

Regulation, Institutions and Governance Some Recent Australian Experience

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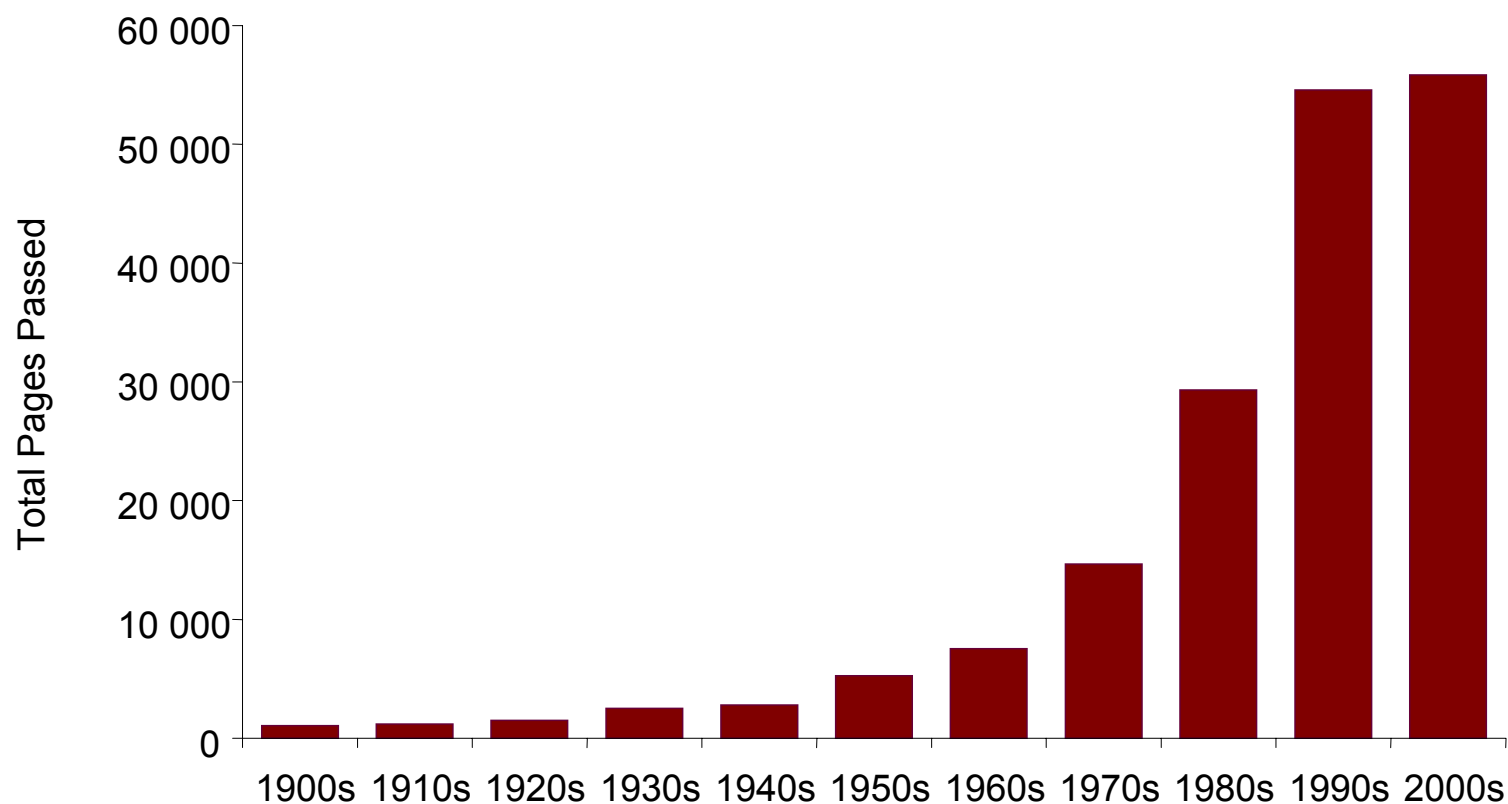
**Philippine Economic Society, Manila
22 November 2006**

