#### PRESENTATION TO THE PARLIAMENTARY INQUIRY INTO THE REGULATORY IMPACT STATEMENT PROCESS

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# The international context

□ Victoria & Australia are RIA pioneers

■ RIA now used throughout OECD & beyond

- No country has abandoned RIA
  - Rather, it is almost always expanded over time
- RIA invariably has bipartisan support

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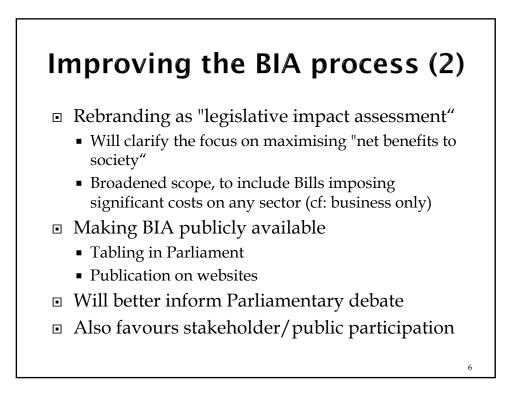
- □ Australia a keen OECD participant on RIA
- Both national & Victorian systems largely reflect OECD best practices
- BCA & PC reviews suggest Victoria is a leader within Australia
- But room for improvement does exist



- RIA and sound policy processes
- Cost of RIA vs cost imposed by regulations
  - Net benefit if even incremental improvements
- Cost of RIA vs cost of the policy process
- OECD: RIA benefits greatly outweigh costs
- Many RIA benefits are hidden

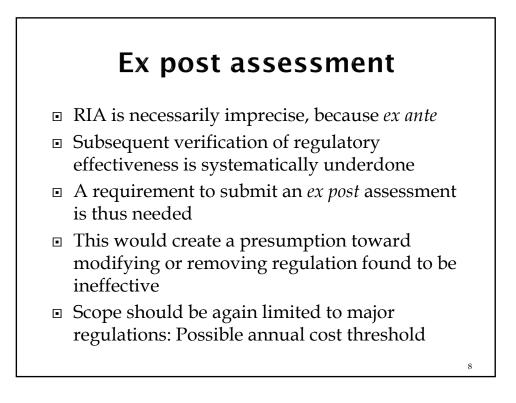
#### Improving the BIA process

- Best practice: similar RIA requirements should be applied to all types of legislative instrument
- Scope of Victorian RIA has expanded substantially in recent years: a good thing
- But BIA requirements fall short of best practice in key areas
- Addressing these issues would improve both credibility and usefulness of the analysis



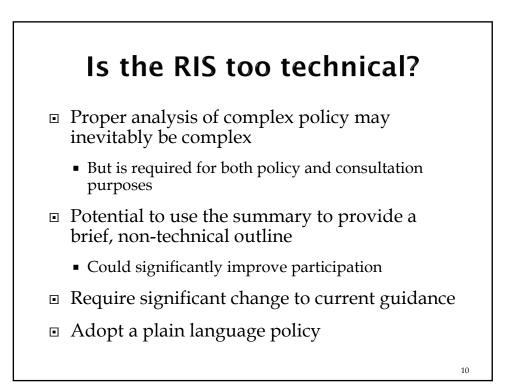
### Improving the RIS process

- Key importance of making RIS influential in policy making
- Potential benefit of a two stage RIS in this context
  - As per current CoAG RIS process
- Enhances public participation, hence accountability
- Should also substantially improved data flow, hence analytical quality
- □ Should be used for major regulations only



### **Omnibus regulations**

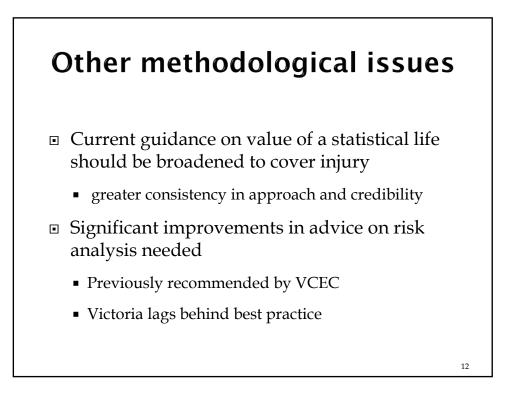
- Some recent cases of 10 sets of regulations being combined into one
  - E.g. Public Health And Well-being, OHS
- A single RIS inevitably provides:
  - less detailed analysis
  - Lesser public scrutiny/involvement
- A need to address this through guidance materials (E.g. Cabinet Handbook)



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# The discount rate

- Current guidance is internally contradictory
- Read accurately, the current recommended rate is 1.5%
- By comparison, recommended rates in OECD countries vary from around 3% to 10%
- While a technical subject:
  - There is a strong argument for a much higher rate
  - Such a change will add credibility with business
  - It will also tend to limit the growth in regulation



# Conclusion

- □ Limited recent innovation in Victoria/Australia
- Significant activity in some other OECD countries
- A need to monitor and analyse this to:
  - keep up with best practices
  - Improve the value of the tool
- Note the new OECD Observatory of public sector innovation

 Thank you