



**Actuaries
Institute**

Update by the APRA Regulatory Cost Savings Taskforce

24 September 2014

Background

- Federal government's regulatory cost savings initiative: reduce industry compliance costs by \$1 billion per annum.
- APRA consulting with industry as part of its process.
- Taskforce established under Life Insurance and Wealth Management Practice Committee (LIWMPC).

APRA's stated scope:

- Purpose is to "identify specific, quantifiable options for regulatory cost savings in APRA's framework, without compromising sound prudential outcomes".
- APRA consulting with industry as part of its process.
- APRA's framework, for the purposes of this process, encompasses:
 - Prudential Standards.
 - Prudential Practice guides, information papers, letters to industry and other guidance.
 - Reporting standards, including reporting forms and instructions.
 - Interactions supporting implementation of the framework.

Approach to this initiative

- APRA brief:
 - “think broadly, think creatively”
 - Specific, quantified proposals are needed.
- Approach of the taskforce:
 1. Initial meeting with APRA to understand scope.
 2. Collate initial ideas that can be further developed.
 3. Consult with Institute members and practice committees.
 4. Present initial ideas to APRA for feedback. Identify proposals to further develop.
 5. Further develop and quantify proposals identified following APRA feedback.

Potential cost savings identified

The following sets out some areas that could be explored for potential streamlining:

- Interactions with APRA, e.g:
 - Dividend approval process.
 - On-site visits.
 - FAQs on interpretative issues.
- Regulatory capital standards, e.g:
 - Combined scenario adjustment.
 - 'Step wise' approach to calculations / multiple correlation matrices
- Product advice within life insurance.

Potential cost savings identified (cont.)

The following sets out some areas that could be explored for potential streamlining:

- Reporting:
 - FCRs
 - ICAAP reports / summary statements
 - Quarterly returns – timing and information provided.
 - Where possible, implement consistency between different regulators (e.g. APRA, ASIC, ATO)
- Duplication:
 - Duplication between entity levels.
 - Reviews required – e.g. regulatory capital, risk management, ICAAP.
- Business structures and rearrangements
 - Product rationalisation (previous Treasury initiative).
 - Statutory fund mergers.

Taskforce members

- Brendan Counsell (convenor)
- Bernard Smith
- Cath Watson
- Dan Antioch
- Daragh Brady
- Richard Cornwell
- Ross Culey
- Tina Mensana
- Trang Duncanson

