



Australian Government

Department of the Prime Minister and Cabinet

ANDREW FISHER BUILDING
ONE NATIONAL CIRCUIT
BARTON

Mr Jason McNamara
Executive Director
Office of Best Practice Regulation
PO Box 6500
CANBERRA ACT 2600

Dear Mr McNamara

Regulation Impact Statement for early assessment

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for a proposal on International Standards and Risk Assessment.

I believe the RIS meets best practice requirements and is consistent with the ten principles for Australian Government policy makers.

The RIS has been prepared by the Department of the Prime Minister and Cabinet and is structured around answering the seven questions in *the Australian Government Guide to Regulation*.

In particular, the RIS addresses the first four RIS questions:

- **What is the problem?** – For Australia, separate standards or risk assessment and approval processes can create product delays, increase costs, reduce consumer choice, and can impose barriers on both export and import-competing businesses. Where suitable international standards and approvals exist, there may be opportunities for duplicate Australian specific requirements to be streamlined through the adoption of trusted international standards without increasing risk of regulation failure to Australians and our environment.
- **Why is government action needed?** – The Government has in place a substantial deregulation agenda. However, while it could be expected that the Government's deregulation objective might lead portfolios and regulators to naturally consider reforms to adopt international standards and risk assessments, there are no guarantees that this will occur as systematically and rigorously as would be desirable. This is especially relevant given the large number of regulations that are being reviewed within portfolios, and the interests of diverse stakeholder groups. Through the adoption of this reform principle, the Government can focus attention on reform areas where stakeholders can engage with portfolios and regulators can pin point burden, identify priorities and maximise opportunities for reform.
- **What policy options are you considering?** – Three policy options are considered, these are: (i) no change; (ii) systematic assessment of all regulations against international standards and risks assessments, where scope exists for the adoption of

international standards and risk assessments, or greater alignment with them, these reforms would be implemented in a manner that is consistent with the Government achieving its overall net \$1 billion annual deregulation objective; and (iii) mandating the acceptance and adoption of trusted international standards and risk assessments.

- **What is the likely net benefit of each option?** – Option (i) would have no costs, but there could be possible benefits missed from deregulation if opportunities for reform were overlooked. Option (ii) would require ministers to ensure there is specific assessment of the extent to which opportunities exist for the acceptance or adoption of, or even greater alignment with international standards and risk assessment processes as part of the Government’s deregulatory agenda. Option (iii) would mark a significant change in Australia’s regulatory paradigm. Although mandating change would prioritise the acceptance and adoption of international standards, providing some deregulatory benefit, the key shortcoming of this option is that it does not address the problem defined above. It is indiscriminate and departs from the principles of good policy formulation by not requiring separate systematic assessment of the costs and benefits of adopting international standards and risk assessments for each regulatory framework. This approach would be high risk.

The change in regulatory burden on business, community organisations and/or individuals has not been quantified using the Regulatory Burden Measurement framework. At this stage, the endorsement of a principle implies that the change in regulatory burden cannot be estimated until the scope for change has been assessed and opportunities for reform on a case-by-case basis have been identified. An appropriate consultation plan is described in the RIS. Any change in regulation will also need to be accompanied by an appropriate regulation impact statement, which will also require an appropriate level of stakeholder consultation.

I submit the certified RIS to the Office of Best Practice Regulation for early assessment, consistent with best practice.

Yours sincerely



Rebecca Cross
Head of Domestic Policy
1 September 2014