



Our ref: Noel Webster

28 August 2001

Committee Secretary
Standing Committee on Economics, Finance and Public Administration
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

**Re: HOUSE OF REPRESENTATIVES INQUIRY INTO
BANKING SUPERVISION**

The Cairns Penny Bank Limited is a community based bank being 102 years old and originally established to service the financial needs of the people of Cairns and district. Our total Asset structure is only \$36 million. As an Approved Deposit Institution, our Bank has to meet all the Prudential Standards that are set for all A.D.I.'s, including Credit Unions, Banks and Building Societies. It is acknowledged that these Standards are a necessary part of the supervision process for all Financial Institutions within Australia. For smaller A.D.I.'s, (eg. Assets under \$100 million) it is believed that favourable consideration should be given to the following:-

APRA should be responsible for not only setting the relative guidelines but produce a simplified structure, in book form, to cover all Prudential standards rather than each individual institution compiling their own interpretation. The cost savings for APRA as well as the A.D.I. would be enormous. In a majority of cases the smaller institutions do not have the

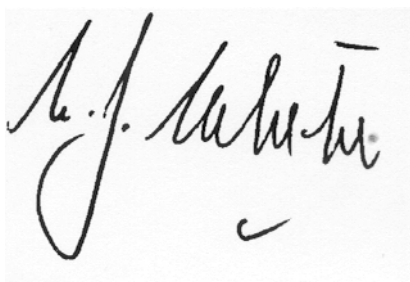


resources, the time, or the expertise to write their own Standards and have to outsource or employ qualified consultants to undertake this task on their behalf.

This is costly enough however APRA then have to overview each submission with both time and travel involved to correct or amend these submissions to ensure the Standards meet their requirements. Whereas if APRA put in place a copy of Harmonised Standards, as suggested above, then the time and cost savings would be substantial for all parties.

If APRA were to undertake this task they would be seen as portraying a more caring and helpful attitude by trying to assist smaller A.D.I.'s whereas at the present time, it is a mammoth task and taxing on the resources of institutions like ourselves.

Yours faithfully



Noel Webster
Manager

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