

Better Practice Template for a Charging Risk Assessment (CRA) for regulatory activities

Implementation risks	Low	Medium	High
1. What is the proposed change in annual cost recovery revenue for the activity?	<input type="checkbox"/> <5%	<input type="checkbox"/> 5 < 10 %	<input type="checkbox"/> >10% Or New
2. What is the total proposed annual cost recovery revenue for the activity?	<input type="checkbox"/> 0 - \$10m	<input type="checkbox"/> \$10m < \$20m	<input type="checkbox"/> \$20m +
3. What does the policy proposal or change in the cost recovered activity involve?	<input type="checkbox"/> Change in the level of existing cost recovery charges	<input type="checkbox"/> Change in the structure of existing cost recovery charges and/or composition of payers	<input type="checkbox"/> Introduction of cost recovery for a new activity or for an existing activity (or its components) that has not been cost recovered previously
4. What type of cost recovery charges will be used?	<input type="checkbox"/> Levies only	<input type="checkbox"/> Fees only or fees and levies	<input type="checkbox"/> Fees, levies and other charges
5. What legislative requirements are necessary for imposition of cost recovery charges?	<input type="checkbox"/> Does not involve an Act of Parliament (e.g. Regulations, Determinations etc)	<input type="checkbox"/> Involves an Act of Parliament (e.g. enabling Act or levy imposition Act)	<input type="checkbox"/> Requires State/Territory legislative changes or referral of powers to the Commonwealth
6. Does the proposal involve working with other Commonwealth, State/Territory and/or local government entities?	<input type="checkbox"/> No	<input type="checkbox"/> Yes - with Commonwealth entities only	<input type="checkbox"/> Yes – with Commonwealth and State/Territory entities
7. What will be the expected impact of cost recovery on payers? <i>This may depend on, among other things:</i> <ul style="list-style-type: none"> • the change in the level of charges • the number of people affected • the cumulative effect from other government charges/regulation • the economic conditions etc. 	<input type="checkbox"/> Low	<input type="checkbox"/> Medium	<input type="checkbox"/> High
8. What consultation has occurred with payers and other stakeholders about the proposed cost recovery?	<input type="checkbox"/> Consulted - no significant issues raised	<input type="checkbox"/> Consulted – significant issues raised but can be addressed	<input type="checkbox"/> Not consulted <u>or</u> consulted and significant issues raised but ongoing sensitivities

Overall CRA rating:	<input type="checkbox"/> LOW	<input type="checkbox"/> MEDIUM	<input type="checkbox"/> HIGH
Supporting analysis:			
Entity sign-off:	Date	Finance comment	Date



The Charging Risk Assessment (CRA) ratings and implications

Entities must self-assess the risks associated with new or amended regulatory charging activities. (s47 & s50 Australian Government Charging Framework refers).

The CRA template guides the risk assessment process. A CRA is undertaken when preparing a new policy proposal (NPP) for a new regulatory charging activity or when changes are proposed to an existing regulatory charging activity.

The outcome of a CRA is a risk rating of 'low', 'medium' or 'high'.

The CRA rating determines whether the Cost Recovery Implementation Statement (CRIS) for a proposed regulatory charging activity will need to be agreed for release by the Finance Minister. This agreement must be sought, where the CRA rating for a proposed cost recovered activity is 'high'. Entities should note that the Cabinet, Prime Minister or Finance Minister may also request that any CRIS be brought forward for agreement.

The Finance Minister's consideration of CRISs due to a high-risk rating is in addition to the requirement for these CRISs to be approved by the responsible Minister and certified by the relevant accountable authority. The Finance Minister's agreement must be obtained prior to charging commencing.

Table 1 outlines what the CRA rating would be, based on the number of responses, using the CRA template. Where an entity chooses not to use the template, an overall risk rating must still be given. This must be supported by a rationale which addresses issues relating to the complexity, materiality and sensitivity of the activity.

Table 1: Determination of the CRA rating

Number of responses to questions	Risk rating as a consequence
At least three 'high'	High
At least one 'medium' or 'high'	Medium
All 'low'	Low

Agreeing the CRA rating

The preliminary risk rating and supporting analysis, including the justification of the rating and mitigation strategies, must be provided to the relevant Agency Advice Unit (AAU), in the Department of Finance alongside any costing information. The final CRA, and supporting analysis, must reflect agreed costs.

The AAU will consult with the Charging Policy Team on the CRA risk rating for new regulatory charging activities and policy changes to existing regulatory activities, except where the AAU agreed risk rating is low. The Chief Finance Officer (or their delegate) in the entity responsible for the NPP and director of the relevant AAU will agree the CRA rating. The agreed CRA rating must be included in the NPP.

Agreeing a High Risk CRIS

Entities must consult with the relevant AAU on CRISs for high-risk regulatory charging activities before seeking agreement from the Finance Minister. As part of briefing for the Finance Minister, the AAU will consult with the Charging Policy Team and may seek input from other areas in Finance and/or other relevant entities, such as the Department of the Prime Minister and Cabinet.

Changes to regulatory charging activities

Once implemented, entities may need to make changes to the regulatory charging activities, either as a result of stakeholder feedback or internal monitoring and evaluation. Entities may find the CRA useful to determine the likely approvals for changes (see Part III, Stage 3 of the RMG304 - the Australian Government Cost Recovery Guidelines). The CRA rating of any changes may differ from a previous CRA rating for the activity, i.e. undertaken as part of an NPP. If the change for an activity is rated as low risk but there had previously been a high risk rating in relation to the activity, which required the Finance Minister to agree the CRIS, the revised CRIS does not need this agreement.

Figure 1: CRA rating and CRIS approval processes

