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## 2 Implementation issues and challenges

The key challenge for the OBPR throughout 2006-07 was the implementation of the new best practice regulation requirements. These came into effect on 20 November 2006 and were detailed in a ‘draft’ *Best Practice Regulation Handbook*. Complementary guidance material — Users Guide and *Quickstart to Regulatory Impact Analysis* — provided a simple introduction to the initial steps to be undertaken by policy officers when developing regulation.

The guidance material was developed as a whole-of-government initiative with oversight from a Steering Committee comprising senior officers from the Department of the Prime Minister and Cabinet, the Treasury and the Department of Industry, Tourism and Resources. The material was released in draft form to allow testing with departments and agencies and subsequent revision.

The OBPR, on behalf of the Steering Committee, sought comment on the draft material and the implementation of the best practice regulation requirements in a range of forums. Regular meetings were held with Best Practice Regulation Coordinators from all departments and agencies responsible for preparing regulation (see box 2.1). A secure Coordinator’s website was created by the OBPR to provide updates and revised material for comment.

Secondees to the OBPR from the departments of the Treasury, Transport and Regional Services, and Employment and Workplace Relations provided feedback on implementing the new requirements and revising the guidance material.

The OBPR also provided training on the enhanced requirements to almost 900 policy officers from a range of departments and agencies (see below). During this training, policy officers provided useful feedback on the practical application of the regulatory impact analysis requirements. The OBPR also met individually with a number of departments and agencies to advise on the implementation of the new regulation-making framework and sought feedback (see box 2.2). A number of departments and agencies provided written comment on the draft material, which was taken into account in finalising the Handbook and associated guidance.

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### Box 2.1      **The Best Practice Regulation Coordinators**

In introducing the enhanced regulation-making framework, in September 2006, the Secretary of the Department of the Prime Minister and Cabinet, Dr Peter Shergold, wrote to each department and agency. He requested that each nominate a senior executive to coordinate regulatory matters within their organisation and help oversight the successful bedding down of the new arrangements.

Each Government department and agency responsible for making regulation has appointed a Best Practice Regulation Coordinator. The role of the Coordinator varies across departments and agencies with many taking an advocacy role in encouraging and ensuring compliance with the enhanced requirements. In a meeting in February 2007 the Coordinators discussed and, in consultation with the OBPR, agreed their role in implementing and overseeing the best practice regulation requirements.

In general, the Coordinators have been responsible for leading and managing the successful implementation of the new framework, thus requiring a sound understanding of the new requirements. They can act as a first point of contact for policy officers undertaking regulatory impact analysis and can advise on how to complete the preliminary assessment form and when to contact the OBPR. However, it is not their role to undertake preliminary assessments on behalf of policy officers or to assist in the preparation of regulation impact statements or compliance cost assessments.

In addition they are also responsible for:

- six monthly reporting on compliance with the enhanced requirements to the OBPR
- collecting preliminary assessments and recording agency self-assessments
- requesting and organising regulatory impact analysis training within the department or agency
- managing quality assurance within an organisation and ensuring that preliminary assessments are undertaken where required and the OBPR is contacted where preparation of a regulation impact statement or quantification of compliance cost may be required.

The Coordinators also act as a first point of contact for the OBPR in their department or agency.

Coordinators meet with the OBPR each quarter to discuss matters relating to the roll out of the Government's best practice regulation requirements. At these meetings, Coordinators may raise problems or issues they have encountered or seek more information or clarification of the requirements.

The Coordinators have performed a valuable role in providing feedback to the OBPR on the practical application of the new requirements, highlighted areas where they have been having trouble and areas where the OBPR could improve.

*Source:* OBPR 2007.

