality of advice and templates, understanding of OIA/stakeholder roles and responsibilities, and understanding of the IA framework and processes. The survey was sent to 16 agencies with six responses received (38 per cent response rate). The internal audit indicated potential areas for improvement in relation to:

expanding the level of understanding of the IA framework; clarifying roles and responsibilities for external agencies and the OIA; improving the quality of templates published by the OIA for completion by policy agencies; and improving the extent of feedback provided by the OIA. The internal audit made five recommendations.¹⁴⁸

4.8 One of the findings of the June 2023 internal audit was that:

The OIA is not formally assessing or systematically seeking information to make continuous improvements to key elements of the Impact Analysis assessment process, such as published guidance, published templates and stakeholder engagement.

4.9 Recommendation 5 was that PM&C explore avenues to monitor and assess the effectiveness of the OIA's administration of the IA assessment process, with consideration of feedback obtained through an independent survey of external agencies. PM&C agreed to this recommendation, with an implementation timeframe of 30 September 2023, noting that it was considering conducting a lessons learnt exercise at the completion of each IA.

4.10 An external agency survey was conducted by PM&C in December 2023 to January 2024 (see paragraph 4.24). The ARC was advised on 4 September 2024 that the internal audit recommendation would be implemented by 30 October 2024 and that the OIA was developing an Executive Board paper on potential reforms to IA framework administration, to be considered by the Executive Board in September 2024. As at December 2024, the Executive Board paper had not been finalised.

Opportunity for improvement

4.11 The Department of the Prime Minister and Cabinet could develop a monitoring plan for its Impact Analysis framework activities that identifies internal and external performance measures, data required, and data assurance requirements. This should include consideration of public commitments made in regard to timeliness service standards.

Is there appropriate evaluation of whether the IA framework is achieving its objectives?

The objectives of the IA framework are clearly stated. The OIA's objectives could be more prominently and consistently communicated, particularly with regard to its secondary role of lifting policy capability across the Australian Public Service. PM&C has taken some steps to evaluate whether the IA framework is meeting its objectives, including a survey of policy agencies in late 2023 that examined perceived impacts of the IA framework on policy uplift. It has not developed an overarching evaluation plan for the IA framework.

4.12 Effective evaluation provide assurance that government activities and programs are delivering intended outcomes. The evidence gained from evaluation allows Australian Government

148 The five recommendations related to: risk management; record keeping; publication; performance reporting; and monitoring effectiveness. At various meetings of the ARC between September 2023 and December 2024, progress was noted on the five recommendations made in the June 2023 internal audit. In some cases, implementation deadlines were extended. The ARC endorsed closure of record keeping and performance reporting recommendations in December 2023, closure of the publication recommendation in June 2024, and closure of the risk management recommendation in December 2024.

entities to adapt to changing economic and policy environments and make judgements that support government decision-making.¹⁴⁹

Evaluation planning

4.13 Preparing a detailed evaluation plan that describes how the achievement of an activity's, program's or policy's objective will be evaluated and how the results will be used, can help to ensure that there is a common understanding of exactly what needs to be evaluated and why.¹⁵⁰ Evaluation planning begins with a clear articulation of the intended outcome.

4.14 The objective of the IA framework is clearly established in the Guide to Policy IA, which states that the purpose of IA is:

[to ensure] that advice to government is accompanied by robust analysis, data and an accurate overview of the effects of proposed policies on our community.¹⁵¹

4.15 The Guide to Policy IA further states that:

A balanced assessment of the available options, and their likely effects on Australia, is critical to support government deliberative processes. In addition, the Australian community has a right to accurate, timely, accessible information about government decisions.¹⁵²

4.16 The role of the OIA is articulated on the PM&C website, which states that:

[The OIA's] role is to work with departments and agencies to produce detailed, evidence-based assessments of complex policy issues.¹⁵³

4.17 As discussed at paragraph 3.1, in other documents such as the PM&C 2022–23 Annual Report, the OIA is also described as having a role in lifting the APS's capability to conduct evidence-based policy analysis. This secondary role is less consistently and clearly articulated in governance documents. The Guide to Policy IA states in its glossary that the OIA is:

