



The origins of APRA

The Australian Prudential Regulation Authority (APRA) was established by the Australian Government on 1 July 1998 in response to the recommendations of the Financial System Inquiry (Wallis Inquiry) the year before.

The Wallis Inquiry recommended a functional model of financial regulation in Australia, in which four separate agencies are responsible for financial regulation. The four agencies are:

- an agency responsible for the stability of the financial system as a whole and for the payments system – this is a traditional central banking role and is with the Reserve Bank of Australia (RBA);
- an agency responsible for the prudential supervision of financial institutions in certain key financial industries – this is APRA;
- an agency to monitor market conduct, including disclosure standards, consumer protection and consumer financial information – this is the Australian Securities and Investments Commission (ASIC); and
- an agency overseeing competition in the financial system – this is the Australian Competition and Consumer Commission (ACCC).

ASIC and the ACCC also have broader responsibilities in the Australian financial services industry.

Eleven Federal and State regulatory agencies were merged to establish APRA as an integrated national prudential regulator. APRA took over the responsibilities of:

- the bank supervision department of the RBA;
- the Insurance and Superannuation Commission (ISC), which supervised general and life insurance companies and superannuation funds; and
- a number of State-based supervisory agencies, which supervised building societies, credit unions and friendly societies.

APRA is formally established under the Australian Prudential Regulation Authority Act (1998), which gives APRA the high-level mandate and powers necessary for its operations.

From 1 July 1998 to 30 June 2003, APRA was governed by a Board appointed by the Treasurer. The first chairman was Dr Jeffrey Carmichael, who was a member of the Wallis Inquiry. The first chief Executive Officer was Graeme Thompson who, prior to his appointment, was Deputy Governor of the RBA.

From 1 July 2003, APRA has been overseen by an Executive Group of three Members appointed by the Treasurer. Current Members are Chairman Wayne Byres (since 1 July 2014), Deputy Chairman Ian Laughlin (since 1 July 2010) and Member Helen Rowell (since 1 July 2013).