

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

31 May – 2 June 2011

Question No: BET 210

Topic: Religious or Charitable Development Funds

Hansard Page: 125 - 126

Senator PRATT asked:

**Senator PRATT:** Are there non-religious organisations that have access to the same kinds of arrangements? If you look at the ethical and philosophical underpinnings of such funds, although they are defined as being required to be religious institutions, as a matter of principle there is not necessarily a reason for charitable investments to be channelled in such a way.

**Dr Laker:** As a prudential regulator I would be very happy to avoid getting into moral judgments about particular religious institutions or charitable institutions and what their ethical and moral values are. What we are concerned about is their activities, whether those activities are banking type activities and, if they are, why they are not in some way being covered by us.

**Senator PRATT:** To get back to your previous point, it is up to legislators to choose how to define a religious or charitable development fund.

**Mr Littrell:** There is one non-religious fund that is operating under the class order exemption. Currently there are a few dozen institutions that have a Banking Act exemption to do this sort of work. Those exemptions run out in the middle of this year and we have written to them suggesting that we extend the exemption for another couple of years, during which time we will probably review the whole issue.

**Senator PRATT:** Of all religious charitable development funds?

**Mr Littrell:** Yes. Given the press of other issues in the world it is not particularly high on our priority list, but it is something that needs to be looked at at some point.

**Senator PRATT:** There is not any reason why organisations like that would not be able to facilitate investment through other means and would necessarily need these kinds of exemptions, is there?

**Mr Littrell:** The issue of investment differs. The Banking Act turns on whether an institution is taking deposits and making loans. If an institution wishes to engage in investment business outside deposits, that is a matter for ASIC regulation.

**Senator PRATT:** What is the nature of the organisation that is not religious, in that context?

**Mr Littrell:** I have to confess I would take that on notice.

**Senator PRATT:** I would be very interested to know. I have never quite understood why, in tax or within this APRA regulation, there are distinctions between the charitable purposes of religious and other organisations.

Answer:

The exemption has been granted to the Drug Awareness and Relief Foundation.