The Branch within the Department of the Prime Minister and Cabinet responsible for providing advice to Portfolios on whether Impact Analysis is required, assessing the adequacy of Impact Analyses, and for providing support and training across the Australian Public Service to support increased policy analysis capability and improved advice to the Australian Government.¹⁵⁴

4.18 PM&C has not developed an evaluation plan for the IA framework.

Evaluation activities

4.19 PM&C compared IA-like frameworks established in selected countries in May 2022 and in other Australian jurisdictions in September 2022. A briefing to the PM&C executive in June 2024

149 Department of the Treasury, *Evaluation toolkit: Why evaluate*, Treasury, available from <https://evaluation.treasury.gov.au/toolkit/why-evaluate#s6> [accessed 25 October 2024].

150 Department of the Treasury, *Evaluation toolkit: 3. Determine scope and approach*, Treasury, available from <https://evaluation.treasury.gov.au/toolkit/determine-scope-and-approach> [accessed 26 October 2024].

151 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 4.

152 *ibid.*, p. 7.

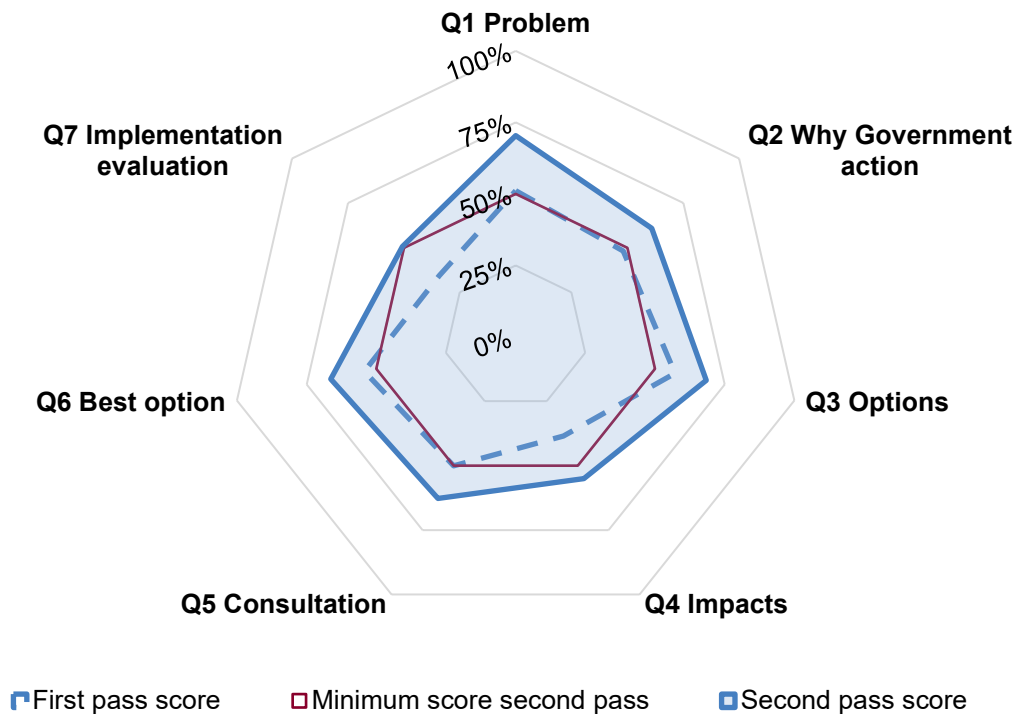
153 Department of the Prime Minister and Cabinet, *About the Office of Impact Analysis*, PM&C, available from <https://oia.pmc.gov.au/about> [accessed 6 January 2025].

154 Department of the Prime Minister and Cabinet, *Australian Government Guide to Policy Impact Analysis*, PM&C, 2023, p. 56.

stated that the objective of the international comparison was to ‘inform decisions on systematic and effective international engagement and shared use of best practice across Australia’s [IA] frameworks’.