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## Box 2.2     **The OBPR's bilateral discussions**

To assist in implementing the best practice regulation requirements, the OBPR has met with a large number of departments and agencies over the past year. In general, these discussions focussed on the detail of the new arrangements and how they should be applied to circumstances facing particular organisations. For instance:

- The Australian Prudential Regulation Authority (APRA) organised a meeting with the OBPR in early December 2006 to discuss how the new arrangements applied to their various forms of legislation and regulatory guidance material. APRA has a unique approval process for many of its regulations and through discussions with the OBPR has settled on appropriate processes for ensuring compliance with the enhanced requirements.
- Airservices Australia (recently merged into the Civil Aviation Safety Authority) also contacted the OBPR in December 2006 to organise training for staff in the new arrangements. Airservices Australia make a number of legislative instruments that, on first appearance, would seem to be captured by the preliminary assessment process. After initial meetings with the Best Practice Regulation Coordinator, the OBPR provided training on the new arrangements to fifteen staff responsible for regulating controlled airspace in Australia and clarified which of their activities required assessment under the Government's framework.
- The OBPR also met with the Best Practice Regulation Coordinator and staff from the Australian Customs Service (ACS) to explain the Government's new requirements. Like Airservices Australia, the ACS was unsure of which of its activities required preliminary assessments under the new requirements. Training in the preliminary assessment process, use of the Business Cost Calculator and how to prepare a Regulation Impact Statement was provided to around 20 staff.
- The Australian Securities and Investment Commission (ASIC) releases a wide range of regulatory and guidance material. In early 2007, ASIC met with the OBPR and discussed how the new requirements should be applied to its different types of instruments. Through these and other case by case discussions, ASIC has established a good working knowledge of the enhanced requirements.
- The OBPR met with staff from the Department of Environment and Water Resources in May 2007 to discuss how the Government's regulatory impact analysis requirements would apply to the new arrangements being established for the management of water resources in the Murray-Darling Basin. Through these discussions and subsequent liaison, the OBPR has provided guidance as to which aspects of the water management arrangements are likely to require further regulatory impact analysis.
- Following training sessions for the Australian Communications and Media Authority (ACMA) staff in Canberra, Sydney and Melbourne in early 2007, the OBPR met with ACMA several times (including at the executive/board level) to discuss how the new requirements apply to the agency. The main concern was how the Government's regulatory best practice requirements interact with the ACMA's own specific legislative requirements. In discussions the OBPR and ACMA determined the appropriate level of analysis for different ACMA decisions.

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The revised guidance material has benefited from direction provided by the Best Practice Regulation Steering Committee. The Committee oversaw the drafting of amendments to the Handbook and related material and a ‘final’ set of guidance material was launched in September 2007 (box 2.3).

This chapter outlines some of the issues raised with the new requirements and the manner in which the OBPR has addressed these in the final Handbook and associated material.

**Box 2.3      Launch of the *Best Practice Regulation Handbook***

On 4 September 2007, the Secretary of the Department of the Prime Minister and Cabinet, launched the Best Practice Regulation Handbook. Dr Shergold made a number of observations about the challenges facing the Government and public service in responding to and meeting the expectations and desires of the community.

He noted that when things go wrong, such as a boating accident or fluctuations in the retail price of petrol:

... the retrospective view is generally marked by disbelief that governments and their officials hadn't regulated to prevent the occurrence. In each such instance there is almost inevitably an outcry demanding stronger legislation with tighter rules, more vigorously enforced.

He observed, as had the Regulation Taskforce, that the expectations of the community are changing and that society is becoming potentially more risk averse and litigious. Against this backdrop, he argued that governments have to work harder at meeting the expectations of the community, ‘that they be protected, even from themselves’, while reducing the burden that this regulation imposes on business and the wider society.

The Australian Government has a multi-pronged approach to meeting this objective. A key component is the enhanced requirements relating to the making of regulation:

Enhanced regulatory impact analysis is a crucial element ... It's the key to preventing unnecessary regulation being made in the first place and in reducing the extent of existing red-tape.

The *Best Practice Regulation Handbook* elucidates these requirements.

Overall the *Handbook* is a remarkably useful document. It provides information on what is required of Government officials and decision-makers in assessing the full impact of regulatory proposals. It is underpinned by two key principles: that governments should not act to ‘fix’ problems until a case for action has been clearly and coherently established; and that a range of feasible policy options, including self-regulatory or co-regulatory approaches, needs to be identified.

