

Introduction

Background

- 1.1 The House of Representatives Standing Committee on Economics (the committee) is empowered to inquire into, and report on, the annual reports of government departments and authorities tabled in the House that stand referred to the committee in accordance with the Speaker's Schedule.
- 1.2 The Australian Prudential Regulatory Authority (APRA) annual reports stand referred to the committee in accordance with this schedule. On 23 October 2019, the committee resolved that it would conduct an inquiry into APRA's 2019 Annual Report.
- 1.3 APRA is Australia's prudential regulator. It is an independent statutory authority that supervises institutions across banking, insurance, and superannuation and promotes financial system stability in Australia. APRA oversees authorised deposit-taking institutions (ADIs), such as banks, building societies, and credit unions; general insurers, life insurers, and reinsurance companies; private health insurers; friendly societies; and superannuation funds (excluding self-managed funds).¹

1 APRA, 'About APRA', <<https://www.apra.gov.au/about-apra>>, accessed 10 November 2020.

- 1.4 APRA is tasked with protecting the interests of depositors, policyholders, and superannuation members by establishing and enforcing prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by the institutions it supervises are met within a stable, efficient and competitive financial system.²
- 1.5 APRA's vision is to 'deliver a sound and resilient financial system, founded on excellence in prudential supervision'. Its *Corporate Plan 2019-2023* identifies four areas of strategic focus 'aimed at strengthening outcomes for the Australian community':
- maintaining financial system resilience;
 - improving outcomes for superannuation members;
 - improving cyber-resilience across the financial system; and
 - transforming governance, culture, remuneration and accountability across all regulated financial institutions.³
- 1.6 It also identified key areas where it will focus on uplifting its own capabilities, including:
- improving and broadening its risk-based supervision;
 - improving its resolution capability;
 - improving its external engagement and collaboration;
 - transforming its data-enabled decision making; and
 - transforming its leadership, people, and culture.⁴

Scope and conduct of the review

- 1.7 APRA appeared before the committee at two public hearings held via videoconference on 5 August 2020 and 23 October 2020. Details are provided at Appendix A.
- 1.8 The proceedings were webcast through the Parliament's website, allowing interested parties to view or listen to the proceedings as they occurred. The transcripts of the hearings are available on the committee's website.⁵

2 APRA, *Annual Report 2018-19*, p. 18.

3 APRA, *Corporate Plan 2019-23*, August 2019, p. 5.

4 APRA, *Corporate Plan 2019-23*, August 2019, p. 5.

- 1.9 APRA's responses to the committee's questions on notice and in writing are provided on the committee's website.⁶
- 1.10 This report focuses on matters raised at the public hearings.

5 House of Representatives Standing Committee on Economics,
<https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/APRA/AnnualReport2019-2/Public_Hearings>.

6 House of Representatives Standing Committee on Economics,
<https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/APRA/AnnualReport2019-2/Documents>.

