

**Assessing the impacts of the Road Safety  
Remuneration System in Australia – a RIA case  
study**

**Draft Discussion Paper**

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## Introduction

Today I would like to talk about the application of Regulatory Impact Assessment (RIA) to the specific context of Australia’s Road Safety Remuneration System and, in doing so, to highlight two complementary lessons: first; that RIA can provide important information to policymakers, even where complexity and a lack of data prevent the completion of a full benefit/cost analysis and, second; that RIA can only be influential when adopted as part of a well-designed and fully functioning process, particularly where the policy environment is a politically charged one.

## Origins of the system

The origins of the Road Safety Remuneration System can be traced to a 2008 paper commissioned by the National Transport Commission (NTC), a body jointly established by Australia’s Federal, State and Territory governments to research issues related to transport policy and recommend legislative reform to governments. The paper, written by Professor Michael Quinlan and the Honourable Lance Wright QC1, argued that:

- there was a “*severe crisis*” in the Australian road freight industry;
- “*there has been no significant shift in the annual number of the fatalities resulting from crashes involving articulated trucks between the early 1990s and 2007, despite an overall decline in the annual road toll*”;
- “*... More detailed investigation into the causes of heavy crashes is required but available evidence indicates economic and reward pressures are associated with a spectrum of unsafe work practices and adverse OHS outcomes that warrants concern and action*,” and
- “*The review recommends that a national scheme for setting mandatory safe rates covering both the employee and owner/drivers be established in the heavy vehicle industry.*”

The conclusions of this paper were taken up by the Federal government, which published a “Directions Paper”<sup>2</sup> in 2010, proposing legislation to enable minimum remuneration rates to be set.

The Road Safety Remuneration Act (RSRA) commenced on 1 July 2012. It established a quasi-judicial tribunal (the Road Safety Remuneration Tribunal) with price setting powers. These included both the power to set minimum freight rates to be paid to independent contractors and powers to set wages and conditions for employee drivers in the road transport industry - the latter powers inevitably substantially overlapping with the relevant provisions of the wage setting system of “industrial awards” which operates throughout the Australian economy.

However, a new government was elected in late 2013, with a policy of reducing regulatory “red tape” and a specific commitment to review the Road Safety Remuneration System. I was appointed by the Minister for Employment to conduct the review in November 2013, and delivered my report in April 2014. It is important to note that my review commenced within 18 months of the legislation coming into effect and before the Road Safety Remuneration Tribunal (RSRT) had sought to exercise its price setting powers. Consequently, the review was, to a very large extent, ex ante in nature.

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1 Quinlan, M. & Wright, L. (2008). *Remuneration and Safety in the Australian Heavy Vehicle Industry: A Review undertaken for the National Transport Commission*.

2 Commonwealth of Australia (2010). *Safe Rates, Safe Roads: Directions Paper*.

## **Regulatory impact analysis and the review**

RIA is a tool to promote evidence based policy making and, thereby, to maximise economic welfare. The OECD argues that it should be used in reviewing existing regulation, as well in assessing proposed regulation. As a specialist in this field, I inevitably followed the key RIA principles in conducting my review. I would like to highlight how they were able to be applied in practice in this specific context. The key impact analysis elements, which I will address, are:

- clear identification of the nature and extent of the policy problem;
- careful specification of the policy objective to be achieved;
- identification of feasible alternative means of achieving the objective;
- assessment of the benefits and costs of each alternative; and
- transparent identification of the preferred option and the rationale for this preference.