Dr Shergold also noted that, under the enhanced regime, the OBPR is not just required to police the requirements. It also plays an important part in assisting agencies with meeting the requirements and in building the capacity of regulatory bodies to undertake regulation impact analysis.

*Source:* Shergold 2007.

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## 2.1 Implementation challenges

### Determining the scope of the new arrangements

Regulation comes in many forms and it can be difficult to delineate with any precision between instruments that are regulatory and those that are not. Clearly ‘black letter law’ which heavily influences the behaviour of business, is regulatory. However, there are a number of ‘voluntary’ or less binding measures which government may use to influence the behaviour of business and individuals. These are known as quasi-regulation. Examples include certain guidance documents involving a level of government enforceability and ‘voluntary’ codes of conduct which government endorses. On the other hand, there are a number of legislative instruments (such as Defence Determinations and financial appropriations) which do not entail obligations for businesses or individuals.

The intent of the best practice regulation requirements is not to capture a particular class of legal instrument. Rather, it is to capture proposals of a regulatory nature which impact on or influence the behaviour of business and individuals or the economy.

In considering the Users Guide and Handbook, a question that was commonly asked by agencies related to what measures required a preliminary assessment under the enhanced framework. In general, these queries seemed to revolve around the definition of a regulatory proposal and in particular the meaning of ‘regulatory’. In preparing the final Handbook, the OBPR sought to give further guidance on these issues drawing on the report *Grey-Letter Law* (IDC on Quasi-regulation, 1997). The Handbook (p. 17) notes that:

Quasi-regulation includes a wide range of rules or arrangements where governments influence businesses and individuals to comply, but which do not form part of explicit government regulation. Broadly, whenever the Government takes action that puts pressure on businesses to act in a particular way, the Government action may be quasi-regulatory.

The Handbook also notes that, in determining whether a proposal is quasi-regulatory, a department or agency should consider whether it:

- seeks to impose obligations on business and individuals or
- provides for a sanction (or negative impact) as a consequence of non-compliance.

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While the revised Handbook offers some additional guidance to regulators, it can remain difficult to identify quasi-regulation and the OBPR therefore encourages policy officers to contact it early in the policy development process. A number of agencies have indeed been contacting the OBPR and, through responses to these enquiries, they are developing a better understanding of the nature of quasi-regulation and the types of proposals which are subject to the Government's best practice regulation requirements.

It should be noted that many measures or instruments appear to be quasi-regulatory but do not extend the scope of the law. For instance, some agencies produce plain English descriptions of legislation which business may comply with. However, it is the underlying legislation that creates the obligation on business and it is this legislation, rather than the guidance document, that would be subject to the Government's best practice regulation requirements.

### **Clarifying the preliminary assessment process**

A key element of the enhanced requirements is that all regulatory proposals must undergo a preliminary assessment to determine the appropriate level of analysis and ascertain whether compliance costs should be quantified or a Regulation Impact Statement (RIS) prepared. In undertaking the preliminary assessment, policy officers are asked to consider the likely compliance costs associated with their proposals, as well as any other impacts on business and individuals or the economy.

Where the compliance costs and other impacts are nil or negligible, policy officers can 'self-assess' that no further analysis (in the form of a RIS or quantification of compliance costs) is required. When self-assessing, policy officers are required to state the reasons for believing that the impacts will be low and provide this, as well as a short description of the proposal, to their Best Practice Regulation Coordinator.

In the initial period, departments and agencies experienced a number of difficulties with the preliminary assessment process. These are detailed below along with the steps that the OBPR has taken to address the difficulties.

#### *Confusion about 'other impacts'*

In addition to compliance costs, the preliminary assessment requires policy officers to consider the other impacts on business and individuals or the economy. This is, and was always intended to be, a broad definition aimed at capturing the range of proposals which will have significant impacts and may need to be explained and justified in a RIS.

