



Regulatory Reform Division –

GUIDANCE NOTE

March 2016

OFFSETTING NEW REGULATORY MEASURES

All increases in regulatory burden must be fully offset. Proposals to decrease regulation do not require offsets. All regulatory changes (costs and savings) must be reported to the Regulatory Reform Division in the Department of the Prime Minister and Cabinet (PM&C) via portfolio Regulation Reform Units.

Quantifying offsets

Refer to the RBM guidance note for information on quantifying regulatory costs, including the application of materiality thresholds for RIS costings.

Similar to the RIS process, portfolios can apply materiality thresholds for non-RIS proposals (self-assessed costings). The OBPR does not agree or assess these costings.

- Where a proposal is likely to involve less than \$100,000 in average annual regulatory costs portfolios need to cost these impacts either explicitly using the Regulatory Burden Measure tool (or equivalent), or by making an estimate of what the average cost might be (e.g. \$50,000, \$100,000, etc.). OBPR agreement that the costs are likely to involve less than \$100,000 in average annual regulatory costs is not required.
- For proposals that are likely to involve average annual regulatory costs of \$100,000 and above, agencies need to cost the impact using the Regulatory Burden Measurement framework.

When do offsets have to be identified?

Refer to the RBM guidance note for information on when offsets have to be identified for RIS proposals. For non-RIS proposals, the regulatory costs and offsets still need to be calculated and reported to the Regulatory Reform Division via the periodic self-reporting process. Where regulatory savings are exceeded by regulatory costs in a reporting period, the report will need to demonstrate in writing that your portfolio will make satisfactory progress towards its net regulatory target. Agencies can demonstrate satisfactory progress by including a justification in the cover sheet of the agency's periodic report.

Regulatory Reform Division contact points

For further information, please contact the following officers from the Regulatory Reform Division: Jason Dymowski (jason.dymowski@pmc.gov.au or 02 6271 5098) or Wayne Poels (wayne.poels@pmc.gov.au or 02 6271 5277).