



## Australian Government

### Department of Finance

#### EXECUTIVE MINUTE

ON

#### JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT NO. 512 REPORT OF THE INQUIRY IN THE ADMINISTRATION OF COMMONWEALTH REGULATIONS

##### ***Recommendation No: 1***

*The Committee recommends that the Department of Finance develops for entities with regulatory responsibilities, minimum requirements for data capability. This would include minimum requirements for the collection, analysis and practical application of data with regard to regulatory responsibilities, and minimum requirements for data expertise within regulatory entities.*

**Summary of response:** The Department of Finance agrees in principle to the Committee's recommendation.

Finance acknowledges the importance of data capability to the effectiveness of regulators and the Australian Public Service as a whole. Significant work is underway across the APS to strengthen data and digital capability as part of the [\*Data and Digital Government Strategy\*](#) (the Strategy). The work is jointly led by Finance and the Digital Transformation Agency. Recognising data as one of the Government's most valuable assets, the Strategy aims to build and uplift data and digital expertise across APS leadership and the broader workforce. Key initiatives include targeted training and education programs, alongside guidance materials from the Office of the National Data Commissioner to support best practice data handling and sharing under the Data Availability and Transparency (DATA) Scheme.

The Government also provides a suite of tools to support regulators in instituting best practice approaches, including the Department of Finance's [\*Data Maturity Assessment Tool\*](#) and the Australian Public Service Commission's [\*Data Capability Framework\*](#). These tools are designed to help agencies systematically assess, strengthen and embed data capability across their operations.

The *Data Maturity Assessment Tool* helps entities measure and understand their organisation's data maturity, providing a consistent, longitudinal evidence-based means of measuring APS data maturity and capability. By objectively measuring and tracking whole-of-APS data maturity, the tool helps entities and the Government identify areas for improvement and action.

The *Data Capability Framework* outlines 22 essential data competencies commonly required by APS staff. Each capability describes the expected skills, knowledge and behaviours that span across 7 levels of responsibility. The framework is designed to help agencies build a data-capable workforce that can use data to inform decisions, improve services, and deliver better outcomes for Australians.

This is supported by Finance's active stewardship role for regulators, within the devolved framework of responsibility and accountability established under the *Public Governance, Performance and Accountability Act 2013*. We provide principles-based and targeted guidance and support, recognising that regulatory stewardship is a shared endeavour. This principles-based approach is employed to ensure the guidance offered by Finance is applicable to the diverse range of regulators and regulatory contexts – a level of diversity that would not be meaningfully served by a comparative, rules-based, 'one-size-fits-all' approach.

A key component of Finance's support is the *Regulatory Policy, Practice and Performance Framework* (RPPPF), which provides principles-based guidance across the regulatory lifecycle. The RPPPF helps policymakers and regulators design and administer regulation that is effective, proportionate and responsive to risk. It embeds a strong focus on data capability, recognising that effective regulation increasingly relies on robust data use. This focus on data is further supported by Resource Management Guide 128: Regulator Performance, which outlines expectations under Principle 2 – that regulators adopt risk-based and data-driven approaches to regulatory decision-making. RMG 128 provides practical guidance for regulators to assess performance and improve outcomes using data insights.

Data capability was also a key focus of the Economic Reform Roundtable with regulators acknowledging the uplift of data capability as being an essential part of their regulatory responsibilities. The Regulator Leadership Cohort (the Cohort), in a response letter to the Treasurer and Minister for Finance, acknowledged the importance of regulators having timely, lawful access to the information they need to make faster, better decisions and deliver services with less friction. This depends not only on legislative gateways, but also on the right technology, skills, and culture to share information safely, confidently and for lawful purposes. Additionally, the Cohort has highlighted their priority of regulatory processes being 'reflective of the digital era' via tools, practices, and skills to ensure digital design is inclusive and equitable.

Finance is also developing further tools to support regulators and policymakers to implement the RPPPF, including its focus on data capability. These tools include a *Regulator Maturity Model* which helps Commonwealth regulators evaluate and improve their regulatory capability at the enterprise level, as well as measure changes to their capability over time.

### ***Recommendation No: 7***

*The Committee recommends Finance updates Resource Management Guide 131: Developing performance measures, following the publication annually of the Australian National Audit Office's performance statements audits, to include contemporary examples and provide clear instruction to entities as to what constitutes best practice performance measures.*

**Summary of response:** The Department of Finance agrees to the Committee's recommendation.

Resource Management Guides (RMGs) and other guidance tools and resources support Commonwealth entities and companies in meeting the requirements of finance law, which includes the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the *Public Governance, Performance and Accountability Rule 2014*, and instruments made under the PGPA Act.

RMGs are periodically reviewed and updated to reflect changes in government policy and finance law, and to take account of recommendations made by Parliamentary Committees and Auditor-General reports. As guides, RMGs explain the legislation and policy requirements in plain English and support accountable authorities and officials to apply the intent of the framework.

To support entities in meeting the requirements of the Commonwealth Performance Framework, Finance regularly reviews RMGs to account for changes in what is considered better practice expectations. RMG 131: Developing Performance Measures is updated annually and includes better practice principles and contemporary examples. This could be undertaken after the publication of the Australian National Audit Office's performance statements audits to ensure that lessons arising from those audits are taken into account.