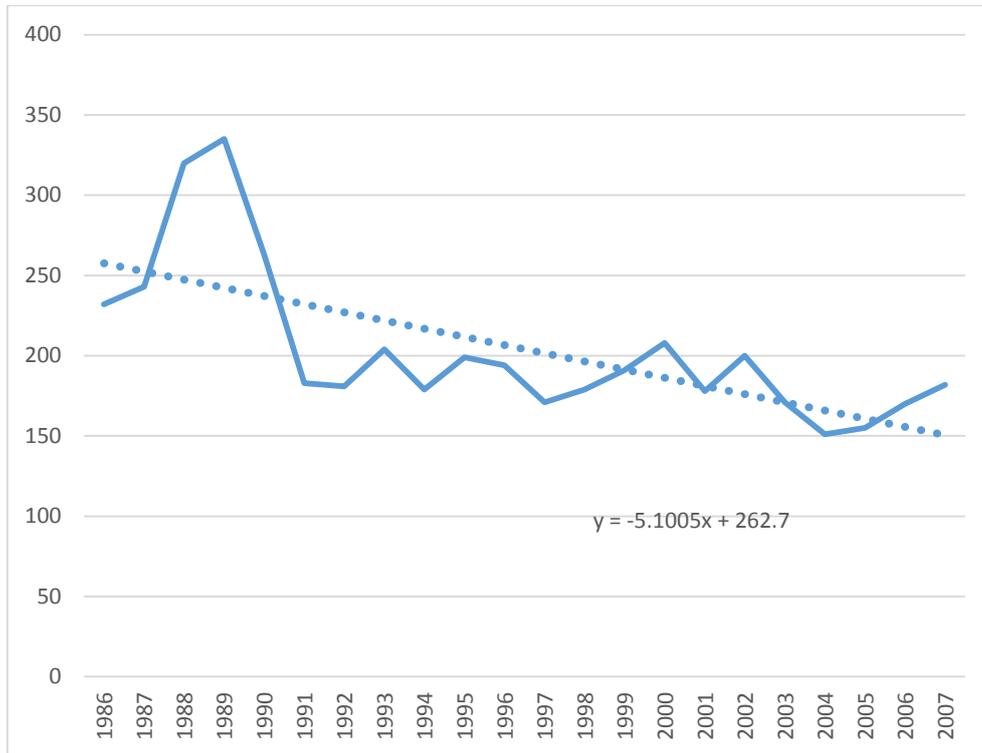
### **Nature and extent of the problem**

The first set of questions to be addressed related to the nature and extent of the problem. It was particularly important to ascertain whether there was, indeed, a “severe crisis” in the industry and, specifically, whether fatalities involving articulated trucks had indeed remained constant for more than 15 years, despite the major improvements in the general road toll that had occurred over this period.

In order to answer these questions, the review analysed fatality, injury and accident data in both time series and cross-sectional terms. That is, it analysed changes in these variables over time within Australia and then compared Australia’s performance with that of other relevant countries.

The data showed that it is possible to take a snapshot of fatalities involving articulated trucks which would appear, at a glance, to support Quinlan and Wright’s contention that there had been no change in 15 years: the data shows that there were 181 such fatalities in 1992 and 182 such fatalities in 2007. However, consideration of the data set as a whole paints a very different picture. Graph 1, below, plots the annual number of fatalities involving articulated trucks from 1986 – the first year in which this statistic was collected and published – to 2007, the year before Quinlan and Wright’s paper was published.

