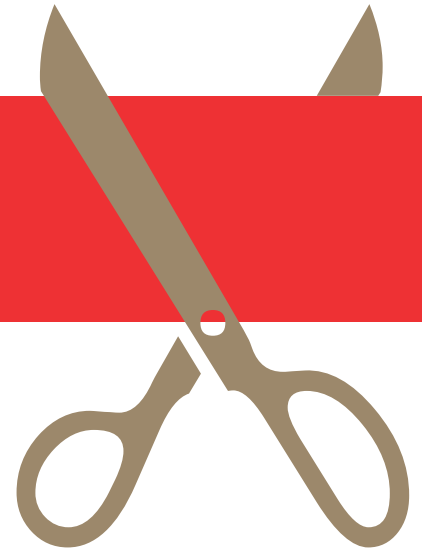




# Office of Deregulation – Guidance Note



## INTERNATIONAL STANDARDS AND RISK ASSESSMENTS

As at 1 December 2014

The Government released its Industry Innovation and Competitiveness Agenda on 14 October 2014. A major component of this policy announcement was that 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 our regulators should not impose any additional requirements for approval in Australia, unless it can be demonstrated that there is a good reason to do so.

The option to accept trusted international standards and risk assessments has always existed for deregulatory reforms, and the Government's decision now formalises this. Particularly for portfolios that have struggled to find red tape savings, the Government's policy on international standards and risk assessments could offer a pathway for developing reforms. Portfolios are required to take the lead in implementing the policy as part of their contribution to remove ineffective and unnecessary red tape in the areas of regulation they are responsible for. Portfolios could also establish projects with other portfolios in regulatory areas of joint or overlapping responsibility. Trusted international standards and risk assessments in this context could include those agreed multilaterally (e.g. through the WTO) or standards or assessments from certain overseas jurisdictions that are at the forefront of international best practice. We note that this policy applies to Australian Government regulation and not to the states and territories. We are working separately with states and territories through the Council of Australian Governments and will keep you informed of progress.

### Next Steps

In forming a view of the burden imposed by regulations, portfolios will be required specifically to assess the extent to which opportunities exist for the acceptance or adoption of trusted international standards and risk assessments, or greater alignment with them, as part of the Government's deregulation agenda. The Government has asked PM&C to track and report progress against this principle, including by publishing progress on repeal days and in annual deregulation reports.

Portfolios are expected to consider the immediate opportunities for applying international standards and risk assessments in the concrete reform priorities that they will develop by the end of 2014 as input into the deregulation forward work programme. Where scope for reform exists for the adoption of international standards and risk assessments, or greater alignment with them, these opportunities will need to be implemented in a manner that is consistent with portfolios delivering on their 2015 and 2016 red tape targets and the Government achieving its overall \$1 billion annual deregulation objective.

To ensure a thorough review, ministers or secretaries are responsible for communicating with regulators in their portfolio and key business and other stakeholders seeking their views on their standards and risk assessment processes against the principle. It will be important that this communication makes it clear that the objective is to reduce regulatory burden and remove barriers to trade. While the policy is silent on the timing of this, PM&C suggests that communication with regulators and stakeholders should occur before the end of 2014.

Portfolios are required to develop clear criteria that they can use to assess the potential adoption of international standards and risk assessments. Given that circumstances differ between portfolios, these criteria are up to individual portfolios. However, there is no room for adopting a no-change (or 'we are in special circumstances' approach) simply on the basis of for example health or security grounds. The criteria that each portfolio develops will provide an approach to assess opportunities for reform against the principle, and a transparent process through which necessary Australian specific case-by-case requirements will be justified. Portfolios will be expected to make these criteria publicly available in the first quarter of 2015.

In conducting these assessments, portfolios will be required to work with their stakeholder groups to develop criteria for accepting or adopting trusted standards and assessments. These criteria would take into account, among other things, but not be limited to, the following considerations:

- › the legitimacy and applicability to the Australian context of trusted international standards and risk assessments;
- › whether any necessary Australian specific conditions or circumstances warrant distinct regulatory standards or risk assessment processes;
- › how reform might reduce regulatory burden, and how reforms could deliver on ministers' red tape targets;
- › the ability of Australia to influence trusted international standards and risk assessments to ensure that Australian interests are taken into account;
- › costs and benefits of adopting international regulatory standards; and
- › stakeholder feedback and any other relevant considerations.

We also recognise that circumstances will differ between portfolios and even between issues within portfolios. The applicability of international standards and risk assessments will most likely vary. The policy framework has been designed to provide a high degree of flexibility, where portfolios will be able to determine their own criteria for assessment, in consultation with their stakeholders, and to develop their own work programmes. However, portfolios should note that their response to this policy will be public.

## Monitoring and Tracking

PM&C tracks progress against the Government's \$1 billion annual target. PM&C now also tracks portfolio progress in moving to accept or adopt trusted international regulatory standards and risk assessments through the existing (deregulation activity) quarterly reporting process.

The Government has also decided it will report specifically on portfolio progress as part of its semi-annual repeal day updates to Parliament. Portfolios should note that the first time this is likely to occur will be the 2015 Autumn Repeal Day overview.

Portfolios will also be required to publish progress in moving to accept or adopt trusted international standards and risk assessments, and any justification for divergence in individual Australian standards as part of their annual deregulation reporting activity. PM&C propose that any decision made by portfolios in response to the principle would form part of the individual portfolio's annual deregulation report, commencing with the annual report that will be published in early 2016.

The Government has also decided to use the [cuttingredtape.gov.au](http://cuttingredtape.gov.au) website to invite public submissions to identify examples of divergence from international standards. PM&C will forward these examples to the relevant portfolios for examination. PM&C will monitor progress so that the response can be tracked and reported on the cutting red tape web site.