

14 May 2012



Victorian
Competition & Efficiency
Commission

Ms Angela Jurjevic
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Dear Ms Jurjevic

ADVICE ON THE ADEQUACY OF REGULATORY IMPACT STATEMENT

Thank you for seeking advice on the Regulatory Impact Statement (RIS) on the proposed *Building Amendment (Bushfire Construction) Regulations 2012*.

The Victorian Competition and Efficiency Commission (VCEC) advises on the adequacy of RISs as required under section 10(3) of the *Subordinate Legislation Act 1994* (the Act). I advise that the final version of the RIS received by the VCEC on 14 May 2012 meets the requirements of section 10 of the Act.

The VCEC's advice is based on the adequacy of the evidence presented in the RIS and is focused on the quality of the analysis rather than the merits of the proposal itself. **Therefore, the VCEC's advice that the RIS is adequate does not represent an endorsement of the proposal.**

In making this assessment, the VCEC notes that the RIS highlights the limited information available relating to the risk of ember attacks on vulnerable use buildings and the uncertain impact of different regulatory options in mitigating these risks. Consequently, a Multi-Criteria Analysis (MCA) — which transparently sets out the relevant information, assumptions and judgements regarding compliance and forgone construction costs, and effectiveness in reducing the risk of ignition for vulnerable use buildings — is used to identify the preferred option.

The uncertainty about outcomes is highlighted in the results of the MCA, in which the scores for all options are presented as a range, with only the least onerous regulatory option (1) having a fully positive range of scores. The scoring of the preferred option (2), which ranges from negative to positive, suggests that, in certain circumstances, the proposal could be undesirable compared with the status quo. However, the VCEC also notes that the RIS explains the Department's reasons for choosing option (2), and that stakeholder feedback — facilitated by the targeted questions included in the RIS — will be important to help to test the validity of the assumptions and judgements underlying this choice.

It is Government policy that, in the interests of transparency, this letter is published with the RIS when it is released for public consultation. If you have any questions, please contact RegulationReview@vcec.vic.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Walker'.

Andrew Walker

Assistant Director

Victorian Competition and Efficiency Commission