



The Hon Kevin Andrews MP
Minister for Social Services

Senator the Hon Mitch Fifield
Assistant Minister for Social Services

Parliament House
CANBERRA ACT 2600

Telephone: (02) 6277 7560
Facsimile: (02) 6277 7280

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Ms Kim Cull
Aged Care Pricing Commissioner
GPO Box 9848
CANBERRA ACT 2601

Dear Ms Cull

As part of the Australian Government's deregulation agenda, Ministers are required to write to the heads of their regulatory portfolio bodies to outline their expectations in relation to the administration of their statutory functions and powers. I understand that the Secretary of my Department, Mr Finn Pratt, wrote to you on 28 January 2014 to outline this agenda and to seek your advice on deregulation savings that could be progressed through your office. My Department has received your reply to this letter, dated 14 February 2014, and I thank you for your prompt advice on this matter.

I acknowledge your statutory obligations as set out in subsection 95B-1(2) of the *Aged Care Act 1997* (the Act). However, as the Minister for Social Services with policy responsibility for administration of the Act, I consider it appropriate to convey my expectations that, to the extent that you have discretion in exercising your functions, you should be mindful of the Government's broader approach to deregulation.

As you are aware, the Government has committed to reducing the costs of regulation for individuals, community organisations and businesses by \$1 billion annually during its first term. This commitment responds to the growth and escalating costs of regulation on the community and the associated impacts on productivity to the economy.

The Government expects all regulators to be reasonable, flexible, consistent, accessible and proportionate in their interactions with the community, including businesses. The Government also expects regulators to act in accordance with regulatory best practices. Regulators should ensure transparency and accountability in decision-making; and adopt approaches, processes and communication practices that minimise regulatory burden and maximise clarity and transparency.

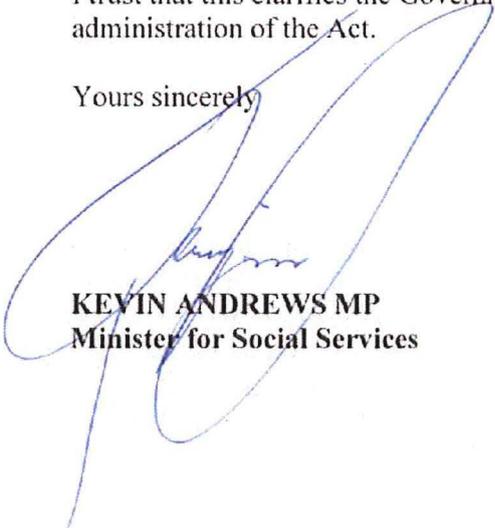
In line with minimising the regulatory burden, the Government prefers that regulators adopt a risk based approach in relation to their compliance obligations and enforcement responses. This includes increased targeting of businesses and activities which present a higher risk in relation to the matter being regulated, and for adoption of lesser compliance cost approaches for lower risk businesses. A risk-based approach is a means of ensuring that compliance burdens are the minimum necessary to achieve regulatory objectives, which complements the Government's stance on reducing the regulatory burden on businesses, community organisations and individuals.

Further correspondence will be issued once the formalised whole-of-government framework for regulator performance has been agreed by the Cabinet. This correspondence will also provide further detail on the Government's expectations for regulator performance against specific performance indicators.

A copy of this letter has been provided to the Prime Minister, the Hon Tony Abbott MP and the Parliamentary Secretary to the Prime Minister, the Hon Josh Frydenberg MP

I trust that this clarifies the Government's regulatory priorities and objectives to inform the administration of the Act.

Yours sincerely



KEVIN ANDREWS MP
Minister for Social Services



MITCH FIFIELD
Assistant Minister for Social Services