

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates 2014
3 June to 5 June 2014

Department/ Agency: APRA

Question: BET 782-786

Topic: Basel III

Reference: Written – 12 June 2014

Senator: Whish-Wilson

Question

782. Which Ministers has APRA meet with since the election?
783. How many meetings have there been with each Minister?
784. Have you briefed the Treasurer on your implementation of Basel III?
785. Since the election how many meetings has APRA had with Australian Banks at which Basel III was discussed?
786. Which banks have provided APRA with information about the financial costs of meeting the Basel III requirements?
- a. When were they provided?

Answer:

782-784. Since the 7 September 2013 election, the Members of the Australian Prudential Regulation Authority (APRA) have met with the Treasurer, the Assistant Treasurer, the Minister for Small Business and the Parliamentary Secretary to the Treasurer on a number of occasions. A number of topics were raised at the meetings

785. Authorised deposit-taking institutions (ADIs) have been supervised under APRA's Basel III prudential framework from January 2013. Since then APRA has, as part of its normal prudential supervision, had meetings with ADIs that routinely touch on Basel III and Basel III-related matters. As part of APRA's routine supervision of ADIs a broad range of supervisory issues may be discussed, so it is not practical to advise the number of meetings at which Basel III was discussed.

786. Basel III is a comprehensive set of reform measures, addressing the capital and liquidity frameworks of ADIs.

As part of the implementation process of the Basel III capital framework in Australia, between September 2011 and April 2013, APRA issued five discussion papers seeking submissions about its proposals. Each discussion paper specifically included a request for cost-benefit analysis of the proposed measures and an invitation to use the Government's Business Cost Calculator (BCC) to estimate costs to ensure that the data supplied to APRA could be aggregated and used in an industry-wide assessment.

No ADI used the BCC to estimate implementation costs or provided comprehensive quantitative data on estimated compliance costs. Some ADIs estimated costs relating to individual components of the reforms, such as higher costs of Basel-compliant capital instruments or the impact of APRA's proposed treatment of particular items, but in many cases this information was included as part of confidential submissions.

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APRA was provided with substantial information on costs for meeting the Basel III liquidity requirements from three ADIs. One ADI provided its information as a part of their submission to APRA's initial consultation which was held in December 2010. The other two ADIs provided APRA with detailed information on implementation costs in December 2013.