Finance will also shortly publish on the Finance website a Corporate Plan template, which will provide additional support for entities when developing their corporate plans.

### ***Recommendation No: 8***

*The Committee recommends the Department of Finance develops an approach, including robust metrics, to provide reasonable assurance that the policy framework it administers with regard to regulatory policy, practice and performance is effective in ensuring regulatory systems remain fit-for-purpose. An update is to be provided to this Committee within six months, including timelines to complete this work.*

**Summary of Response:** The Department of Finance agrees to the Committee's recommendation.

Finance is cognisant of the significance of ensuring the *Regulatory Policy, Practice & Performance Framework* (RPPPF) remains effective in supporting policy makers and regulators to develop, deliver and maintain fit-for-purpose regulatory systems. The RPPPF is an important aspect of Finance's regulatory stewardship function and underpins the regulatory lifecycle. It guides policymakers and regulators to apply 6 principles for effective regulation: targeted and risk-based, system-integrated, user-centred, evidence-driven, digitally adaptive, and continuous improvement. These principles enable regulators and policymakers to balance compliance with flexibility, allowing businesses to operate efficiently while adhering to necessary regulations.

To strengthen implementation and ensure the RPPPF remains fit-for-purpose, Finance is developing an enterprise-level *Regulator Maturity Model* to help agencies assess and improve their regulatory capability. The model will comprise a matrix of 12 capability areas that correspond to the 6 RPPPF principles. Regulators will be expected to report results from their maturity assessments to Finance to inform a whole-of-government understanding of Commonwealth regulators' capability and the effectiveness of the RPPPF, and provide an evidence base to help identify systemic capability gaps requiring greater support.

Implementation and feedback will also be supported by a suite of other tools to assist regulators and policymakers in operationalising the RPPPF, as well as targeted guidance on regulatory governance to support effective oversight, performance, and alignment with policy objectives.

As support for implementation is also an ongoing activity, Finance is actively engaging across Government to promote consistent, high-quality regulatory practice. This includes convening forums such as the Regulatory Reform Inter-Departmental Committee (IDC) and the Regulator Leadership Cohort (RLC). The RLC is a strategic leadership group which plays a vital role in supporting the Government's regulatory reform agenda by contributing deep expertise and system-wide insights. Insights gathered through activities like the RLC and IDC, as well as international engagement and broader government and external stakeholder engagement, are used to inform continuous improvement of the RPPPF.

In addition, one of the tools being developed under the RPPPF is the *Best Practice Handbook on Adopting Risk Assessments, Standards and Conformity Assessment Procedures in Regulation*. The Handbook outlines the best practice legislative approach to mandatory

standards. It will support Commonwealth policymakers and regulators to better recognise and adopt international, regional, and overseas standards in regulation at the national level.

To ensure the RPPPF remains contemporary and fit-for-purpose, it will also be updated to incorporate recent findings from the Productivity Commission<sup>1</sup> and the Australian National Audit Office,<sup>2</sup> as well as recommendations from the Committee.

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<sup>1</sup> <https://www.pc.gov.au/inquiries/current/resilient-economy/interim/resilient-economy-interim.pdf>

<sup>2</sup> <https://www.anao.gov.au/work/performance-audit/ministerial-statements-of-expectations-and-responding-statements-of-intent>

## ***Recommendation No: 9***

*The Committee recommends the Department of Finance updates the requirements for the Regulator Stocktake to require each entity with regulatory functions to publish a Regulator Statement, on a common template and reviewed annually, that would provide at minimum, the following:*

- *Itemised regulatory obligations with reference to legislation*
- *Detail of the regulated population*
- *The risk-based approach to compliance, including information on how risk is calculated*
- *The compliance and enforcement process*
- *The regulatory powers available to the regulator*
- *Offences and penalties under legislation*
- *Regulator measures of impact, and appropriate and robust performance measures*

**Summary of response:** The Department of Finance agrees in principle to the Committee's recommendation.

Finance acknowledges the importance of transparency as it relates to regulator operations and powers. Transparency with regulated communities and the public helps build accountability, efficacy and trust in regulation as a meaningful contributor to society and the economy.

Finance is strengthening the stewardship it provides through guidance and active support to entities and accountable authorities. This is in accordance with the devolved governance approach of the *Public Governance, Performance and Accountability Act 2013*.

Finance is currently undertaking work to improve *Resource Management Guide 128: Regulator Performance* (RMG 128), and the *Australian Government Regulator Stocktake* in response to the recommendations made by the Australian National Audit Office (ANAO) in the report on its audit into *Ministerial Statements of Expectations and Regulator Statements of Intent*.<sup>3</sup> We will also consider the Committee's recommendation within the context of the policy landscape and Finance's strengthened stewardship role and approach to RMG 128 and ministerial statements of expectations and regulator statements of intent.

As part of this work program, Finance is considering opportunities to improve the accuracy and completeness of the stocktake. This includes the scope of information that could be published about regulatory obligations and how these are operationalised by those entities with regulator responsibilities, as well as exploring other approaches for how information is published. As part of doing this, Finance will undertake consultation with policy makers and regulators on improvements that could be made to improve transparency about regulator obligations.

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<sup>3</sup> <https://www.anao.gov.au/work/performance-audit/ministerial-statements-of-expectations-and-responding-statements-of-intent>