



Review of the Australian Prudential Regulation Authority Annual Report 2014 (First Report)

The House Economics Committee has today tabled its first report on the *Review of the Australian Prudential Regulation Authority Annual Report 2014*.

The Chair of the committee, Mr John Alexander OAM MP, said that this review continues the committee's important examination of Australia's prudential standards for the banking, insurance and superannuation sectors.

APRA informed the committee at the public hearing in November 2014 that the Australian financial sector is broadly in good health and that authorised deposit-taking institutions (ADIs) remain profitable.

APRA has also stated that it has boosted its scrutiny of ADI lending standards as a response to increased residential property lending. This is welcomed by the committee which will continue to monitor this activity with interest.

APRA informed the committee it has been overseeing the progressive implementation of the new prudential standards through the Stronger Super reforms and takes the view that reasonable progress had been made.

APRA has also stated its particular focus on reviewing governance and risk management frameworks and practices in this industry and improving disclosures regarding investment risks for superannuation fund members.

The committee regards these activities as appropriate but as yet unfinished. Mr Alexander stated 'although we are encouraged by APRA's comments around the need for better governance and accountability in the Super Industry, we will still have to wait and see how successful its approach will be.'

The recent recommendations of the Financial System Inquiry (FSI) have the potential to directly impact on APRA's activities in the period ahead. Mr Alexander commented that the committee looks forward to discussing these suggested reforms with APRA at future hearings.

The next APRA hearing will be held this coming Friday 20 March 2015 in Canberra.

The report is available on the committee's website at:

http://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/completed_inquiries

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