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While this definition was set out in the text of the initial Handbook and Users Guide, a summary table and other material in these publications made reference to ‘competition impacts’. A competition checklist, analogous to the compliance cost checklist, was included in the Users Guide and Handbook. This led policy officers in some cases to consider only competition impacts and not whether there were any broader impacts.

To reduce the scope for confusion between competition-related and other cost impacts, the revised Handbook and Users Guide have limited the discussion of competition impacts and emphasised that *all* impacts should be considered when undertaking a preliminary assessment. The competition checklist has been replaced with a wider range of questions aimed at capturing, as far as possible, all relevant impacts.

### *Confusion about ‘no/low’ impacts*

Under the preliminary assessment system, policy officers are allowed to self-assess that no further analysis is required when there are ‘no/low’ compliance costs and other impacts. If the impacts are greater than this, policy officers should contact the OBPR. In the draft material, limited guidance was provided as to the definition of ‘no/low’ or its practical application. As a result, policy officers were uncertain as to when they could self-assess.

Providing clear-cut guidance is difficult as the significance of an impact depends on a range of issues, such as the size and number of businesses involved, their ability to adapt to the proposed changes and the manner in which the changes are implemented. However, the revised guidance material provides greater information to policy officers on how to determine (or self-assess) that no further action is required. For instance, in the case of compliance costs, the Handbook notes that:

In general, compliance costs to business would be low if only a few businesses are affected and the costs are negligible or trivial, for example:

- changes to regulation that are machinery in nature, involving technical changes that will not have an appreciable impact on business and are consistent with existing policy
- there would be a very small initial one-off cost to business and no ongoing costs
- businesses would not need to seek advice about the change from external advisers.

Nevertheless, it can still be difficult for policy officers to determine when the impacts are likely to be negligible and departments and agencies are encouraged to contact the OBPR whenever they are unsure about the size of the likely impacts of a

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proposal. In this way, it is more likely that compliance failures associated with incorrect self-assessments can be avoided.

### *How to undertake a preliminary assessment and self-assess*

Another area of uncertainty related to the actual process for undertaking a preliminary assessment. While the new arrangements allowed policy officers to self-assess, there was no particular mechanism and limited guidance about how they should undertake a preliminary assessment. Further, it was ambiguous as to whether policy officers had to use the Quickscan function of the Business Cost Calculator (BCC) in their preliminary assessment.

To assist policy officers undertake a preliminary assessment, the OBPR prepared a preliminary assessment form. An initial version of the form, which was sent to departments and agencies, incorporated the compliance cost checklist (negating the need to use the BCC in a preliminary assessment) and the competition checklist. It allowed policy officers to enter a description of their proposal, answer questions relating to the existence and size of compliance cost impacts and other impacts, and record why they believed there were no/low impacts. Importantly, it clarified that the preliminary assessment should be signed off by the policy officer responsible for submitting the proposal to the decision maker.

While the preliminary assessment form generally worked well, following further feedback from departments and agencies, the OBPR revised the form and released an updated version along with the final guidance material. The revised form incorporates the other impacts checklist in preference to the competition impacts checklist and provides further guidance about what is considered to be no/low. A hardcopy of the form is included with the revised Handbook, while a 'smart' form version can be downloaded from the OBPR website.

In addition to the preliminary assessment form, the related discussion in the Handbook has been revised to clarify the process and incorporate additional guidance as to what 'other impacts' should be considered and when the impacts of a proposal will be nil or low.

The revised guidance material also clarifies the implications of incorrectly self-assessing. That is, in the event that a department or agency self-assesses that no further analysis is required, when in fact the likely impacts of a regulation are significant (or compliance costs are 'medium'), the department or agency will be non-compliant with the Government's requirements and a post-implementation review of the regulation will be required.

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## Quantifying compliance costs

As part of the best practice regulation requirements, the Government mandated the use of the BCC (or approved equivalent) to quantify compliance costs. The BCC was developed by the Office of Small Business, based on the Standard Cost Model from the Netherlands, to assist officers with limited experience of compliance costs or quantitative techniques to calculate compliance costs. It is an activity based costing method that involves looking at each activity a business must undertake to comply with the proposal. It uses estimates of the time taken, relevant wage costs and the regularity with which the activity must be undertaken, to calculate compliance costs.

