



# APRA Service Charter

May 2008



# Our Service Charter

The Australian Prudential Regulation Authority (APRA) has been established by the Australian Parliament to supervise banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, friendly societies and superannuation funds (except self-managed superannuation funds). These institutions currently hold approximately \$3 trillion in assets for 21 million Australian depositors, policyholders and superannuation fund members (our 'beneficiaries'). APRA supervision is aimed at protecting the interests of these beneficiaries and promoting the stability of the Australian financial system.

This Charter sets how we go about our roles and what you can expect in dealing with us.

APRA deals mostly with the financial institutions that we supervise, but we do handle enquiries from members of the public as well as approve early release of superannuation benefits on compassionate grounds.

## **Our vision is ...**

to be a world-class integrated prudential supervisor recognised for its leadership, professionalism and innovation.

## **Our core mission is ...**

to establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions we supervise are met within a stable, efficient and competitive financial system.

We also act as the national statistical agency for the Australian financial sector and play a role in preserving the integrity of Australia's retirement incomes policy.

## **Our supervisory approach is ...**

forward-looking, primarily risk-based, consultative, consistent and in line with international best practice. This approach also recognises that management and boards of supervised institutions are primarily responsible for financial soundness.

## **What you can expect from us**

We play a critical role in protecting the financial well-being of the Australian community: as a result, high standards are required in everything we do. In our work and in our interactions with others, we value and seek to demonstrate the APRA values of integrity, collaboration, professionalism, foresight and accountability (see *Our Values* on page 7).

The Government recognises that prudential regulation cannot and should not seek to guarantee a zero failure rate of prudentially regulated institutions or provide absolute protection for market participants (including consumers). A regulatory approach of this intensity would remove the natural spectrum of risk that is fundamental to well-functioning markets, and ultimately reduce the efficiency and growth of the Australian economy. It is important that the prudential regime maintains a low incidence of failure of regulated entities while not impeding continued improvements in efficiency or hindering competition.

## **When developing prudential requirements**

Australia's prudential framework comprises legislation enacted by the Australian Parliament and administered by us, and prudential standards and guidance developed by us.

When developing prudential requirements, we will consult widely and comprehensively, and in a transparent manner, to make sure that all relevant views are properly considered.

We will provide reasonable time to provide comments on our proposals.

We will prefer principles-based and outcomes-focussed requirements over rules-based and process-focussed requirements, but we recognise this will not always be possible.

We will assess the expected impact of our proposals on supervised institutions and weigh these against their benefits in achieving the desired regulatory objectives. We will comply with the Government's policy on best practice regulation.

We will continue to review our prudential requirements to ensure they remain relevant and effective in the context of market developments.

## **If you are a financial institution subject to APRA supervision**

You will have been licensed by us to be a deposit-taker, insurance provider or superannuation entity.

You will be subject to ongoing supervision by us, which involves providing regular data to us, being visited by us to review your operations and receiving our assessment of your operations and risk management.

You will have been assigned a Responsible Supervisor who is your main contact within APRA on supervision matters specific to you. Your supervision queries should be directed to your Responsible Supervisor unless you have been informed otherwise.

Our main supervision activities in respect of financial institutions include:

- assessing and approving applications to be licensed as a deposit-taker, insurance provider or superannuation entity;
- providing regulatory approvals for such matters as changes in ownership, transfers of business, use of internal models for regulatory purposes and exemptions or relief from specific prudential requirements;
- conducting on-site reviews of an institution's operations;
- assessing the risk of failure of an institution and the impact if it failed, in order to determine our supervision approach to that institution; and
- responding to queries and reacting to major changes in an institution's structure and operations.

## **Dealing with institutions**

When you deal with us you can expect our staff to demonstrate our values of integrity, collaboration, professionalism, foresight and accountability. In particular, your dealings with us will be treated confidentially, subject to our obligations to inform other financial sector supervisory agencies.

We expect your board and senior management to be primarily responsible for your financial soundness and be aware of the legislative and prudential requirements you need to meet. We also expect you to be honest, professional and courteous in your dealings with us and our staff.

We expect you to provide us with timely and accurate information.

Ultimately, our role is to protect the interests of beneficiaries of your products and services and, if necessary, we will be firm in using our powers to do this.

When you apply to us for a licence or specific approval we will make clear what information we will need to consider your application and how long it is likely to take us to make a decision. However, as licence and approval applications and circumstances can vary substantially, we may also need to request further information to help us assess your circumstances and your proposed action. We aim to handle these applications expeditiously, but how quickly you respond and provide the information needed will impact on how quickly we can make our decision and advise you.

The information you provide in your returns is primarily used by your Responsible Supervisor to review our risk assessment of your institution. Some information is also passed to the Reserve Bank of Australia and the Australian Bureau of Statistics and some is published. In lodging your returns with us, we expect that you will ensure the information is accurate and that the returns are lodged on time. We provide you with the D2A software so that you may lodge your returns securely and efficiently over the internet. Once received, we will assess if the information you provided is complete and consistent and promptly advise you of any concerns or queries we have.