**Graph 1: fatalities involving articulated trucks, 1986 – 2007**

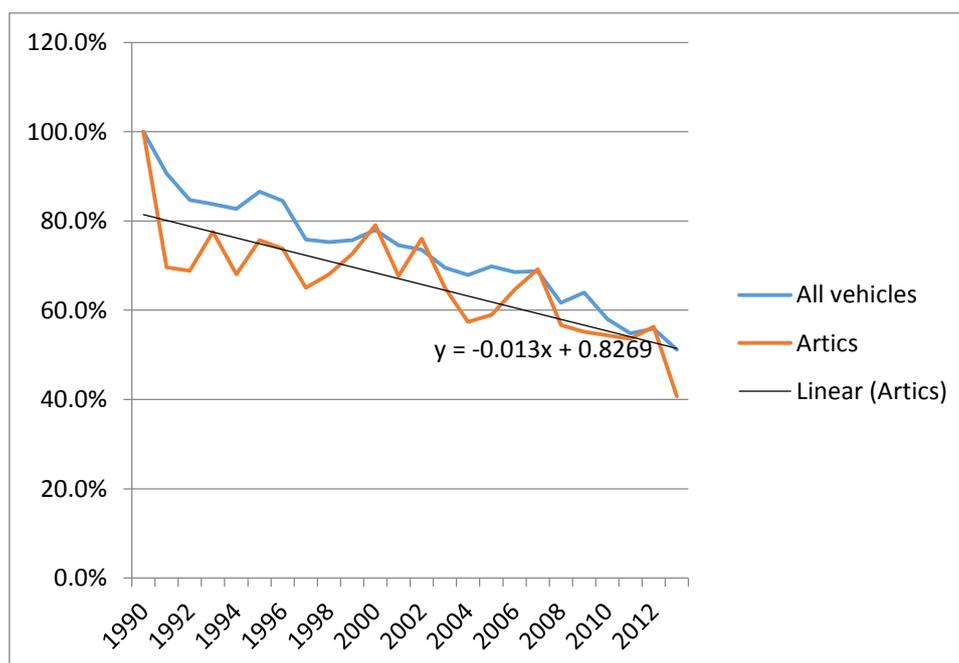


**Source:** Bureau of Infrastructure, Transport and Regional Economics (BITRE) Road Deaths Database.

Graph 1 shows that, in fact, there was a clear downward trend in the number of fatalities involving articulated trucks over the period in question, in contrast to the assertion made by Quinlan and Wright<sup>3</sup>. Graph 2 addresses the other issue raised by Quinlan and Wright – that of the comparative safety performance of the heavy vehicle sector and the road transport fleet as a whole. It graphs fatalities involving articulated trucks as a percentage of the base year and the equivalent fatalities data for the road transport fleet as a whole.

<sup>3</sup> The trend line equation shows that the trend reduction in fatalities was 5.1 per annum over the period, or a little more than 2% of the 1986 value of 232 fatalities.

**Graph 2: fatalities involving articulated trucks vs all road fatalities 1990 – 2013**



Source: BITRE road deaths database

Graph 2 shows that the downward trend in fatalities involving articulated trucks is of similar magnitude to the downward trend in fatalities in the road transport fleet as a whole. Again, this conclusion stands in contrast to the clear suggestion, made by Quinlan and Wright, that performance had lagged in the heavy vehicle sector.

Importantly, the above comparisons have been made in terms of raw fatality numbers. However, the number of vehicle kilometres travelled in the heavy vehicle sector increased more rapidly than in the road transport fleet as a whole over the period. Consequently, when comparative fatality rates (i.e. fatalities per 100 million vehicle kilometres travelled) are considered, the performance of the heavy vehicle sector is clearly superior: in 24 years, the fatality rate fell by 70% across the road transport fleet and by 76% for articulated trucks. Finally, our analysis of the data on fatalities involving rigid trucks and on accident rates yielded generally similar outcomes.

In sum, the time series data did not support the contention that performance in the heavy vehicle sector had lagged that of the road transport fleet as a whole. Nevertheless, it was essential to compare the Australian data with that of other relevant countries to determine whether the safety performance of the heavy vehicle sector lagged behind international good practice.

The review found that there was a relative paucity of such cross-sectional data. However, the ITF's 2011 publication *Moving Freight with Better Trucks* included relevant comparisons. It showed that the safety performance of Australia's heavy vehicle sector was quite a strong one by international standards and suggested that there had been some improvement over time in relative terms. Table 1 provides data on fatality rates (fatalities per 100 million vehicle kilometres travelled) for nine countries for the period 2001 – 2007.