4.20 Data presented to the Executive Board in November 2022 summarised the OIA’s assessment of IAs over the period March 2022 to September 2022. The analysis examined the assessment scores achieved against the seven IA questions (see paragraph 1.3) between the first pass and second pass assessments (Figure 4.1). This showed improvements for all seven questions.¹⁵⁵

Figure 4.1: Final IA assessment average scores by question^a, March 2022 to September 2022



Note a: Question 1: What is the policy problem you are trying to solve? Question 2: Why is government action needed? Question 3: What policy options are you considering? Question 4: What is the likely net benefit of each option? Question 5: Who did you consult and how did you incorporate their feedback? Question 6: What is the best option from those you have considered? Question 7: How will you implement and evaluate your chosen option?

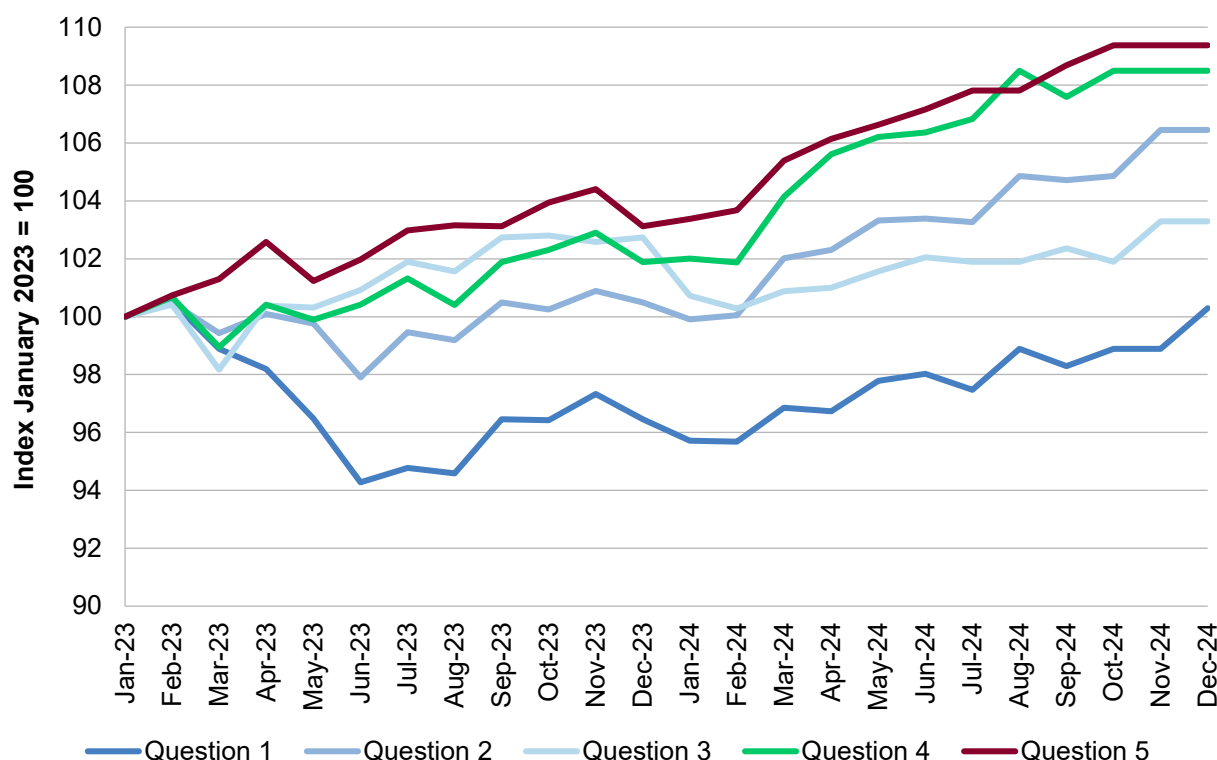
Source: ANAO analysis of November 2022 Executive Board paper data. Graphic developed by the ANAO.

