



HOUSE OF REPRESENTATIVES ECONOMICS COMMITTEE

PUBLIC HEARING WITH APRA

**MEDIA ALERT**

Issued: 4 May 2004

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## **APRA TO BE QUESTIONED BY PARLIAMENTARY COMMITTEE**

On **Monday 10 May 2004**, the House Economics Committee will question the Australian Prudential Regulation Authority (APRA) over its handling of its regulatory and supervisory responsibilities of the financial sector. The hearing will be held in **Parliament House in Canberra at 10.00am.**

The hearing will be the first opportunity for the Committee to question APRA since the release of APRA's strongly worded report on the National Australia Bank's foreign exchange trading loss.

Committee Chairman, David Hawker MP, said 'The Committee is interested in hearing from APRA about the details of its findings on the NAB forex loss and related corporate governance issues. We know that APRA has demanded at least 75 remedial actions be undertaken by NAB and the Committee will want to hear about how this is going to happen.

'It has been an eventful year for APRA as they have responded to the recommendations from the Royal Commission into the HIH collapse and dealt with the NAB scandal. The Committee will be probing APRA on how effectively its regulation of the financial sector is protecting the investments and savings of all Australians', said Mr Hawker.

Major issues likely to be canvassed at the hearing include:

- effectiveness of APRA's new executive structure;
- impact of the new structure on APRA's relationship with the superannuation and insurance industries, and other financial institutions;
- the effectiveness of APRA's new risk assessment and supervisory response tools
- inequities in the administration and determination of levies (eg. small excluded superannuation funds paying 965% of full cost recovery on their levies in the 1998/99 financial year);
- APRA's relationship with the other financial regulators (ie. RBA, ASIC and ACCC);
- how rigorous APRA actually is and needs to be in its regulatory role;
- how much power exists for APRA to ensure compliance with new practices
- the wisdom of APRA's approach in dealing with superannuation organisations by focusing on key risk areas of funds;
- the reform of prudential regulations for the general insurance industry especially the proposal to increase capital adequacy requirements for general insurers from \$2 million to \$5 million which could prompt a major restructure of the industry; and
- the development of prudential standards for conglomerate financial entities.

The Committee expects to release its report on APRA's performance later this year.

Members of the public are welcome to attend the hearing.

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Further information on the upcoming public hearing can be found on the Committee website at <http://www.aph.gov.au/house/committee/efpa/index.htm>

**For media comment or interview, please contact David Hawker on 02 6277 4837 (Parliament House)**

**For further information about the hearing:**

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