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Victorian
Competition & Efficiency
Commission

Mr Chris Lester
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Dear Mr Lester

ADVICE ON THE ADEQUACY OF REGULATORY IMPACT STATEMENT

Thank you for seeking advice on the Regulatory Impact Statement (RIS) on the proposed *Subdivision (Registrar's Fees) (Amendment) Regulations 2011*.

The Victorian Competition and Efficiency Commission (VCEC) advises on the adequacy of RISs as required under section 10 of the *Subordinate Legislation Act 1994* (the Act). I advise that the final version of the RIS received by the VCEC on 3 November 2011 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 its assessment, the VCEC notes that the Department of Treasury and Finance's *Cost Recovery Guidelines* state that 'cross-subsidies should be avoided because they are inequitable and often create incentive effects that are contrary to the desired efficiency objectives' (2010, p.9). The RIS has been transparent in acknowledging that the proposed fees incorporate a cross-subsidy from paper users to electronic users of the SPEAR system until the principal Regulations sunset in 2014. Overall, Land Victoria considers that the costs associated with the complexity of having separate paper and electronic lodgement fees outweigh the negative impacts of the cross-subsidy. The RIS has included a question for stakeholders seeking feedback on this issue. The RIS also notes that a full review of the cost base will be undertaken in 2014, which will consider whether there has been any reduction in the cost base associated with processing paper-based transactions.

In the interests of transparency, most departments and agencies publish this letter alongside the RIS when it is released for consultation. The VCEC recommends that you do the same.

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

Yours sincerely

A handwritten signature in blue ink that reads "Andrew Walker".

Andrew Walker

Assistant Director

Victorian Competition and Efficiency Commission