4.21 Monthly reports to the Assistant Minister and PM&C’s senior executives (see paragraph 4.29) include point-in-time information about the average agency and APS IA assessment scores across the seven IA questions. Monthly reporting to the Assistant Minister and PM&C executive does not analyse trends. The ANAO determined that between January 2023 and December 2024,

155 PM&C advised the ANAO in November 2024 that ‘careful consideration needs to be given around considering use of summary data from OIA assessment rubric to making inferences around policy capability needs and uplift ... the rubric outcome may reflects *[sic]* not only the capability of the agency as well as a range of other factors.’

there was a change in average APS IA assessment scores for the first five IA questions of between zero and +9 percentage points (Figure 4.2).¹⁵⁶

Figure 4.2: Average IA assessment score by IA question^a, January 2023 to December 2024



Note a: Question 1: What is the policy problem you are trying to solve and what data is available? Question 2: What are the objectives, why is government intervention needed to achieve them, and how will success be measured? Question 3: What policy options are you considering? Question 4: What is the likely net benefit of each option? Question 5: Who did you consult and how did you incorporate their feedback?

March 2023 changes to the IA framework included changes to questions 6 and 7, which disrupt the time series. Questions 6 and 7 have been excluded from the analysis and figure.

Source: ANAO analysis of OIA monthly reporting to the Assistant Minister. Graphic developed by the ANAO.

4.22 In November 2022, the Executive Board considered the potential to use IA assessment data to assess policy capability across the APS and identify areas where policy effectiveness could be improved, including: identifying areas of policy analysis where agencies underperform; identifying policies supported by sub-par analysis; comparing and contrasting individual agencies' analysis capability; and tracking APS-wide improvement in policy analysis across specific time periods. The Executive Board agreed for the OIA to bring forward more comprehensive data to inform next steps in early 2023 and to prepare a one-page summary for an APS leadership group. This was not done.

4.23 In August 2023 the Executive Board considered undertaking a survey of policy agencies to test views on the extent to which the IA framework helped lift quality of analysis. The Executive Board noted:

¹⁵⁶ PM&C advised the ANAO in November 2024 that 'given the limited time period of observation (only two years) and the relatively small number of observations, there may not sufficient data to reasonably determine if this represented any genuine trend.'

The survey is an opportunity to explore avenues for how the IA framework can support the Government's APS reform agenda, including by providing advice to APSC on the ways the IA framework could be used to build analytical capability across teams in the APS. The OIA is in discussions with APSC on these matters. The survey would attempt to validate the value-add of the IA framework, both in uplifting the capability of agencies to conduct detailed policy analysis and improving the quality of policy development.

4.24 A survey was conducted by PM&C in December 2023. Two separate survey questionnaires were sent to 74 senior officials and 409 working-level officers. Responses closed in January 2024. Of the 74 senior officials who received a survey, 21 responses (28 per cent response rate) were received. Of the 409 working-level officers who received a survey link, 98 responses were received (24 per cent response rate). The survey results were compiled by PM&C. Four key themes comprised:

- the IA contains useful information for decision-makers, stakeholders, and policy teams;
- the IA can come too late in the decision-making process;
- IAs work best when teams have enough time and good data; and
- the OIA challenges drafters to lift the quality of their analysis.

Recommendation no. 4

4.25 The Department of the Prime Minister and Cabinet:

- (a) develop an evaluation plan to support an evaluation of whether the Impact Analysis framework is achieving its objectives; and
- (b) as part of its evaluation plan, in consultation with the Australian Public Service Commission, give consideration to how Impact Analysis assessment data could be used to inform policy capability needs analysis and uplift.

Department of the Prime Minister and Cabinet response: *Agreed.*

4.26 *The Department of the Prime Minister and Cabinet (PM&C) will prepare an evaluation plan on the Office of Impact Analysis' administration of the Australian Government Guide to Policy Impact Analysis. In developing this evaluation plan, PM&C will consult with the Australian Public Service Commission about how insights from the Office of Impact Analysis could potentially help to inform policy capability needs analysis and uplift across the Australian Public Service.*

Is there advice to government on the effectiveness of the IA framework?

