



Australian Government

Australian Government response to the
Joint Committee on Trade and Investment Growth
report:

The Prudential Regulation of Investment in Australia's
Export Industries

May 2024

Response to the recommendations

Recommendation 1

The Committee recommends that the Australian Prudential Regulation Authority consult the resources sector in the context of any future changes to prudential guidance on climate change risk, to ensure the full impact of the changes on this sector are understood and accounted for.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 2

The Committee recommends that the Australian Government recognise that finance, banking and insurance services are essential services for businesses.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 3

The Committee recommends that the Australian Government take steps to ensure that banks must, at a minimum, provide transactional banking services to all law-abiding businesses.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 4

The Committee recommends that the Australian Government direct the banks to prepare a regulatory impact statement (or similar) that outlines the real impacts of a policy setting – particularly on regional Australia – such as job losses and economic impacts, and detailing industry feedback received and consultation undertaken, before withdrawing funding from any export project.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 5

The Committee recommends that the Australian Government consider introducing new laws or regulations that ensure shareholders are consulted ahead of decisions by banks and other financial organisations to withdraw funding from export-focused projects, through a formal recommendation that outlines the rationale for the decision, the impact on the bank's balance sheet and the regional economic impacts. These new laws or regulations should specify a formal notification period – to be determined but that allows sufficient time for consultation, for instance 90 days – ahead of these decisions to ensure all affected stakeholders are informed.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 6

The Committee recommends that the Australian Government work with the resources sector to create a self-funding insurance model that meets the needs of resource companies, contractors, suppliers and associated export infrastructure.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 7

The Committee recommends that the Department of the Treasury conduct a review into extent of the influence of activist pressure on the decisions of financial institutions in relation to the resources industry, and if necessary develop options to address this issue.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 8

The Committee recommends that both APRA and ASIC should undertake a broad review of what types of risks they are investigating:

- The risk of international investors should be included in this review
- The risk of proxy advisors and their effects on the stability of the economy should be included
- The unintended consequences of these risks.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 9

The Committee recommends that the Australian Government consider a review into the effects of proxy advisers, their influence on boards and the risks they place on the stability of the Australian financial system and/or Australian listed companies. In addition to the reforms the Australian Government has issued for consultation, the Australian Government should assess any wider unintended consequences that may occur from proxy advisers.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate..

Recommendation 10

The Committee recommends that the Australian Government continue to work with its global counterparts on developing and promoting global standards regarding the reporting and disclosure of climate risks, recognising that clarity for investors and the resources sector alike is vital.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 11

The Committee recommends that the Australian Competition and Consumer Commission undertake a formal investigation into whether finance and insurance firms, in denying finance or insurance coverage to lawful sectors of the Australian economy such as the resources industry, have breached the concerted practices provisions of the Competition and Consumer Act 2010.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 12

The Committee recommends that, pending the results of the Australian Competition and Consumer Commission's investigation recommended above, the Australian Government consider options to ensure that viable, profitable and lawful businesses can access reasonably-priced finance and insurance services.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.

Recommendation 13

The Committee recommends that the Australian Government identify and invest in opportunities for Australia's exports as part of the global transition towards a net zero economy.

Australian Government response

The Government **notes** this recommendation. However, given the passage of time since this report was tabled, a substantive Government response is no longer appropriate.
