

Aligning with international standards and risk assessments

The Government's commitment

In the '[Industry Innovation and Competitiveness Agenda: An Action Plan for a Stronger Australia](#)' published on 14 October 2014 the Australian Government proposed¹:

To reduce duplicative domestic regulation, the Government will adopt the principle that if a system, service or product has been approved under a trusted international standard or risk assessment, then Australian regulators should not impose any additional requirements, unless there is a good and demonstrable reason to do so. This will reduce costs and delays for businesses, increase the supply of products into the Australian market and allow regulatory authorities to focus on higher priorities.

International standards and risk assessments in the Treasury Portfolio

International standards and risk assessments have varying degrees of relevance to regulators within the Treasury Portfolio. For example, Australia's taxation system is uniquely Australian and consideration has been given to its international competitiveness. The notion of aligning with international standards does not fit with the broader objectives of our tax system. On the other hand the Australian Competition and Consumer Commission (ACCC) has a role in the creation of standards for products that are subject to similar standards in other jurisdictions and so there is merit in giving due consideration to the international environment.

The ACCC has published its criteria for acceptance of international standards for the safety of consumer products on its [website](#)

The Treasury Portfolio's commitment

The Treasury Portfolio makes the following commitments in relation to aligning regulatory requirements with international standards and risk assessments:

*The regulators within the Treasury Portfolio **recognise** the value, where appropriate, of achieving international consistency in the regulation of products and services that cross national borders.*

*The regulators within the Treasury Portfolio are **committed** to not imposing requirements in addition to those approved under a trusted international standard or risk assessment, unless there is a good and demonstrable reason to do so.*

*Treasury agencies are **committed** to being **active** in international forums that develop international standards or risk assessments relevant to their regulatory responsibilities.*

¹ Department of Prime Minister and Cabinet, *Industry Innovation and Competitiveness Agenda: An Action Plan for a Stronger Australia*, DPMC, 2014, p. 31 available: https://www.dpmc.gov.au/sites/default/files/publications/industry_innovation_competitiveness_agenda.pdf

Treasury Portfolio regulators that regulate activity that has, or could potentially have links to international standards or risk assessments

Regulator	Activity	Relevant international standard or risk assessment ²
Australian Accounting Standards Board	Financial reporting	International Standards on Financial Reporting issued by the International Accounting Standards Board.
Auditing and Assurance Standards Board	Auditing and assurance (relating to financial reporting and non-financial areas)	International Standards on Auditing, Review Engagements and Assurance Engagements issued by the International Auditing and Assurance Standards Board.
Australian Securities and Investments Commission (ASIC)	Financial reporting	ASIC is responsible for enforcing accounting and auditing and assurance standards issued by the AASB and the AUASB, which are based on the international standards set out above.
	Securities regulation	IOSCO has established the Objectives and Principles of Securities Regulation. The principles are designed for domestic regulators to use in setting standards and creating guidance, with the objectives of protecting investors, ensuring that markets are fair, efficient and transparent and reducing systemic risk. As a member of IOSCO, ASIC has an active role in developing the IOSCO principles and implementing them in Australia.
	Derivatives (including over-the-counter derivatives)	Basel Committee on Banking Supervision-IOSCO Margin Requirements for Non-Centrally Cleared OTC Derivatives IOSCO Requirements for Mandatory Clearing IOSCO Risk Mitigation Standards for Non-Centrally Cleared Over-the-Counter Derivatives IOSCO International Standards for Derivatives Market Intermediary Regulation
	Cross-border financial regulation	IOSCO Principles Regarding Cross-Border Supervisory Cooperation IOSCO Objectives and Principles of Securities Regulation
	Financial market benchmarks	IOSCO Principles for Financial Benchmarks
	Intermediaries holding client assets	IOSCO Recommendations Regarding the Protection of Client Assets
	Disclosure of financial information	IOSCO General Principles Regarding Disclosure of Management's Discussion and Analysis of Financial Condition and Results of Operations
	Collective investment vehicles	IOSCO Principles of Liquidity Risk Management for Collective Investment Schemes
	Dark pools	IOSCO Principles for Dark Liquidity
	Direct electronic access to financial	IOSCO Principles for Direct Electronic Access to Markets