PM&C regularly reports to government on administration of the IA framework. There was no public performance reporting on PM&C's implementation of the IA framework or on the achievement of policy objectives in 2023–24.

Reporting and advice to government

4.27 Throughout 2022, PM&C advised government to make changes to the IA framework, including changes to the name of the OIA and language associated with the process (see

paragraph 1.5). Two key changes to the IA framework proposed to government in December 2022 were the following.

- Removing the requirement for Cabinet submissions with minor impacts to contain a minor regulatory impact statement (RIS) (see paragraph 1.5).¹⁵⁷ PM&C considered that agencies disproportionately associated the OIA with the minor RIS process, which PM&C described as a compliance process that added limited value to decision-making.
- A stronger focus on ensuring independent reviews replacing IAs (see paragraph 1.5) contained quality analysis and were not used as a 'loophole' to avoid the IA framework process. PM&C recommended that: 'independent reviews' be renamed 'IA equivalents' given they were not always independent of government; the OIA's agreement be required for agencies to use a separate review in lieu of the IA process; and the OIA be allowed to comment on the quality of the IA equivalent analysis.

4.28 In January 2023, the Prime Minister agreed to the changes, which were to commence on 1 March 2023.

4.29 From February 2023, the OIA provided a one-page monthly report about the administration of the IA framework to the Assistant Minister and PM&C's senior executives. The monthly report provided a point-in-time summary including coverage of: training delivered (training hours, participants); OIA monthly workflow (policy proposals received/assessed and proposals requiring an IA); key IAs on hand with assessment of policy progress, complexity and stakeholder engagement; key IAs published; and published or in development IAs with 'insufficient' assessments.

4.30 In addition to monthly reports, in 2023 and 2024 PM&C provided ad hoc advice on specific IAs achieving exemplary ratings. The advice noted the elements of the IAs that contributed to these results. In April 2024 PM&C provided advice to the Assistant Minister on the outcomes of the December 2023/January 2024 survey of policy agencies (see paragraph 4.24). PM&C provided the Assistant Minister with proposed next steps: a paper to the PM&C Executive Board on survey findings and recommendations; a paper to the Secretaries Board (chaired by the Secretary of PM&C) on survey results and recommendations; and briefing to the government to provide advice on IA reforms and a process for reforms. As at December 2024 a paper on survey findings and recommendations had not been considered by the Executive Board.

Public performance reporting

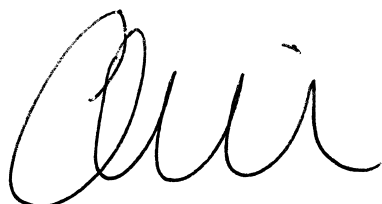
4.31 PM&C's 2022–23 Annual Report included annual performance statements reporting on the 2022–23 Corporate Plan performance measure related to the IA framework (see paragraph 4.4). The performance result was that 92 per cent of APS enterprise employees surveyed were satisfied with the training provided to uplift their policy capability in 2022–23, compared to the target of 75 per cent.¹⁵⁸ As discussed at paragraph 4.4, neither the 2023–24 Corporate Plan nor the 2024–25 Corporate Plan included any performance measures related to IA framework activities.

157 Under the pre-March 2023 IA arrangements, a 'minor regulatory impact statement' or 'minor RIS' was mandatory for Cabinet submissions.

158 Department of the Prime Minister and Cabinet, *Annual Report 2022–23*, PM&C, 2023, p. 54, available from <https://www.pmc.gov.au/sites/default/files/resource/download/pmc-annual-report-2022-23.pdf> [accessed 25 October 2024].

Opportunity for improvement

4.32 The Department of the Prime Minister and Cabinet could consider how to reflect its work as steward of the Impact Analysis framework in its annual performance statements, in order to maintain public transparency over its role in contributing to quality policy advice by the Australian Public Service.



