

Mr Jason McNamara
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: helpdesk@obpr.gov.au

Dear Mr McNamara



Regulation Impact Statement –final assessment second pass

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for accelerated depreciation for primary producers. The regulatory burden to business, community organisations and/or individuals has been quantified and agreed with your office. Offsets are not required due to the measure being deregulatory.

I am satisfied that the RIS addresses the concerns raised in your letter of 25 May 2015. Specifically, the RIS now includes:

- The problem - A discussion about the current treatment of fencing, whether taxpayers currently repair fences rather than replacing them and an explanation of how the measure will assist primary producers in mitigating and managing the risks of drought;
- Policy options – A simpler explanation of the status quo for farming depreciation arrangements, how these can impede investment and how the proposals will support primary producers to mitigate and manage the risks of drought;
- Cost benefit analysis of each option/impact analysis - A more detailed analysis of the impacts of each option, including which industries and sectors are most likely to be impacted by this measure, whether changes are likely to shift the timing of expenditure, increase expenditure, or both, and the impact on primary producer cash flows;
- Regulatory costing - A standard Regulatory Burden and Cost Offset (RBCO) table for each policy option;
- Consultation - An enhanced consultation section, including feedback received from targeted consultation on an exposure draft and comments by stakeholders since the policy was announced;
- Implementation and evaluation/review - A more detailed evaluation of which option has the highest net benefits in the Option selection section; consideration of possible unintended consequences of the proposal, and how these issues would be identified and managed; and
- A discussion about when Treasury will assess the merits of the proposal.

I note that you have asked for the revenue implications to be separated for each of the three policy components (water facilities, fodder storage assets and fencing). Although these proposals were originally thought of as separate ideas, they were published as one measure in the 2015-16 Budget. Therefore, I do not consider it is appropriate or desirable to try to split out the individual costs.

Accordingly, I am satisfied that the RIS now meets best practice consistent with the *Australian Government Guide to Regulation* and is consistent with the ten principles for Australian Government policy makers.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Heferen', with a horizontal line extending to the right.

Rob Heferen
Deputy Secretary
Revenue Group
Treasury
26 May 2015