² This list summarises types of international standards and risk assessments that might have relevance for each agency. It is not a list of international standards and risk assessments that each regulator has committed to align with.

	markets	
	Ratings agency regulation	IOSCO Code of Conduct for Credit Rating Agencies
	Outsourcing	IOSCO Principles on Outsourcing of Financial Services for Market Intermediaries
ASIC and the Reserve Bank of Australia	Financial Market Infrastructures	Principles for Financial Market Infrastructures published by the Committee on Payments and Market Infrastructures and IOSCO
APRA and ASIC	Business continuity	The High-level Principles for Business continuity were published jointly by the Basel Committee on Banking Supervision, IOSCO and the International Association of Insurance Supervisors.
Australian Prudential Regulation Authority (APRA)³	Banking	<p>APRA observes a range of principles, standards and guidance issued by the Basel Committee on Banking Supervision.</p> <ul style="list-style-type: none"> - The Basel Capital Framework including Basel II, Basel 2.5 and Basel 3. The Framework consists of three pillars: Pillar 1 (minimum capital requirements - capital base and risk weighted assets); Pillar 2 (supervisory review process); and Pillar 3 (market discipline/disclosure). - The Basel Liquidity framework including the liquidity coverage ratio and the net stable funding ratio - International standards for banking may also be set by the Basel Committee's <i>Core Principles for Effective Banking Supervision</i> (BCPs). The BCPs provide benchmarks for the establishment, revision or implementation of Australia's regulatory and supervisory systems. APRA pays close attention to the BCPs and the Australian regulatory framework has been assessed as having a high level of compliance with them.
	Insurance and Superannuation	<p>A global capital framework (comparable to that for banking) does not exist for the insurance industry, though one is being developed under the auspices of the International Association of Insurance Supervisors (IAIS).</p> <p>The IAIS has developed Insurance Core Principles (ICPs) and the International Organisation of Pension Supervisors (IOPS) is currently developing supervisory principles for superannuation. These principles provide benchmarks for the establishment, revision or implementation of Australia's regulatory and supervisory systems. APRA pays close attention to the ICPs and the Australian regulatory framework has been assessed as having a high level of compliance with them.</p>
	Data collection and statistical publications	Various global bodies set international data reporting standards and guidelines. These include bodies such as the International Monetary Fund and the International Accounting Standards Board.
	APRA-regulated institutions - general	From time to time, international standards relevant to APRA's regulated industries may be set by other bodies. For example, the Financial Stability Board's Key Attributes for Effective Resolution

³ Note: international standards relevant to APRA's regulated industries may also be set by other bodies outside of the Treasury Portfolio.

		Regimes for Financial Institutions. APRA monitors developments in these international standards for consideration of adoption in Australia where appropriate.
Australian Competition and Consumer Commission	Product safety and information standards	Voluntary standards developed by international bodies like the International Organization for Standardization and the European Committee for Standardization. National voluntary standards published by standards organisations from other countries (e.g. US organisations such as the ASTM, the British Standards Institute, and equivalent organisations in Japan, Canada, New Zealand or elsewhere) Mandatory standards or regulations in force in international jurisdictions.
Royal Australian Mint	Produce coinage, medals, medallions, tokens and seals for government and private clients domestically and internationally	International standards relevant to the RAM include those relating to occupational health and safety, environmental sustainability and manufacturing processes and procedures.
Tax Practitioners Board	Registration and regulation of tax practitioners	International educational qualifications, memberships and rules about continued accreditation relating to tax practitioners.
Australian Bureau of Statistics	Collecting and reporting statistical information	International standards in relation to the collection and reporting of statistics.
Australian Charities and Not-for-profits Commission	Registration and regulation of the charity sector	International standards related to charities, which are part of the Non-Profit Organisation sector including, for example, those relating to money laundering and the financing of terrorism.
Australian Energy Regulator	Regulating energy markets and networks	Presently there are no international standards or risk assessments that are relevant to the role of the AER.

Regulators for which international standards, principles and risk assessments are not relevant

Australian Taxation Office	Revenue collection	The notion of aligning with international standards does not fit with the broader objectives of our tax system.
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