Guidelines for preparing Ministerial Statements of Expectations (SOEs)   
under the SOE Framework

May 2017

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* + 1. Implementing the Statement of Expectations Framework
       1. SOE Framework comes into effect

The Statement of Expectations (SOE) Framework comes into effect on 1 July 2017. From this date, all Victorian business regulators within scope of the SOE Framework must have a valid SOE (in many cases this will be a Stage Two SOE that is carried over or reissued for up to 12 months).

The Department of Treasury and Finance (DTF) has developed an implementation plan to ensure there is adequate time to undertake high quality and rigorous analysis in developing the first SOEs under the proposed SOE Framework. The implementation plan includes:

* + - dividing regulators into two tranches for implementing the SOE Framework to create a rolling schedule of biennial SOEs;
    - carrying over or reissuing Stage Two SOEs for up to 12 months while SOEs are developed under the SOE Framework; and
    - transitional arrangements for the first tranche of SOEs.
      1. Dividing regulators into two tranches
         1. Selecting regulators to move to the second tranche

Attachment 1 to the SOE Framework provides a list of Victorian business regulators by Ministerial responsibility. Each Minister can nominate up to half of their regulators within each portfolio to be included in the second tranche of SOEs.

DTF recommends that higher volume and higher impact regulators, or regulators with more complex considerations should be moved to the second tranche.

* + - * 1. Moving regulators to the second tranche

Ministers must nominate in writing to the Treasurer up to half their regulators within each portfolio to be included in the second tranche of SOEs before 30 June 2017.

DTF will update Attachment 1 to the SOE Framework as soon as all nominations have been received.

* + - 1. Carrying over (or reissuing) Stage Two SOEs

The purpose of carrying over Stage Two is an interim measure to ensure Victorian business regulators have SOEs in place reflecting the current Government’s expectations until SOEs can be developed and issued under the SOE Framework.

For regulators in the first tranche where SOEs under the SOE Framework will not be ready by 30 June 2017, and for regulators who have been moved to the second tranche, existing Stage Two SOEs can be carried over (or reissued if necessary) for up to 12 months. There are two ways this can be done:

1. responsible Ministers can carry over Stage Two SOEs by issuing a letter to the regulator stating that the SOE has been carried over while an SOE is developed and issued under the SOE Framework; and
2. responsible Ministers can reissue an amended Stage Two SOE.

To ensure that carrying over existing SOEs is meaningful, the following review process should be undertaken at a minimum. Existing Stage Two SOEs should be reviewed and the following considerations taken into account as part of this process:

* + - changing the administrative information in the SOE letter to reflect any details that have changed since the SOE was issued. This may include replacing the name and portfolio of the responsible Minister, and confirming the correct name of the regulator’s Chief Executive and the address of the regulator;
    - the time period to which the SOE applies will also need to be updated for the period from 1 July 2017 until a new SOE is issued, which must be no later than 31 December 2017 for the first tranche or 30 June 2018 for the second tranche;
    - improvements and targets that have been delivered or are no longer relevant can be removed from the SOE; and
    - reviewing and adjusting improvements and targets that remain relevant. This may involve revising timelines for a particular task or setting a new target to improve performance standards for ongoing functions.
      1. SOE Framework timelines
         1. The first tranche of SOEs

The first tranche of SOEs will cover the period 1 July 2017 (or when signed by responsible Ministers) to 30 June 2019.

Where it will not be possible to issue a SOE under the SOE Framework by 30 June 2017, existing Stage Two SOEs will need to be temporarily carried over or reissued.

Under the transition to the SOE Framework, the first tranche of SOEs must be issued as soon as practicable after 1 July 2017 and no later than 31 December 2017.

For SOEs issued between 1 July 2017 and 31 December 2017, the compressed implementation timeframe for the SOE should be reflected in the improvements and targets.

* + - * 1. The second tranche of SOEs

The second tranche of SOEs issued under the SOE Framework will cover the period 1 July 2018 to 30 June 2020.

The second tranche of SOEs must be issued no later than 30 June 2018.

* + - * 1. Summary of SOE Framework timelines

|  |  |
| --- | --- |
| Milestone | Date |
| Ministers nominate to the Treasurer in writing which regulators will be moved to the second tranche of the SOE Framework | By 30 June 2017 |
| Stage Two SOEs expire if not carried over or reissued | 30 June 2017 |
| SOE Framework comes into effect | 1 July 2017 |
| **Transition period:** |  |
| Stage Two SOEs carried over (or reissued) to cover the period 1 July 2017 up until no later than 30 June 2018 | By 30 June 2017 |
| The first tranche of SOEs (1 July 2017 – 30 June 2019) and regulator responses published | No later than 31 December 2017 |
| The second tranche of SOEs (1 July 2018 – 30 June 2020) and regulator responses published | By 30 June 2018 |

* + 1. Process for developing SOEs
       1. Developing SOEs

The development of the SOE will require close collaboration between responsible Ministers, regulators and the respective policy departments. There is no prescribed process to follow.

The SOE Framework includes a recommended four step process for developing the SOE letter and the regulator response. This process is designed to make sure SOEs are supported by an evidence base that will also inform departmental evaluations. However, where the relevant Minister considers that existing processes and tools provide a suitable evidence base for developing a SOE, these existing processes can be used in the place of the recommended steps.

DTF is available to support regulators and departments in the development of SOEs by providing advice on the consistency of draft SOEs with the SOE Framework and to suggest improvements and targets that could be considered.

It is recommended that responsible Ministers issue SOE letters to their business regulators two months prior to implementation so the regulator has time to develop the regulator response. In practice, many regulators develop the regulator response in parallel to the development of the SOE letter, so this is not a fixed timeline.

There is an expectation that regulators consult with the Red Tape Commissioner, business and the broader community in developing actions to achieve the improvements and targets included in the SOE.

To ensure Ministerial expectations – together with regulator-initiated activities for meeting those expectations – are clear to stakeholders:

* + - a Ministerial SOEs letter must be issued to the regulator;
    - the Ministerial SOEs must be published on the regulator’s website;
    - the regulator must publish their response on their website; and
    - the regulator must report publicly against the improvements/targets included in the Ministerial SOEs and regulator response.
      1. Evaluating performance

Having the evidence base that supports the development of the SOE and regulator response should be an important consideration for departments and regulators. The SOE Framework includes a recommended process.

DTF will develop guidelines for preparing evaluations under the SOE Framework in consultation with departments and regulators in time to inform the evaluations of the first tranche.

These guidelines will include timelines for preparing and publishing evaluations.

Once evaluation reports have been prepared, the Commissioner for Better Regulation will review each of these evaluation reports to identify areas of best practice.