

5 May 2016

Mr Pat Brennan
General Manager, Policy Development
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

By Email: exemptiondp@apra.gov.au

Dear Mr Brennan

**RE: Religious Charitable Development Funds (RCDFs)
Response to Submissions Paper dated 30 March 2016**

Thank you for the opportunity to provide a submission to APRA on the revised definition of "affiliates" set out in Chapter 3 of the Response Paper.

The Baptist Union of Queensland trading as Queensland Baptists (**QB**) is a body corporate named in item 2 of the Schedule to Banking Exemption No 2 of 2015.

QB attended APRA's consultation meeting on 14 April 2016 chaired by Mr Charles Littrell.

The submission made by QB in this paper is in response to APRA's request for comments on the revised definition of affiliates, which APRA indicates will now include clergy and staff.

QB submission is made in light of the comments made by Mr Littrell at the consultation meeting.

Issue – Definition of affiliates

QB supports the decision by APRA to widen the definition of affiliates to include staff of the RCDF and its affiliates, clergy and other retail investors who are not natural persons.

QB also notes the comments from Mr Littrell that the definition of affiliate as proposed in the Revised Schedule of Conditions is a loose definition and is not designed to be prescriptive, nor applied strictly.

It was noted by Mr Littrell that the definition of affiliate is slightly vague and porous and is intended to be this way.

QB note that Mr Littrell's comments were made in response to queries raised by QB and others, that if the definition of affiliates were to be applied strictly, then the choice of words used, in particular the use of the words "ordained" and "ordination" may not necessarily fit within each of the religious bodies description of their clergy.

QB commented at the consultation meeting that the use of the words “ordained” and “ordination” are not representative of the way QB describes its clergy. By way of example, QB said the term used by QB is “registration as a minister” and that applying the QB terminology, the appropriate wording for subsection (e) and (f) for affiliate would read:

- a person registered as a minister with a related religious organisation; or
- a person undertaking training or education for the purpose of seeking registration as a minister within a related religious organisation.

Both APRA’s response and Mr Littrell’s comments confirm that part of the purpose of the continued operation of the Exemption Order made under the Banking Act, is to allow RCDFs to continue providing at call or BPay transactional banking functionality to affiliates, being those “who are part of the flock”.

Given this intent and the intent around the revised definition of affiliates, QB submits that the intent is better achieved by replacing the words “ordained” and “ordination” in (e) and (f) of the proposed definition of affiliate with the broader term “clergy” which is used by APRA in its commentary.

The effect of this more generic definition would be that subsections (e) and (f) of the definition of affiliate are amended to read as follows:

- (e) a member of the clergy within a related religious organisation; or
- (f) a person undertaking training or education for the purpose of becoming a member of the clergy within a related religious organisation.

Subject to the submission above and noting the intent of the ‘loose’ definition of affiliate as set out by Mr Littrell, QB is supportive of the Revised Schedule of Conditions to apply to the Exemption Order under the Banking Act 1959 in relation to RCDFs.

Should you have any inquiries or wish to clarify any of the matters raised, please feel free to contact the writer.

Regards,



Phillip McCallum
Director – Administrative Services