



Mr Tony Simovski
Acting Deputy Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: helpdesk@obpr.gov.au

Dear Mr Simovski

Regulation Impact Statement - final assessment second pass - Banking exemption order for religious charitable development funds

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for APRA's proposals concerning the Exemption Order that allows religious charitable development funds (RCDFs) to conduct banking business without the need to be authorised under the *Banking Act 1959* (OBPR ID: 2013/15019). The regulatory burden to business, community organisations and/or individuals has been quantified and offsets have been identified and quantified using the Regulatory Burden Measurement framework. These have been agreed with your office.

I am satisfied that the RIS addresses the concerns raised in your letter of 19 February 2016. Specifically, APRA has revised the RIS as follows:

- inclusion of additional information to support impacts described as minimal or similar;
- cost estimates for all three options in the RIS plus additional information on business costs - notably, the interest cost impact of APRA's Option 2 proposal. This includes quantitative analysis based on data provided to APRA by a number of RCDFs in 2013;
- summary information noting the types of respondents to the April 2013 consultation including details of the views of respondents made in submissions and APRA's responses to key issues - this reflects information included in APRA's August 2013 Response to Submissions paper;
- refinements to the presentation of the *summary of net benefits table* to reflect APRA's assessment of the compliance and indirect costs versus prudential benefits that lead to the summary position presented. The discussion of the assessment of the options and the recommended option has also been expanded.

The recommended option (Option 2) for the measure will increase compliance costs by \$440,000 on an average annual basis using the Government's standard methodology for stating costs. As yet, Treasury have not yet established 2016 offsets. However, for 2014 and 2015 the Treasury portfolio has reported net compliance cost reductions and we are not aware of any reason why Treasury will not continue to deliver on its red tape reduction targets this year in line with the Government's regulatory reform agenda.

Accordingly, I am satisfied that the RIS now meets best practice consistent with the Australian Government Guide to Regulation.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely

Wayne Byres
Chairman
Australian Prudential Regulation Authority
9 March 2016