



Statement by the Minister for Finance and Deregulation,
Senator the Hon Penny Wong

An Independent Office of Best Practice Regulation

28 October 2010

As the Minister for Finance and Deregulation, one of my key roles is to ensure that the Government delivers better regulation for the Australian community.

Well designed regulation is of critical importance to the Australian economy. Good regulation can encourage innovation and minimise compliance costs for business, including small business, and the not-for-profit sector. Poorly designed regulation, however, can cause frustration and impose unnecessary costs on all sectors of the community.

Almost all regulations have the potential to affect our productivity, either through the incentives which they provide to businesses and the not-for-profit sector to change operating and investment decisions, or more directly through their impacts on compliance costs. Our strong and continued commitment to regulatory reform is therefore an important element in the Government's strategy to enhance productivity.

The Government is firmly committed to improving both the quality of our stock of existing regulation and to ensure that new regulation is necessary and appropriate for the purpose. An important element is ensuring that proposed regulations are thoroughly scrutinised so they are introduced only where necessary and at minimum cost to business and consumers.

Today, I would like to reaffirm the Government's commitment to a comprehensive regulatory assessment process, and to the independence of the Office of Best Practice Regulation (OBPR), which sits within the Department of Finance and Deregulation. This applies to both regulatory decisions made by the Australian Government and the Council of Australian Governments (COAG).

The OBPR assesses the adequacy of Regulation Impact Statements against the guidelines agreed by the Government or COAG. Proposals can generally not proceed to the decision-making stage until OBPR certification has been received. The Department of the Prime Minister & Cabinet plays a gatekeeper role to ensure that Cabinet Submissions that require regulatory impact analysis do not proceed unless accompanied by a Regulation Impact Statement.

The OBPR will also continue to prepare the annual *Best Practice Regulation Report*. This report outlines compliance with the best practice regulation requirements on an agency by agency basis, and its public release is an important element in ensuring transparent and accountable regulation making. Publication of the report will be prepared and authorised by the Executive Director of the OBPR and presented to the Minister for Finance and Deregulation as a final report.

Consistent with international best practice, the OBPR needs to exercise its decision-making functions independently. The Government will ensure that Ministers do not influence the OBPR's decisions in determining the adequacy of Regulation Impact Statement or agency compliance with the Best Practice Regulation Guidelines.

Decisions on the adequacy of a regulatory impact analysis and compliance with the best practice regulation requirements will continue to be made independently by the Executive Director of the OBPR. The OBPR will continue to brief Cabinet and me independently on the quality of regulatory analysis which accompanies regulatory proposals which are submitted to Cabinet.

As the OBPR is part of the Department of Finance and Deregulation, the Department's Secretary will continue to support the independence of OBPR's decision making on best practice regulation requirements, and will ensure that the OBPR Executive Director has the capacity to make decisions

concerning the adequacy of Regulation Impact Statement and agency compliance with the guidelines free from undue influence.

The arrangements I have outlined support the Government's commitment to ensure that good regulatory management is a part of normal government process – a clear break with the episodic interest in cutting red tape of the previous Coalition Government.

The Gillard Labor Government has put in place practical reforms to strengthen and streamline the regulatory assessment process.

First, the OBPR now maintains an online register, the *Best Practice Regulation Updates*, of all Regulation Impact Statements to make them easy to find. The website also contains the OBPR's assessment of Regulation Impact Statements and a list of non-compliant proposals. Compliance and non-compliance are now reported live. This is a major step forward and an important illustration of the Government's commitment to transparency, to better decision making and to open consultation. Not only are Regulation Impact Statements now released centrally, in an easy to find location on the Finance website, but there is now an accompanying blog facility which enables anyone who wishes to comment on the quality of the analysis, including the adequacy of consultation.

I encourage business and community groups to make use of this facility. Over time it will provide a valuable source of feedback to the Government to assist the way in which we develop regulatory proposals affecting business, the community and the not for profit sector.

Second, the Government has enhanced the consultation requirements of the RIS process. A consultation plan must now be developed and included in department and agency Annual Regulatory Plans, which will be published on the OBPR website. The OBPR will report on whether consultation plans were published as part of Annual Regulatory Plans in the *2010-11 Best Practice Regulation Report*. The OBPR will also assess compliance with the consultation requirements.

These reforms strengthen the process, so business and the community can be confident that the impact of proposed new regulation is comprehensively assessed.

The regulatory assessment process we have is world class – in February 2010 the OECD asserted that *‘Australia is in many respects a model among OECD countries for the quality of its institutional underpinning for regulatory reform and for the application of reform strategies.’*

Revisions to the regulatory impact assessment process are part of the Government’s commitment to working in partnership with the business community and others, to improve the quality of regulation and the way we do our business.

I commend the statement to the Senate.