**Table 1: Articulated vehicle related fatality rates for selected countries 2001 – 2007**

Year	2001	2002	2003	2004	2005	2006	2007
Australia	NA	2.31	1.59	1.68	1.50	1.51	1.43
Belgium	2.19	1.88	1.54	1.61	1.67	1.41	1.49
Canada	1.76	1.94	1.92	1.63	1.64	NA	NA
Denmark	NA	3.27	2.56	2.8	3.42	NA	NA
France	NA	2.43	1.92	1.79	1.86	NA	NA
Great Britain	1.92	1.73	1.70	1.44	1.52	1.33	1.34
South Africa	NA	NA	10.29	9.95	9.12	9.08	8.44
United States	1.32	1.22	1.24	1.26	1.27	1.21	1.15
Switzerland	1.13	0.88	0.84	0.93	0.81	0.56	0.58

Source: ITF (2011)

Table 1 shows that in 2005 (the most recent year for which data is available for all nine countries), Australia had the third lowest fatality rate. Moreover, earlier research on this subject (Haworth (2002)) had concluded that the key factor constraining Australia's performance in this area was a lack of divided and limited access roads.

The review concluded that, taken together, the above data indicated that the extent of the problem was not as claimed prior to the act being passed. No "severe crisis" was evident in the industry's safety performance, while the fact that there had been steady and substantial improvement in that performance clearly indicated that the suite of policies and regulatory interventions pursued over this period must be judged as having been effective.

Nonetheless, the nature of the problem remained to be considered. That is, the evidence for the link between low levels of remuneration and compromised safety performance posited by Quinlan and Wright had to be assessed. The review sought to make this assessment by the following means:

- reviewing the research literature on the existence and nature of any links between remuneration and safety performance;
- researching relevant policy settings internationally – i.e. seeking to determine whether other governments have adopted policies aimed at improving heavy vehicle safety by addressing remuneration issues; and
- researching heavy vehicle driver remuneration levels in Australia.



## The research literature

Review of the research literature indicated that it addresses many different potential relationships, including driver income vs accident rates, company profits vs accident rates, employment status vs accident rates, driver income vs “unsafe behaviours” and methods of payment vs unsafe behaviours. The review determined to focus specifically on potential links between driver income and accident rates, for two reasons. Firstly, it was considered that evidence directly linking remuneration with outcomes (i.e. accidents), rather than precursors or indicators, such as “unsafe behaviours”, clearly has greater weight. Secondly, driver income was the specific focus of the road safety remuneration system, which was the subject of the review.

Our review of the literature indicated that there were very few studies that addressed this specific relationship and that those that did address this issue reached quite divergent conclusions. The three papers which appear to be most widely cited indicate this divergence:

- Belzer et al (2002) found a strong, linear relationship between driver pay and accident involvement rates;
- Rodriguez et al (2006) found, on the basis of a further analysis of the same database, that there was a U-shaped function linking driver pay and accident involvement. That is, increasing driver pay reduced accident involvement until an “optimum” rate of pay was reached. Thereafter, further increases in driver pay actually led to *increases* in accident involvement. Notably, however, the Rodriguez paper includes no theoretical discussion of potential explanations for the latter, highly noteworthy, observations; and
- Nafukho (2007) found a weak (though statistically significant) link between driver pay and accident rates and concluded that several other factors were more significant in determining driver accident involvement.

Clearly, these divergent conclusions would imply significantly different policy responses. Moreover, as had been pointed out by the United States Federal Motor Carrier Safety Administration (FMCSA) in 2007, the specific nature of any linkages between remuneration and safety is very much open to question. For example, Belzer’s observation of a strong link between driver pay and accident involvement could be explained either in terms of improved pay rates leading a given cohort of drivers to improve their driving performance (e.g. by removing economic pressures, as Belzer suggests) or in terms of companies who pay higher rates being able to recruit better drivers. The FMCSA had, in 2007, counselled caution on the part of policymakers, both due to the relative paucity of literature on this subject and due to this ambiguity. At the time that the review conducted its research, in early 2014, the literature appeared to have developed relatively little.

