

Department of Finance

Submission to the  
Joint Committee of Public Accounts and Audit  
Inquiry into the administration of Commonwealth regulations

August 2024

The Department of Finance (Finance) welcomes the opportunity to make a submission to the Joint Committee of Public Accounts and Audit's *Inquiry into the administration of Commonwealth regulations* (the Inquiry). Finance notes the Department of the Treasury is now responsible for guidance on evaluation in the Australian Government, and that the Department of the Prime Minister and Cabinet is responsible for guidance on the Australian Government's Impact Analysis Framework.

Finance is the Australian Government lead on regulatory policy, practice and performance and provides a holistic and coordinated approach to regulatory systems. As noted in the Minister for Finance's media release of 4 January 2024 '*Cutting red tape to boost productivity across the economy*', the Government's regulatory reform agenda is focused on modernising regulation and improving regulator performance, including greater use of data and digital technology in delivering government services.

On 11 June 2024, the *Public Service Amendment Act 2024* received Royal Assent, which (among other changes) added the value of 'Stewardship' to the *Public Service Act 1999*. As noted in Assistant Minister to the Prime Minister's speech to Parliament of 14 June 2023, this change requires all APS employees to uphold stewardship by learning from the past and looking to the future.

As stewards, Finance supports government, agencies and regulators by providing principles-based advice and guidance across the regulatory lifecycle to ensure regulatory systems remain fit-for-purpose now and into the future. While it is, of course, the role of each regulator to deliver on its functions and consider compliance within its sector, Finance's stewardship role supports both independent regulators and those which form part of a department of state to establish and maintain good governance and modern, best practice regulation, to the benefit of all Australians.

Finance published the newly developed Regulatory Policy, Practice and Performance Framework in August 2024. The Framework guides regulators and regulatory policy agencies to apply six principles for fit-for-purpose regulation across the regulatory lifecycle:

1. Targeted and risk-based
2. Integrated in existing systems
3. User-centred
4. Evidence-based and data-driven
5. Reflective of the digital era
6. Continuously improved and outcomes-focused.

The RPPPF was developed in consultation with the Regulator Leadership Cohort (RLC), which brings together senior regulatory leaders to share knowledge and expertise to tackle common challenges brought by regulating in an ever-changing environment. The RLC's expertise will continue to be crucial as Finance operationalises the RPPPF over the coming 12 months, including through the development of a suite of practical tools to support agencies adapt the RPPPF within their own unique regulatory systems and environments.

Finance additionally provides guidance and support through Resource Management Guide 128: Regulator Performance. RMG 128 assists Commonwealth entities that perform regulatory functions, including both standalone regulators and those located within policy departments to report on their performance with respect to three best practice principles:

1. Continuous improvement and building trust
2. Risk based and data driven
3. Collaboration and engagement

RMG 128 also contains guidance on the role of Ministerial Statements of Expectations and responding regulator statements of intent. The statements set out the expectations of the Executive Government by the responsible Minister to a regulator or an entity with regulatory functions, to provide greater

clarity about government policies and objectives relevant to the regulator's statutory objectives and how it conducts its operations. The regulator responds to a Ministerial Statement of Expectations with a Regulator Statement of Intent that, in turn, identifies how it will deliver on the Government's expectations.

This guidance complements Finance guidance for establishing new Commonwealth entities, implementing charging frameworks and rules, using Digital ID, undertaking procurement, and accessing Whole of Government information and communications technology services.

Finance continually reviews and updates the guidance it provides, including on regulation, to ensure it remains relevant for policymakers and regulators. Further tools planned under the RPPPF include a regulator maturity model, guidance on regulatory crises preparedness, and regulatory systems mapping.

While Finance does not perform compliance or evaluation functions for regulatory systems, we note that many of the recommendations across the reports identified in the Inquiry's Terms of Reference are aligned with the Government's regulatory reform agenda. For example, several of the reports make recommendations with regards to the need to continuously monitor and improve systems, to make transparent and accountable regulatory decisions, and to evaluate the effectiveness of regulatory systems against their objectives over time. These sorts of activities are essential to fit-for-purpose regulatory systems that achieve regulatory objectives on everything from ensuring fair and competitive markets, to appropriate and ethical corporate activities and consumer product safety.