

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates 24-28 February 2014

Prime Minister and Cabinet Portfolio

**Department/Agency:** Department of the Prime Minister and Cabinet

**Outcome/Program:** 1.1 Prime Minister and Cabinet

**Topic:** Deregulation units

**Senator:** Senator the Hon Joe Ludwig

**Question reference number:** 48

**Type of Question:** Written

**Date set by the committee for the return of answer:** 11 April 2014

**Number of pages:** 4

**Question:**

1. Please provide advice sent to departments (from any source) regarding the establishment of Deregulation Units
2. What costs are estimated for each department to implement Deregulation Units
3. If costs were not estimated for each department setting up a deregulation unit, why not?

**Answer:**

1. A final guidance note was issued to departments on 17 December 2013 (attached).
2. Deregulation units are being implemented within existing resources. The costs of each unit will vary depending on each portfolio's requirements.
3. Each department determines its own requirements.



## Office of Deregulation - Guidance Note

# ESTABLISHMENT OF PORTFOLIO DEREGULATION UNITS

**As at 17 December 2013**

The Government's deregulation agenda focuses on eliminating inefficient or unnecessary regulation that imposes unwarranted burdens on business, individuals and the community. Delivering this agenda will require a significant change to the way all agencies approach regulation decision making and will require comprehensive changes to agency culture, processes and behaviours.

### Establishment of Deregulation Units

To drive red tape reduction, each portfolio department is required to establish a 'Deregulation Unit', before the end of 2013, led by a publicly identified departmental official of at least SES1 level, who will be responsible to the departmental Secretary and support and assist the Secretary to drive each portfolio's deregulation activity, including managing the portfolio's progress towards their individual portfolio reduction target.

Units must be created within existing resources and will require adequate support and appropriate expertise to successfully perform their role. The breadth and scope of activities and functions to be performed or managed by Units is substantial including portfolio leadership, either directly undertaking or overseeing regulatory quantification, coordination, education, and reporting. The Unit will be expected to work with policy groups within the portfolio to facilitate assessment of regulatory impact at the earliest stages of policy development, drive cultural change based on reduced reliance on regulation and encourage more responsive and client-focused regulator behaviour. Units should have access to expertise in cost/benefit analysis, quantitative methods, and high level policy skills which include the ability to help identify alternatives to regulation.

### Portfolio leadership on reducing regulatory impact

Units will lead the implementation of the Government's deregulation agenda for the entire portfolio (including for regulatory bodies in that portfolio). This role includes providing central oversight and coordination of all portfolio regulatory activity and ensuring understanding of, and compliance with, the Government's deregulation agenda across the portfolio, including the revised approaches to regulatory processes outline below.

While it may be appropriate for multiple units to be established within each portfolio (particularly where there are large regulatory functions performed in portfolio agencies), the portfolio department unit must have lead responsibility for the deregulation agenda, including day to day interaction with the Office of Deregulation in PM&C.

## **Regulatory processes**

New Regulation Impact Statements (RIS) arrangements have been agreed by Government. Units will have a key role in familiarising departments and agencies with these new requirements, and ensuring compliance. The key changes include that all Cabinet Submissions now require a RIS; and all require regulatory costs, and regulatory offsets, to be identified and quantified.

Proposals of a minor or non-regulatory nature will require a short form RIS. Submissions which have regulatory costs will not be circulated for comment unless costs and offsets have been agreed by the Office of Best Practice Regulation (OBPR). OBPR has guidance materials available on the new RIS requirements, and will make training opportunities available.

Units will have a vital role in driving the identification of offsets within portfolios, which may require significant cultural change to ensure that the new regulatory approach can be sustained over time.

## **Portfolio regulatory burden**

As part of the deregulation agenda, each portfolio will be required to audit and quantify the cost to business and individuals of complying with the regulations administered by that portfolio. This audit is likely to involve two stages. The first is to conduct an initial 'stock-take' of existing regulation, instruments and other forms of quasi-regulation in each portfolio. Combined with guidance from the Office of Deregulation on suitable prioritisation criteria, this stock-take will be used to inform the development of the Government's initial legislative repeal agenda, and inform broader portfolio deregulation priorities.

The second stage will involve all portfolios undertaking a more in-depth audit to quantify portfolio regulatory burden. This will include quantifying the cost to business and individuals of complying with regulation in the portfolio. This could occur by portfolios estimating the regulatory costs for a sample of their regulations using an agreed quantification methodology. The calculated costs would then be used to estimate a baseline of the burden of regulation within the agency.

Further detail on these processes, including comprehensive advice on audit methodology, will be made available to agencies once agreed by the Government.

## **Relationship with PM&C**

Implementation of the Government's deregulation agenda will be led by the Prime Minister and the Parliamentary Secretary to the Prime Minister responsible for deregulation (Mr Frydenberg), supported by Office of Deregulation which will coordinate, monitor and report on delivery across government. The Office of Deregulation will also among other things provide advice to the Prime Minister on the set up and ongoing operation of the Units.

To ensure whole-of-Government implementation, Units will need to engage regularly and effectively with the Office of Deregulation, including regular reports to the Office of Deregulation on progress, and participation in cross-portfolio processes and information-sharing, to be coordinated by the Office of Deregulation.

## For Official Use Only

Units will, on behalf of the portfolio, oversee and deliver on reporting requirements, including departmental annual reports and input for the annual report to Parliament, which will be coordinated through the Office of Deregulation.

A Secretaries' Committee on Deregulation has been established. The Committee is supported by an SES Working Group on Deregulation to enable broad consultation across government on the implementation of the deregulation agenda. The SES Working Group and a Deregulation Network (to be established) will comprise a community of practice to support continuous improvement and capacity building across the Australian Public Service.

### Office of Deregulation, PM&C, contact points

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Finance	Prime Minister and Cabinet
Treasury	
Defence	Agriculture
Education	Communications
Environment	Employment
Human Services	Foreign Affairs and Trade
Immigration and Border Protection	Health
Social Services	Industry
Veteran's Affairs	Infrastructure and Regional Development