

28 September 2017

Manager
Banking, Insurance and Capital Markets Unit
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

Australian Unity Limited
ABN 23 087 648 888

114 Albert Road
South Melbourne VIC 3205
T 13 29 39 Australia-wide
F 03 8682 5555
W australianunity.com.au

Via email: bear@treasury.gov.au

Dear Sir/Madam,

Submission to Treasury: Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Bill 2017

Australian Unity is a national healthcare, financial services and independent and assisted living organisation providing a diverse range of services to around one million Australians including around 280,000 members nationwide. Australian Unity's history as an independent mutual organisation dates back 177 years to 1840.

These services include private health insurance, retirement living and residential aged care, in-home and disability care, as well as a range of financial services. One of these services to members and customers is banking, through Big Sky Building Society.

This multi-service operational structure, and the executive organisational structure under which it operates, places Australian Unity in a significantly different position to many other authorised deposit-taking institutions (ADIs), in particular larger banks.

Principal Submission

Australian Unity's principal concern with regard to the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Bill 2017 (BEAR bill), is the potential for unintended consequences on a range of levels.

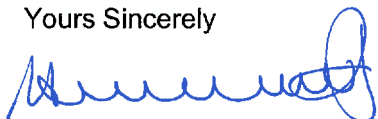
One example is in regard to the deferred remuneration of those defined as "accountable persons". 37BA (3) and 37E (3) are provisions that cover the responsibilities of "accountable persons" in relation to the ADI and its subsidiaries, but does not address the situation when the ADI itself may be a subsidiary of a broader group, as is the case of Big Sky in the portfolio of businesses operated by Australian Unity. In these circumstances one approach that might be worthy of consideration would be to amend the draft bill to allow for a more nuanced consideration of responsibility when determining who is deemed an "accountable person" within a broader organizational structure.

A further example is consideration of the impact of this legislation on smaller ADIs such as Big Sky, who strive to provide a valuable and differentiated offering to consumers seeking an alternative to large financial institutions. Consideration of options that provide an exemption for organisations such as ours—where the ADI is a small part of a broad suite of products and services offered to members and customers—is an approach that we believe merits further consideration.

Australian Unity would welcome the opportunity to further discuss our concerns and potential solutions. This includes participation at roundtables or other appropriate forums to ensure that the potential unintended consequences that the Bill presents (in its current draft form), are addressed.

Please do not hesitate to contact me on email mhonig@australianunity.com.au or phone (03) 8682 6802 should you wish to discuss our submission further.

Yours Sincerely



Melinda Honig
General Counsel, Company Secretary & Chief Risk Officer
Australian Unity Limited