



**Senator the Hon Penny Wong**  
**Minister for Foreign Affairs**

MS24-001308

**07 MAR 2025**

Ms Jan Adams AO PSM  
Secretary  
Department of Foreign Affairs and Trade  
RG Casey Building  
BARTON ACT 0221

Dear Secretary

I am writing to acknowledge the important work of the Department of Foreign Affairs and Trade in performing regulatory functions in relation to Australian sanctions and the Foreign Arrangements Scheme, and to provide you with strategic direction in the form of the attached Statement of Expectations.

The attached Statement of Expectations outlines how I expect the department to contribute to the Government's regulatory reform agenda, display and progress the principles of regulator best practice and demonstrate innovation and regulatory change. Ministerial Statements of Expectations provide regulators with greater clarity about government policies and objectives relevant to the regulator in line with the relevant statutory objectives. This Statement of Expectations also sets out the priorities I expect the department to observe in conducting its operations.

I would appreciate your response to this letter in the form of a Statement of Intent outlining how the department proposes to meet the expectations set out in this Statement of Expectations. In addition, to ensure transparency and accountability, I ask you make this Statement and your Statement of Intent available on the department's website.

Thank you for your timely assistance with this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Penny Wong', written over a printed name.

**PENNY WONG**

Encl: Ministerial Statement of Expectations

DEPARTMENT OF FOREIGN AFFAIRS AND TRADE  
STATEMENT OF EXPECTATIONS

As the responsible Minister, this Statement sets out my expectations of the following regulatory functions undertaken within the Department of Foreign Affairs and Trade:

- Australian sanctions under the:
  - *Autonomous Sanctions Act 2011* and subordinate legislation, and
  - *Charter of the United Nations Act 1945* and subordinate legislation.
- The Foreign Arrangements Scheme, established by the *Australia's Foreign Relations (State and Territory Arrangements) Act 2020* (Foreign Relations Act).

**Role of the Australian Sanctions Office**

The Australian Government uses sanctions to respond strategically and effectively, in concert with other nations, to situations of international concern. Sanction frameworks have increased in number and complexity as threats to international security and agreed international norms have increased. The impact of sanctions is to impose costs on foreign individuals, entities, regimes and governments for breaches of international law, human rights abuses and other behaviours that are contrary to Australian values and national interests. This is achieved by regulating activities in Australia, and the overseas activities of Australians and Australian companies.

The Australian Sanctions Office (ASO) is the Australian Government's regulator of sanctions laws and has two key roles. The first role is to administer Australia's sanctions laws to ensure that sanctions are implemented and operate as intended. The second role is to promote and enforce compliance with sanctions laws.

As the Australian Government's sanctions regulator, I expect the ASO to:

- ensure the efficient and effective administration of Australian sanctions laws, consistent with Australia's international obligations and foreign policy objectives
- respond to the Government's priorities and foreign policy objectives through implementing sanctions frameworks, listings and de-listings
- provide guidance and outreach to the regulated community, including government agencies, individuals, businesses and other organisations, on Australian sanctions legislation
- process applications for and issue sanctions permits if in the national interest or otherwise supported by legislation
- work with individuals, businesses and other organisations to promote compliance with, and help prevent breaches of, sanctions law
- work in partnership across government to monitor compliance with sanctions legislation, and
- support corrective and enforcement action by law enforcement agencies in cases of suspected non-compliance.

## Role of the Foreign Arrangements Branch

The Foreign Arrangements Scheme ensures that arrangements between state and territory entities and foreign entities do not adversely affect Australia's foreign relations and are not inconsistent with Australia's foreign policy. State and territory entities include state and territory governments, local government and Australian universities. In an increasingly complex international environment, the Scheme fosters a systematic and consistent approach to foreign engagement across all levels of government.

The Foreign Arrangements Branch is the Australian Government's regulator of the Foreign Arrangements Scheme. The main role of the Foreign Arrangements Branch is to provide advice on arrangements notified under the Scheme, to ensure that arrangements with foreign countries are consistent with Australia's national interests. The Branch also has an important role in promoting and enforcing compliance with the Scheme.

As the Australian Government's regulator of the Foreign Arrangements Scheme, I expect the Foreign Arrangements Branch to:

- provide comprehensive and timely advice on foreign arrangements notified under the Scheme (including arrangements that require approval to negotiate and enter)
- provide guidance and training to state and territory entities on their obligations under the Scheme
- work with state and territory entities to promote compliance with the Scheme and resolve any instances of non-compliance, and
- implement enforcement mechanisms when required.