We will generally respond to any questions or concerns you have about your reporting requirements within two days. We expect you to respond to our concerns or queries just as promptly.

In reviewing your operations, we may wish to visit your institution to view and discuss certain matters with your people and, where relevant, your professional advisers. When arranging visits, we will give you adequate prior notice and explain what aspects of your operations we are reviewing. We will allow you to arrange for your appropriate people to be available at mutually agreed times. After we have conducted our reviews, we will advise you of our findings, our assessment, the reasoning behind it and what we expect you to do in response. Much of this will be conveyed in the closing meeting of our visit, but we will write to you with this information and we aim to do this within four weeks of the closing meeting.

At times, we may need to request additional information from you to understand better a particular situation in your institution, or to understand how a particular development in the market is impacting on institutions like yours. We will explain why we need this information and we will aim to be as flexible as we can in how you provide that information to us.

When you raise queries with your Responsible Supervisor, we aim to respond to you as quickly as possible given the nature of the query, or advise you when we expect to provide you a full response.

APRA works closely and cooperatively with other members of the Council of Financial Regulators, especially the Australian Securities and Investments Commission (ASIC), to make Australia's functional system of financial regulation work efficiently. In doing this, we aim to minimise misunderstanding and duplication for regulated institutions.

### **If you are a member of the public**

If you have a general enquiry, you may find the information you need is on our website at [www.apra.gov.au](http://www.apra.gov.au). Our website also contains information about APRA and the industries that we supervise, including the legislation and prudential standards with which regulated institutions must comply and a full list of the financial institutions regulated by APRA. We also publish statistics and some analysis in respect of each of the industries we supervise; in doing so, we follow international standards to ensure that the statistics we publish are both reliable and timely.

Alternatively, you may email the APRA Contact Centre by using our online enquiry facility at <http://www.apra.gov.au/contact/form.cfm> or call the Contact Centre on 1300 13 10 60 for the cost of a local phone call.

We cannot give you legal or financial advice and APRA has no role to intervene in a dispute you may have with your financial institution. However, if you cannot resolve your dispute satisfactorily with them, you may be able to take your complaint to an external dispute resolution body. Your financial institution will be able to advise you which scheme to approach and APRA can assist in directing you to a relevant body which can deal with your dispute.

If your enquiry is about release of your superannuation benefits, you need to be aware that superannuation is generally 'preserved' in your fund or retirement savings account (RSA) until you retire from the workforce after age 55. Subject to the governing rules of the fund/RSA, early release of preserved superannuation benefits is permitted in cases of severe financial hardship and on specified medical and compassionate grounds. You should contact your fund or RSA provider about a possible release of your benefits due to severe financial hardship. You should contact APRA on 1300 13 10 60 about possible release of your benefit on specified medical or compassionate grounds.

We are interested in hearing from you if:

- you believe your financial institution's behaviour involves misconduct or illegal activity;
- you have information relevant to the financial health or prudent management of an APRA-regulated financial institution; or
- you wish to complain about APRA not properly performing its functions.

Our website at <http://www.apra.gov.au/whistleblowers.cfm> contains details on how to pass such information to us confidentially.

## Dealing with the public

If you telephone our Contact Centre we aim to answer 80 per cent of your calls within 30 seconds (but we may take longer than this during our busiest times). During our telephone communications with you we will identify ourselves by name, speak to you courteously and, if unable to assist, arrange for a more qualified staff member to ring you back as quickly as possible.

We aim to assess all completed applications for early release of superannuation benefits within ten working days of receiving them (but we may take longer than this during our busiest times). If we have not received all the information we need to do this, we will make two attempts to contact you by phone. Where we are unable to contact you or we issue a letter outlining the information required in order for APRA to make a decision, we will write to you as quickly as possible.

## Performance and accountability

Internationally, it is recognised that it is difficult to measure the direct contribution of prudential supervisors. However, APRA's Annual Report publishes two safety measures that are indicative of APRA's supervisory performance:

- the number (and ratio) of APRA-regulated institutions that met their commitments to beneficiaries in a given year (the Performing Entity Ratio); and
- the dollar value (and ratio) of liabilities to beneficiaries in Australia that remained safe in a given year (the Money Protection Ratio).

APRA's risk assessment of an institution determines APRA's supervisory stance towards the institution. APRA now also publishes in its Annual Report information on the transition of supervised institutions between APRA's different supervisory stances. This provides evidence of the effectiveness of APRA's pro-active, risk-based supervisory approach in identifying and helping to resolve problems.

APRA is continuing its research into further meaningful performance indicators of the broader impact of prudential supervision, and into the benefits of a robust prudential framework. In particular, APRA will be undertaking surveys of regulated institutions, industry bodies and other stakeholders to assist our understanding of the impact of the prudential framework and the effectiveness of our supervision.

