Chapter 1
Introduction

Establishment

1.1 On 11 October 2016, the Senate established the Select Committee on Red Tape (committee) to inquire into and report on the effect of restrictions and prohibitions on business (red tape) on the economy and community, by 1 December 2017, with particular reference to:

a. the effects on compliance costs (in hours and money), economic output, employment and government revenue, with particular attention to industries, such as mining, manufacturing, tourism and agriculture, and small business;

b. any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions;

c. the impact on health, safety and economic opportunity, particularly for the low-skilled and disadvantaged;

d. the effectiveness of the Abbott, Turnbull and previous governments' efforts to reduce red tape;

e. the adequacy of current institutional structures (such as Regulation Impact Statements, the Office of Best Practice Regulation and red tape repeal days) for achieving genuine and permanent reductions to red tape;

f. alternative institutional arrangements to reduce red tape, including providing subsidies or tax concessions to businesses to achieve outcomes currently achieved through regulation;

g. how different jurisdictions in Australia and internationally have attempted to reduce red tape; and

h. any related matters.[1]

1.2 On 28 November 2017, the Senate extended the reporting date to 3 December 2018.[2]

1.3 The committee decided to conduct its inquiry by focusing on specific areas. This interim report presents the committee's findings and conclusions about the effect of red tape on health services (health services inquiry).

Conduct of the health services inquiry and acknowledgement

1.4 The committee advertised the health services inquiry on its website and wrote to a number of organisations, inviting submissions by 22 January 2018.

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1 *Journals of the Senate*, No. 9–11 October 2016, pp. 290–291.

2 *Journals of the Senate*, No. 73–28 November 2017, p. 2314.

The committee continued to accept submissions received after this date. In total, the committee received 11 submissions, which are listed at Appendix 1.

1.5 The committee held a public hearing in Canberra on 9 February 2018. The witnesses who appeared before the committee are listed at Appendix 2.

1.6 The committee thanks the organisations who made submissions and who gave evidence to assist the committee with its health services inquiry.

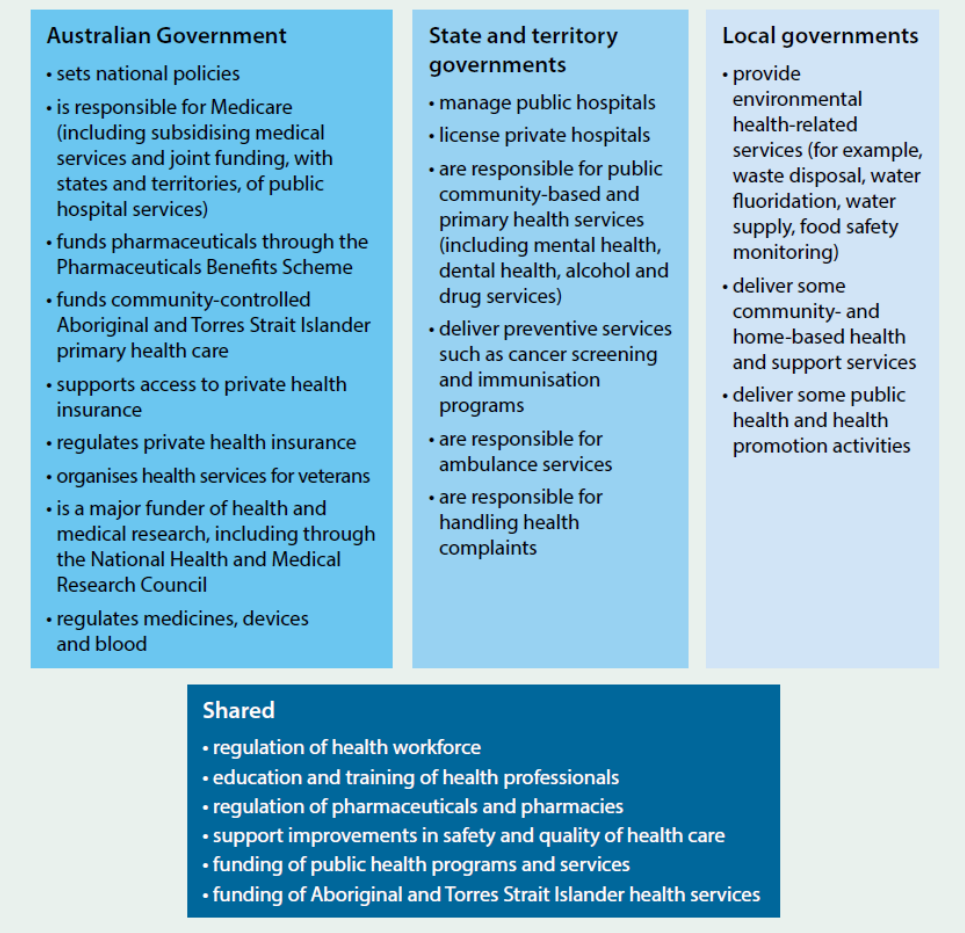
Scope of the report

1.7 Chapter one provides broad background information to set the regulatory context for the health services inquiry. Chapter two then examines some of the information presented to the committee, which may be drawn upon in the committee's final report.

