



Auditor-General for Australia



3 April 2017

Senator David Leyonhjelm
Chair
Red Tape Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senator

Inquiry into effect of red tape on cabotage

The Australian National Audit Office (ANAO) published performance audit report No. 29 of 2015-16, *Implementing the Deregulation Agenda: Cutting Red Tape* that you may find relevant to the Red Tape Committee inquiry into the effect of red tape on cabotage.

Information about what the audit assessed, concluded and recommended is attached. The audit report is available online at www.anao.gov.au.

Should the Committee require further information in relation to these matters, my office would be pleased to provide you with a briefing at a time convenient to you or appear as a witness at a hearing. To arrange a briefing, please contact our External Relations area at external.relations@anao.gov.au.

Yours sincerely

Grant Hehir

Report No. 29 of 2015-16, *Implementing the Deregulation Agenda: Cutting Red Tape* assessed the effectiveness of selected departments' implementation of deregulation initiatives.

The audit concluded that the Department of the Prime Minister and Cabinet (PM&C) moved quickly to put in place a governance framework to support implementation of the incoming Government's Deregulation Agenda. The selected departments established internal Deregulation Units with clearly articulated roles, responsibilities and consultative mechanisms, and involved senior APS leaders to provide impetus. The selected departments' approaches to calculating the savings (and in some cases the costs) of the 29 measures examined by the ANAO was consistent with whole-of-government guidance provided by PM&C and had regard to government expectations that departments adopt a risk-based and proportionate approach to assessing the benefits of removing or adjusting regulatory arrangements. Ministers agreed in December 2013 that significant regulatory changes—potentially including some red tape reduction measures—would be subject to a post-implementation review process within five years, and that the economic impacts of the overall Deregulation Agenda would be assessed by the Productivity Commission or another equivalent body within three years. As at the end of 2015, no whole-of-government post-implementation reviews or evaluations had been conducted, although some of the audited portfolios advised that they planned to undertake stakeholder surveys. Portfolio-level surveys are not a substitute for the structured third-party assessment of impact agreed by Ministers at the commencement of the program, and PM&C should take the necessary steps to implement the Australian Government's decision that the Deregulation Agenda's economic impacts be assessed within three years.

The ANAO recommended that the Department of the Prime Minister and Cabinet take the necessary steps to implement the Australian Government's decision of December 2013 that the economic impacts of the Deregulation Agenda be assessed within three years.