

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Additional Estimates 2016 - 2017

Prime Minister and Cabinet Portfolio

Department/Agency: Department of the Prime Minister and Cabinet
Outcome/Program: Outcome 1: Prime Minister and Cabinet
Topic: VET FEE-HELP – RIS

Senator: Leyonhjelm, David

Question reference number: 6

Type of question: FPA Monday 27 February 2017, pages 51 & 52

Date set by the committee for the return of answer: 13 April 2017

Number of pages: 2

Question:

Senator LEYONHJELM: I am still perplexed as to the answer I got in relation to the VET FEE-HELP one, where you explained that it only covered the red-tape costs and not the economic costs from managing the VET sector. I am still somewhat perplexed, though thank you for your previous answers. Unless you have anything more to add on that specific point, I will probably drop it there.

Dr Kennedy: Senator, if it helps—I have not got it in front of me—I will go back and review the answer and see if I can provide some further clarification. I am happy to follow up.

Senator LEYONHJELM: Thank you.

Answer:

A Regulation Impact Statement (RIS) is a document prepared by an agency to inform the Government's decision-making process. For the Australian Government, a RIS is currently required for all Cabinet proposals and for non-Cabinet proposals that have a more than minor or machinery regulatory impact.

As described in the Australian Government Guide to Regulation, a RIS answers the following seven questions:

1. What is the policy problem that is trying to be solved?
2. Why is government action needed?
3. What policy options are being considered?
4. What is the likely net benefit of each option?
5. Who will be consulted about these options and how?
6. What is the best option from those considered?
7. How will the chosen option be implemented and evaluated?

The Office of Best Practice Regulation (OBPR) assesses RISs and provides written comments to portfolios and decision-makers. The quality of the analysis in RISs presented to decision makers remains the responsibility of the agencies preparing them.

Regulatory compliance costs for each option considered in a RIS must be calculated using the Regulatory Burden Measurement framework (RBM). In addition to the compliance costs, a RIS should take into account broader costs and benefits of each option considered.

The impact analysis contained in the VET FEE-HELP Redesign RIS, including qualitative analysis, focused on the direct compliance cost impacts for providers and students.

The OBPR assessed that, while the RIS was compliant with Australian Government RIS requirements, it was not best practice because in the OBPR's view a higher level of analysis of the expected impacts on the vocational education and training market would have been optimal.