In sum, the review concluded that the paucity of studies and the widely differing conclusions reached implied that there was a weak evidence base for the asserted link between driver remuneration and safety performance.

This conclusion was also reinforced by the historical experience of economic deregulation in the heavy vehicle industry in the 1980s and 1990s. Numerous commentators had expressed safety concerns, in the early days of the implementation of these deregulatory policies, suggesting that the resulting decline in company and driver incomes would be likely to lead to significant declines in safety performance. In the event, however, while deregulation did yield significant declines in remuneration in the short to medium term, the feared decline in safety performance did not occur.

## Precedent for the RSRA

The review also sought to identify other policy interventions which had the objective of improving heavy vehicle safety by addressing driver remuneration levels. To the extent that a comparable arrangement to Australia's road safety remuneration system could be observed in operation, conclusions could potentially be drawn as to its practical effectiveness and, by implication, as to the likely medium-term performance of the Australian system.

No comparable system was identified in any other country. However, within Australia, the State of New South Wales had adopted a similar approach several decades previously. The review therefore conducted its own comparative analysis of the safety performance of the heavy vehicle industry in New South Wales versus Australia as a whole, as well as seeking evidence of the safety benefits of the New South Wales system from the relevant regulatory body. The data analysis showed no evidence that safety performance in New South Wales was superior to that in Australia as a whole. Similarly, the relevant New South Wales tribunal was unable to point to any evidence of superior safety performance in that state, or to improvements in safety performance due to its own interventions.

## Driver remuneration in Australia

This left the question of whether heavy vehicle drivers in Australia are, in fact, poorly remunerated. Clearly, a tribunal tasked with ensuring "adequate" minimum levels of remuneration can only hope to have an effect on safety performance if it is able to improve the remuneration of a significant cohort of poorly paid drivers. Despite this, Australian publications addressing this issue were found to include little or no quantitative data. Indeed, one study conducted by consultants in 1993 was still commonly cited, more than 15 years later.

Having failed to identify specific studies on the issue, the review sought to analyse the available macro-level data. It found that, at economy wide level, average truck driver incomes were approximately equal to average adult full-time weekly earnings. A comparison of this same relationship in the United States and the United Kingdom showed that Australian truck drivers were, in these relative terms, slightly better paid than their counterparts in these other countries. This was a largely unsurprising conclusion, given that Australia's centralised system of "industrial awards" guarantees relatively high minimum wages, to employee truck drivers at least.

Census data was also consulted, and indicated that around 20% of those truck drivers who are independent contractors reported incomes that appeared to be below minimum award levels. Thus, a relatively small cohort of somewhat low-paid drivers was identified. However, the distribution of incomes across independent contractors as a group was found to be quite broad, suggesting that the incidence of low income was likely to be substantially explained by relatively poor business skills, rather than by market failure.

## Benefits and costs of the road safety remuneration system

In sum, the analysis conducted suggested strongly that the Road Safety Remuneration Act would perform poorly in benefit/cost terms. On the one hand, there was limited evidence to suggest that significant benefits could be expected to arise from the implementation of the legislation:

- there was no evidence of superior road safety performance in the one jurisdiction (New South Wales) in which a similar system was already in operation;
- Price regulation has not been adopted internationally as a means of addressing road safety performance in the heavy vehicle industry;
- significant falls in income associated with the previous economic deregulation of the industry in the United States and Europe had not been associated with deteriorating safety performance; and

- the research literature provides a very limited support for the general proposition of a linkage between remuneration and safety performance, with widely varying conclusions.

On the other hand, there were several indicators that would suggest that the costs of implementing the legislation would be substantial. Firstly, a large number of the stakeholders consulted by the review emphasised the complexity of the heavy vehicle transport industry and the widely differing contractual arrangements (including payment arrangements) adopted in different sectors. This inevitably underlines the difficulty faced by a quasi-judicial tribunal seeking to achieve “efficient” price regulation (in the economic sense) and, conversely, the potential costs – particularly in terms of economic distortions – of an inefficient price setting outcome.