Overview

- Regulatory Burden
- Commitment to address
- Analysis of Regulation
- Recent decisions
- Compliance Costs and Competition Checklists
- Requirements for Regulators
- Office of Best Practice Regulation
- Supporting the process
- Supporting, Monitoring, Umpiring
- Other relevant decisions

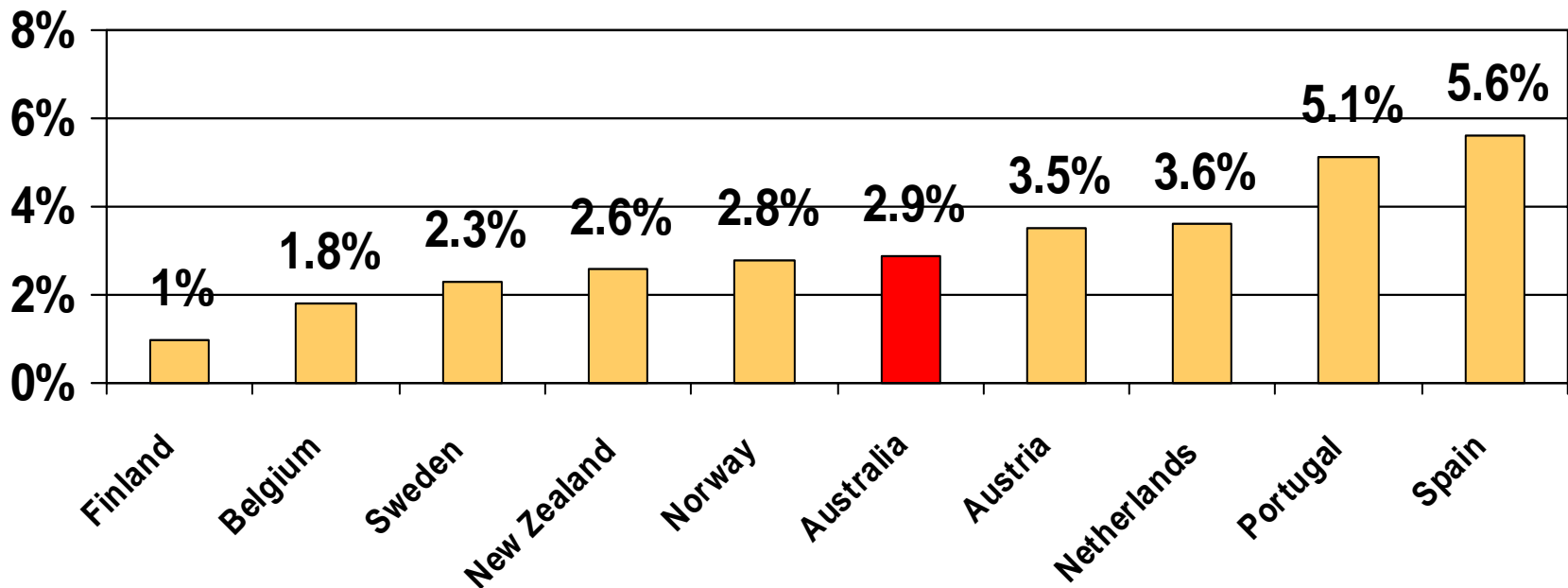
Growth in Australian Government regulation

Estimated growth in pages of Australian Government primary legislation



How do we rate internationally?

