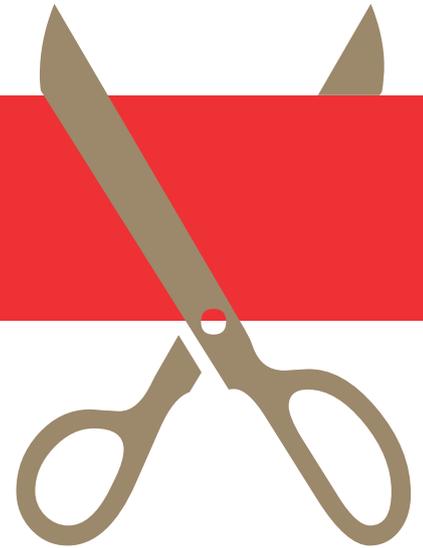




# Office of Deregulation – Guidance Note



## MINISTERIAL LETTERS OF EXPECTATION TO REGULATORS

As at 14 February 2014

Government has committed to improving the administration of regulation and the performance of regulators, including issuing of letters from Ministers to heads of regulators setting out performance expectations. These letters are to be issued by the end of March 2014. This guidance note is to advise departments and agencies on the drafting of the ministerial letters and the process for finalising these letters. Portfolios with internal regulators may wish to consider actioning this commitment through agreement between the Minister and the Secretary on expectations for internally based regulators.

### Purpose of this Guidance Note

Ministerial letters of expectation should cover:

- › the broader government policy framework in which the regulator must operate, starting with the Government's red tape reduction programme;
- › strategic direction (to the extent legislation allows) on how work is to be conducted by the regulator, broad guidance on the role of the regulator and on the Government's vision of how regulators should operate with business and the community;
- › an acknowledgement that whilst the Government will have a broad role in setting policy and regulatory posture, it is important that regulators, where appropriate, exercise their regulatory functions in accordance with their legislation;
- › the expectation that regulators act in accordance with best practice. That is, that they should ensure transparency and accountability in decision-making; and adopt approaches, processes and communication practices that minimise regulatory burden and maximise clarity and transparency;
- › a preference for regulators to adopt a risk based approach in relation to compliance obligations and enforcement responses, such as increased targeting of those 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; and
- › advice that a further letter will be provided once the formalised whole-of-government framework for regulator performance has been agreed by the Cabinet, which will provide further detail on the Government's expectations for regulator performance against specific performance indicators.

### Process for finalising Ministerial letters

Letters should include the above drafting points, as well as any other information that is considered relevant. To ensure consistency draft letters should be provided to the Office of Deregulation prior to clearance by the relevant Minister. PM&C will brief the Parliamentary Secretary and the Prime Minister as appropriate regarding content. Both the Prime Minister and the Parliamentary Secretary should be copied in to the final correspondence.