

Senate Economics Legislation Committee**ANSWERS TO QUESTIONS ON NOTICE****Treasury Portfolio**

Budget Estimates, 1 to 4 June 2004

Question: Bud 96**Topic: APRA – Credit Reporting****Hansard Page: Written Question on Notice**

Senator Conroy asked:

- Has APRA considered the merits of introducing a system of positive credit reporting in Australia? Does APRA support positive credit reporting?
- Does APRA believe that it would have any significant impact on bank lending practices?

Answer:

APRA is aware that various proposals for positive credit reporting have existed for some years, with specific mention in the Wallis Report. There have been requests for APRA to support some of these proposals, but this would be outside APRA's mission.

A move by credit markets to a positive credit reporting environment is likely to have the most significant impact on organisations that use non-judgemental decision rules for lending. In APRA's view borrowers with extensive and sound credit histories are likely to receive somewhat better terms and conditions, and other borrowers somewhat worse terms and conditions. In theory, this could lead to more efficient allocation of credit in Australia, but this increased efficiency is not a certainty.