

OECD Regulatory Policy Outlook 2015

Country profile

AUSTRALIA



Access links

- **OECD Regulatory Policy Outlook 2015:** www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm
- **Indicators of Regulatory Policy and Governance and the underlying data:** www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm
- **Regulatory policy in Australia:** www.oecd.org/regreform/regulatory-policy/regulatory-policy-australia.htm
- **Regulatory Policy Outlook country profiles:** www.oecd.org/regreform/regulatory-policy/outlook-country-profiles.htm
- **OECD regulatory policy website:** www.oecd.org/governance/regulatory-policy/

Overview

In September 2013 the Australian government launched an extensive regulatory reform agenda to reduce regulatory burdens and boost productivity. The government has made commitments to reduce the regulatory burden for individuals, community organisations and business by a net minimum of AUD 1 billion each year. In line with this agenda, Australia has changed its RIA process to place a greater focus on regulatory costings, including the regulatory impact on individuals, and introduced a net benefit test for regulation. The Australian Government Guide to Regulation places significant emphasis on consultation in RIA.

To support its reform agenda, the Australian government has relocated regulatory oversight functions to the Department of the Prime Minister and Cabinet; established stakeholder advisory bodies for each ministry to consult on regulatory reform opportunities; and incentivised portfolios to cut red tape, including through ministers providing clear expectations to regulators and senior officials, and by linking the performance of senior executive service public servants to quantified and proven reductions in regulatory burden.

Regulatory reform is also supported by the Australian Productivity Commission, an independent research and advisory body that regularly publishes in-depth reviews to inform major policy decisions. This includes benchmarking reviews of the performance of regulations in different regions or countries.

The Productivity Commission also has analysed the performance of previous RIA and *ex post* evaluation systems. The suggestions for improvement included making better use of RIA in the policy-making process and improved consultation with stakeholders. These recommendations support the revisions made to Australia's regulatory policy as part of the ongoing red tape reduction programme.

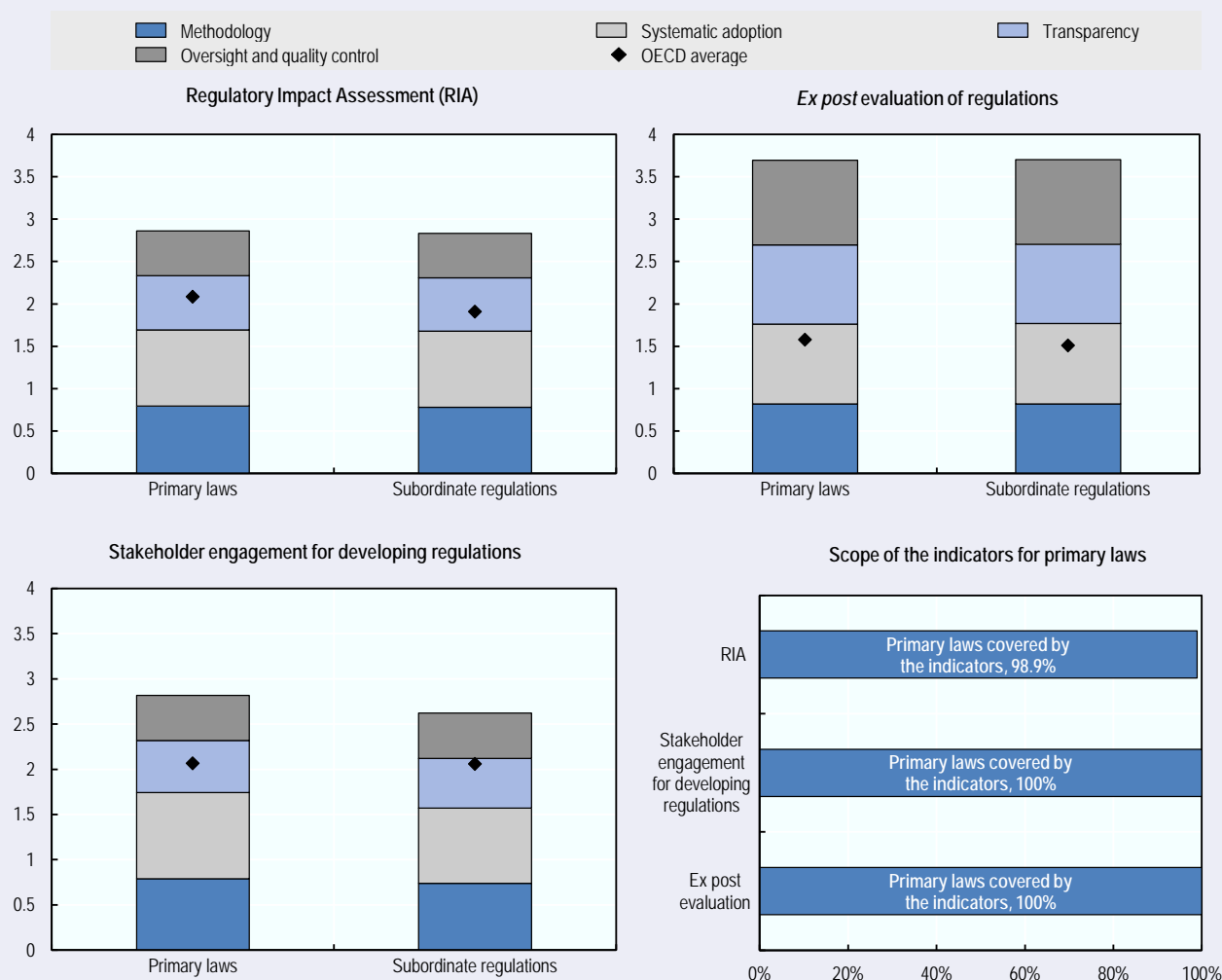
Australia's recent changes to its RIA processes included devolving responsibility for some RIA aspects to regulatory agencies. Australia could enhance its RIA system by introducing mechanisms to promote transparency of those aspects of RIA undertaken by regulatory agencies.



