

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 90

Topic: APRA Staffing

Hansard Page: E25 (03/06/2010)

Senator CAMERON asked:

Senator CAMERON—If we look at it conservatively, seeing as that word is being bandied around, you have 600 odd staff so you lose 60-odd staff a year. What are the implications of the proposed freeze by the opposition if you cannot replace 120 staff over two years?

Dr Laker—The turnover number at the moment is eight per cent so, as I say, it is in the high single digits. At the moment we are fully staffed and stretched with those numbers. We have been supported by the additional funding we got from government over a four-year period. We know that that has two more years to run. Beyond that, in any event, we would need to talk to government about appropriate resourcing. We are working that discussion up within APRA, because there is quite a drop down in our funding down the track. In the end it is a decision for the government of the day to work out what is the appropriate commitment of society's resources to a prudential regulator. The industry funds that but the government make that decision; we have accepted that. So I would wait and see what the government had in mind at the time for the kind of intensity of supervision that was expected of APRA, and we would work within that.

Senator CAMERON—Sure. You are being very diplomatic, and I can understand that, but I am after a bit more meat than that response, I must say. In terms of losing 120 staff, do they go from across the board, from your very high-level staff down?

Dr Laker—Senator, can I just understand where the 120 comes from. I was looking through my papers when you asked about it before.

Senator CAMERON—That would be roughly a 10 per cent turnover of staff with a two-year freeze.

CHAIR—I will have to ask Dr Laker to take that on notice because we are at the morning tea break and the end of APRA's appearance.

Answer:

The Australian Prudential Regulation Authority is an independent statutory authority that is largely funded by levies on the industries it supervises. It is for the Government of the day to determine the appropriate commitment of resources to a prudential regulator; however, because of its funding arrangements, any 'savings' required of APRA would accrue to industry in the form of lower levies, and would make no contribution to the Government's budget position. Any reduction in APRA's resources would mean a reduction in the intensity of APRA's supervision across-the-board; there are no discrete functions that would be readily terminated.