Policy officers have experienced a number of difficulties with the BCC. Primarily, it proved difficult to download and install as many Government departments' IT firewalls blocked the software platform on which the program was based. Some policy officers have also had trouble using the program once installed. Some users found it difficult to enter data in an appropriate manner, while others found it difficult to generate reports.

To alleviate downloading problems, the OBPR has made the BCC available on CD and has also worked with departments' IT areas to help ensure that policy officers can use the program. It has also provided training on the use of the BCC to policy officers from a number of departments and agencies. Officers from the OBPR have worked with departments and agencies to assist with the use of the BCC on particular proposals.

The OBPR has also approved the use of alternatives to the BCC for the quantification of compliance costs. Recognising that the important aspect is that compliance costs are robustly estimated (rather than a particular software package being used in their estimation), the OBPR will continue to approve the use of alternatives where these generate reliable estimates.

Another concern voiced with the BCC report and the quantification of compliance costs is that it does not provide the capacity to put compliance costs into context or consider the net impact of the proposal. That is, it provides the decision maker with an indication of the size of the compliance costs associated with a regulation, but does not explicitly allow the department or agency to provide an indication of the countervailing benefits or, for that matter, discuss the consultation process. In future versions of the BCC, the OBPR intends to provide a free text capacity which will allow departments and agencies to provide a brief explanation of the benefits and consultation associated with a proposal. In the meantime, policy officers can provide such material in an attachment to the BCC report. (Where a RIS is

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prepared, the BCC merely generates part of the total costs to be identified, along with the benefits.)

## **Whole-of-government consultation requirements**

One of the key findings of the Regulation Taskforce (2006) was the need for much better consultation with stakeholders during the regulatory development process. Recommendation 7.6 of the Regulation Taskforce, which was accepted by the Government, noted that for matters of major significance, an initial policy ‘green paper’ should be made available to relevant parties; and prior to finalisation, the details of complex regulations should be tested with relevant business interests, including through exposure drafts.

This new requirement recognises that several departments and agencies already consult with stakeholders through the use of issues papers, consultation papers and exposure drafts of legislation, although their use is by no means consistent. The Australian Prudential Regulatory Authority, for example, released four exposure drafts of its regulatory instruments for consultation in 2006-07. The Treasury also releases consultation papers and draft exposure legislation for some proposals.

The OBPR has provided more information on these requirements in the revised Handbook. The Handbook provides information about the consultation requirements and strategies for meeting them. In addition to the green paper and exposure draft requirements, a new part of the Handbook details the application of the Government’s seven consultation principles and the need for a consultation plan (including the Annual Regulatory Plan requirements discussed below). It notes that consultation is a continuous process that should encompass all elements of the policy making and review process. It should be undertaken early and feed into decisions made throughout the regulatory development process.

## **Regulatory Impact Analysis requirements for taxation measures**

The application of regulatory impact analysis requirements to tax policy measures has evolved more slowly than for other forms of regulation. Initially, attention was focussed on identifying and quantifying compliance costs – one of the key concerns of business and other stakeholders.

In its report, *An assessment of tax – An inquiry into the Australian Taxation Office*, tabled in the Parliament on 17 November 1993, the Joint Committee of Public Accounts recommended that:

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“... the cost of administrative compliance, to all relevant parties, including both direct and indirect costs, should be relevant considerations for any government contemplating legislative change.”

In 1996, in response to this recommendation, the Australian Taxation Office introduced Compliance Cost Impact Statements for tax measures. These statements, prepared after policy approval was obtained, described the nature of the compliance costs business were likely to face as a consequence of the Government’s decision and considered whether compliance costs would be reduced or increased as a result. Compliance costs were rarely quantified.

