

Australian Prudential Regulation Authority

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29 August 2008

The Secretary  
Senate Foreign Affairs, Defence and Trade Committee  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Dr Dermody

Thank you for your letter of 21 July 2008 addressed to Dr Laker.

Attached is APRA's response to the inquiry into the main economic and security challenges facing Papua New Guinea and the Island States of the Southwest Pacific.

Please contact me if you require further information.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Thea', written over a light grey dotted grid background.

Thea Rosenbaum  
Secretary

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APRA is involved in deepening institutional capacity amongst its Pacific regulatory counterparts through a series of tailored, principally AusAID funded, technical assistance programmes. The aim of these programmes is to assist regulators in the Region to improve the standards of prudential supervision as part of broader whole-of government efforts to strengthen public sector governance in the Region.

APRA administers two programmes in the Region under the Government's multilateral Pacific Governance Support Programme.

The Pacific Prudential Regulator Internship Project places staff from Pacific prudential regulators within APRA's supervision divisions for a period of between 4 and 17 weeks to allow them to understand APRA's approach to prudential supervision. This initiative has been in place since 2005. In 2005 -2006 financial year, APRA facilitated six internships with three staff from Papua New Guinea, two from Fiji and one from Vanuatu. The following year, APRA hosted seven interns, five from Papua New Guinea and two from the Cook Islands. During the past year, APRA accommodated ten interns, seven from Papua New Guinea and one each from Samoa, Fiji and the Federated States of Micronesia. This project is continuing in the 2008-2009 financial year.

During the internship, participants are involved with the on-site and off-site review of APRA supervised entities as well as receiving detailed training on the prudential framework, risk assessment and risk management.

The second programme is the Pacific On-Site Prudential Supervision Project. Under this initiative, APRA supervisors, as technical advisers, travel to countries within the Region for two week training programmes. APRA supervisors work on-site with the supervisors of the host country, assisting them in planning, scoping and conducting prudential reviews. In most cases, supervisors from other countries in the Region travel to the host country and participate in the prudential review.

In 2005-2006 financial year, APRA conducted four such training visits in Papua New Guinea which were attended by supervisors from Fiji, Samoa, Solomon Islands and Vanuatu. In the following year, three training visits were conducted in Papua New Guinea which again involved supervisors from these countries. During the past year, five training visits were made to Fiji and Papua New Guinea. The programme extends across banking, savings and loans societies, superannuation entities and general insurance companies. This project is also continuing in the 2008-2009 financial year.