



Australian Government

A large, stylized graphic of a pair of scissors, rendered in a muted olive-green color. The scissors are positioned diagonally across the page, with the blades pointing towards the top left and the handles towards the bottom right. The blades are partially obscured by a red horizontal band.

Finance Portfolio
Annual Deregulation Report
2014

Foreword



The Finance portfolio continues to deliver a comprehensive package of deregulatory reforms, designed to cut waste and duplication, while improving the way that the Commonwealth public service engages with businesses and community organisations.

In 2014, the Government surpassed its election promise to cut \$1 billion in red and green tape each year. Finance alone contributed \$72.3 million in annual savings to businesses and community organisations through red tape reduction.

Since 18 September 2013, Finance has introduced:

- A standard suite of simplified contract and tender documents for use across the Commonwealth for procurements below \$200,000, which removes the need for businesses to seek external legal advice. The Commonwealth Contracting Suite saves tenderers an estimated \$45.3 million per annum.
- A streamlined low risk grant agreement template which reduces the significant administration and legal costs associated with grant agreements. The new template saves grant applicants an estimated \$23.0 million per annum.
- A policy which makes credit and debit cards the Government's preferred payment method for purchases under \$10,000, making it quicker and easier for businesses to be paid. The new policy is estimated to save businesses supplying goods and services to the Commonwealth \$0.9 million per annum.
- An exemption from the Public Works Committee's oversight for Defence Housing Australia, which reduced the compliance burden for construction projects on non-Commonwealth land. The exemption is estimated to save businesses supplying construction services for Defence housing projects \$3.1 million per annum.

Going forward, Finance will continue to seek opportunities to make it easier for businesses to supply their goods and services to the Government.

Senator the Hon Mathias Cormann

Minister for Finance

18 March 2015

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Portfolio highlights

Savings during the reporting period

The portfolio has delivered \$72.3 million in net savings under the Regulatory Burden Measurement Framework (RBMF) over the period 18 September 2013 to 31 December 2014.

The savings are attributed to two broad reforms:

- Reforms to procurement and grants administration (\$69.2 million of savings), including:
 - Commonwealth Contracting Suite for low-risk procurements valued up to \$200,000 (\$45.3 million);
 - Low-risk grant agreement template (\$23.0 million); and
 - Payment cards as the preferred method of payment to suppliers (\$0.9 million).
- Exempting Defence Housing Australia from the Public Works Committee (\$3.1 million).

The portfolio introduced two other deregulatory initiatives, although they did not result in any quantifiable savings under the RBMF.

- Release of improved probity guidance to support relevant Commonwealth entities dealing with tenderers during a procurement process; and
- Repeal of redundant portfolio Acts and legislative instruments as part of the Attorney-General's Omnibus Repeal Bills and Bulk Repeal Instruments, both of which featured in the 2014 Autumn and Spring Repeal Days.

Ongoing deregulation initiatives

Deregulation activities currently underway in the Finance portfolio include:

- Development of a new web-accessible whole-of-government grants advertising, application and reporting system; and
- Developing opportunities for further streamlining and standardising tender and contract documentation across the Commonwealth.

Regulatory Impact Statements (RIS)

Over the reporting period no RISs were completed for the Finance portfolio.

Regulation audit

Phases One and Two of the portfolio's regulation audit have been completed.



Summary of key regulatory savings and costs 2014

Table 1: Summary of key regulatory costs reported or announced between 18 September 2013 and 31 December 2014. Details on individual measures are outlined in Appendix A.

KEY MEASURES	Reported
	(\$ million)
Reforms to procurement and grant administration	69.2
Exempting Defence Housing Australia from the Public Works Committee	3.1
Total	72.3

Regulation Impact Statements

Table 2: Regulation Impact Statement compliance 2014

Portfolio / Commonwealth Entity	RIS Compliance	PM's Exemptions	PIR required
Finance Portfolio Total	0	0	0
<i>Department of Finance</i>	0	0	0

Portfolio activity supporting the Government's red tape objective

Deregulation Unit

The Finance portfolio has a deregulation unit which sits within the Procurement Policy Branch of the Department of Finance. The unit was established using existing resources. It coordinates communication on a range of activities across the portfolio that will contribute towards the Government's deregulation agenda, and it draws on resources from across the Department of Finance accordingly.

