GUIDANCE NOTE
Identifying and defining the problem

Before contemplating any action, determine if there is a problem of sufficient size and scope and whether there is a case for government action.

Identifying the problem

Before making the decision to intervene, it is an important first step to identify whether there is a problem. If there is a problem, the next step is to determine whether government intervention is required.

Is there a problem?

Is there evidence of the existence and extent of the problem? Is empirical evidence available which confirms or measures a problem? Is the evidence anecdotal? Does available evidence relate to a small number of stakeholders or is it a Queensland-wide issue?

What would happen if the government took no action? What is the likelihood of an adverse event happening without government intervention? Could the problem resolve itself without the need for action?

Is there a case for intervention?

Where there is existence of a problem, determine whether there is a *prima facie* case for government intervention. For instance, have any of the following happened?

- **has a market failed**—markets can fail to operate effectively leading to undesirable outcomes. *For example: monopolies abusing market power, or a market underproviding a good such as education.*
- **has a regulation failed**—regulation that is not delivering outcomes in the community's interest. *For example, where there is a low level of compliance with a regulation or a regulation imposing unnecessarily excessive costs on businesses.*
- **is there an unacceptable** hazard or risk to human health, safety or the environment?
- **are there poor** social or equity outcomes?

Defining the problem

To design appropriate solutions to a problem, the problem needs to be clearly specified and well defined. If the definition is too broad, the number of options considered to address the problem could be exhaustive or it may be impossible to identify and target specific drivers of the problem.

For example, 'pollution' is very broad, whereas 'chemical runoff into waterways' is more specific.
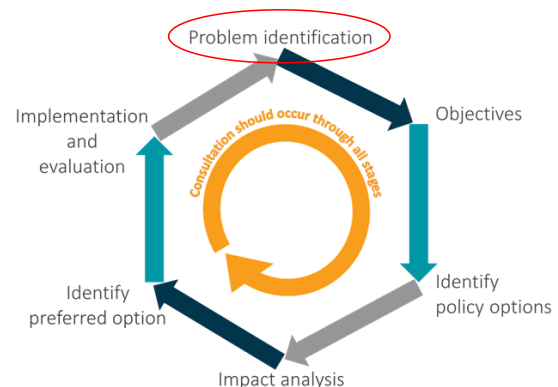
When defining the problem, do the following:

- **provide evidence of the scale and scope of the problem and identify who is affected by the problem.** Which groups (businesses, households, communities) are affected? How are those groups affected? Consultation with impacted parties can help reveal the nature, extent and causes of the problem.

- **identify the key causes of the problem.** Focusing solutions on the wrong (or a potentially minor cause) will not necessarily solve the problem. *For example, targeting vehicle design if the primary cause of road accidents is driver fatigue.* The problem may also persist if there are many significant causes and an attempt is made to only tackle one.

- **state whether there is currently regulation, or an alternate form of action in place, such as self-regulation, to address this issue.** If so, why is it not working? Is the regulation flawed in design or are there problems with compliance? Could the situation be dealt with by improving enforcement or encouraging greater compliance with the existing regulation?

Queensland Government

- **identify any risks of an adverse outcome**. Consider if there are likely risks with no intervention—is there a greater risk of an adverse outcome if government does not intervene?
- **clearly state the case for government intervention or additional intervention**. Identify any underlying market failure, regulatory failure or risks associated with maintaining the status quo.

Tip: When defining the problem, ensure the definition can be clearly understood. Include the key underlying causes of the problem, identify who is affected and how and include any potential economic, social or environmental impacts