

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Financial Technology and Regulatory Technology

2020 - 2021

Division: Financial System Division
Topic: Underdeveloped policy framework in relation to digital assets—
cryptocurrency
Reference: Spoken

Question:

CHAIR: Thank you very much. I might just ask the Treasury officials one final question, if you don't mind. We held some hearings in Sydney a couple of weeks ago—actually, I'm just catching my thoughts; you won't know the answer to this. One of the main positions put to this committee is how we have an underdeveloped policy framework in relation to digital assets—cryptocurrency. I'd be interested in your view on that, perhaps on notice.

Ms O'Rourke: We'd be happy to suitably talk to relevant groups in Treasury to get a good answer for you.

CHAIR: It's lucky I didn't give you a long preamble!

Ms O'Rourke: Well, it's a very important topic, and I think there are quite a few different people in Treasury who would be pleased to synthesise some thoughts for you. So, we're happy to do so.

CHAIR: Perhaps the Treasury can just give the committee some information about that, including with reference to the statements in the Kalifa review from the UK last week, which referred to their own underdeveloped crypto policy area—and that's not a criticism; I'm just trying to get some information about where we're up to on that. Thank you for your time today. You go with our best wishes.

Answer:

The Government and regulators continue to monitor developments in cryptocurrencies to ensure that risks are considered and mitigated as appropriate while balancing potential benefits. Inter-agency collaboration is ongoing including through the Council of Financial Regulators. The Government and regulators continue to engage in international forums considering cryptocurrencies, including through the G20 and the Financial Stability Board. The Government and regulators also continue to monitor developments in other jurisdictions, including in the United Kingdom, where the Kalifa Review of Fintech was published on 26 February 2021 and made several recommendations to the UK Government regarding the regulation of cryptoassets and international engagement.

In addition, the Government has announced a review of the regulatory architecture of the payments system, led by Scott Farrell. The review will assess whether the regulatory architecture remains fit for purpose and capable of supporting continued innovation for the benefit of businesses, consumers and the broader economy, including cryptocurrency developments.