Ministerial Advisory Council (MAC)

While a MAC is under consideration, a number of contemporary strategies for engaging with external stakeholders continue within Finance, including the Procurement Coordinator's blog and the Whole of Government Information and Communications Technology site. In addition, the Australian Electoral Commission (AEC) has a social media presence, which it uses to engage with its stakeholders.

Letters of expectation and engagement with portfolio regulators

The AEC is the only entity within the portfolio which is considered a regulator for the purposes of the deregulation agenda.

In March 2014, the Special Minister of State, Senator the Hon Michael Ronaldson, issued a letter of expectation to the then Acting Electoral Commissioner, Mr Tom Rogers.

Consistent with the approach taken by other portfolios, the key messages within the letter of expectation included that the AEC should:

- review its operations and strategic direction to remove unworkable, contradictory or incompatible administrative requirements imposed on the community;
- examine whether existing administrative requirements imposed on the community are minimal, intuitive and fit-for-purpose; and
- ensure that any newly proposed regulatory requirement is carefully examined to minimise regulatory impact.

The AEC is considering opportunities to streamline its administrative processes which have an impact on individuals.

The Audit of Regulations – major findings

Phase One

As at 3 October 2013, the regulatory audit identified 1,205 regulations in the Finance portfolio comprising 121 Acts, 1,071 legislative instruments and 13 quasi-regulations. Of these, 14 regulations had an apparent in-scope compliance burden.

Application of the RBMF resulted in a number of exclusions from scope, including items related to the financial framework, public sector superannuation and ministerial and parliamentary entitlements.

Phase Two

The estimated compliance burden arising from Finance portfolio regulation identified in Phase One as being within scope of the RBMF was calculated in Phase Two of the audit.

The estimated total annual compliance burden for the portfolio was \$588 million. The compliance burden was calculated at the portfolio level, except for the burden associated with the procurement framework, which was calculated at the whole of government level. Further detail is provided in the table on the next page.

Table 3: Finance portfolio compliance costs for non-government calculated using the Regulatory Burden Measurement Framework (annual cost).

Regulation		Estimated Annual Compliance Burden (\$)
1	Financial Framework – significant annual compliance impacts:	
(a)	<i>Procurement framework</i>	
	Procurement open tender process \$80,000 to <\$7.5 million	309,452,270
	Procurement open tender process \$10,000 to <\$80,000	48,823,236
	Procurement limited tender process \$80,000 to <\$7.5 million	38,458,174
	Procurement pre-qualified tender process \$80,000 to <\$7.5 million	26,286,120
	Procurement open tender process >=\$7.5 million	21,502,908
	Procurement limited tender process \$10,000 to <\$80,000	18,207,088
	Procurement pre-qualified tender process \$10,000 to <\$80,000	7,711,313
	Procurement limited tender process >=\$7.5 million	2,599,884
	Procurement pre-qualified tender process >=\$7.5 million	1,443,582
(b)	<i>Other financial frameworks</i>	
	Application for waiver of debt	161,834
Sub-Total – Financial Framework*		474,731,730
2	Elections Regulation Framework – significant annual compliance impacts:	
(a)	In-person voting in a general election (without declaration envelope)	64,991,679
(b)	In-person voting in a general election (with declaration envelope)	4,191,090
(c)	Pre-poll voting (without declaration envelope)	18,045,679
(d)	Pre-poll voting (with declaration envelope)	4,133,752
(e)	Applying for a postal vote for a specific event	6,561,070
(f)	In-person by-election voting	1,706,861
(g)	Non-general postal voter postal voting	1,360,377
(h)	Enrolment (general) – direct	1,955,765
(i)	Enrolment (general) – non-direct	6,679,965
Sub-Total – Elections Regulation Framework*		112,947,712
3	Lands Acquisition Framework – highest annual compliance impacts:	
(a)	Initial lodgement of a claim for compensation	12,960
(b)	Applicant seeking reconsideration of the initial compensation offered	4,050
Sub-Total – Lands Acquisition Framework*		18,558
GRAND TOTAL		587,698,000

* sub-totals show costs for the entire category. Note that less significant costs are not itemised.

