



Senator the Hon Michaelia Cash
Attorney-General
Minister for Industrial Relations
Deputy Leader of the Government in the Senate

Reference: MS21-000733

Mr Mark Bielecki
Registered Organisations Commissioner
Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 3001

By email: regorgs@roc.gov.au

Dear Mr Bielecki

I am writing to acknowledge the invaluable work of the Registered Organisations Commission (ROC) and provide you with strategic direction consistent with the Government's Deregulation Agenda in the form of the attached Ministerial Statement of Expectations.

As outlined in the *Regulator Performance Guide July 2021*,¹ clear expectations from Government to regulators can help drive better regulator performance by providing an enabling environment that supports the implementation of best practice. Consistent with the Guide, the enclosed Statement of Expectations outlines the principles that I expect the ROC to observe in performing its functions, noting its operational independence.

I would appreciate your response to this letter in the form of a Statement of Intent by the end of 2021, outlining how the ROC intends to meet the enclosed expectations.

For greater transparency and accountability, the attached Statement of Expectations and your responding Statement of Intent should be published and made publicly available on your website. These statements should also be integrated into your performance reporting processes as required under the *Public Governance, Performance and Accountability Act 2013* as part of your 2022-23 corporate planning process and 2021-22 Annual Report.

Yours sincerely

Senator the Hon Michaelia Cash

21/10/2021

Encl. Statement of Expectations

¹ Available on the Department of the Prime Minister and Cabinet's website.

REGISTERED ORGANISATIONS COMMISSION

STATEMENT OF EXPECTATIONS – 2021

Ministerial Statements of Expectations provide greater clarity about government policies and objectives relevant to the regulator in carrying out its statutory functions. As the responsible Commonwealth Minister for industrial relations matters and the regulation of federally registered unions and employer associations ('registered organisations') under the *Fair Work (Registered Organisations) Act 2009* (the RO Act), this statement sets out my expectations of the Registered Organisations Commission (ROC).

Overview

The ROC is the independent statutory entity that regulates and educates registered organisations. It was established on 1 May 2017 to increase financial transparency and accountability in registered organisations.

Under the RO Act, the functions of the Registered Organisations Commissioner are to:

1. promote the efficient management of organisations
2. promote high standards of accountability of organisations and their office holders to their members
3. promote compliance with the financial reporting and accountability requirements
4. monitor acts and practices to ensure they comply with the provisions of the RO Act that provide for the democratic functioning and control of organisations.

The ROC's function is to assist the Commissioner in the performance of these functions (see sections 329AB and 329DC of the RO Act).

The Government recognises and respects the independence of the Registered Organisations Commissioner and the ROC. I expect the ROC to exercise its functions and powers in good faith and to the best of its ability.

Principles of regulator best practice

Under the *Regulator Performance Guide July 2021*, the principles of regulator best practice are:

1. **Continuous improvement and building trust:** regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture, to build trust and confidence in Australia's regulatory settings.
2. **Risk-based and data-driven:** regulators maintain essential safeguards, using data and digital technology to manage risks proportionately to minimise regulatory burden and to support those they regulate to comply and grow.
3. **Collaboration and engagement:** regulators are transparent and responsive, implementing regulations in a modern and collaborative way.

I expect the ROC to embed and act in accordance with the Government's principles of regulator best practice when conducting its operations, as well as strive for continuous improvement against these principles.

In exercising its functions and powers in accordance with these principles, I expect the ROC to have regard to:

1. Continuous improvement and building trust

- stay informed, aware and responsive to the changing context and operating environment of federally registered organisations
- actively share lessons learned and insights by engaging with other regulators and stakeholders to encourage best practice
- build and maintain collaborative relationships with other regulators to minimise regulatory impact and reduce duplication
- hold itself to account through internal accountability processes that foster a culture of continuous improvement and reflection
- actively develop staff capability, including ensuring staff have relevant knowledge to address stakeholder needs

2. Risk-based and data-driven

- use intelligence and data to inform a risk-based and proportionate approach to compliance and enforcement activities
- actively monitor and plan for risks, taking a preventative approach to non-compliance by raising awareness of common misconceptions and through early identification and remediation of compliance issues
- consider the risks, cost effectiveness and impact of regulatory action
- demonstrate flexibility in its regulatory approach in order to encourage compliance and undertake compliance and enforcement activity where risk is greatest.

3. Collaboration and engagement

- Open, transparent and consistent engagement with stakeholders including industry, government and the broader community is crucial to maintaining competent and innovative regulatory practices. Consequently, I expect the ROC to:
 - engage genuinely and regularly with registered organisations and their peak bodies and to encourage, promote and facilitate meaningful and timely engagement
 - work cooperatively with stakeholders including registered organisations and registered auditors to enhance compliance and compliance practices
 - be receptive to feedback and diverse stakeholder views
 - be transparent in its operations, policies and decision-making processes including by the publication of formal regulatory decisions and performance results
 - provide up-to-date, relevant, clear and easily accessible guidance and information to assist regulated entities with achieving compliance
 - provide informative and practical tools that help registered organisations to comply with their statutory obligations
 - where practicable, provide tailored and personalised assistance to stakeholders.

Innovation and regulatory change

I expect the ROC to continually monitor the environment it operates in to ensure that regulatory approaches keep pace with changes in technology, industry practices and community expectations. I also expect the ROC to regularly review and, where necessary, adjust policies, protocols and operating procedures, to ensure it can respond to the changing social, technological and commercial context in which it operates.

The Government's policy priorities and objectives

Deregulation Agenda

The Deregulation Agenda is a key component of the Government's plan to support economic recovery by making it easier for businesses to grow and create jobs. Ensuring our regulatory settings are the best they can be helps boost productivity and competitiveness and supports well-functioning markets, business investment, job creation and growth.

Under the Deregulation Agenda, the Australian Government is taking a new whole-of-government approach to regulatory policy. This will focus on reducing barriers affecting Australia's productivity growth and competitiveness. It will also make sure regulations are well-designed, fit-for-purpose and support businesses to grow and create jobs.

I expect the ROC to contribute to the deregulation process by:

- seeking opportunities to remove duplication and streamline processes in order to improve efficiency and lift productivity
- acting in accordance with regulator best practice in its decision-making, policies, processes and communication practices, in order to maximise transparency and minimise compliance costs
- applying the *Regulator Performance Guide July 2021* to its regulatory functions to assess its performance and engagement with stakeholders
- incorporating regulator performance reporting into the ROC's reporting processes, as required under the *Public Governance, Performance and Accountability Act 2013* and *Public Governance, Performance and Accountability Rule 2014*, in order to support greater transparency and accountability of regulator performance
- increasing the use of digital tools and resources to meet stakeholder needs.

Relationship with Minister and portfolio

The ROC plays an essential role in ensuring that the Government and I, as the Minister responsible for industrial relations, are well placed to respond promptly to issues relating to the efficient management and accountability of registered organisations. The Attorney-General's Department (the department) also supports and advises me by providing advice on policy development and the performance of the portfolio's regulatory systems. The department takes into account the knowledge and expertise of the ROC when considering changes to policy and legislation that impact on registered organisations.

Accordingly, I expect the ROC to work collaboratively with the department on significant issues relating to strengthening compliance with the RO Act.

As the responsible Minister, I will provide an enabling environment for the ROC to consistently implement best practice by ensuring you are well informed of the Government's policy direction, as specific initiatives and strategies are being considered.