



Australian Government

Department of the Prime Minister and Cabinet Office of Best Practice Regulation

Reference: 15324

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Rob Heferen
Executive Director
Revenue Group
The Treasury

Dear Mr Heferen

Final Assessment Regulation Impact Statement – Changing the schedule for increasing the Superannuation Guarantee

Thank you for forwarding the Regulation Impact Statement (RIS) for the above proposal for final assessment on Wednesday 23 April 2014. I note that you have formally certified the RIS as required by the best practice regulation requirements.

The OBPR assessed the proposal as likely to have moderate but widespread impacts on individuals and businesses, as well as specific impacts on some industry sectors (e.g. the superannuation sectors). On that basis, the OBPR considered a standard-form RIS would be best practice.

The Office of Best Practice Regulation's (OBPR) final assessment is that the Treasury is compliant with the Government's requirements. This assessment is based on:

- The regulatory costs have been quantified and agreed with the OBPR.
- Your letter of 23 April 2014 certifying the RIS responds to the OBPR's formal assessment of the RIS on 22 April 2014. The letter identifies how the RIS has been revised to ensure compliance with the requirements set out in the Australian Government Guide to Regulation (the Guide).

In addition, I note that the RIS:

- does not contain obvious errors, provides an outline of the problem, and identifies in a qualitative way the nature of the problem, albeit without estimating the scale and scope of the likely impacts of the problem for all relevant stakeholders;
- identifies objectives of the reform, namely the need for business certainty and the need to prevent deterioration of the fiscal position;
- notes that the impacts on individual retirement incomes as well as superannuation fund incomes are likely to be relatively small relative to the status quo;

- presents a conclusion and preferred option which is broadly consistent with the evidence and analysis presented in the RIS; and
- has been prepared and certified prior to a final decision being taken on the proposal.

However, the RIS would have benefitted from a more balanced discussion of the business certainty outcomes of the status quo (that is, allowing the currently legislated superannuation guarantee schedule to remain in place) relative to the alternatives.

In addition, and consistent with our previous advice, the impact analysis (as revised) now makes it clear that the superannuation guarantee, in practical terms, represents a legislated minimum; and aspects of the wage bargaining structure, negotiation framework and separate household savings decisions would tend to limit some of the impacts of proposed changes, including (presumably) the fiscal impacts. The RIS would have benefitted from a clearer link between these rigidities and the fiscal implications of these.

Further development of the RIS in these areas would elevate it to the standard of best practice.

Publication requirements

The Office of Best Practice Regulation (OBPR) maintains a RIS website and the Government requires that RISs be posted within 5 business days of a regulatory decision being publicly announced. We would appreciate you advising us when a decision on this proposal is announced, and forwarding a final copy of the RIS in *Microsoft Word .doc* format in a form meeting the Australian Government's *Web Content Accessibility Guidelines*.

We suggest liaising with your web services team to ensure these guidelines are met. The OBPR should be consulted if the RIS is amended. It is the agency preparing the RIS, not the OBPR, which is responsible for the content of the published RIS.

The website provides a public comment facility on RISs posted on the site. The OBPR moderates this facility for offensive content but does not moderate debate. Please retain this letter as a record of the OBPR's advice.

Our reference number for this issue is 15324. If you have any further queries, please do not hesitate to contact me.

Yours sincerely

Adrian Chippindale
Acting Deputy Executive Director
Office of Best Practice Regulation
6 June 2014