

# GUIDANCE NOTE

## When is a Regulatory Impact Statement (RIS) required?

### Significant adverse impacts

The trigger or requirement to conduct a RIS is whether the proposed regulatory change is likely to result in significant adverse impacts (see section 2.5, page 14 of the Queensland Government Guide to Better Regulation).

An agency proposing to introduce regulation or make a change to an existing regulation may determine that a proposal is likely to result in significant adverse impacts. In which case, the agency may commence preparation of a RIS. Alternatively, an agency may seek the advice of OBPR.

If there are likely to be no significant adverse impacts arising from a regulatory proposal, OBPR will provide a letter of advice excluding the proposal from further regulatory impact analysis. If there are likely to be significant adverse impacts arising from a proposal, OBPR will recommend a RIS be completed.

### How is significance estimated?

The likelihood that a policy option could result in significant adverse impacts can be identified through impact analysis in a preliminary impact assessment (PIA).

All potential economic impacts (including competition and compliance), as well as social and environmental impacts should be considered. When OBPR is evaluating the significance of an impact, it looks at both the direct and indirect impacts likely to arise if the preferred policy option is implemented.

There is no specific threshold value to determine significance. Rather, OBPR evaluates a proposal against the list of potential impacts a proposal may impose, as listed in the table below. If there is doubt about the magnitude of an impact it should be assumed to be potentially significant.

**Tip: The trigger for a RIS is whether there are likely to be significant adverse impacts—even if there are likely to be significant benefits.**

### Why this trigger?

The use of significant adverse impacts as a trigger relates to the risk of imposing (expected or unexpected) costs that are larger than the expected benefit. This is likely to occur when stakeholders who are likely to be better off from a regulation, push strongly for it to be made.

### Exemptions from conducting a RIS

Agencies can seek an exemption from undertaking a Consultation RIS under exceptional circumstances. If a Minister considers that urgent implementation of a policy is required to implement government priorities, or if public consultation on a proposal is not appropriate (for example, a commercial-in-confidence matter), a Cabinet exemption from preparing a Consultation a RIS may be sought. Cabinet may attach conditions to the approval, such as requiring a Decision RIS or post implementation RIS be undertaken.



**Business:** increases business costs or decreases profitability; imposes reporting requirements; alters or limits the way a business operates

**Competition:** prevents entry to a market; reduces the ability to compete; affects costs, prices or employment, reduces customer choice

**Social/Environmental:** reduces public health and safety; damages flora, fauna or diversity; increases waste

**Government:** increases required resources; reduces operational capacity and efficiency; increases financial burden

Magnitude & breadth	Intensity	Proportionality	Frequency	Probability	Reversible	Certainty
Size/ stakeholders impacted	Impacts small numbers, but the impact is intense	Government action is effective and proportional to the issue being addressed	How often the impact occurs	Likelihood of the impact happening	Can the impact be reversed? Mitigated?	A high degree of uncertainty about the impact of a regulation
Is it a Queensland-wide impact?	e.g. licencing required for a specialised skill	Is it targeted or broad-based?	One-off or ongoing?	Is it a 100% likelihood?	Would businesses be forced to exit the market?	e.g. it's not certain if a behaviour will change