

25 May 2015

Ms Elizabeth Hristoforidis
Senior Manager, Strategic Policy
Australian Securities and Investments Commission
GPO Box 9827
SYDNEY NSW 2001

Dear Ms Hristoforidis

Measuring and reporting on the administration of regulation

Thank you for providing COBA with the opportunity to comment on ASIC's proposed 'evidence metrics' which will underpin ASIC's self-assessments under the Regulator Performance Framework.

COBA is the industry body for credit unions, mutual building societies and mutual banks and, on behalf of Friendly Societies of Australia, friendly societies. Collectively, the institutions we represent have more than \$98 billion in assets and serve more than 4 million customers. The customer owned model is the proven alternative to the listed model, delivering competition, choice, and consistently market leading levels of customer satisfaction.

The Regulator Performance Framework

COBA strongly supports the introduction of the Regulator Performance Framework, and we look forward to regulatory agencies adopting this in the 2015-16 year.

COBA is generally supportive of the evidence metrics proposed by ASIC. We believe that these will provide ASIC with a broad range of quantitative and qualitative data against which to assess performance. We also strongly support ASIC's suggestion of reviewing these metrics over time, to determine whether other evidence metrics could be introduced which provide more valuable or meaningful information.

We acknowledge that ASIC has not set targets for various evidence metrics at this stage. COBA agrees this is appropriate given that the Framework is in its first year of operation and it will take time to determine and calibrate appropriate benchmarks. However, we do believe that ASIC and other regulatory agencies

should set targets and monitor performance against these in later years, once the operation of the Framework has been bedded down.

Comments on proposed measures

In addition to the general comments outlined above, COBA makes the following specific comments on aspects of the proposed measures put forward by ASIC:

*KPI 1 – Regulators do **not unnecessarily impede** the efficient operation of regulated entities*

One metric proposed is “regular, ongoing consultations or engagements with stakeholders on policies and procedures...” COBA recommends that this be broadened to commit to both “early” consultation and “appropriate consultation timeframes.” ASIC could measure how early consultation commences (relative to ASIC finalising their position), and could also measure how long stakeholders are given to provide feedback. Engaging with stakeholders early in the process and ensuring that they have adequate time to provide feedback would help to demonstrate ASIC’s commitment to best practice consultation.

ASIC also proposes measuring the degree to which feedback is published following consultation processes. COBA would suggest that this metric could be broadened to include a commitment to producing a “response to submissions” document, which specifically addresses and responds to concerns raised by stakeholders in their submissions. This is an approach that APRA currently adopts in relation to its consultations.

*KPI 2 - **Communication** with regulated entities **is clear, targeted and effective***

One of the proposed metrics is the “percentage of guidance materials that complies with government accessibility guidelines.” COBA sees no reason why a regulatory agency should not target 100 per cent compliance in this space. In addition to reporting against this measure, if the current compliance level is below 100 per cent, ASIC should commit to reviewing and updating non-compliant documentation within a specific timeframe.

Other proposed metrics under this KPI include “maximum, minimum and average time for decision,” and “percentage of decisions accompanied by statement of reasons and advice about relevant review or appeal mechanisms.” ASIC notes that it publishes and reports against its service charter, however, it is not clear whether these items are currently benchmarked or reported against in the service charter. If they are not, ASIC should work towards broadening the service charter to include and report on these items.

ASIC has proposed to measure the degree to which “complaints are addressed in accordance with complaint guidelines.” It would also be useful if ASIC also collected and reported feedback on stakeholder satisfaction with the complaint process (as distinct from the complaint outcome).

*KPI 3 – Actions undertaken by regulators are **proportionate** to the regulatory risk being managed*

COBA has no comments on the metrics proposed for KPI 3.

*KPI 4 – Compliance and **monitoring approaches are streamlined** and coordinated*

While ASIC has suggested a range of evidence metrics on page 9 of the document, none of them appear to measure the items set out in column 2 on that page (i.e. repeat information requests, co-ordinated inspection visits, information sharing, and obtaining information from other sources). While ASIC may not have procedures in place to measure performance against these indicators in time for reporting in the 2015-16 financial year, ASIC should consider introducing the capacity to measure and report on these matters in later years.

*KPI 5 – Regulators are **open and transparent** in their dealings with regulated entities*

ASIC has not currently proposed any evidence metrics against the final two items in this section (providing reasons for information requests and responding to requests within specified timeframes). While we acknowledge that ASIC may not presently have the capacity to collect this information, this is another area where improved transparency would be valuable, and COBA recommends that ASIC investigate options for collecting and reporting on these in later years.

*KPI 6 – Regulators actively contribute to the **continuous improvement** of regulatory frameworks.*

COBA has no specific comments to make on the evidence metrics proposed against this KPI. However, as a more general comment regarding this KPI, COBA notes that a commitment to post-implementation reviews would be a useful way for a regulator to demonstrate its commitment to the continuous improvement of regulatory frameworks. One possible metric to measure this could be reporting on the proportion of regulatory changes subject to a post-implementation review within best practice timeframes. In this regard, COBA notes that the Financial System Inquiry recommended that post implementation reviews be carried out more frequently.¹

Yours sincerely

LUKE LAWLER
Acting Head of Public Affairs

¹ Murray, *Financial System Inquiry – Final Report*, November 2014, p. 257.