



The Hon Steven Marshall MP
Premier of South Australia

B915862

Dr Mathew Butlin
Chair and Chief Executive
SA Productivity Commission
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Dear Dr Butlin,

Please find enclosed a Notice of Inquiry into South Australia's regulatory framework which sets out the terms of reference for the inquiry

I thank you and the Commission in advance for your efforts in relation to this matter.

Yours sincerely,

Hon Steven Marshall MP
PREMIER OF SOUTH AUSTRALIA

29 / 1 /2021

Attachments:

Notice of Inquiry – Reform of South Australia's regulatory framework

SOUTH AUSTRALIAN PRODUCTIVITY COMMISSION INQUIRY INTO REFORM OF SOUTH AUSTRALIA'S REGULATORY FRAMEWORK

I, Steven Marshall, Premier, hereby request that the South Australian Productivity Commission (the Commission) undertake an inquiry into modern regulation.

Background

Regulations can help protect the health and safety of the community, conserve the environment and make the economy work better. Poorly designed and inefficiently administered regulations can impose unnecessary burdens on businesses and consumers in terms of lost jobs, investment and slow productivity growth. They can also impose costs on the wider economy by restricting the movement of resources to their most productive uses. Pre-pandemic estimates of the regulatory burden on business in Australia were in the order of three per cent of GDP, with state and local government combined accounting for about half of this impost. This translates to a pre-pandemic burden of the order of \$1.2 – 2.4 billion for South Australia annually.

Over the past five years NSW, Queensland and Victoria have reformed and modernised their regulatory systems by improving accountability, updating guidance on regulatory impact assessment, and providing support to rule makers. The regulatory framework in South Australia has not been subject to comprehensive review for many years. The government is concerned that regulations, through their design or implementation and enforcement, can be an unnecessary drag on economic activity.

The COVID-19 pandemic has demonstrated the power of regulations to change business and consumer behaviour. It has also highlighted the need for regulatory systems and structures to be agile and adaptable to external shocks and changes in technology. The pandemic has seen innovative changes to longstanding regulatory arrangements that have made it easier for some businesses to operate without compromising health risks or other public interests.

As we emerge from the pandemic induced recession, safely growing the economy is now an urgent priority. Early action to remove unnecessary regulatory barriers to business investment and job creation can make an immediate and material contribution to economic recovery.

It is timely to evaluate the lessons learned from recent regulatory reform in other jurisdictions and the pandemic, and to identify action to better position the state's regulatory framework to support business for the next decade and beyond.

Terms of Reference

1. The Commission is asked to report on reform of South Australia's institutional framework for making and administering regulations to better enable investment, employment and productivity growth. In doing so, the Commission is asked to consider the lessons learned from the pandemic and better practice thinking and principles to ensure that regulatory design and practice remain fit-for-purpose and responsive to emerging technological and other trends.
2. The Commission is asked to make recommendations to:
 - a. improve the efficiency and effectiveness of regulators in the administration and enforcement of regulations and institutionalise ongoing improvement and better practice; and
 - b. improve the architecture, including systems and processes for designing, making, reviewing and sunseting of regulations.

3. The Commission is asked to identify:
 - a. significant instances of regulatory overlap, duplication or inconsistency between regulators within the state or between South Australia and other jurisdictions; and
 - b. specific areas for potential deregulation including the removal of redundant regulations, the simplification and streamlining of regulatory processes and the harmonisation or coordination of different areas of regulation.

Scope

The Commission will have regard to better practice regulation systems and leading practice in other jurisdictions and the OECD. The inquiry is to consider regulations that are principally directed at, or principally affect, businesses, with a focus on start-up, expansion, and entry into interstate or overseas markets.

National regulatory schemes of which South Australia is part and where change requires the agreement of other jurisdictions are excluded from this inquiry. State legislation and regulatory schemes which involve local government are in scope. The Commission is to have regard to SA's Growth State initiative and other relevant state and national policies, reviews and reforms.

In developing its recommendations the Commission is expected to have regard to their resource implications and implementation timeframes.

For the purpose of this inquiry, regulation is defined to include any principal legislation or statutory instruments made under an act, such as regulations, rules, by-laws or any instruments of a legislative character, that principally affect businesses. The inquiry will also consider, where appropriate, administrative instruments that have a quasi-legislative character and impose a regulatory burden on businesses.

Inquiry Process

The Commission will consult with SA public sector agencies, regulators, relevant organisations in other Australian jurisdictions, industry, professional associations and other key stakeholders.

The Commission may arrange for temporary assignment of employees from relevant public sector agencies in accordance with *Premier and Cabinet Circular 046 – The South Australian Productivity Commission* to support the inquiry.

The Commission is to publish an issues paper early in the inquiry process and a draft report containing recommendations for consultative purposes. A final report is to be provided to me no later than 9 months from the date of receipt by the Commission of these terms of reference.



Hon Steven Marshall MP

PREMIER OF SOUTH AUSTRALIA

29 / 1 / 2021