

24 April 2019

General Manager
Policy Development
Policy and Advice Division
Australian Prudential Regulation Authority

BY EMAIL ADIpolicy@apra.gov.au

**RE: Banking Executive Accountability Regime
Draft Legislative Instrument under paragraph 37EA(4)(b) of the *Banking Act***

We refer to APRA's invitation issued on 1 April 2019 for public consultation regarding a proposed legislative instrument under s37EA(4)(b) of the *Banking Act* ("**Draft Instrument**").

Pursuant to the public consultation process, we write in support of the Draft Instrument.

About RACQ

The Royal Automobile Club of Queensland Limited ("**RACQ**") is a mutual organisation, owned by its approximately 1.7 million members. RACQ was formed in 1905 as a motoring club to advocate on behalf of Queensland motorists. While advocacy on motoring issues remains a core function today, the RACQ Group has diversified operations including insurance, travel and roadside assistance. Relevantly, following a merger with QT Mutual Bank Limited (now called Members Banking Group Limited, trading as RACQ Bank) on 24 November 2016 under a Scheme of Arrangement, the RACQ Group now includes an Authorised Deposit-taking Institution ("**ADI**").

On any measure, the ADI business of RACQ Group is relatively small against other commercial and non-commercial activities carried out by the RACQ Group.

Irrespective of the area of the business in which employees work, the majority of employees in the RACQ Group are employed by RACQ Operations Pty Ltd ("**RACQO**"). RACQO is neither an ADI, a holding company of an ADI, or a subsidiary of an ADI.

Application of the deferral obligations under the Act to RACQ's structure

RACQ had previously engaged with APRA in relation to the meaning of "remuneration" under s37E(3) of the Act. In particular, RACQ sought clarification from APRA regarding the effect of s37E(3)(a), which references in paragraph (ii) "*if that related body corporate is a non-ADI holding company*", to circumstances where the related body corporate providing remuneration was not a "*non-ADI holding company*".

RACQ requested an individual determination under s37EA(3) of the Act in relation to remuneration under its corporate structure. That request was put on hold following the release of APRA's information paper on 17 October 2018 indicating an intent to issue a legislative instrument.



Draft Instrument

RACQ has reviewed the Draft Instrument and is supportive of its content.

On passage of the Draft Instrument, RACQ intends to withdraw its request for an individual determination.

Yours sincerely,

Darryn Hammond
General Counsel and Chief Risk Officer
RACQ