



**Australian Government**

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**Department of Jobs and Small Business**

## **SENATE RED TAPE COMMITTEE**

### **INQUIRY INTO POLICY AND PROCESS TO LIMIT AND REDUCE RED TAPE**

### **SUBMISSION OF THE DEPARTMENT OF JOBS AND SMALL BUSINESS**

**NOVEMBER 2018**

## **Table of Contents**

Introduction	2
Current framework of deregulation policy	2
Government achievements in reducing red tape 2013-June 2017	3
Conclusion	4

## Introduction

1. Australia is recognised internationally for its regulatory policy and governance arrangements.<sup>1</sup> The ultimate aim of the Australian Government's regulatory efforts is to improve economic, social and environmental outcomes for all Australians.<sup>2</sup>
2. The Department of Jobs and Small Business now administers the Government's Deregulation Agenda, since changes in the Administrative Arrangements Order introduced on 20 December 2017.
3. Administration of the Regulatory Impact Analysis requirements for the Australian Government and the Council of Australian Governments is the responsibility of the Office of Best Practice Regulation (OBPR), which remains within the Department of the Prime Minister and Cabinet.

## Current framework of deregulation policy

4. In 2013, the Australian Government introduced a Deregulation Agenda that committed to reducing the burden of regulation and improving regulatory practices to strengthen Australia's economic performance.
5. Key elements of the Deregulation Agenda include:
  - i. An annual regulation compliance cost reduction target of net \$1 billion.
  - ii. The Regulatory Burden Measurement (RBM) framework, which departments and agencies use to calculate the regulatory costs of current or proposed policies or regulation and to quantify offsetting regulatory savings.
  - iii. The Regulator Performance Framework (RPF) which requires over 70 Australian Government regulators that administer, monitor or enforce regulations to measure their performance against outcomes-based key performance indicators. These are based on metrics which each regulator has agreed with relevant stakeholders, and reported annually.
    - Regulators are also expected to consult with the businesses, community organisations and individuals whom they regulate as part of reporting against key performance indicators.
  - iv. A once-off stocktake of regulations administered by each Australian Government portfolio.
  - v. Regulation Impact Statements (RISs) that inform the regulatory decision making process. The RIS process seeks to ensure that regulation delivers the greatest benefits to the community, by presenting analysis of various costs and benefits expected from the proposed regulation, including quantification of the cost of complying with the regulation.
6. The Government also engages internationally to promote Australian regulatory policy priorities and achievements whilst contributing to international regulatory capability development, particularly in the Asia-Pacific region.

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<sup>1</sup> See for instance OECD, Indicators of Regulatory Policy Governance (iREG) 2015. iREG compares Australia's performance in regulation impact assessment, stakeholder engagement and evaluation with other member countries. <https://doi.org/10.1787/5jrnwqm3zp43-en>.

<sup>2</sup> Productivity Commission Discussion Draft September 2011. Identifying and Evaluating Regulation Reforms <https://www.pc.gov.au/inquiries/completed/regulation-reforms/pdf/regulation-reform-discussion-draft.pdf>

## Government achievements in reducing regulation compliance costs 2013-June 2017

7. The first ever stocktake of Australian Government regulation was completed in 2014. The annual cost to businesses and individuals of complying with Australian Government regulation was estimated to be **\$70 billion** per annum.<sup>3</sup> The Treasury portfolio accounted for 71.9% of total regulation stock in the original estimation. The next-largest contributors to the stock of regulation were the Department of Human Services (\$3.75bn), the Department of Employment (\$2.63bn) and the Department of Industry (\$2.15bn).<sup>4</sup>
8. The centrepiece of the Government's regulatory reform policy has been the effort to quantify and reduce regulatory compliance costs. Between September 2013 and June 2017, the Government removed a cumulative **\$5.9 billion** of annual regulatory compliance costs from the Australian economy.<sup>5</sup>
9. Attachment A provides a list of major initiatives that have reduced compliance and other regulatory costs for business, individuals and community organisations.

### *Regulatory Performance Framework*

10. In 2017, an internal review of Regulatory Performance Framework self-assessment reports found high compliance, with almost all regulators having provided their self-assessment reports for 2015-16. Generally, regulators acknowledged the benefits of the RPF, including greater feedback from stakeholders and the flexibility to adjust how they reported to fit their needs.
  - Over 90% of all Commonwealth regulators covered by the RPF had completed and published their self-assessment reports for the 2015-16 reporting cycle.<sup>6</sup>

### *Independent review of Public Governance, Performance and Accountability Act 2013 (PGPA Act) and Rule*

11. The 2018 Independent Review of the PGPA Act and Rule found that 'duplicative performance reporting requirements – for example, those under the Regulator Performance Framework – impose unnecessary reporting burden on entities and should be reviewed and integrated to reduce the reporting burden and improve clarity'.<sup>7</sup> The Government is currently considering its response to this recommendation.

### *National and international collaboration*

12. The Department monitors international initiatives to improve regulation as part of our engagement with the OECD's Public Governance Directorate. We submit regular reports on Australia's regulatory agenda for OECD Regulatory Policy Outlook reports. The Department sends a delegate to attend the OECD Regulatory Policy Committee meetings twice a year.

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<sup>3</sup> Australian Government, Annual Red Tape Reduction Report 2015. \$70 billion figure revised up from an original estimation of \$65billion (see Appendix D), <https://docs.jobs.gov.au/documents/annual-red-tape-reduction-report-2015>

<sup>4</sup> Australian Government, Annual Deregulation Report 2014  
<https://docs.jobs.gov.au/documents/australian-government-annual-deregulation-report-2014>

<sup>5</sup> Australian Government, Annual Regulatory Reform Report 2017  
<https://docs.jobs.gov.au/documents/annual-regulatory-reform-report-1-january-2016-30-june-2017>

<sup>6</sup> Australian Government, Annual Regulatory Reform Report 2017

<sup>7</sup> Available at <https://www.finance.gov.au/pgpa-independent-review/>

## Conclusion

13. The Australian Government remains committed to removing inefficient and redundant regulations, and improving the quality of regulations and how they are administered.
14. The Government will continue to engage with stakeholders on the regulatory priorities important to our economy and on the schedule of regulatory reform, including simplifying interactions with Government through better use of technology and improved systems, and improving regulation across state and territory borders.