

Submission reference: 2015/16

### Submission to APRA - industry consultation on proposed metrics under the Regulator Performance Framework

ASFA's submission notes that the primary metric adopted by APRA, and proposed in relation to each of its Key Performance Indicators (KPIs), is "feedback collected and publicly reported from biennial stakeholder survey".

In ASFA's view, there would be merit in combining the survey process for each of the financial regulators, and having the survey conducted in a centralised manner by an independent third party. ASFA considers that this would deliver benefits including enhanced confidentiality and the opportunity for Treasury to use the outcomes to benchmark across regulator.

In the event that this recommendation is not able to be adopted, ASFA recommends a number of enhancements to ensure that the survey provides meaningful feedback. These include ensuring that the survey contains questions directly addressing each of the KPIs.

ASFA also made a number of general comments recommending that:

- APRA's proposed evidence metrics include more outcomes-based criteria
- Treasury considers the extent to which common metrics can be established across the financial regulators
- APRA clarifies the weighting that will apply to individual metrics.

In relation to KPI 1 - *regulators do not unnecessarily impede the efficient operation of regulated entities* - ASFA recommended that APRA's evidence metrics should include:

- measures focussed on the cost of regulation and on the currency of the Cost Recovery Implementation Statement
- specific reference to providing adequate time for consultation on proposed regulatory changes, and adequate implementation time for industry once the consultation has concluded.

In relation to KPI 2 - *communication with regulated entities is clear, targeted and effective* – ASFA recommended that APRA's metrics include a criterion regarding timeliness of the communication.

In relation to KPI 4 – *compliance and monitoring approaches are streamlined and coordinated* – ASFA recommended that APRA's evidence metrics be linked more explicitly to the 'better practice' principles set out in the Regulator Performance Framework, and refer to streamlining of information requests made to regulated entities.

In relation to KPI 5 – *regulators are open and transparent in their dealings with regulated entities* – ASFA recommended that:

- the metric regarding engagement with regulated entities include consideration of the *effectiveness* of that engagement
- APRA look to increase its openness and transparency when requesting information from regulated entities.