



AUASB Board Meeting Summary Paper

AGENDA ITEM NO. **10(d)**
Meeting Date: 24 February 2015
Subject: Deregulation Agenda Update
Date Prepared: 4 February 2015

Action Required

For Information Purposes Only

Agenda Item Objectives

1. To provide an update of the AUASB's activities in response to the Government's deregulation agenda.
2. To seek approval for the repeal of legislative instruments, being the suite of 2006 auditing standards.

Background

1. The Australian Government's Deregulation Agenda is aimed at reducing the regulatory burden on business, individuals and community organisations (stakeholders). The compliance cost reduction target set by the Government is \$1 billion per annum.
2. During 2014, the AUASB contributed to the Deregulation Agenda in the following ways:
 - (a) Provided the number of current AUASB regulations or quasi regulations for the Government's "stocktake and audit" and commented on the qualitative assessment of the financial reporting regulatory burden, used to determine the "baseline" of current level of regulatory burden and the areas with the greatest potential for reform.
 - (b) Repealed regulations which were no longer necessary, being a number of amending standards.
 - (c) Submitted Quarterly Deregulation Reports to Treasury.
 - (d) Obtained Office of Best Practice Regulation (OBPR) clearance through approval of Regulatory Impact Assessments on every regulation or quasi regulation issued. No Regulatory Impact Statements were required during the year.
 - (e) Reported volume of transactions between business and the AUASB, to help Treasury identify benefit from using SBR.
 - (f) Provided the Treasurer with a Statement of Intent in response to the Treasurer's Statement of Expectation, which included the AUASB's commitment to the Deregulation Agenda.

This document contains preliminary views and/or AUASB Technical Group recommendations to be considered at a meeting of the AUASB, and does not necessarily reflect the final decisions of the AUASB. No responsibility is taken for the results of actions or omissions to act on the basis of reliance on any information contained in this document (including any attachments), or for any errors or omissions in it.

Matters to Consider

Deregulation Activity during 2015

3. The Treasury Portfolio made a significant contribution to the Government's deregulation agenda last year and is in the process of compiling the Portfolio's Deregulation Annual Report for likely release on the Autumn Repeal Day in March 2015. The AUASB has provided information on regulatory measures undertaken during 2015 for the Deregulation Annual Report.
4. Whilst the AUASB repealed some amending standards, the AUASB was not able to contribute any savings to the Government's deregulation target of \$1B for 2014, however the limited capacity of the AUASB to achieve savings was acknowledged by Treasury in providing no allocation of target savings. Treasury Portfolio expect a target for net reduction in the red tape burden of around \$400 million in 2015 and possibly more in 2016, as their share of the \$1B annual whole-of-government target.
5. The Regulator Performance Framework, which provides for performance self-assessment by Regulators with respect to imposition of regulatory burden on stakeholders, will be implemented in 2015, however, the AUASB will not be subject to the Framework as the AUASB issues policy rather than implementing, enforcing or monitoring that policy.

Adopting International Standards

6. Late last year the Government announced its policy on International Standards and Risk Assessments, which in essence stated that if a system, service or product has been approved under a trusted international standard or risk assessment, then regulators should not impose any additional requirements for approval in Australia. On 1 December, the Office of Deregulation released a related guidance note which is provided at Agenda Item 10(d).2.
7. This policy supports the AUASB's current approach of conforming as closely as possible to IAASB Standards unless there are compelling reasons for amendments. Nevertheless, following international standards does not appear to be reason for exempting the AUASB from the regulatory impact assessment process. However, the AUASB's regulatory measures do not usually result in any appreciable regulatory impact, consequently costing of these measures is not typically necessary, subject to OBPR clearance.

Preparing for Spring 2015 Repeal Day

8. Treasury is currently working on measures that will form part of the Spring 2015 Repeal Day and is calling for any measures that are deregulatory, including the repeal of legislative instruments.
9. The AUASB needs to consider the opportunity to participate in the bulk repeal of LIs in October 2015, which will need to be submitted to Treasury by April 2015. The 2006 suite of auditing standards were superseded by the 2009 suite of auditing standards, which applied for reporting periods commencing 1 January 2010.

Staff Recommendations

The AUASB Technical Group recommend that the AUASB approve the repeal of the 2006 suite of auditing standards at the Spring repeal day, as listed in the attachment Agenda Item 10(d).1.

Material Presented

Agenda Item 10(d)	AUASB Board Meeting Summary Paper
Agenda Item 10(d).1	Attachment to AUASB Board Meeting Summary Paper [confidential]
Agenda Item 10(d).2	Office of Deregulation, Prime Minister & Cabinet – Guidance Note <i>International Standards and Risk Assessments</i> as at 1 December 2014 [confidential]