

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2014-15

Finance Portfolio

Department/Agency: Finance
Outcome/Program: General
Topic: Regulatory Performance Target

Senator: Ludwig
Question reference number: F243
Type of question: Written
Date set by the committee for the return of answer: Friday, 11 July 2014

Number of pages: 2

Question:

1. Further to F117 from the February 2014 Estimates relating to “red tape reduction”: Can you provide an update to the amount of savings identified in red tape reduction? Have there been any more activities identified that generate the savings?
2. Who calculated the figure of \$65.34 million? Was it the deregulation unit? Was it Budget Group? Some other entity?
3. Can you confirm that this amount was costed? Who signed off on this costing?
4. Can you explain to the committee how \$62.23 million in savings from grant and procurement administration reform is achieved?
5. Can you go through the detail as to how you get the savings from these actions?
6. Similarly, can you explain to the committee how \$3.11 million in savings from exempting Defence Housing Australia from provisions under the Public Works Committee Act 1969 is achieved?
7. What provisions has Defence Housing Australia been exempted from? What is the practical effect of this – is there a decrease in parliamentary oversight via the Public Works Committee?

Answer:

1. There are no further red tape reduction savings for the Finance portfolio other than those stated in the response to question F117.
2. The portfolio’s Deregulation Unit calculated the savings based on the *Regulatory Burden Measurement Framework* provided by the Office of Best Practice Regulation and available data sources such as AusTender.
3. The savings calculated were \$65.34 million. The savings were calculated in consultation with the Office of Best Practice Regulation and the Department’s internal audit services provider. They were cleared by the then Secretary, Department of Finance.
4. The *Regulatory Burden Measurement Framework* was used to calculate the \$62.23 million in savings from grant and procurement administration reform. More information about the components to this measure was included in the *2014 Autumn Repeal Day Summary* which can be found at

https://www.cuttingredtape.gov.au/sites/default/files/documents/peal_day_initiatives.pdf. Components included:

- a) Rollout of the Commonwealth Contracting Suite (standard terms for low risk procurements under \$200,000);
 - a) Rollout of the Commonwealth Grants Template Agreement (standard terms for low risk grants); and
 - b) A new policy to use credit/debit cards as the preferred mechanism for payments under \$20,000.
5. Ministers Cormann and Billson issued a joint media release to coincide with the 2014 Autumn Repeal day which explained how businesses and community organisations will benefit from the reforms to grant and procurement administration reform. The media release is available at http://www.financeminister.gov.au/media/2014/mr_2014-13.html. In summary:
- b) The Commonwealth Contracting Suite will introduce (from 1 July 2014) standardised terms and conditions, combined with user-friendly and intuitive online templates which will remove the need for businesses to incur legal advice and other associated costs.
 - c) The streamlined low risk grant template will reduce the significant administration and legal costs associated with grant agreements incurred by businesses and community organisations.
 - d) The new policy for credit and debit cards will become the Government's preferred payment option for purchases under \$20,000 from 1 July 2014 to reduce the costs to business, particularly small businesses, associated with delayed payment terms.
6. More information regarding the savings associated with the Defence Housing Authority's (DHA) exemption from the Public Works Committee is included in the *2014 Autumn Repeal Day Summary*. The exemption removes a substantial compliance overhead and allows DHA to be more competitive in the property development, property sales and investment markets.
7. Further detail regarding the practical effects of exempting DHA from the Public Works Committee is included in the explanatory statement for the *Public Works Committee Amendment Regulation 2013 (No. 2)*, which is available on the Comlaw website at <http://www.comlaw.gov.au/Details/F2013L02119/Explanatory%20Statement/Text>.