OECD 1998: Taxation, employment and environmental compliance costs for SMEs
(% GDP)



Compliance snakes & ladders



<p>(6) 20/10/95 Application for Assistant's Licence</p>		<p>(18) Undated letter from DCNR advising issue of Commercial Wildlife (Wildlife Demonstrators) Licence</p>		<p>(16) 23/11/95 Letter to DCNR re notice sent re payment of Wildlife Demonstrators Assistance Licence</p>	
<p>(5) 16/10/95 Application for DCNR Export permit to return snakes to SA</p>	<p>(7) 23/10/95 Letter from VS to DCNR advising talk time and place and re wildlife demonstrators licence</p>	<p>(17) 23/12/95 Letter from DCNR re necessity to lodge returns when already do it in SA</p>		<p>(14) 17/11/95 Final notice for payment of Assistants licence for Bradley Oliver</p>	<p>(15) 17/11/95 Assistants licence for Bradley Oliver</p>
<p>(4) 16/10/95 Application to DENR to <i>import</i> snakes back from VIC</p>	<p>(3) 16/10/95 Application for export permit from DENR</p>		<p>13) 10/11/95 DCNR Import Permit</p>	<p>(12) 8/11/95 Letter from DENR confirming my bone fide and conditions under which snakes can be transferred to and from VIC from SA</p>	
	<p>(2) 16/10/95 Application for DCNR Import permit to take snakes to VIC</p>		<p>(9) 6/11/95 DCNR export permit to return snakes to SA</p>		<p>(11) 7/11/95 Commercial Wildlife (Wildlife Demonstrators) Licence</p>
<p>(1) 15/10/95 Application for a Commercial Wildlife Licence Application</p>		<p>(8) 26/10/95 Letter from DCNR advising they must interview me and inspect our premises before granting demonstrators permit</p>			<p>(10) 6/11/95 Letter from VS to DCNR requesting acceptance of DENR rather than submit to inspection in SA by DCNR officers.</p>

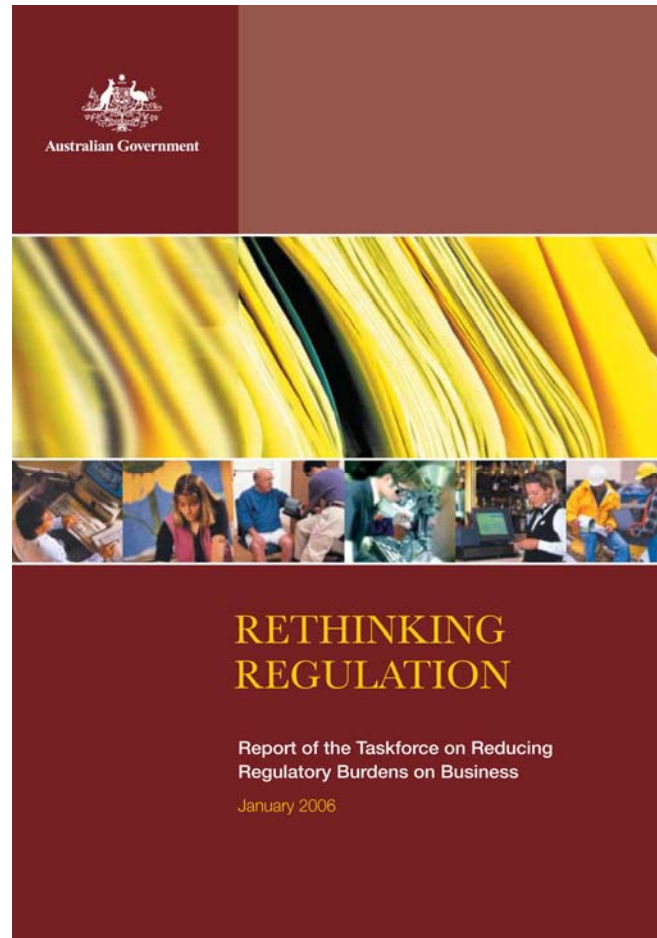
The paper burden (a small business perspective)



Common regulatory problems

- Unclear or questionable objectives
- Failure to target the regulation at the 'problem'
- Undue prescription and complexity
- Overlap, duplication and inconsistency
- Excessive reporting and paper work
- Unwarranted differentiation from international standards

Rethinking Regulation



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Are some compliance costs unnecessary?