Regulatory framework for health services

1.8 The health services inquiry encompasses Commonwealth, state, territory and local government responsibilities. Accordingly, there are a number of regulatory regimes upon which submitters and witnesses could comment. In this report, the committee focussed primarily upon Commonwealth responsibilities. Figure 1 illustrates the responsibilities of each level of government.

Figure 1.1: Government responsibilities, Australian health system



Source: Australian Institute of Health and Welfare, Australia's Health 2016, 2016, p. 24.

Australian Government responsibilities

1.9 The Department of Health (Department) has a diverse range of responsibilities which reflect a common purpose—better health and ageing outcomes for all Australians.[3] In total there are 10 outcomes including: access to medical and dental services; primary health care; private health; and health infrastructure, regulation, safety and quality. Specific agencies—such as the Australian Commission on Safety and Quality in Health Care and the National Health and Medical Research Council—are responsible for a further 20 outcomes in the Health portfolio.[4]

Regulatory Reform Agenda

1.10 In 2013, the Australian Government introduced the Regulatory Reform Agenda (Agenda): to reduce the burden of regulation across government; to coordinate red tape reduction efforts; and to set clear expectations that regulation should not be the default option for government policy makers.[5]

1.11 Key elements of the Agenda include:

- cutting regulatory compliance costs to businesses, community organisations and individuals by at least $1 billion a year;
- requiring all major regulatory decisions to be informed by a Regulation Impact Statement (RIS) that sets out the benefits/costs of regulation;
- introducing the Regulatory Burden Measurement framework to calculate the regulatory costs of current/proposed policies or regulation;
- undertaking an assessment of the regulatory burden imposed by the Commonwealth stock of regulation; and
- introducing the Regulator Performance Framework for over 80 regulatory authorities, to encourage regulators to:
    - reduce regulatory burden;
    - communicate clearly with stakeholders;
    - take risk-based and proportionate approaches to regulation;
    - operate efficiently and transparently; and

3 Department of Health, 'About us', https://beta.health.gov.au/about-us (accessed 22 March 2018)

4 Department of Health, 'Portfolio Outcomes', Outcomes 3 and 5–7, http://www.health.gov.au/internet/main/publishing.nsf/Content/health-portout.htm (accessed 22 March 2018).

5 Department of the Prime Minister and Cabinet, 'Regulatory Reform Agenda: Key Achievements (as at December 2015)', https://www.pmc.gov.au/regulation/australias-approach-regulatory-reform/regulatory-reform-agenda-key-achievements-december-2015 (accessed 22 March 2018).

- undertake continuous improvement.[6]

Performance under the Regulatory Reform Agenda

1.12 By 31 December 2015, the Australian Government reported having made decisions to reduce regulation compliance costs by $4.8 billion.[7] Of this total, the Department reported it had achieved net savings of $249 million, with significant reductions in red tape, notwithstanding the introduction of new regulation.[8]

1.13 The Department of the Prime Minister and Cabinet (PMC), which is responsible for coordinating the regulatory policy priorities across all portfolios, has not published up-to-date information for 2016, 2017 or 2018.[9] The Department was not able to advise its regulatory savings since 2015, instead referring the committee to PMC.[10]

1.14 In addition to regulatory savings, the Department advised that it continually tests the relevance and effectiveness of existing regulation, and explores opportunities to reduce red tape.[11] A major deregulatory measure was the 2015 *Review of Medicines and Medical Devices Regulation*. This review focussed on the regulatory framework and processes of the Therapeutic Goods Administration.[12]

1.15 As part of best practice regulation, the Department also conducts regulatory impact analysis in the form of RISs.[13] In 2014–2015, six statements were developed, however it is not clear from the Department's website if any RISs have been developed since 2015.[14]

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6 Department of the Prime Minister and Cabinet, 'Regulatory Reform Agenda: Key Achievements (as at December 2015)', https://www.pmc.gov.au/regulation/australias-approach-regulatory-reform/regulatory-reform-agenda-key-achievements-december-2015 (accessed 22 March 2018).

7 Australian Government, *Annual Red Tape Reduction Report*, 2015, p. 1, https://www.pmc.gov.au/sites/default/files/publications/2015_annual_red_tape_reduction_report.pdf (accessed 22 March 2018).

8 Department of Health, *Submission 11*, p. 1.

9 Department of the Prime Minister and Cabinet, 'Regulatory Policy Coordination', https://www.pmc.gov.au/regulation/regulatory-policy-coordination (accessed 22 March 2018).

10 Sharon Appleyard, First Assistant Secretary, Office of Health Protection, Department of Health, and Gillian Shaw, Assistant Secretary, Office of Health Protection, Department of Health, *Committee Hansard*, 9 February 2018, p. 27.

11 Department of Health, *Submission 11*, p. 1.

12 Department of Health, 'Expert Review of Medicines and Medical Devices Regulation', http://www.health.gov.au/internet/main/publishing.nsf/Content/Expert-Review-of-Medicines-and-Medical-Devices-Regulation (accessed 22 March 2018).

13 Department of Prime Minister and Cabinet, 'Best Practice Regulation', https://www.pmc.gov.au/regulation/best-practice-regulation (accessed 22 March 2018).

14 Department of Health, 'Regulation Impact Statements', http://www.health.gov.au/internet/main/publishing.nsf/Content/regulation-impact-statements (accessed 22 March 2018).