



Regulatory Impact Assessment (RIA) in Victoria, Australia

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Overview

- The State of Victoria
- Background to RIA in Victoria
- Ministerial responsibility
- The role of oversight
- Lessons – an evolving function
- The National Context
- OECD Best Practices – measuring success



Australian States and Territories



Population: 21 million
GDP (PPP) per capita: \$36,100
6 States – 2 Territories



The State of Victoria



Population: 5 million (25%)
GSP (PPP) per capita: \$36,400
More than 70 regulatory agencies



Background to RIA in Victoria

- Systemic approach to quality regulation
- Subordinate Legislation Act 1982 (SLA amended 1994) – reform leader
- Applies RIA to all regulation that imposes an appreciable burden on any sector of the public
- 10 year sun-setting of regulation – addresses the stock and the flow
- Requires consultation, cost benefit analysis and a consideration of alternatives



Subordinate Legislation Act 1994

- Section 10 (2) The assessment of the costs and benefits must include an **assessment of the economic, environmental and social impact** and the likely administration and compliance costs including resource allocation costs.
- Section 7: there is **consultation** in accordance with the guidelines **with any sector of the public on which an appreciable economic or social burden may be imposed** by a proposed statutory rule so that the need for, and the scope of, the proposed statutory rule is considered



Ministerial Responsibility

- Political Authority – Premier’s guidelines
- Obligation is on the Minister issuing the regulation to certify that requirements of the Act are met
- Scrutiny of Acts and Regulation Committee of Parliament (SARC) responsible for verifying that processes are properly followed
- This (SARC) committee must report to parliament and can disallow regulation if processes have not been followed
- Provides effective incentives for control of the process



The Role of Oversight

- Victorian Competition and Efficiency Commission (VCEC) Est 2004 (formerly ORR)
- Statutory independence (three person Commission, private sector experience)
- Assesses and certifies the adequacy of RIA
- Enhanced role to promote early consultation and good RIA design
- Provides practical information and tools to improve RIA, and delivers training programs for officials
- Core function extended to sector reviews (ex post analysis, same tools)



Lessons – an evolving function

- Long term goal is to link RIA to policy development
- Involves culture change, skills acquisition, education and expansion
- Extended in 2004 to include primary legislation through the preparation of a Business Impact Assessment (BIA)
- History of RIA meant that Victoria was well prepared to undertake reviews under national legislative review program (1998 – 2004)
- Progressive extension of functions (SCM assessment)



The National Context

- RIA now applies (in varying degrees) to all Australian States and Territories
- No duplication of efforts – consistency in approach
- RIA required at a federal level only for a subset of regulation, such as ‘significant’ regulatory proposals
- E.g., Federal level, average of 2170 regulations made annually in six year to 2006-7, 832 (38%) assessed by RIA unit and 110 (5%) of regulations required a RIA.
- Thus, no RIA for 95% of regulations made by the Australian Government
- Office of Best Practice Regulation (OBPR) performs oversight role



Best practices – measuring success

- Characteristics of good RIA systems
 - political support
 - quality of central unit, its independence, advice and support
 - level of integration of RIA process by regulators with appropriate skills
 - transparency of RIA process
 - Consultation
- Success measures are principles based and anecdotal – difficult to measure
- Keeping records of achievements – policies changed or abandoned as a result of RIA



Conclusion

- RIA has a long term goal to build policy capability
- Has synergistic effects and provides a framework for expanding reform programs and tools
- Depends on systemic institutional mechanisms and political support
- Has its opponents in government and in sectors
- Difficult to measure benefits but necessary to build evidence
- Links for further info:
 - www.vcec.vic.gov.au
 - www.obpr.gov.au
 - www.oecd.org/regreform



Thank you
for your attention

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