



Victorian
**Competition & Efficiency
Commission**

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Dear Ms Gatt

ADVICE ON THE ADEQUACY OF REGULATORY IMPACT STATEMENT

Thank you for seeking advice on the Regulatory Impact Statement (RIS) on the proposed Spinal Impairment Guides Modification Document (GMD).

The Victorian Competition and Efficiency Commission (VCEC) advises on the adequacy of RISs as required under section 12H(3) of the *Subordinate Legislation Act 1994* (the Act). I advise the final version of the RIS received by the VCEC on 25 June 2014 meets the requirements of section 12H 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 the RIS is adequate does not represent an endorsement of the proposal.**

In reaching this view, the VCEC notes that the proposed approach is focused on addressing specific issues with the assessment of impairment from spinal injuries due to motor vehicle accidents. Consequently, the analysis in the RIS is limited to two main elements of the proposal — the assessment criteria for spinal injuries in the proposed GMD and implementation options.

While the RIS does not contain a detailed analysis of options to the GMD or its content, there is a transparent explanation of the main changes that will result from the GMD, the implications of the GMD for injured parties, the reasons these changes were made and the expert panel process used to develop the GMD. This approach is appropriate as the expert panel reached a consensus view on the GMD and all substantive issues raised by stakeholders to date have been incorporated in the GMD released with this RIS. Thus, the VCEC considers that the RIS presents sufficient information on this issue for stakeholders to provide informed feedback on the proposal.

The VCEC also notes that the analysis draws on actuarial estimates that are based on a complex methodology and specific assumptions. The VCEC has assessed the use of these estimates and the transparency of the analysis in the RIS, but has not reviewed the underlying methodology and the choice of specific assumptions. Stakeholders have an opportunity to provide feedback on these issues during the public consultation process.

In the interests of transparency, it is government policy that the VCEC's advice be published with the RIS when it is released for consultation.

If you have any questions, please contact RegulationReview@vcec.vic.gov.au.

Yours sincerely

Andrew Walker

Assistant Director

Victorian Competition and Efficiency Commission

