

OBPR

A RIS helps your policy proposal to weigh the pros and cons of whether regulation is really required
Video Transcript

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# Secretary, Department of Agriculture, Water and the Environment

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# Former Australian Small Business & Family Enterprise ombudsman

**Neil Savery**: I think it's crucial for Australian society and the economy in general that you see regulation as a last resort.

There are typically other avenues available to achieve an outcome. Sometimes you have to resort to regulation as the means by which you achieve your objective.

But if you explore those other options in the first instance, you may find that there's a more efficient and effective way of achieving your objectives and in doing so, minimise the impact on those parts of society that would be affected by the policy outcomes.

**Andrew Metcalfe AO:** It's not just an add-on at the end, but instead it's integral to good decision making.

Importantly, the key questions to answer in a RIS reflect policy principles such as: what is the policy problem that you're trying to solve? Why is Government action needed? What policy options are you considering? What's the likely net benefit of each option? Who did you consult with and how did you incorporate their feedback? What is the best option from those you've considered and how will you implement and evaluate your chosen option?

**Kate Carnell:** One of the things about regulation that we often forget is that regulation comes with cost and time to the people who have to implement it.

I've spent lots of time around policy in government and so on. And for a period of time, I did some workshops for the previous Government when there was a policy to remove a billion dollars’ worth of red tape every year.

And it always interested me when I spoke to many parts of the public service, they said to me, “But Kate, it was only one extra question on that particular questionnaire. It was only just this little bit of extra work”.

The problem for small business is, it is all cumulative and every single bit of that comes at a cost. You know, there's some good data that was put together by the Chambers of Commerce that suggest that an average small business spends 11 hours a week on red tape, on requirements, legislative regulatory requirements.

So it's really important that even if a regulation looks really little, all that wouldn't take terribly long. When you add them all up, it starts taking a lot of time.

From a small business perspective that takes the small business owner off the shop floor, off out of their business, into doing things that simply don't value-add. So they're not very productive from the perspective of the economy or that particular business.

So regulation, by its nature has to be implemented and it has to be enforced. So with that comes cost to the business, but also cost to Government, not much point in having regulation that you don't enforce. So you've got to have in place methods of ensuring it's done.

The regulation has to have a big upside to balance the significant downside.