

Media Release

Regulation reform to assist economic recovery

The South Australian Productivity Commission (SAPC) today released its draft report of its inquiry into reforming South Australia's regulatory framework. The inquiry, which the SA Government requested on 29 January, requires the Commission to report on SA's regulatory framework to better enable investment, employment and productivity growth.

Regulation is an important tool for delivering on social, economic and environmental objectives. SA's regulatory framework includes the legislation, regulations, institutions, processes and systems throughout the state to develop, administer, review and amend regulation.

As South Australia emerges from the COVID-19 pandemic, modernising the state's regulatory framework is essential for lifting business and consumer confidence, improving the state's business climate and increasing competitiveness for investment.

The presiding Commissioner, Dr Matthew Butlin, said this inquiry is a great opportunity to modernise SA's regulatory system.

"We are proposing changes to move SA's regulatory framework closer to international best practice so it can better play its part in achieving policy goals, encouraging growth and strengthening SA against future shocks."

The Commission's evidence so far indicates that consultation by government with business on the design of regulation are generally satisfactory. These draft recommendations include strengthening policy development, reporting by regulators, greater use of digital technology and the adoption of regulatory stewardship.

The Commission will now consult with stakeholders regarding the information requests identified in the draft report as well as the draft conclusions and recommendations. The final report is due to be delivered in late October.

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Background

- In January 2021, the Commission was asked to undertake an inquiry into reform of SA's regulatory framework. The terms of reference for the inquiry are available on the SAPC website at www.sapc.sa.gov.au
- Key messages are attached.

Draft Report

- The Commission has released Inquiry into reform of SA's regulatory framework. The draft report is available on the SAPC website at www.sapc.sa.gov.au

- The draft report sets out the SAPC's analysis, current conclusions and draft recommendations for comment and consultation with interested parties.
- The SAPC encourages input from participants, with a deadline for written submissions of 10 September 2021.

Next steps

- The Commission will consult further with stakeholders on the draft report's findings, draft recommendation and information requests to clarify issues and develop final recommendations.
- The Commission will publish its final report in January 2022.

Media inquiries should be directed to Di Wheeler at dianne.wheeler@sa.gov.au.

Key Messages

This draft report provides the South Australian Productivity Commission's (Commission) initial findings and draft recommendations aimed at modernising South Australia's (SA) regulatory framework. The task is to identify regulatory reforms to better support investment, reverse negative productivity trends and foster economic growth while protecting public interests.

The SA's regulatory framework was examined against leading international and national practice. Significant gaps were identified, including in accountability, transparency and assessment of regulator performance; governance, policy guidance and policy capability; and across government strategy and coordination.

The area in greatest need of reform in developing regulation is the policy development process, which is central to effective and efficient regulation. The Commission proposes that the SA Government address long-standing shortcomings (relative to best practice) in this process by strengthening governance, policy guidance and policy capabilities. The Commission observed that performance reporting and practice improvement is highly variable across SA regulators and falls short of best practice. To increase transparency and accountability and drive improvements in regulator performance the Commission proposes the SA Government establish a statewide framework for measurement, monitoring and performance assessment. This would be complemented by statements of expectations (SOE) for SA regulators and initiatives to improve the capability, such as training and regulator communities of practice.

Management of the state's stock of regulation could be improved towards leading practice by the establishment of a searchable online SA regulation register, rejuvenation of the Regulation Expiry Program (REP) and development of an across government policy to guide prioritisation of regulation reviews. Adoption of a regulatory stewardship approach by agencies, to proactively manage regulation, is also proposed to ensure regulation remains effective and fit for purpose.

The level of digital and technology uptake by SA regulators was observed to be lower than expected. Regulatory compliance could be made faster, easier and more cost effective for both regulators and regulated entities through greater use of regulatory technologies (RegTech). The Commission proposes a strategic and co-ordinated approach to promoting the uptake of RegTech and investing in technology solutions that would benefit more than one regulator.

From a state wide perspective, the Commission concluded that the level of coordination and coherence between regulators could be improved through a lead regulatory coordinator for each Growth State industry. Where possible, harmonisation or regulatory equivalence with best practice in other jurisdictions would improve competition and market access. A central oversight, advice and coordination function, like that in other jurisdictions, is critical to driving modernisation of the state's regulatory framework. The Commission proposes establishment of such a unit, reporting to a minister for regulatory reform, to lead and drive system-wide reform and continuous improvement.

The Commission is continuing to gather information and evidence from regulators and SA businesses, which will inform the inquiry final report and potentially reshape the Commission's draft recommendations.