

Spiliopoulos, Maria

From: [REDACTED]
Sent: Wednesday, 21 July 2021 8:31 AM
To: [REDACTED]
Cc: King, Stephen; Lattimore, Ralph; Plain, Stewart; [REDACTED]
Subject: RE: ABGF Competitive Neutrality Complaint: follow up information request [SEC=OFFICIAL:Sensitive]

OFFICIAL:Sensitive

Hi [REDACTED]

Thank you for the update, much obliged. Appreciate that these things take time, and please keep us posted if there are any further updates.

Regards
[REDACTED]

From: [REDACTED]
Sent: Tuesday, 20 July 2021 3:54 PM
To: [REDACTED]
Cc: King, Stephen <Stephen.King@pc.gov.au>; Lattimore, Ralph <Ralph.Lattimore@pc.gov.au>; Plain, Stewart <Stewart.Plain@pc.gov.au>; [REDACTED]
Subject: RE: ABGF Competitive Neutrality Complaint: follow up information request [SEC=OFFICIAL:Sensitive]

OFFICIAL:Sensitive

Hi [REDACTED]

Thanks for your email. We are working on a response to your follow up request. In light of the current situation we will need some time to provide our response and get the appropriate clearance or sign-offs.

We will respond as soon as possible and before your requested deadline of 16 August.

If there is anything else that we can assist with in the interim, please let me know.

Regards
[REDACTED]

[REDACTED]
[Advisor — Policy](#)

AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY
1 Martin Place (Level 12), Sydney, NSW 2000
GPO Box 9836, Sydney, NSW 2001



APRA acknowledges the traditional custodians of the lands and waters of Australia and pays respect to Aboriginal and Torres Strait Islander peoples past and present.



From: [REDACTED] >
Sent: Monday, 12 July 2021 4:14 PM
To: [REDACTED] >
Cc: King, Stephen <Stephen.King@pc.gov.au>; Lattimore, Ralph <Ralph.Lattimore@pc.gov.au>; Plain, Stewart <Stewart.Plain@pc.gov.au>; [REDACTED]
[REDACTED]
Subject: ABGF Competitive Neutrality Complaint: follow up information request [SEC=OFFICIAL:Sensitive]

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Dear [REDACTED]

Thank you for your assistance during the course of our ongoing competitive neutrality investigation into the ABGF.

As you know, on Friday 2 July we provided our draft report to the relevant parties, including APRA and the complainant (Mr Bucknell). Upon reviewing our draft report and your letter (that we published online as agreed), the complainant has provided the following information, which he has supported with a statutory declaration.

*"At 9am on **Tuesday, 21 May 2019**, we [Ben Bucknell and Rosemary Kennedy] met with [REDACTED], General Manager, Policy and Advice, APRA, and [REDACTED], Policy Adviser, APRA, at the offices of the Australian Prudential Regulation Authority 1 Martin Place (Level 12), Sydney, NSW 2000.*

The purpose of that meeting was to:

- 1) gain a better understanding of the current prudential treatment of equity investments, made directly or indirectly, by Australian Deposit Taking Institutions (ADIs) in small to medium enterprises (SMEs); and*
- 2) gain a better understanding of APRA's proposed capital treatment of ADIs investing equity in the proposed Australian Business Growth Fund; and*
- 3) to propose an alternative solution to the proposed ABGF to provide equity funding for SMEs.*

At that meeting, [REDACTED] informed us that APRA was considering changing the prudential requirements governing the capital treatment of equity investments in the ABGF by ADIs, **but that no decision had been made by APRA at that point in time.**

Furthermore, [REDACTED] assured us that our proposal would be considered as part of the decision-making process **before** APRA made a decision on its capital treatment for the proposed ABGF. Further [REDACTED] suggested that we provide a written summary of our proposal to her.

[We] have contemporaneous documentation that supports the matters declared herein."

The complainant considers that this sequence of events is inconsistent with APRA's statement in its letter that the capital 'treatment [was] determined prior to knowledge of the Australian Government's stake' in the ABGF.

We would appreciate clarification from APRA. Particularly, we would find it helpful if you can provide:

- any documentation on the timing of when APRA made its decision concerning the treatment of ADI investments in the ABGF, relative to the timing of the Australian Government's decision to invest in the fund (and APRA's awareness of the Government's decision)
- APRA's views on Mr Bucknell's statement.

Please clearly mark any sensitivities or confidentiality requirements for the information you provide. However, we would prefer material to be in the public arena or at least citable in our report. And feel free to call me if you would like to discuss or clarify this request.

We recognise that APRA also has a copy of our draft report for review. After representations from Mr Bucknell, we have extended the deadline for responses to **Monday 16 August**, but we would very much appreciate any feedback on our draft report, and your responses to Mr Bucknell's statement, as soon as possible.

Kind regards,

[REDACTED]
Australian Government Competitive Neutrality Complaints Office

Productivity Commission

4 National Circuit, Barton ACT 2600

[REDACTED] | www.pc.gov.au

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