Dr Caralee McLiesh PSM
Auditor-General

Canberra ACT
11 April 2025

Appendices

Appendix 1 Entity responses

Department of the Prime Minister and Cabinet



Australian Government
Department of the Prime Minister and Cabinet

SECRETARY

Dr Caralee McLiesh PSM
Auditor-General for Australia
Australian National Audit Office

Caralee

Dear Dr McLiesh,

Thank you for the opportunity to respond to the Australian National Audit Office (ANAO) Audit Report on the Administration of the Impact Analysis framework.

The Department of Prime Minister and Cabinet (PM&C) is committed to ensuring that advice to government is accompanied by robust analysis of the likely impacts on individuals, businesses and communities.

In administering the Australian Government Guide to Policy Impact Analysis, the Office of Impact Analysis (OIA) works across the Australian Public Service to help ensure policies have a proportionate level of analysis to support informed decision-making. As part of the 2021 Organisation for Economic Co-operation and Development (OECD) Regulatory Policy Outlook, the OECD noted that the OIA "... offers valuable examples of how ROBs [Regulatory Oversight Bodies] can support a coordinated and comprehensive approach to analysis and work upstream to demonstrate the value of better regulation tools for ministries across government".

PM&C accepts the ANAO's recommendations made in the Report. PM&C is focused on continual improvements to our approach and has already commenced steps to address matters in the recommendations. PM&C's summary response and responses to the audit recommendations are at **Attachment A**.

I would like to thank the ANAO audit team for their professional and collaborative approach and acknowledge the insights included in the report.

Regards,

A handwritten signature in black ink, appearing to read 'Glyn Davis'.

Professor Glyn Davis AC
31 March 2025

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Department of the Treasury



Australian Government
The Treasury

EC25-000759

Secretary
Dr Steven Kennedy PSM

Dr Caralee McLiesh PSM
Auditor-General
Australian National Audit Office
38 Sydney Avenue
FORREST ACT 2603

Dear Dr McLiesh *Caralee*

**Response to the Australian National Audit Office (ANAO) proposed report on the
Administration of the Impact Analysis framework**

Thank you for providing the Department of the Treasury (Treasury) with the opportunity to comment on the ANAO's proposed report on the Administration of the Impact Analysis framework.

Treasury welcomes the key messages in the report and notes the ANAO's finding of outstanding post-implementation reviews (PIRs) predating the transfer of that function from the Office of Impact Analysis to Treasury in July 2023. I have asked my staff to contact the agencies with non-compliant PIRs for action. Treasury will consider PIR non-compliance more generally as part of a review of the *Post-Implementation Reviews Guidance Note* that is scheduled for 2025-26.

These actions are reflected in the summary response at Attachment A.

I would like to thank the ANAO for their professional and collaborative approach during this audit.

Yours sincerely

Steven Kennedy

9 April 2025

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Appendix 2 Improvements observed by the ANAO

1. The existence of independent external audit, and the accompanying potential for scrutiny improves performance. Improvements in administrative and management practices usually occur: in anticipation of ANAO audit activity; during an audit engagement; as interim findings are made; and/or after the audit has been completed and formal findings are communicated.
2. The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts. The ANAO's corporate plan states that the ANAO's annual performance statements will provide a narrative that will consider, amongst other matters, analysis of key improvements made by entities during a performance audit process based on information included in tabled performance audit reports.
3. Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:
 - strengthening governance arrangements;
 - introducing or revising policies, strategies, guidelines or administrative processes; and
 - initiating reviews or investigations.
4. In this context, the below actions were observed by the ANAO during the course of the audit. It is not clear whether these actions and/or the timing of these actions were planned in response to proposed or actual audit activity. The ANAO has not sought to obtain assurance over the source of these actions or whether they have been appropriately implemented.