The requirement to prepare Compliance Cost Impact Statements had not been in place for long when, in November 1996, the Government announced in ‘More Time for Business’, its response to the Small Business Deregulation Taskforce Report, the introduction of a requirement to produce a RIS for regulatory proposal affecting business. At that time, special rules were introduced for tax measures, creating the notion of a ‘tax RIS’ which was not as comprehensive as a RIS for other forms of regulation, but which went further than the existing Compliance Cost Impact Statement. This was done by considering the administrative options (design details) for implementing the Government’s decision and the impacts of those options on compliance and administrative costs.

Following the strengthening of the Government’s regulatory impact analysis requirements in 2006, regulatory impact analysis for tax measures is now more closely aligned with the requirements applying to the development of all other forms of regulation. Where the impacts of a tax measure are limited to a medium increase in compliance costs, these costs must be quantified in a Tax Compliance Cost Report. Where there are significant impacts, a RIS is required.

These RISs need to identify the underlying problem the Government is seeking to address and canvas all feasible options for dealing with it. The impact analysis section should consider all impacts, not just compliance cost impacts. As with other forms of regulation, where consultation may undermine the achievement of the policy outcomes, the OBPR applies a common sense approach when assessing the consultation statement within the RIS.

## **Gate-keeping arrangements**

Under the best practice regulation framework, the Government has introduced strengthened ‘gate-keeping’ arrangements to ensure that all proposals proceeding to the Cabinet have complied with the best practice regulation requirements. The

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gate-keeping arrangements are administered by the Cabinet Secretariat, while the assessment of the level of regulatory analysis required is made by the OBPR.

While the formal gate-keeping process applies to proposals going to Cabinet, the Government's best practice requirements also apply to decisions made by ministers, agency heads and boards. As noted in chapter 1, these decision makers and departments and agencies are required to ensure that the best practice regulation requirements are met for these proposals. The decision maker should not allow a proposal to proceed if the requirements have not been met or if they are unsure whether the requirements have been met. If a decision is made where a RIS or quantification of compliance costs would have been required, but is not adequately prepared, the department or agency responsible will be non-compliant with the Government's requirements and will be required to undertake a post-implementation review.

The Prime Minister may grant exceptional circumstances status for a regulatory proposal. In such cases, a post-implementation review (see below for more information) will be required within one to two years after the regulation is introduced.

## **Post-implementation reviews**

The need to prepare a post-implementation review where quantification of compliance costs or preparation of a RIS is required, but is not adequately prepared, is an important change to the regulation-making regime. It arises where there is non-compliance with the requirements or where exceptional circumstances are granted by the Prime Minister. While these were foreshadowed in the draft guidance material, details concerning what should be included in post-implementation reviews were resolved in consultation with the Steering Committee and included in the revised Handbook.

Post-implementation reviews are to be undertaken one to two years after implementation and should be similar in scope to what would have been required in an adequate RIS. However, post-implementation reviews are to focus on the implementation of the policy, rather than the policy decision itself. That is, the review should consider the way in which the policy was implemented, whether the implementation is proving effective in meeting the policy objectives and whether implementation or delivery methods might be adjusted to manage the ongoing delivery of the policy with greater cost effectiveness.

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## Confusion between requirements under COAG and the Australian Government

In addition to the best practice regulation requirements at the Australian Government level, the OBPR also administers the *Principles and Guidelines for National Standard Setting and Regulatory Action by Ministerial Councils and Standard-Setting Bodies* (the COAG guidelines). The COAG guidelines are similar to the Australian Government guidelines in that they require the preparation of RISs for significant matters and encourage the use of cost-benefit analysis and quantification of compliance costs.

However, there are a number of important differences. The COAG guidelines require the publication of a consultation RIS prior to a decision being taken, but do not require quantification of compliance costs for proposals likely to result in 'medium' level compliance costs. Importantly, there are no preliminary assessment provisions in the COAG guidelines.

A number of policy officers have mistakenly applied the Australian Government provisions to proposals for ministerial councils and other national standard-setting bodies. In some cases, officers have used the preliminary assessment form to assess the need for a RIS. In most instances, officers have sought advice from the OBPR before finalising the proposal and no instances of non-compliance have resulted from applying the wrong guidelines.

