

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

Budget Estimates

2 – 5 June 2014

**Department/ Agency:** APRA

**Question:** BET 3

**Topic:** Statement of Expectations and industry workgroups

**Reference:** Hansard Page 106, 3 June 2014

**Senator:** Bishop

#### Question

3. **Senator BISHOP:** It was reported on 23 April that the Treasurer wrote to you concerning the removal of red tape and, whilst respecting APRA's independence, the government expected APRA to respect the government's agenda in that area of deregulation, red tape et cetera. Has APRA responded to the Treasurer's letter and, if so, could you table a copy of your response for the Committee?

**Dr Laker:** We have a letter, the Statement of Expectations, which sets this out. We have not tabled a Statement of Intent at this point. I felt it was important that the new Chairman have a chance, since he has got the stewardship of APRA for the next five years, that he should be the signatory to the Statement of Intent. He will sign that letter with the time period we have got to respond..... I felt that it was appropriate that the new membership team, of which Ian is the Deputy Chairman, and the third member will be signing off.... We have been working with industry to look at ways in which across all of our regulated industries we can remove, in a sense, irritating red tape..... We have got a working group set up with the industry associates. Ian, as Deputy Chairman, has carriage of that.

**Mr Laughlin:** There are many working groups. Within each industry we have gone through the industry associations.

**Senator BISHOP:** If you could take on notice how many working groups have been established, the composition in terms of personnel of those working groups, the task of each working group, the reporting time lines of each working group and when APRA will deliver a considered response in terms of that multigroup investigation, that would be useful.

#### Answer:

3. In support of the Government's agenda to reduce compliance costs, the Australian Prudential Regulation Authority (APRA) has been working closely with industry to identify opportunities for regulatory cost savings.

Through relevant industry associations, APRA has established six working groups. These working groups cover the four main industries regulated by APRA. Each working group is tasked with identifying possibilities for regulatory cost savings within a specific industry or industry segment. Each working group comprises approximately eight senior industry members who were nominated by the relevant industry group. About three APRA staff support and interact with the working groups as required. Other senior staff will be involved in the assessment of proposals. Industry members act as conduits to the wider membership of the industry associations as well as to their individual institutions. The progress of each working group is reported to the APRA Members.

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APRA has received initial feedback from each of the working groups and has, in addition, received a second round of feedback from four of the working groups. Further feedback from the remaining two working groups is expected shortly. APRA has commenced an analysis of the ideas presented and decisions will be made over coming months.

APRA will continue to develop and assess identified cost saving opportunities and report on progress, at least quarterly, to the Treasury. Consistent with the Government's objectives, APRA envisages its work on regulatory cost savings and its engagement with the industry working groups will continue on an ongoing basis. Based on the feedback received to date, most of the potential cost saving opportunities are likely to require implementation over the medium term and will require broader and more formal industry consultation consistent with APRA's processes.