Charging Risk Assessment (CRA) Information Sheet

**Assess the complexity, materiality and sensitivity of charging activities**

This information should be read in conjunction with [Resource Management Guide 302 Implementing the Charging Framework](https://finance.gov.au/government/managing-commonwealth-resources/managing-money-property/managing-money/australian-government-charging-framework) .

Charging risk assessment involves ongoing review and management of risk that may adversely impact the policy intend for the charging activity. Entities must self-assess the risks associated with a new or amended regulatory charging activity. Entities delivering non-regulatory charging activities are encouraged to apply the same process to evaluate and engage with the risk. The self-assessment process should consider the entity’s operating environment and factors that influence charging across three areas:

* + **complexity**, which relates to the structures, processes, and implementation of the specific activity. Complexity may be influenced by the number of outputs of the activity being charged; the design of charges (e.g. for regulatory (cost recovery) levy based on complex proxies or a combination of fees and levies); the involvement of third parties in the activity; the involvement of a state or territory government or a contracted non-government organisation; tight timeframes; multiple items of relevant legislation; multiple cost drivers; difficulties in forecasting demand; or the type and number of stakeholders involved (e.g. the number of government entities and/or industry sectors)
	+ **materiality**, whichrelates to the financial value of the activity and involves the total revenue from charging and the amounts of the individual charges
	+ **sensitivity**, which relates to the level of interest in the activity from government stakeholders, non-government stakeholders, the media, and the Parliament. Key considerations include whether, when and why any sensitivities exist. The reasons for sensitivities may include the nature of the charges; the nature of the industry; existing government charges faced by industry; tight timeframes for implementation; and limited consultation.

**Determining CRA rating**

Based on the number of responses to the questions, the templates support the risk assessment process. The table below outlines how to determine the CRA rating.

**New Regulatory Activity**

The self-assessed risk rating and supporting analysis, including the justification of the rating and mitigation strategies needs to be agreed by Finance. Entities should provide their CRA to the Charging Policy alongside any costing information. The final CRA, and supporting analysis, must reflect agreed costs. The agreed risk rating must be included in the NPP. The risk rating will determine the approval process for the Cost Recovery Implementation Statement (CRIS).

**Existing Regulatory Activity**

Once regulatory charging is implemented, entities may need to amend the charging activities, either as a result of stakeholder feedback or internal monitoring and evaluation. The risk rating will determine the approval process for any changes proposed and the CRIS.

If the change is to the policy authority, legislation or significant changes to the charge activity, Finance and the entity may agree a high rating and/or recommend further consideration by the Government. The responsible entity should consult with Finance before the updated CRIS is published if uncertain about the risk rating.

**Cost Recovery Implementation Statements**

The CRA rating determines the approval process for the Cost Recovery Implementation Statement (CRIS) for a new or proposed change to a regulatory charging activity.

If a low/medium risk rating is agreed, the CRIS is certified by the relevant Accountable Authority and approved by the responsible Minister before charging commences or changes.

If a high risk rating is agreed, the CRIS requires the Finance Minister to agree the release of the CRIS. The entity should consult with Charging Policy at Finance on the draft CRIS before the responsible Minister writes to the Finance Minister.

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| **Number of responses to questions** | **Risk rating as an impact** |
| At least three ‘high’ | High |
| At least one ‘medium’ or ‘high’ | Medium |
| All ‘low’ | Low |

More information on CRIS requirements and process are available in the RMG.

Should you have any questions or require support or assistance in completing your Charging Risk Assessment, please contact the Charging Policy Team – Chargingpolicy@finance.gov.au.

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| **Implementation risks** | **Low** | **Medium** | **High** |
| 1. What is the expected percentage change in total annual revenue after the proposed changes?
 | [ ]  | 0 to 10% | [ ]  | 11 to 20% | [ ]  | >20%  |
| 1. What is the expected change in total annual revenue after the proposed changes?
 | [ ]  | 0 to $10m | [ ]  | $11m to $20m | [ ]  | $20m+ |
| 1. What is the highest percentage increase in price a payer† may experience?
 | [ ]  | 0 to 5% | [ ]  | 6 to 10% | [ ]  | >10%  |
| 1. What type of charges are changing?
 | [ ]  | Fees only | [ ]  | Levies only or fees and levies | [ ]  | Fees, levies and other charges† |
| 1. What does the revised proposal involve?
 | [ ]  | Change in the level of existing regulatory charges only | [ ]  | Change in the structure of existing regulatory charges and/or composition of payees | [ ]  | Commencing charging for an existing activity (or some of its components)  |
| 1. Does the revision require legislative changes?
	* *Primary legislation (enabling Act or taxation Act)*
	* *Subordinate legislation (Regulations, Determinations)*
 | [ ]  | Existing legislative mechanisms are in place and only requires a change to subordinate legislation to specify the $ value of fees and/ or charges | [ ]  | Requires a change to existing legislative mechanism/s | [ ]  | Requires a new primary legislative mechanism or new subordinate legislative mechanism |
| 1. What will the impact on payers†† be?

*Have you considered:**The number of people affected**The nature of who will be charged (individuals, S/M/L business)* | [ ]  | Low | [ ]  | Medium | [ ]  | High / Unknown |
| 1. Does the proposal involve working with other Commonwealth, State/Territory and/or local government entities?
 | [ ]  | No | [ ]  | Other Commonwealth entities only | [ ]  | Commonwealth, State/Territory and/or local government entities |
| 1. What consultation has occurred with payers and other stakeholders about the proposed charges?
 | [ ]  | Consulted - no significant issues raisedIndexation/admin changes previously consulted on.  | [ ]  | Consulted – issues raised but can be addressed  | [ ]  | Not consulted or consulted and significant issues raised but ongoing sensitivities |
| **Overall CRA rating:** | [ ]  | **LOW** **(all “Low”)** | [ ]  | **MEDIUM** | [ ]  | **HIGH** **(three or more “High”)** |

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| **Supporting analysis & risk mitigation strategy:** |
| **Entity sign-off:** | **Date** | **Finance comment** | **Date** |