Appendix A: Measures announced in 2014

Exempting Defence Housing Australia from the Public Works Committee

- On 12 December 2013, the Special Minister of State (through a regulation) exempted Defence Housing Australia (DHA) from requirements under the *Public Works Committee Act 1969*.
- The exemption removes a substantial compliance overhead and allows DHA to be more competitive in the property development, property sales and investment markets.
- The Department of Finance estimates that this will lead to an annual saving of \$3.1 million in compliance costs.

Reforms to grant and procurement administration

- On 19 March 2014, forming part of the Government's Autumn Repeal Day, the Government introduced a range of administrative reforms to Commonwealth grant and procurement processes, including:
 - standard contract terms being applied across agencies for procurements under \$200,000;
 - a standard agreement template for low-risk grants across agencies; and
 - use of credit and debit cards for payments under \$10,000, which should assist small businesses with cash flow.
- The Department of Finance estimates the above administrative reforms will lead to an annual saving of \$69.2 million in compliance costs.
- On 29 October 2014, the Minister for Finance announced that the Government is actively reviewing procurement-connected policies.

Appendix B: Legislation administered

Taken from the *Administrative Arrangements Order* of 18 September 2013 (extract).

PART 8 THE DEPARTMENT OF FINANCE

Matters dealt with by the Department

1. Budget policy advice and process, and review of governmental programmes
2. Government financial accountability, governance and financial management frameworks, including grants and procurement policy and services
3. Shareholder advice on Government Business Enterprises and commercial entities treated as GBEs
4. General policy guidelines for Commonwealth statutory authorities
5. Superannuation arrangements for Australian Government civilian employees and members of parliament and retirement benefits for Federal Judges and Governors-General
6. Asset sales
7. Commonwealth property policy framework, legislation and policy for the management of property leased or owned by the Commonwealth, including acquisition, disposal and management of property interests
8. Management of non-Defence Commonwealth property in Australia, including construction, major refurbishment, sustainability, acquisition, ownership and disposal of real property
9. Electoral matters
10. Administration of Parliamentarians' entitlements
11. Administration of the Australian Government's self-managed general insurance fund (Comcover)
12. Government on-line delivery and information technology and communications management
13. Policy advice on the Future Fund and Nation-building Funds and authorisation of payments from the Nation-building Funds to Agencies
14. Co-ordination of Government Advertising
15. Official Establishments, ownership and property management of the Prime Minister's official residences

Legislation administered by the Minister*

*This list represents legislation administered under the portfolio at the commencement of the reporting period and does not take into account Acts which may have been subsequently amended or repealed. See also the 'Notes' page overleaf.

1. *Aerospace Technologies of Australia Limited Sale Act 1994*
2. *AIDC Sale Act 1997*
3. *Airports (Transitional) Act 1996*
4. *Albury-Wodonga Development Act 1973*
5. Annual Appropriation Acts
6. *Audit (Transitional and Miscellaneous) Amendment Act 1997*
7. *Australian Capital Territory (Planning and Land Management) Act 1988*, section 27 insofar as it relates to the declaration of land in the Australian Capital Territory to be National Land where the land is required for Commonwealth purposes other than for the special purposes of Canberra as the National Capital
8. *CFM Sale Act 1996*
9. *Commonwealth Authorities and Companies Act 1997*
10. *Commonwealth Electoral Act 1918*
11. *Commonwealth Electoral Legislation (Provision of Information) Act 2000*
12. *Commonwealth Funds Management Limited Act 1990*
13. *Commonwealth Vehicles (Registration and Exemption from Taxation) Act 1997*
14. *ComSuper Act 2011*
15. *CSL Sale Act 1993*
16. *Federal Circuit Court of Australia Act 1999*, insofar as it relates to superannuation and death and disability (Division 2 of Schedule 1)
17. *Financial Management and Accountability Act 1997*
18. *Future Fund Act 2006*
19. *Governance of Australian Government Superannuation Schemes Act 2011*
20. *Governor-General Act 1974*, sections 2A, 2B, 2C, 4, 4A, 4AA, 4AB, 4AC, 4AD, 4AE, 4AF, 4AG, 4AH, 4AI, 4B and 5
21. *Judges' Pensions Act 1968*
22. *Lands Acquisition Act 1989*

