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HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
Review of APRA Annual Report 2017 Report presented

Chair: Sarah Henderson MP
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House Economics Committee presents report on review of APRA

The House of Representatives Standing Committee on Economics tabled the report of its Review of the Australian Prudential Regulation Authority (APRA) Annual Report 2017. The report provides a summary of issues raised at the public hearing with APRA in Canberra on 28 March 2018.

During the hearing, the committee scrutinised APRA on its work on issues of governance, risk management and culture in financial institutions. In particular, the committee examined measures to reinforce sound lending practices and ensure that Australian banks remain prudentially strong.

The Chair of the Committee, Ms Sarah Henderson MP, said ‘while APRA has been working on improving responsible lending practices in the Australian financial sector, there is still a lot of work to be done in this area.’

The Government has been taking action in a number of areas to enhance APRA’s prudential oversight tools. Recent measures have included:

- the Banking Executive Accountability Regime (BEAR)
- introducing new crisis management powers to empower APRA to better address crises in Australia’s financial system, and
- proposed changes to superannuation, which will improve governance and transparency in the industry.

The BEAR will take effect from 1 July 2018 for the major banks. There will be a measured transition for smaller institutions.

Ms Henderson commented that ‘the BEAR will provide mechanisms to make senior bank executives more accountable and subject to additional oversight by APRA.’ She added that ‘strengthening accountability measures for senior executives was a key recommendation of the committee’s Review of the Four Major Banks.’

The report and hearing transcript are available at: www.aph.gov.au/economics

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