Secondly, the review had conducted detailed comparisons of the guideline freight rates that have been produced by several organisations across Australia. These included quasi-regulatory bodies established under state based legislation in Victoria and Western Australia and the Transport Workers Union, which represents heavy vehicle drivers. This comparison showed that widely differing guideline rates had been derived for identical, or very similar, truck and service contexts. This wide divergence in guideline rates clearly served to demonstrate the degree of difficulty which would be faced by the Road Safety Remuneration Tribunal in setting binding freight rates to cover independent contractors across a wide range of industry sectors.

Thirdly, the fact that the legislation had limited support among independent contractors, who were its major purported beneficiaries, was also significant. Indeed, this lack of support was subsequently to transmogrify into mass protests as the tribunal sought to exercise its price regulatory powers in practice.

Finally, consultations with the recently established National Heavy Vehicle Regulator had highlighted the fact that the powers provided in the legislation for the tribunal to address “remuneration related” conditions in its compulsory orders would give rise to much legislative overlap, duplication and inconsistency. Indeed, the first substantive order made by the tribunal, while removing a requirement for freight consignors to pay “reasonable” remuneration at the draft stage, included a quantity of detailed, prescriptive provisions relating to matters other than remuneration which was seen by many stakeholder as indicating that the tribunal would take a broad view of its remit in this area. A further concern was that the very prescriptive approach adopted by the tribunal stood in stark contrast to the performance based regulatory approach progressively adopted during the past 20 years of regulatory reform in the heavy vehicle safety area.

### **Identification and assessment of feasible alternatives**

Conversely, while the review’s analysis had cast substantial doubt on the likely effectiveness of the legislation in addressing the objective of improving heavy vehicle safety, it had simultaneously demonstrated that:

- a range of other regulatory and broader policy initiatives pursued over the past 25 years had been highly effective in this regard; and
- that there was a suite of further reform initiatives currently in train which would carry further the underlying logic of these past reform programs.

A key observation was that policy responses to heavy vehicle safety issues demonstrate a high level of convergence internationally. This was made clear, inter alia, by International Transport Forum publications. Key initiatives pursued address fatigue and speed, truck design issues (e.g. heavy vehicle underrun protection, axle steering), road infrastructure improvements, the separation of heavy vehicles from other traffic, higher productivity trucks and improve driver training and licensing.

The policy agenda pursued in Australia showed a high degree of consistency with this international consensus, while Australia had also taken a leading role in some areas, such as the adoption of “chain of responsibility” legislation, improved speeding enforcement and the wider use of higher capacity trucks. The reform program currently being led by the recently established National Heavy Vehicle Regulator was also substantial, embracing the further refinement of the chain of responsibility model, the implementation of a National Heavy Vehicle Law, the adoption of vehicle telematics as a regulatory tool, enhanced heavy vehicle design regulations and new initiatives to address fatigue.

The evidence clearly suggests that this suite of regulatory reforms has performed strongly in benefit/cost terms. On the benefit side of the ledger, the data discussed above demonstrates that there have been very substantial reductions in fatalities, injuries and accident rates in the sector, equalling or exceeding those achieved in the road transport sector as a whole. These have inevitably had major economic benefits. As well, our review of indirect indicators of safety performance, such as the percentage of drivers reporting speeding or driving while fatigued, also suggested significant improvements in recent years.

As to costs, regulatory impact assessments in relation to these initiatives have typically identified modest regulatory costs in most cases, while the generally high level of acceptance of these regulatory changes within the industry suggests that this expectation of low costs has largely been met in practice. Overall, the evidence suggests a strong benefit/cost outcome.

