



Deputy Secretary
Sandra Parker

Mr Peter Saunders
First Assistant Secretary
Regulatory Reform Division
Department of Prime Minister and Cabinet
BARTON ACT 2600

Dear Mr Saunders

Certification of independent review: PricewaterhouseCoopers review of the Road Safety Remuneration System

I am writing to certify that the PricewaterhouseCoopers Australia (PwC) review of the Road Safety Remuneration System was informed by a process and analysis equivalent to a Regulation Impact Statement (RIS) as set out in the *Australian Government Guide to Regulation* (the Guide) and the corresponding guidance note.

Background

Consistent with the requirements under section 120 of the *Road Safety Remuneration Act 2012*, the Department of Employment commissioned PwC to review the Road Safety Remuneration System's (the System) first three years of operation.

The terms of reference for the review required PwC to focus on 'the conduct and operation of the System and the extent to which it has fulfilled its functions and the object of the Act'. PwC has adopted a program logic evaluation approach to undertake the review, with key elements of their approach consistent with the Department of Finance's Expenditure Review Principles. PwC conducted targeted consultation as part of the review; stakeholders consulted included five government authorities and departments, five industry associations, one employee organisation, two owner driver representatives, three employers/hirers, and the Fair Work Ombudsman. The Fair Work Commission and the Road Safety Remuneration Tribunal made written submissions to the review following information requests. PwC also conducted two surveys one with industry groups and another with employee and contractor drivers in the sector.

On 1 April 2016, Senator Michaelia Cash, Minister for Employment, encouraged all interested stakeholders to engage in consultations on the findings of the review and options for reforming the Road Safety Remuneration System. A discussion paper with options for

reform was published on the Department of Employment's website. The Department undertook further consultation with industry stakeholders on these options during April 2016. Meetings were held in the following locations: Melbourne, Sydney, Canberra, Perth, Bunbury, Adelaide, Mount Gambier (SA), Albury-Wodonga (VIC), Gatton (QLD) and Campbell Town (TAS). Stakeholders who had any questions or were unable to make a consultation were invited to provide written comments and feedback on the options to RSRReview@employment.gov.au.

RIS requirements

The Department considers that PwC's process, including the review report, addresses the seven RIS questions. The review considers the success of the System with regard to its impact on safety, economic impact and efficiency. It concludes that the System is not achieving its desired objectives and identifies three available policy options, advising that of the three options abolishment of the Road Safety Remuneration System would result in a significant net benefit to the community. The final report was informed by a targeted consultation process, including stakeholder surveys, and the review report identifies legislative amendment as the method of implementation for its recommendations.

The Department considers that the PwC review was informed by a process and analysis equivalent to a RIS as set out in the *Australian Government Guide to Regulation* and the corresponding guidance note.

Detailed regulatory costings have been undertaken by PwC in regard to the proposed measure of abolishing of the Road Safety Remuneration System, which has been announced by the Government. An estimate of the regulatory burden of the proposed measures has been undertaken using the Government's Regulatory Burden Measurement Framework (RBM) and agreed to by the Office of Best Practice Regulation. The regulatory impact is summarised at [Attachment A](#).

I am satisfied that PwC's papers and reports and the regulatory costings meet the Government's best practice regulation requirements.

Should the OBPR have any queries in relation to this matter please contact Peter Cully on (02) 6121 7237 or peter.cully@employment.gov.au.

Yours sincerely



Sandra Parker

16 April 2016

Attachment A – Summary of Regulatory Impact

Regulatory Burden Estimate

Average annual regulatory costs (from status quo) \$Millions				
Change in costs	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$444.5	\$	\$	\$
Cost offset (\$m)	Business	Community organisations	Individuals	Total
Are all new costs offset?				
<input type="checkbox"/> Yes, costs are offset <input type="checkbox"/> No, costs are not offset <input checked="" type="checkbox"/> Deregulatory – no offsets required				
Total (Change in costs – Cost offset) = \$444.5				