



Mr Jason McNamara
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Dear Mr McNamara

Regulation Impact Statement: Final Assessment—Second Pass

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for the Department of Agriculture's (the department) Cost Recovery Redesign (OBPR ID 17726).

Implementing this redesign will lead to an estimated reduction in regulatory burden of \$47.3 million per annum. This has been quantified using the Commonwealth Regulatory Burden Measurement framework and has been agreed with your office.

The department has addressed the comments outlined in the first pass assessment letter of 14 September 2015. Specific responses are provided at Attachment A.

I am satisfied that the RIS meets the requirements of the *Australian Government Guide to Regulation*. I am also satisfied that the processes documented in the RIS are consistent with the *Australian Government Cost Recovery Guidelines*.

The proposed cost recovery arrangements strike a balance between the competing interests of the department's diverse range of clients and stakeholders, while at the same time achieving full cost recovery.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Jo Evans

17 September 2015

ATTACHMENT A—RESPONSES TO OBPR'S FIRST PASS ASSESSMENT COMMENTS

Executive summary and conclusion

OBPR Comment One

The policy option offering the greatest net benefit should always be the recommended option (The Australian Government Guide to Regulation refers). For the RIS to meet best practice, the conclusion should describe why the preferred option is the one that provides the greatest net benefit. In addition, a precis of this information should be included in the executive summary of the RIS.

Department response

Policy Option 2—Redesigned cost recovery arrangements provides the greatest net benefit and is the option recommended in the RIS. The net benefits have now been more clearly articulated in Section 9—Recommendations. A precis of this information has been included in the executive summary of the RIS.

Impact analysis

OBPR Comment Two

The level of analysis in a final assessment stage RIS is expected to be higher than at the early assessment stage, with the depth of analysis required to be in keeping with the size of the problem and the potential regulatory/deregulatory impacts.

A higher level of analysis has been presented in the Final Assessment RIS, with four additional sections of analysis compared to the Early Assessment RIS. These four sections present sector specific analysis to support decisions on the proposed redesign for biosecurity (Section 4, including importers, approved arrangement operators, vessel operators), live animal exports (Section 5), plant exports (Section 6, including grains, horticulture and forestry products) and food exports (Section 7, including meat, dairy, seafood, eggs and non-prescribed goods).

Additional information is also presented in relation to the extensive consultation that has occurred since the Early Assessment RIS.

The Commonwealth Regulatory Burden Measurement analysis was updated to reflect the changes to the proposed cost recovery arrangements between the Early Assessment RIS and the Final Assessment RIS.

The RIS is supported by the additional detail contained in the four Consultation Cost Recovery Implementation Statements (CRISs) for biosecurity, live animal exports, plant exports and food exports. In line with the Australian Government Guide to Regulation's best practice consultation the department has minimised the burden on its clients and stakeholders by not duplicating information in multiple consultation documents. The Consultation CRISs were used as the mechanism to gauge stakeholder feedback on the redesign as articulated in the RIS.

The Consultation CRISs are available at agriculture.gov.au/costrecoveryreview. If the redesigned arrangements are approved, Final CRISs will be published on the department's website.

OBPR Comment Three

Accordingly, the RIS would benefit from a clearer explanation of the impact of the key changes on the respective business sectors. The RIS should also discuss whether any of the proposed changes are considered significant enough that they will have broad economic/market impacts. For example, how will the redesigned FID levy impact on the activity of businesses in the affected sector/s? Will it affect the way they do their business? Will there be any economic impact on the sector/s? Or on the economy more broadly?

OBPR Comment Four

The RIS could describe the broader distributional impacts of the proposed changes. For example, are any of the changes likely to lead to fewer or to more consignments or to changes in trade volumes?

OBPR Comment Five

The analysis in the RIS should clearly summarise what industry sectors are most affected by the changes and how. Including, for example, will the impact be improvement or otherwise for their business activity? And, will this have an impact on the wider economy?

Department response to OBPR Comments 3, 4 and 5

Additional analysis to address these comments has been inserted into Section 3.1.2.

Status of the RIS

OBPR Comment Six

The RIS should include (perhaps in section 2.2 'Stages in the process') a description of the status of the RIS at each major decision point in the proposal's development (page 7 of the User guide to the Australian Government Guide to Regulation refers).

Department response

Additional information describing the status of the RIS at each major decision point has been inserted into section 2.2.

Consultation

OBPR Comment Seven

The consultation section would benefit from more information about stakeholder feedback on the biosecurity cost recovery component of the RIS, particularly as this matter generates the bulk of the estimated regulatory cost impacts. At present the text regarding feedback on this issue has only one paragraph of information compared, for example, with more than one full page of text for consultation feedback on the plant export certification issue.

Department response

The discussion in the consultation section is proportional to the amount of feedback the department received from stakeholders. Biosecurity stakeholder's feedback generally

focused on the approved arrangement charges and were largely supportive of the FID changes. There is not extensive discussion of the FID changes in the consultation section of the RIS, as this was not raised as a major issue during the consultations. The consultation section does refer back to Section 4, where the details of the proposed changes to the biosecurity cost recovery arrangement, including stakeholder concerns, are analysed.

There is more than one page of discussion for the plant export certification consultation, as the department received significantly more feedback on this issue. As a result of this feedback, the department redeveloped the proposed fees and levies to strike a balance between the various competing interests of different sized exporters and a diverse range of commodities, while at the same time achieving full cost recovery.

Some additional information clarifying this has been inserted into Section 8— Consultation.