The institutions APRA supervises

The Australian Prudential Regulation Authority (APRA) does not choose which institutions or industries to supervise. The institutions APRA supervises are determined by legislation passed by the Australian Parliament.

APRA is the prudential supervisor of Australia’s banks, building societies, credit unions, life and general insurance companies, and most of the superannuation industry. As at 30 June 2010, APRA supervised institutions that held approximately $3.7 trillion in assets.

As at 30 June 2010, APRA supervised 5,107 entities, of which 3,869 were small APRA superannuation funds (comprising four or fewer members). Only a very small proportion of these entities is listed on the Australian Securities Exchange (ASX).

Authorised deposit-taking institutions

APRA licences and supervises all authorised deposit-taking institutions (ADIs) in Australia. ADIs include the following institutions:

- Australian owned banks;
- building societies;
- credit unions;
- foreign banks operating through subsidiaries in Australia;
- branches of foreign banks in Australia; and
- other ADIs such as specialised credit card institutions (SCCIs).

As at 30 June 2010, APRA supervised a total of 182 ADIs that held $2.7 trillion in assets. These included 55 banks, 11 building societies, 108 credit unions and eight other ADIs such as SCCIs.

ADIs are authorised by APRA under the Banking Act 1959 and are subject to a prudential framework established by APRA. The use of the words ‘bank’, ‘building society’ and ‘credit union’ is restricted under the Banking Act and the words can only be used if the institution is authorised to do so by APRA. The names of all ADIs supervised by APRA are available on the APRA website at www.apra.gov.au/adi/ADIList.cfm.

General insurers

APRA supervises general insurers in Australia under the Insurance Act 1973. The industry includes diversified insurers, captive insurers, reinsurers and lenders mortgage insurers. From 1 July 2008, direct foreign offshore insurers (DOFIs) were required to be authorised by APRA to write business in Australia, unless exempted by the Australian Government.

As at 30 June 2010, APRA supervised a total of 130 general insurers with assets of $99.2 billion. A number of these general insurers are in run-off and no longer write new business. The names of all general insurers supervised by APRA are available on the APRA website at www.apra.gov.au/General/General-Insurers.cfm.

Life insurers and friendly societies

APRA supervises life insurers, including friendly societies, under the Life Insurance Act 1995. As at 30 June 2010, APRA supervised a total of 32 life insurers with statutory fund assets totalling $227.7 billion. APRA also supervised 16 friendly societies that held $6.2 billion in assets.

The names of all life insurers and friendly societies supervised by APRA are available on the APRA website at www.apra.gov.au/Life/.

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Superannuation funds

APRA supervises a wide range of superannuation funds, including Approved Deposit Funds and Pooled Superannuation Trusts, under the Superannuation Industry (Supervision) Act 1993. However, some types of superannuation funds are exempt from APRA supervision. Public sector superannuation funds under the responsibility of relevant Federal, State or Territory Governments are exempt from prudential supervision, unless they have opted to be supervised by APRA. Self-managed superannuation funds (SMSFs), which can have no more than four members all of whom are trustees of the fund, are regulated by the Australian Taxation Office (ATO).

As at 30 June 2010, APRA supervised 4,458 superannuation entities that held $722.4 billion in assets. These included:

- 196 public offer funds;
- 191 non-public offer funds;
- 3,896 small APRA funds;
- 107 approved deposit funds;
- 16 eligible rollover funds; and
- 79 pooled superannuation trusts.

Trustees of superannuation funds (excluding SMSFs) must also be licensed by APRA. As at 30 June 2010, there were 251 trustees licensed by APRA. A register of all superannuation funds and APRA-licensed trustees is available on the APRA website at www.apra.gov.au/RSE/.