## The Government's policies and objectives

### ***Regulatory reform agenda***

The Government is looking at ways to boost productivity through reducing unnecessary or duplicative regulatory costs and working with international partners to identify opportunities to improve the quality of regulation. The Government is also focusing on improving regulator performance, capability and culture through regulatory stewardship.

I expect the department to contribute to the regulatory reform agenda by:

- seeking opportunities to reduce duplication and streamline processes to improve efficiency
- 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, and
- embedding the Statement of Expectations, and the Department of Finance's *Regulator Performance Resource Management Guide* (RMG 128) (July 2023) and its three best practice principles, into the corporate documents, including Corporate Plans and annual reporting 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.

### ***Principles of regulator best practice***

The Government recognises and respects the operational independence of the Secretary as the accountable authority of the department's regulatory functions. I expect the department to draw on the principles of regulator best practice to develop tailored performance monitoring, reporting processes and performance measures, as outlined in the Regulator Performance Resource Management Guide.

I expect the department to display and progress the following:

#### *1. Continuous improvement and building trust*

- Actively build staff capability, including ensuring staff have relevant knowledge of the regulatory craft and the industry they regulate, and have the capacity and are empowered to identify and implement improved practices.
- Have well-defined, communicated and embedded organisational values and culture that articulate the type of regulator and regulatory posture it seeks to adopt.
- Identify and minimise duplication and harmonise activities with other regulators and other agencies to achieve better regulatory outcomes, including establishing clear operational scopes, sharing intelligence and producing common guidance.

#### *2. Risk-based and data driven*

- Maintain a compliance and enforcement strategy that articulates its approach to risk and how this informs decision-making, publishing where appropriate.
- Modify its regulatory approach to encourage voluntary compliance where appropriate and focus compliance and enforcement activity where risks and impact of harm are greatest.
- Use intelligence and data to inform a risk-based approach to compliance and enforcement.
- Commit to publish the data it holds and share data across government where permitted and appropriate.
- Actively monitor and plan for risks that may have flow-on effects for operations, including those on the edge of, or just outside, a regulator's legal objectives, functions and role.

#### *3. Collaboration and engagement*

- Engage genuinely and regularly with stakeholders and seek out stakeholder feedback to inform regulatory decisions.
- Offer a range of consultation mechanisms to ensure stakeholders are able to easily engage, seek assistance and provide feedback.
- Establish processes that enable meaningful and timely stakeholder engagement by providing early notification of operational changes.

- Provide guidance and information that is relevant, clear, concise and easily accessible to help regulated entities understand their obligations and responsibilities to encourage voluntary compliance.

### ***Innovation and regulatory change***

I expect the department to monitor the environment it operates in and review its regulatory posture and policies in order to keep pace with changes in foreign policy in an increasingly complex and challenging international environment.

The Government is reforming Australia's sanctions laws to ensure they are fit for purpose and easier to understand. To this end, the department has completed a review of these laws that involved extensive consultation with stakeholders, including the public. The department is providing advice to the Government on recommended legislative amendments to improve how the legal framework operates. I expect the ASO to continue its engagement with stakeholders, in anticipation of reforms taking effect before October 2027.

The Government has committed \$26.4 million in the 2024-25 Budget to support sanctions enforcement, primarily to build a monitoring function and enhance the compliance function within the ASO. This will include building a monitoring and alert system, a compliance/monitoring case management system, conducting spot audits on high-risk sectors and data matching projects to detect sanctions non-compliance. I expect the ASO to continue to publish guidance materials for the regulated community, continuously improve the relevance, clarity and accessibility of the ASO website and publish an annual report in 2025 and subsequent years that tracks its performance.

I announced an independent review of the Foreign Relations Act in June 2024. The independent review provides an opportunity to formally review the effectiveness of the Foreign Relations Act in meeting its objectives and identify whether it is necessary or desirable to do anything to improve the operation of the Act. The Government will consider the findings of the completed review.

### **Relationship with Minister and portfolio**

The department's regulatory functions are a critical enabler to uphold Australia's international obligations and protect and advance Australia's national and foreign policy interests. As the responsible Minister, I will provide an enabling environment for the department to consistently implement best practice by ensuring the department is well informed of the Government's policy direction and will liaise with my ministerial colleagues when appropriate to support the work of the department.