The OBPR will continue to provide training and guidance on both the Australian Government and COAG arrangements to departments and agencies. This will include advice as to which guidelines should be applied to different proposals.

## 2.2 Moving forward

To assist departments and agencies in understanding and implementing the best practice regulation framework, a transition period was in place until the release of the revised Handbook in August 2007.

With the enhanced requirements now largely bedded down, the OBPR will continue to work with departments and agencies to meet the Government's requirements. Key challenges over the next 12 months include the continued education of policy officers in the new requirements, improving consultation and raising the level of cost-benefit analysis undertaken in RISs.

As always, the main role of the OBPR will continue to be the day-to-day administration of the best practice regulation requirements. This includes advising

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departments and agencies as to when they have to quantify compliance costs or prepare RISs, working with policy officers to ensure that the appropriate level of analysis is achieved and reporting publicly on compliance with the new requirements.

## **Training and education**

A key role for the OBPR is training departments and agencies. The OBPR provides training on the best practice regulation requirements, which introduce policy officers to the enhanced requirements, provide an outline of how they differ from the previous regime and detail what officers must do (when developing regulatory proposals) in order to be compliant with the new requirements. The training provides an introduction to the BCC and to preparing RISs. The OBPR also provides more in-depth training in the BCC and in undertaking cost-benefit analysis. The OBPR provided training to almost 900 policy officers in 2006-07 (see appendix D) and will continue to provide training in the future.

Recognising that other organisations have an ability to influence compliance with the best practice regulation requirements, the OBPR will broaden the scope of its program to include ministers' offices and selected non-government organisations. The OBPR will also consider other measures aimed at these organisations with the intention of deepening their understanding of the Government's requirements and improving compliance.

In addition, the OBPR will continue to provide training and other assistance on the COAG guidelines to organisations responsible for compliance with these requirements.

## **Cost-benefit analysis**

In implementing the enhanced regulation-making framework, an important objective of Government is to improve the quality of cost-benefit analysis being undertaken in support of regulation and thereby the quality of regulation made. With this in mind, the revised Handbook contains a more in depth discussion of cost-benefit analysis and the OBPR is encouraging departments and agencies to improve the quality of analysis used in RISs.

To this end, the OBPR has established a separate unit dedicated to assisting and encouraging departments and agencies to undertake cost-benefit analysis. This unit provides cost-benefit analysis training to departments and agencies as requested — 70 officers were trained in 2006-07.

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The cost-benefit analysis unit will also be preparing a number of short papers on various aspects of cost-benefit analysis which will be published on the OBPR website. The papers will provide a more detailed discussion of such topics as valuing statistical life and the appropriate choice of discount rates.

## **Annual Regulatory Plans**

Annual Regulatory Plans provide businesses and the community with information about planned changes to Australian Government regulation. Each department and agency responsible for developing regulatory proposals is required to publish an Annual Regulatory Plan on its website each July. Annual Regulatory Plans detail upcoming reviews of regulation and other regulatory activities and indicate when and how stakeholders will be consulted about these activities.

Until last year, the Office of Small Business was responsible for the administration of Annual Regulatory Plans. In responding to the *Rethinking Regulation* report (Regulation Taskforce 2006), the Government embedded the Plans into the best practice regulation framework and shifted responsibility for administering the Annual Regulatory Plan program to the OBPR. The OBPR has issued guidance material advising departments and agencies how to prepare Plans. Some additional guidance was also provided in the revised Handbook.

Looking forward, the OBPR will be working with departments and agencies to ensure that Annual Regulatory Plans are prepared in accordance with the guidance material and meet the objective of providing a useful consultation vehicle for stakeholders and the community. Moreover, the OBPR will report publicly on the preparation and quality of the Plans.

The OBPR will continue to encourage departments and agencies to use the business consultation website as part of their consultation strategy. The business consultation website ([www.consultation.business.gov.au](http://www.consultation.business.gov.au)) has been established by the Department of Industry, Tourism and Resources. It gives businesses and other stakeholders the opportunity to search a single resource to find information about all relevant Government consultation processes that they may be interested in.