- Some regulation ineffective or inefficient
- Scope to reduce regulatory compliance costs
- Costs diffuse — off budget
- Cumulative burden and limited knowledge
- Cost of unnecessary regulation 0.8% GDP (\$7b)

What are the gains from reducing the regulatory burdens?

- 20% reduction in compliance costs would yield cost savings of \$7 billion pa.
- 'Efficiency' gains could be higher again!

Recent decisions: New regulatory framework

- Australian Government responded to the Report of Regulation Task Force and announced the 'New Regulatory Framework' on 15 August 2006

Good regulatory checklist

- Achieves objectives and set to minimum
- Not unduly prescriptive
- Accessible and accountable
- Integrated and consistent with regulations
- Communicated effectively
- Mindful of compliance burden
- Enforceable

Government endorsed principles of good regulatory process

- Establish a case for action
- Examining alternatives to regulation
- Adopting the option with the largest benefits
- Promoting effective guidance to regulators
- Revisiting regulation regularly
- Consulting effectively with stakeholders

Recent decisions: Good regulatory analysis

- Enhanced use of CBA and mandatory use of BCC
- Departments/agencies to develop in house CBA skills
- Consultation and reporting processes for departments/agencies
- Green Papers for significant regulatory issues

Recent decisions: Regulatory Impact Statement (RIS) process

Govt has strengthened and refocused the process:

- RISs for 'significant' regulatory proposals
- Higher standards of CBA analysis
- New Cabinet 'gatekeeping' arrangements
- Where RIS requirements were not met, regulation must be reviewed in 1-2 years

Level of regulatory analysis

		Compliance costs		
		No/Low	Medium	Significant
Competition impacts	No/Low	No further action	BCC report	RIS, incl. BCC report
	Significant	RIS	RIS, incl. BCC report	RIS, incl. BCC report

Business Compliance Cost checklist

- Notification
- Education
- Permission
- Purchase cost
- Record keeping
- Enforcement
- Publication and documentation

Competition assessment checklist

- Would the regulatory proposal affect the number and range of suppliers?
- Would the regulatory proposal change the ability of suppliers to compete?
- Would the regulatory proposal alter suppliers' incentives to compete vigorously?

Role of departments/agencies

- Apply RIS, CBA and BCC processes, where appropriate
- Develop 'in-house' CBA skills
- Apply Whole of Government consultation policy and principles
- Early consultation with OBPR
- Work with OBPR to facilitate meaningful cultural change in the APS

Getting started

- What is a RIS and how do I start preparing one?
- At what stage is a BCC report or RIS required?
- When should I start a BCC report on RIS?
- How long should a RIS be?
- What happens if an agency is unable to comply with the requirements?

Office of Best Practice Regulation (OBPR)

- Be part of the Productivity Commission – retains independence
- Provide suite of information, education and training
- Report on regulatory developments, trends and issues
- Have additional resources to undertake new functions

The role of the OBPR

- 'One stop shop' for regulators
- Provide 'helpdesk' assistance
- Advice on use of RIS, and BCC



Australian Government

Productivity Commission

BEST PRACTICE REGULATION HANDBOOK

November 2006

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USER'S GUIDE

to the



BEST PRACTICE REGULATION HANDBOOK

November 2008

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Short Term

Supporting material

- *Best Practice Regulation Handbook*
- *User Guide*
- *Training on RIS, BCC and CBA*
- *Web based assistance*
- *Helpdesk assistance*

Recent decisions: others

- Regulation reviewed after 5 years
- Annual 'stocktake' of regulations by the Productivity Commission
- Business consultation website to be established (DITR)
- Responses to other Regulation Task Force recommendations

www.obpr.gov.au

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