APRA is accountable for its actions and performance in a number of ways. APRA produces an Annual Report for Parliament, is subject to financial and performance audits by the Australian National Audit Office and senior APRA executives appear regularly before parliamentary committees. APRA's Annual Report contains a review of APRA's performance. The 'About APRA' section of APRA's website [www.apra.gov.au](http://www.apra.gov.au) provides APRA's Annual Reports and the results of the Financial Sector Assessment Program (FSAP) Assessment conducted by the International Monetary Fund (IMF). The FSAP included an assessment of APRA's requirements and processes against the Basel Core Principles for Banking Supervision and the IAIS Core Principles for Insurance Supervision, which are international benchmarks.

# Feedback

We encourage you to provide us with feedback and suggestions on our processes and activities so we can identify what we are doing well and how we can improve in other areas.

Compliments and complaints are both useful feedback to help us reinforce good practice with our staff and to adjust our processes or approach where needed.

For APRA-regulated institutions, feedback can be provided directly to your Responsible Supervisor or via our website's 'contact APRA' service at <http://www.apra.gov.au/contact/form.cfm>.

For members of the public, feedback can be provided via the APRA Contact Centre on 1300 13 10 60 for the cost of a local phone call, via our website's 'contact APRA' service at <http://www.apra.gov.au/contact/form.cfm> or via any of the offices listed below.

## Sydney

Delivery address:  
APRA  
Level 26, 400 George Street  
SYDNEY 2000

Mailing address:  
GPO Box 9836, Sydney NSW 2001

Phone: 02 9210 3000  
Fax: 02 9210 3411

## Canberra

Delivery address:  
APRA  
Level 2, 243-251 Northbourne Avenue  
LYNEHAM 2602

Mailing address:  
GPO Box 9836, Canberra ACT 2601

Phone: 1300 131060  
Fax: 02 6213 5307

## Melbourne

Delivery address:  
APRA  
Level 21, Casselden Place  
2 Lonsdale Street  
Melbourne VIC 3000

Mailing address:  
GPO Box 9836, Melbourne Vic 3001

Phone: 03 9246 7500  
Fax: 03 9663 5085

## Brisbane

Delivery address:  
APRA  
Level 23, 300 Queen Street  
BRISBANE 4000

Mailing address:  
GPO Box 9836, Brisbane Qld 4001

Phone: 07 3001 8500  
Fax: 07 3001 8501

## Perth

Delivery address:  
APRA  
Level 9, QV:1 Building  
250 St Georges Terrace  
Perth WA 6000

Mailing address:  
GPO Box 9836, Perth WA 6001

Phone: 08 9481 8266  
Fax: 08 9481 8142

## Adelaide

Delivery address:  
APRA  
Level 5 Allianz Centre  
100 Pirie Street  
ADELAIDE 5000

Mailing address:  
GPO Box 9836, Adelaide SA 5001

Phone: 08 8235 3200  
Fax: 08 8232 5180

# Our Values

We play a critical role in protecting the financial well-being of the Australian community: as a result, high standards are required in everything we do. In our work and in our interactions with others, we value and seek to demonstrate:

## Integrity

- We stand behind the statements and commitments we make.
- We are balanced and fair in the use of our authority and powers.
- We make decisions and perform our duties without personal bias.
- We take seriously our obligation to protect the confidentiality of information provided to us.

## Collaboration

- We respect and value the views of others, both internal and external to APRA.
- We regularly seek the assistance and advice of others in APRA in our day-to-day work.
- We work and co-operate with our colleagues, and assist them to reach sound decisions and positive outcomes.

## Professionalism

- We take pride in the quality of our work.
- We base our decisions on thorough and careful analysis.
- Once decisions are made, we act in a manner that respects those decisions and achieves the desired outcomes.
- We achieve timely and practical results, ensuring the benefits of regulating financial activity outweigh the costs and constraints we impose.

## Foresight

- Our analysis of issues is forward-looking.
- Using all of the information available to us, we identify potential problems and actively pursue remedial action when necessary.
- We stay at the forefront of developments that affect our role by continually learning new skills and enhancing our knowledge.

## Accountability

- We take responsibility for our decisions and the results of our actions.
- We never defer difficult decisions and actions, once a well-founded basis for these is identified.
- We hold ourselves to at least the same standards that we expect of regulated entities.
- We welcome independent scrutiny, and respond promptly to aspects of our performance that are identified as needing improvement.

Working and acting in these ways helps us achieve the high standards necessary for us to protect the financial well-being of the Australian community.



Telephone  
1300 13 10 60

Email  
[contactapra@apra.gov.au](mailto:contactapra@apra.gov.au)

Website  
[www.apra.gov.au](http://www.apra.gov.au)

Mail  
GPO Box 9836  
in all capital cities  
(except Hobart and Darwin)