### **Comparative analysis of the options**

The strong performance of the reform agenda pursued in recent years also suggests that its continuation should yield further significant net benefits. By extension, there was a weak case for adopting a strong intervention like price regulation which is rarely used, potentially highly economically distorting (and thus costly) and has uncertain benefits. That is, a highly risky regulatory intervention such as price regulation is most likely to be justified in a context of “severe crisis”, yet the evidence identified the review found that – contrary to the assertions of Quinlan and Wright – no such crisis currently existed in the Australian heavy vehicle industry.

The paucity of evidence of the widespread existence of low remuneration in the industry also underlined this conclusion. In addition, to the extent that remuneration issues are considered significant, the option of a “light handed” approach also exists. As documented by the review, two Australian States (Victoria and Western Australia) had passed legislation implementing such light handed models in the decade leading up to the review. These were based on information provision, disclosure requirements and, in particular, the publication of “guideline rates” against which independent contractors could benchmark of their proposed offer prices.

Such light handed models necessarily entail significantly lower direct and indirect costs than an approach based on widespread price regulation, while consultation conducted by the review indicated that these interventions had relatively widespread industry support. Importantly, the review confirmed that neither of these schemes had yet been subject to an evaluation, although one was in train in parallel with the review. As a matter of principle, adopting a more intrusive approach before evaluating the performance of these light handed interventions necessarily constitutes poor policy practice.

### **Review conclusions**

The review recommended that the price setting powers of the Road Safety Remuneration Tribunal should be removed from the Act. It also recommended that, if the government believed that continued

intervention were needed in respect of remuneration issues, a light-handed model based on those currently in place in Victoria and Western Australia should be adopted nationally.

In the alternative, it was recommended that, if the tribunal's price setting powers were to be retained, they should be narrowed in scope to apply only to independent contractors, while the tribunal should exercise its powers in respect of "remuneration related conditions" subject to a Memorandum of Understanding to be agreed with the National heavy vehicle regulator, in order to minimise regulatory duplication, overlap and inconsistency.

### **The political economy of the Road Safety Remuneration Act**

The Act was ultimately abolished. However, this occurred more than two years after my review report had been delivered to government. In the interim, it had been necessary to commission a further review, in order to comply with a requirement written into the legislation that it be reviewed within three years of coming into operation<sup>4</sup>. This second review the reached very similar conclusions to the first.

The Australian government cited the conclusions of the two reviews as a significant part of the stated rationale for their decision to repeal the legislation, however, the process leading up to the reveal strongly suggested that political factors were ultimately much more significant.

The two reviews were released together, along with a brief discussion paper which canvassed a full range of options, including the retention of the legislation without substantive change. A one-month public consultation process was announced, with a final decision to occur subsequently. However, the Tribunal had, by this time, chosen to exercise its price setting powers, publishing an Order<sup>5</sup> which would affect a wide range of independent contractors, in December 2015. Submissions to the Tribunal seeking a delay in the adoption of the Order pending a government decision on the future of the RSRA had been rejected and the Order was due to come into effect on 4 April 2016 – three days after the release of the reviews and commencement of the one month consultation process.

The imminent commencement of regulated pricing lead to rapidly unfolding events. Press articles indicated that contracts with independent contractors were being cancelled due to the fact of their non-compliance with the new regulated freight rates. Independent contractors, through their representative bodies, sought injunctions to prevent the order coming into effect in the short term and organised a series of public protests.

These events appear to have very quickly swung the political balance in favour of a repeal of the legislation and, little more than a week into the announced one-month consultation process, the government announced that the legislation would be urgently repealed. The repeal took effect on 21 April 2016, less than three weeks after the release of the Discussion Paper and the two reviews.

### **The role of regulatory impact analysis (RIA) in the adoption of the RSRA**

It is important to note that an RIA had been published prior to the adoption of the RSRA and that this analysis had determined that the legislation would be expected to have a negative net present value; that is, that it costs would outweigh its benefits. Clearly, however, this analysis must be judged to have had little impact on the policy process. This lack of impact can be attributed to deficiencies in both the analysis and the RIA process of which it was a part.