Table A.1: Improvements observed by the ANAO

Date	Actions observed during the course of the audit	Report paragraphs
June 2023	An Impact Analysis Framework Health Check (internal audit) commissioned by the Department of the Prime Minister and Cabinet (PM&C) was completed.	Paragraph 2.23
December 2023	PM&C developed internal guidance (the Preliminary Assessment Tool) to facilitate consistency of treatment and recording of information and assist staff in determining if the impacts outlined in a policy proposal are 'more than minor'.	Paragraph 3.55
December 2023	PM&C's Audit and Risk Committee agreed to the closure of an internal audit recommendation relating to ensuring all key documentation associated with the Impact Analysis (IA) assessment process is being maintained within the OIA Record of Compliance and Assessment (ORCA) case management system.	Paragraph 3.65

Date	Actions observed during the course of the audit	Report paragraphs
December 2023	PM&C's Audit and Risk Committee agreed to the closure of an internal audit recommendation relating to taking steps to ensure the completeness of annual performance measure results relating to the IA framework and implement a robust quality assurance process to ensure the accuracy of the results and calculation.	Paragraph 4.6
December 2023/ January 2024	PM&C undertook a survey of policy agencies about how the IA framework helped lift quality of analysis.	Paragraph 4.24
March 2024	PM&C reviewed the currency of carve-outs between November 2023 and March 2024. The carve-out guidance note with the revised list was published by PM&C in March 2024.	Paragraph 3.48
April 2024	A memorandum of understanding was established between PM&C and the Department of the Treasury (Treasury) with respect to the administration of post implementation reviews, communication arrangements and arrangements relating to shared interests such as evaluation and training.	Paragraph 2.45
April/September/October 2024	The Office of Impact Analysis (OIA) met with the Australian Public Service (APS) Academy to discuss graduate training and the use of IA references in training materials.	Paragraph 2.47
May 2024	A business plan for the OIA for 2023–24 was finalised and approved.	Paragraph 2.25
May 2024	PM&C approved internal guidance for public reporting of IA summary reports.	Paragraph 2.32
June 2024	PM&C's Audit and Risk Committee agreed to the closure of the internal audit recommendation relating to reviewing processes to ensure that all documentation identified for publication is being appropriately published.	Paragraph 4.7
June 2024	PM&C established a senior executive forum across Australian Government agencies that have an interest in IA-like processes, which met for the first time in June 2024.	Paragraph 2.49
July 2024 to October 2024	PM&C advised the ANAO in November 2024 that it had provided 36 hours of impact analysis training to over 400 participants through 17 sessions between 1 July 2024 and 14 October 2024.	Paragraph 2.48
August 2024	PM&C mandated use of the Preliminary Assessment Tool.	Paragraph 3.56
August 2024	PM&C put in place a practice of peer reviews for IAs rated as exemplary, referred to as a 'secondary assessment', which is undocumented.	Paragraph 3.76
September 2024	PM&C assessed the ORCA case management system for IAs against the Business Systems Assessment Framework.	Paragraph 2.37

Date	Actions observed during the course of the audit	Report paragraphs
October 2024	After ANAO alerted it, PM&C corrected some errors in public reporting of IAs published in 2023–24.	Paragraph 2.32
October 2024	For OIA staff, mandatory annual training completion rates for 2024–25, as at 31 October 2024, were 100 per cent for training modules on integrity in the Australian Public Service; managing records and information; and security basics.	Paragraphs 2.20, 2.39 and 2.36
November 2024	The OIA's 2024–25 business plan and risk assessment was finalised.	Paragraph 2.25
November 2024	PM&C advised the ANAO that the three-yearly review of the Risk Management Policy and Framework (dated March 2020) had commenced and was in progress.	Paragraph 2.21
December 2024	PM&C's Audit and Risk Committee agreed to the closure of the internal audit recommendation relating to risk management.	Paragraph 4.7
January 2025	PM&C updated published guidance on carve-outs.	Paragraph 3.48
January 2025	PM&C updated published material for five IAs.	Paragraph 3.81
March 2025	PM&C finalised the OIA Training Strategy 2025.	Paragraph 3.9
March 2025	Treasury advised the ANAO that it intends to take action on post implementation review non-compliances relating to the period prior to July 2023, when it assumed responsibility for the function, and that Treasury will also consider PIR non-compliance more generally, as part of a review of the <i>Post-Implementation Reviews Guidance Note</i> that is scheduled for 2025–26.	Paragraph 3.92