Spotlight: Regulator Performance Framework

In October 2014 the Australian government released the Regulator Performance Framework to encourage regulators to minimise their impact on those they regulate while still delivering the vital role they have been asked to perform. The Framework consists of six outcomes-based key performance indicators (KPIs) covering reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and co-ordinated monitoring, transparency, and continuous improvement. The Framework provides measures of good regulatory performance to be used by all regulators to assess their achievement against the KPIs. All Australian government regulators will self-assess their performance against the Framework annually. A number of regulators will be subject to an external review of their performance as part of a three year programme, and a small number of regulators may be subject to an annual external review. External reviews will be conducted by review panels of government and industry representatives to provide further accountability, and provide additional transparency for stakeholders and the community in general. The Framework is based on a report by the Productivity Commission and was developed in consultation with regulators and stakeholders. The Framework will apply from 1 July 2015.

Indicators of Regulatory Policy and Governance 2015



1. The figures display the aggregated scores from all four categories giving the total composite score for each indicator. The maximum score for each category is one and the maximum score for each aggregated indicator is four.
2. The information presented in the indicator for primary laws on RIA only covers processes of developing primary laws that are carried out by the executive branch of the national government. As in Australia approx. 99% of primary laws are initiated by the executive, the indicator on RIA covers approx. 99% of primary laws. There is no formal requirement in Australia for conducting RIAs to inform the development of primary laws initiated by parliament. The information presented in the indicators for primary laws on stakeholder engagement and *ex post* evaluation covers processes in place for both primary laws initiated by parliament and by the executive. The percentage of primary laws initiated by parliament is an average between the years 2011 to 2013.

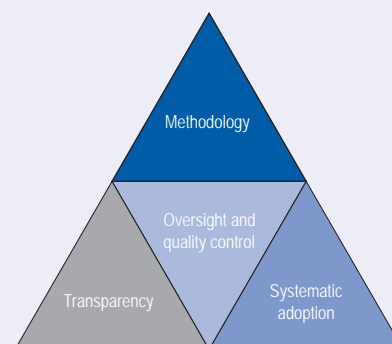
Source: 2014 Regulatory Indicators Survey results, www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Statlink: <http://dx.doi.org/10.1787/888933263041>

Indicators of Regulatory Policy and Governance (iREG)

The three composite indicators provide an overview of a country's practices in the areas of stakeholder engagement, Regulatory Impact Assessment (RIA) and *ex post* evaluation. Each indicator comprises four equally weighted categories:

- Systematic adoption which records formal requirements and how often these requirements are conducted in practice.
- Methodology which gathers information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used.
- Oversight and quality control records the role of oversight bodies and publically available evaluations.
- Transparency records information from the questions that relate to the principles of open government, e.g. whether government decisions are made publically available.



The composite indicators are based on the results of the *OECD 2014 Regulatory Indicators Survey*, which gathers information from all 34 OECD countries and the European Commission as of 31 December 2014. The survey focuses on regulatory policy practices as described in the 2012 *OECD Recommendation on Regulatory Policy and Governance*. The more of these practices a country has adopted, the higher its indicator score. Further information on the methodology is available online at www.oecd.org/gov/regulatory-policy/measuring-regulatory-performance.htm.

Whilst the indicators provide an overview of a country's regulatory framework, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform.

OECD Regulatory Policy Outlook 2015

The *OECD Regulatory Policy Outlook* (www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm) provides the first evidence-based, cross-country analysis of the progress made by OECD countries in improving the way they regulate. Findings are based on the results of the *OECD 2014 Regulatory Indicators Survey*.

Key findings:

- Laws and regulations are essential instruments, together with taxes and spending, in attaining policy objectives such as economic growth, social welfare and environmental protection. OECD countries have generally committed at the highest political level to an explicit whole-of-government policy for regulatory quality and have established a standing body charged with regulatory oversight.
- Implementation of regulatory policy varies greatly in scope and form across countries. While RIA has been widely adopted, few countries systematically assess whether their laws and regulations achieve their objectives. Stakeholder engagement on rule making is widespread in OECD countries, taking place mostly in the final phase of developing regulation.
- The national executive government has made important progress over the last decade to improve the quality of regulations. Parliaments, regulatory agencies and sub-national and international levels of government need to be more engaged to ensure that there are evidence-based and efficient laws and regulations for stimulating economic activity and promoting well-being.
- The impact of regulatory policy could be further improved by addressing shortcomings in the implementation and enforcement of regulations and by considering new approaches to regulatory design and delivery such as those based on behavioural economics.

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