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<sup>4</sup> My review had apparently been commenced too early to be considered compliant with this statutory review clause (S. 120), which stated that the review must be commenced by 1 July 2015.

<sup>5</sup> The Contractor Driver Minimum Payments Road Safety Remuneration Order 2016. See: <https://www.fairwork.gov.au/ArticleDocuments/967/contractor-driver-minimum-payments-road-safety-remuneration-order-2016.pdf.aspx>.

## Lack of integration with the policy process

Best practice requires that RIA be integrated with the policy process and commence early. This did not occur in this case. The policy direction, which the Act reflected, was largely decided by 2010. By this time, having accepted the conclusions of Quinlan and Wright's paper, the NTC had recommended this course of action to government and the Federal government had released the Directions Paper indicating its intention to establish a tribunal to set prices in the industry. Despite this, the Regulatory Impact Statement was not published until late 2011.

## Lack of technical quality in the RIA

Moreover, the RIA was substantially deficient in several respects. In particular:

- it acknowledged the limited evidence for the existence of a link between remuneration and safety, but failed to discuss the implications of this lack of evidence for policy;
- it failed to provide any material addressing the policy context. That is, it provided no analysis of the safety performance of the heavy vehicle industry in Australia, or trends in that performance;
- the options analysis contained in the RIA was far too narrow, being limited to the three variants of the rate-setting concept identified in the government's previous Directions Paper;
- the focus of the RIA was on a highly speculative benefit/cost analysis, which effectively assumed the benefits would arise as a result of rate-setting. The BCA used an assumption of economically efficient remuneration in respect of independent contractors, yet the ultimate argument for adopting the RSRA advanced in the RIA was predicated on the contrary assumption of inefficient remuneration levels for this group. Thus, the BCA was essentially unconnected to the conclusion of the RIA; and
- the BCA was also essentially focused on economic transfers, rather than on economic benefits and costs.

Given these substantial failings, it is also clear that the quality control systems embedded within the Australian government's RIA process also failed. That is, the RIA had been assessed as meeting the required quality standards by the Office of Best Practice Regulation, despite the above failings. The poor quality of the RIA necessarily meant that stakeholders were less able to engage effectively in a consultation process and, consequently, less able to affect the policy outcome

## Lessons for the use of RIA

The review of the RSRA shows that, even in a context in which data limitations prevent a complete BCA being developed, the rigorous application of the RIA framework was able to provide fundamentally important inputs to the policy-making process. A better quality RIA, conducted within a better functioning policy process, would therefore have had the potential to be highly influential in terms of the original policy outcome.

Another notable aspect of this process was the fact that my previous experience as a consultant to the NTC suggested that RIA disciplines had previously been well integrated with the policy process within that organisation. That this was clearly not the case in the course of the development of the RSRA proposal highlights the difficulty of embedding the cultural change required to permanently embed RIA disciplines within organisations as a core part of policy-making.

Overall, it is clear that political factors were at play from a very early stage of the policy process in this case. On the one hand, this increases the challenge faced in making RIA effective in influencing policy outcomes. Conversely, however, it also increases the potential importance of RIA. Fundamentally, RIA is a tool intended to support evidence based policy making. This means that

better RIA makes politically driven choices that are inconsistent with the promotion of the broader social welfare harder to make.

I would like to conclude with a quote from the OECD, which encapsulates the key role of RIA as a mechanism to fundamentally alter the perspectives of policymakers.

“RIA’s most important contribution to the quality of decisions is not the precision of the calculations used, but the action of analysing – questioning, understanding real-world impacts and exploring assumptions. Significant cultural changes are required to make such analysis genuinely part of increasingly complex decision-making environments.” (OECD(2002)).

*For further information on the Road Safety Remuneration System, including copies of the two reviews of the legislation, See: <https://www.employment.gov.au/review-road-safety-remuneration-system>*