



Commissioner for Better Regulation

Level 37
2 Lonsdale Street
Melbourne Victoria 3000
GPO Box 4379
Melbourne Victoria 3001
Telephone: 03 9092 5800

23 February 2016

Mr Leonard Vallance
Chairman
PrimeSafe
PO Box 2057
SOUTH MELBOURNE VIC 3205

Dear Mr Vallance,

I would like to thank the staff of PrimeSafe for working with our team on the preparation of the Regulatory Impact Statement (RIS) for the proposed revised fees made pursuant to the *Meat Industry Act 1993*.

Under sections 10 and 12H of the *Subordinate Legislation Act 1994*, the Commissioner for Better Regulation is required to provide independent advice on the adequacy of analysis presented in all RIS prepared in Victoria. In doing so, the Commissioner's role is not to provide a view on the merits of any policy or regulatory proposal contained in a RIS, but to advise specifically only on the adequacy or otherwise of the RIS overall. To be adequate, the RIS must contain analysis that is logical, draws on relevant evidence, is transparent about assumptions used, and is proportionate to the proposal's expected effects. The RIS must also provide a suitable basis for public consultation, which is an important step in the policy development process.

I am pleased to advise you that the final version of the RIS received by us on 23 February 2016 meets the adequacy requirements of the Act.

In providing this advice, we note that the Meat Industry Act requires PrimeSafe to be self-funding and authorises the Minister to direct fees to be set at a level to allow its costs to be recovered, that the changes proposed in this RIS reflect the first of two stages in PrimeSafe's plan to revise fees, and that PrimeSafe has made it clear that it will undertake a review in the next two to three years. This two-stage approach is recognition by PrimeSafe of a desire to balance the need to amend fees now to address current issues such as budgetary requirements, and the data constraints which have limited its ability to set fees to reflect accurately the costs of regulating particular licence categories.

The proposal analysed in this RIS is, therefore, stage one of this process and will change the structure and level of various fees charged by PrimeSafe to:

- provide for a \$500 000 (25 per cent) increase in PrimeSafe's budget. This will enable PrimeSafe to deliver the changed functions and responsibilities under the Ministerial Statement of Expectations for PrimeSafe issued on 17 December 2015, including increased

surveillance, advice (including a pre-application consultation process) and information activities;

- improve the alignment between fees and regulatory costs for particular licence types; and
- adjust some fee categories to reflect changes to the structure in the meat industry that have occurred since licence categories and fees were established in 1993.

Under this proposal, all fees will increase. The main specific fee changes proposed by PrimeSafe are:

- a new fee of \$250 per hour for the provision of business-specific advice to intending licensees;
- significant fee increases, generally between 15 and 40 per cent, for many categories of licence in the abattoir/poultry/further meat processing sectors; and
- much larger fee increases of over 100 per cent for businesses moving into the new smallgoods and larger meat transport vehicle licensing categories, and smaller poultry processors.

Some of the fee increases reflect the higher costs associated with implementing the Statement of Expectations, and some reflect the move to better align fees and costs for specific licence categories (notwithstanding the current lack of specific cost data to inform the appropriateness of these changes).

The questions included in this RIS are a useful basis for stakeholders to provide feedback on PrimeSafe's proposed approach.

We note that the review foreshadowed by PrimeSafe will be based on improved cost data and reflect changes that may result from planned moves to implement a risk-based approach, and will be especially important to:

- enable closer alignment between fees and regulatory effort (cost); and
- meet the requirement of the Statement of Expectations that 'fee structures and compliance and enforcement policies are appropriate, proportionate and transparent ...'.

As you are aware, it is government policy that this letter be published with the RIS when it is released for public consultation.

Should you wish to discuss any issue raised in this letter, or the implications of new information or policy options identified through the public consultation process for your proposal, please do not hesitate to contact me on (03) 9092 5805.

Yours sincerely



Anna Cronin
Commissioner for Better Regulation