



Asia-Pacific
Economic Cooperation

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Agenda Item: 1

APEC-OECD Integrated Checklist on Regulatory Reform: Self-Assessment by the Commonwealth of Australia - Presentation by Australian Treasury

Purpose: Information
Submitted by: Australia



**Economic Committee Meeting
Cairns, Australia
28-29 June 2007**

APEC-OECD Integrated Checklist on Regulatory Reform: Self-assessment by the Commonwealth of Australia

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Purpose of the checklist: Australia's perspective

- A tool to assess:
 - whether there is a systematic approach to regulation reforms; *and if so*
 - whether the system is based on best practice principles and in particular, whether it integrates and brings to bear regulatory quality, competition and market openness policies; *and if so*
 - whether the system is subject to proper governance to ensure transparency, accountability and performance.

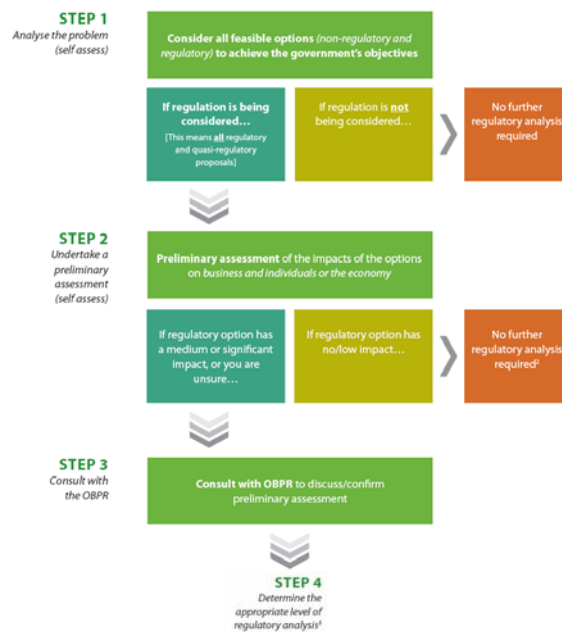
Outline

- Australia's context
- Australia's regulation-making and review processes
- COAG reforms
- Application of the checklist
 - Approach taken
 - Lessons learned

Australia's context

- Federal system: Three levels of govt
 - Commonwealth
 - States and Territories
 - Local
- Australia's regulation making and review processes at the Commonwealth level
- Reforms by the Council of Australian Governments (COAG)

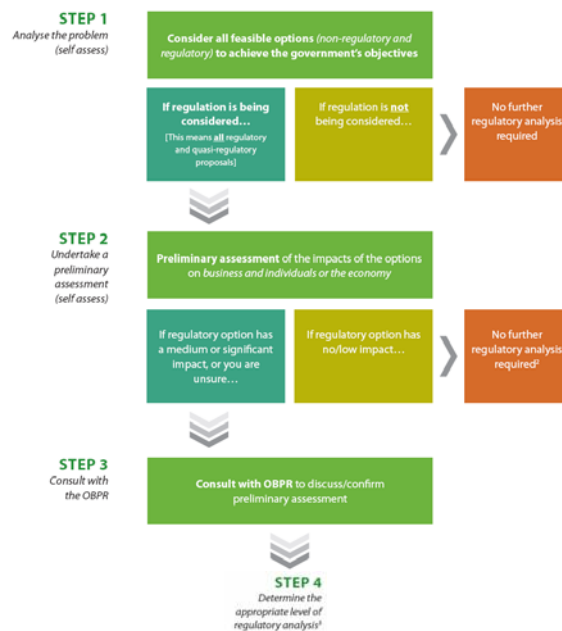
Australia's regulation-making process



Preliminary Assessment

- **Compliance costs**, such as ...
 - Reporting certain events ... keeping abreast of regulatory requirements ... seeking permission to conduct an activity ... purchasing materials ... keeping records ... cooperating with audits/inspections ... producing documents ... changing procedures
- **Competition impacts**
 - Affect the number and range of businesses?
 - Change the ability of businesses to compete?
 - Alter a business' incentives to compete?
- **Other impacts**, including ...
 - Mandating payments from one party to another
 - Environmental or social impacts
 - Impact on Australia's international capital flows or trade

Australia's regulation-making process



Australia's regulation-making process

- Endorsed by Cabinet in August 2006
- Mandatory
- Applies to all Govt entities and all regulatory and quasi-regulatory proposals
- Governance arrangements
 - Office of Best Practice Regulation
 - Cabinet Secretariat

Australia's regulation-review processes

- Independent annual review of regulation
 - Conducted by Productivity Commission
 - Inform development of Government's red tape reduction agenda
- All new regulation reviewed every five years
 - Use preliminary assessment as a guide
- Endorsed by Cabinet in October 2005 and August 2006

COAG reforms

- National Competition Policy legislative reviews (1995 – 2005)
 - Over 1,200 (out of 1,800) pieces of legislation reviewed by all levels of Government to remove impediments to competition
- National Reform Agenda (2006 – now)
 - Regulatory reform stream
 - Regulation-making and review
 - Regulatory benchmarking
 - Specific regulatory reforms

Application of the checklist: Approach taken

- Timing: Straight after implementation of major reforms due to business pressure
 - Carried out at the government official level
 - Did not seek community buy-in
 - Used to review rather than initiate change
- Areas involved:
 - Australian Treasury (central policy agency), Competition Policy Framework Unit
 - Others: Australian Treasury, Foreign Investment and Trade Policy Division; Department of Foreign Affairs and Trade; Immigration; Customs; Finance; ACCC; OBPR

Application of the checklist: Lessons learned

- Australia is in good shape
 - Robust institutions & processes, addressing issues of regulatory quality, competition & market openness
- Central policy agency's role is critical in ensuring proper development and integration of regulatory, competition and market openness policies

Application of the checklist: Lessons learned

- Some room for improvement
 - Education & cultural change
 - Integrating regulatory impact analysis into the policy development and advice process
 - Equipping policy officers of specialised discipline to consider integrated policies
 - Highlighting market openness considerations in the regulatory process
 - How this reconciles with competition considerations

Further information

- Office of Best Practice Regulation
 - www.obpr.gov.au
- Banks Taskforce
 - www.regulationtaskforce.gov.au
- Council of Australian Governments
 - www.coag.gov.au
- Contact: HK Holdaway, Australian Treasury
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