



Australian Government

Department of the Prime Minister and Cabinet

Office of Best Practice Regulation

Reference: OBPR ID 7138

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Jan Adams PSM
Deputy Secretary
Department of Foreign Affairs and Trade

Dear Ms Adams

Final Regulation Impact Statement – China-Australia Free Trade Agreement (CHAFTA)

Thank you for forwarding the Regulation Impact Statement (RIS) and certification letter for the above proposal for final assessment which the OBPR received on 13 March 2015. I note that you have formally certified the RIS as required by the best practice regulation requirements.

The OBPR assesses RISs against the compliance and best practice regulatory impact analysis criteria set out in the Australian Government Guide to Regulation (the Guide).

I note the Department has been consistent with the RIS guidelines, having twice provided a certified RIS (addressing all seven elements) to the OBPR for the two-pass assessment before the decision-maker considers the RIS. The RIS does not contain obvious errors and the regulatory costs and cost offsets have been agreed with the OBPR. The Department is therefore compliant with the Government's RIS requirements.

However it is not consistent with best practice for a long-form RIS because the RIS does not contain a degree of detail and depth of analysis that is commensurate with the magnitude of the problem and the size of the potential impact of the proposal – the Office of Best Practice Regulation (OBPR) considers that the issue is of major significance in the broader economy with significant competition impacts.

As you may know, proposals that require a long-form RIS require a post-implementation review within five years of their implementation. Therefore the Department will be required to undertake a post-implementation review within five years of the treaty's entry into force.

The post implementation review should provide more detailed analysis of:

- the effects of tariff reductions on Australian producers, exporters, importers, and consumers;
- the effects on trade in services between the two countries; and
- the likely impacts of CHAFTA on direct foreign investment between Australia and China.

Additionally, the OBPR maintains a RIS website and the Government requires that RISs be posted within five business days of a regulatory decision being publicly announced. Please forward 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 OBPR website provides a public comment facility. 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 7138. If you have any further queries, please do not hesitate to contact me.

Yours sincerely



Jason McNamara
Executive Director
Office of Best Practice Regulation
13 March 2015