



Australian Government

Department of Infrastructure and Regional Development

Deputy Secretary

Contact: David Stephens

Mr Wayne Poels
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
One National Circuit
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Dear Mr Poels

Regulation Impact Statement for second pass final assessment

I am writing in relation to the attached revised Regulation Impact Statement (RIS) prepared for the reform of the *Motor Vehicle Standards Act 1989* (the Act). The Act provides the regulatory framework to control the safety, environmental and anti-theft performance of all motor vehicles entering the Australian market for the first time. In this revised RIS we have addressed each of the first pass assessment comments provided by the Office of Best Practice Regulation (OBPR) on 12 October 2017 (your reference 17240).

A brief summary of the changes since the provision of the first pass are:

- We have retained the headline figure of \$68.8 million, but included the break-up of that between reform initiatives and harmonisation right below it in the same table. We think this might be an acceptable way of addressing the OBPR comment whilst still meeting the Government's expectation of having a headline figure of ~\$68 million.
- Additionally, wherever the total savings are mentioned we have also included that break-up.
- In the written text, we have reordered reform elements, generally, into: removal of plates/introduction of RAV; consolidate concessional schemes (incl. SEYS and trailers), strengthen and modernise legislation; and continue harmonisation.
- Where the decision to not proceed with personal new imports is mentioned, we have included additional text, consistent with the Government's announcement, to justify the decision. This includes the estimated minimal average cost reductions of 2% across the market – a figure calculated in the Castalia Analysis (report on Department's website).
- We have updated the implementation year to 2019 and added some recent information announced by the Minister re further consultation on the draft legislation.
- We have also fleshed out the Problems section to describe particular issues that are addressed by the reforms, including some examples, and to provide more detail around how the current compliance and enforcement provisions are insufficient.

- Provision of additional information relating to the grandfathering arrangement for Estimac and Elgrand, and the justification for the assumption that vehicle numbers will continue similar to current levels. I would like to reiterate the difficulty in trying to make any rational forecast of what consumers will demand in the way of vehicles and the prices they might be obtained into the future – based only on what is currently available.
- We have now inserted the summary of stakeholder positions, as a standalone appendix. We have also added additional sections dealing with the regulatory costings consultations – which ended up being a bit of a non-event as industry does not really have a good handle on what their regulatory costs are.

We have also addressed the additional comments provided to us by Mr Gerard Prior via email on 17 November 2017. These are in summary:

- At the bottom of page 36 we have conveyed the difficulty in quantifying any of the impacts on the community (human health impacts, environmental impacts or consumer protection) of repealing the current Act. In clarifying this, we have noted the likelihood that such a repeal would probably lead to a net cost to society, despite the regulatory saving.
- In section 5.4.1, we note that other jurisdictions have measures in place to require some form of secure vehicle identification marking and that move to this standards is not unique to Australia.
- Finally, in section 5.4.5, we have note that where future harmonisation imposes potential costs by increasing the stringency of vehicle standards, it would only be pursued if it was demonstrated that the benefits of such harmonisation outweighed the costs (consistent with the Australian Government's approach to international harmonisation).

The RIS meets OBPR requirements and is consistent with the ten principles for Australian Government policy makers. The attached RIS addresses the seven RIS questions. The estimates of change in regulatory burden on business and individuals have been quantified using the Regulatory Burden Measurement framework.

I submit the certified RIS to the Office of Best Practice Regulation for second-pass final assessment, consistent with best practice.

Yours sincerely



Judith Zielke
Deputy Secretary

17 November 2017