23. *Lands Acquisition (Northern Territory Pastoral Leases) Act 1981*
24. *Lands Acquisition (Repeal and Consequential Provisions) Act 1989*
25. *Loan (War Service Land Settlement) Acts*
26. *Medibank Private Sale Act 2006*
27. *Members of Parliament (Life Gold Pass) Act 2002*
28. *Members of Parliament (Staff) Act 1984*
29. *Ministers of State Act 1952*
30. *Nation-building Funds Act 2008*
31. *Northern Territory (Commonwealth Lands) Act 1980*
32. *Northern Territory (Self-Government) Act 1978, sections 69 and 70*
33. *Papua New Guinea (Staffing Assistance) Act 1973, insofar as it relates to superannuation and retirement benefits*
34. *Papua New Guinea (Staffing Assistance) Termination Act 1976*
35. *Parliamentary Allowances Act 1952*
36. *Parliamentary Contributory Superannuation Act 1948*
37. *Parliamentary Entitlements Act 1990*
38. *Parliamentary Precincts Act 1988*
39. *Parliamentary Superannuation Act 2004*
40. *Parliamentary Retiring Allowances (Increases) Acts*
41. *Public Accounts and Audit Committee Act 1951*
42. *Public Works Committee Act 1969*
43. *Qantas Sale Act 1992, except to the extent administered by the Treasurer or the Minister for Infrastructure and Regional Development*
44. *Referendum (Machinery Provisions) Act 1984*
45. *Representation Act 1983*
46. *Salaries Adjustment Act 1956*
47. *Same-Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Act 2008, section 4 only*
48. *Superannuation Acts*

49. *Superannuation Benefits (Supervisory Mechanisms) Act 1990*
50. *Superannuation (Distribution of Surplus) Act 1974*
51. *Superannuation (Pension Increases) Acts*
52. *Superannuation (Productivity Benefit) Act 1988*
53. Surplus Revenue Acts
54. *Territory Authorities (Financial Provisions) Act 1978*
55. *Transferred Officers' Allowances Act 1948*
56. *Western Australia (South-West Region Water Supplies) Agreement Act 1965*

Notes

1. There were no changes to Finance portfolio responsibilities in the AAO amendments of 3 October 2013.
2. The AAO changes of 12 December 2013 resulted in:
 - a. The addition of the *DisabilityCare Australia Fund Act 2013*;
 - b. Additional notation: "...and the determination of the rate of superannuation payable (Clause 8 of Division 1 of Schedule 2)..." relating to the *Federal Circuit Court of Australia Act 1999*, insofar as it relates to superannuation and death and disability (Division 2 of Schedule 1);
 - c. The addition of "Loan Acts";
 - d. The addition of the *Public Governance, Performance and Accountability Act 2013*;
 - e. Clarification: "sections 4, 5, 6 and 7 only" relating to the *Same-Sex Relationships (Equal Treatment in Commonwealth Laws – Superannuation) Act 2008*;
 - f. Substituted phrase
 - i. Previously: "Government on-line delivery and information technology and communications management".
 - ii. Amended to: "Whole of government information and communications technology strategy, policy, procurement and services, including Gov 2.0 and related matters"; and
 - g. Substituted phrase
 - i. Previously: "Policy advice on the Future Fund and Nation-building Funds and authorisation of payments from the Nation-building Funds to Agencies".
 - ii. Amended to: "Policy advice on the Future Fund, Nation-building Funds and the DisabilityCare Australia Fund; and authorisation of payments from the Nation-building Funds and the DisabilityCare Australia Fund recommended by relevant Agencies".
3. There were no changes to Finance portfolio responsibilities in the AAO amendments of 23 December 2014.
4. Other changes in the Finance portfolio include:
 - a. The *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*, which received Royal Assent on 30 June 2014;
 - b. The *Financial Management and Accountability Act 1997*, which was amended and renamed in the *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014* on 1 July 2014 as the *Financial Framework (Supplementary Powers) Act 1997*;

- c. The *Commonwealth Authorities and Companies Act 1997*, which was repealed by the *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014* on 1 July 2014;
- d. The *Territory Authorities (Financial Provisions) Act 1978*, which was repealed by the *Statute Law Revision Act 2012*; and
- e. The *Western Australia (South-West Region Water Supplies) Agreement Act 1965*, which was repealed by the *Statute Stocktake Act (No. 1) 2011*.