



19 November 2012

General Manager
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: safefinancialsector@treasury.gov.au

Dear Sir/Madam

Strengthening APRA's Crisis Management Powers

The Actuaries Institute is the sole professional body for actuaries in Australia, providing independent, expert and ethical comment on public policy issues where there is uncertainty of future financial outcomes. The Institute represents the interests of over 4,000 members, including more than 2,000 qualified actuaries.

Some of the principles that guide the Institute's inputs into public policy are:

- » Acceptance of public sector involvement where the market does not meet societal needs,
- » The need to take a long term policy view, with appropriate transitional arrangements,
- » Ensuring that consequences of risk taking behaviour are borne by the risk taker,
- » Issues of intergenerational equity, and
- » Clear and reliable information available for decision making.

We refer to the Consultation Paper released by Treasury in September 2012.

A number of our members have been involved in projects attempting to resolve the financial stress experienced by insurers. We are therefore aware of the current shortfalls in APRA's crisis management powers.

For this reason the Actuaries Institute supports the need to review the existing legislative provisions relating to APRA's specific powers to quickly resolve any episode of financial distress being experienced by an insurer or ADI.

The Actuaries Institute supports all of the recommendations in the Consultation Paper that relate to the role of the actuary.

We note that there are some general concerns amongst the profession regarding the checks and balances that need to be in place with any provision of additional powers that may be provided to APRA. We look forward to commenting on these issues more specifically once the proposed implementation details are released.

Yours sincerely,

David Goodsall
President

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