



Welcome to the APRA Graduate Program

Week One:

Time	Activity	Presenter
Tuesday, 1 February		
8:30 – 9:30	Set up time	Individual activity
9:30 – 10:00	Welcome! Your First Day	P&C
10:00 – 11:00	Welcome from s 22 <u>APRA: Our role, vision and values</u>	s 22
11:20 – 12:00	Get to know each other	Activity in small groups
12:00 – 13:00	Lunch break	
13:00 – 13:30	<u>Everything IT</u> <u>Additional notes</u>	s 22 Service Desk
13:30 – 14:00	Introduction to learning groups	Activity in small groups
14:00 – 15:00	APRA's Strategy	s 22
15:00 – 17:00	<u>'Your Day One' checklist</u> <u>2021 Year in Review</u>	Individual activity

Wednesday, 2 February		
10:00 – 10:40	Day Two: Our Graduate Program	s 22
10:40 – 11:40	A Snapshot into Our Industries: - <u>Superannuation</u> - <u>Insurance</u> - <u>Banking</u>	Graduate Managers
11:40 – 13:00	Lunch break	
13:00 – 15:00	'Understanding Our Industries' activity	Activity in industry groups
15:00 – 17:00	<u>'Your First Week' checklist</u>	Individual activity



Thursday, 3 February		
10:00 – 10:30	Welcome from the Executive Sponsors of the Graduate Program s 22 and s 22	s 22
10:30 – 11:00	Presenting 'Understanding Our Industries' activity outcomes	Activity in industry groups
11:00 – 11:45	Time with Graduate Managers	Small groups with Graduate Managers
11:45 – 12:30	Lunch break	
12:30 – 13:00	<u>People & Culture</u> <u>Study Support Guidelines</u>	s 22 , People & Culture
13:00 – 13:30	Inclusion & Diversity at APRA	People & Culture
13:30 – 13:45	Break	
13:45 – 14:15	<u>Employment Relations & Wellbeing</u> <u>Wellbeing Initiatives</u>	s 22 People & Culture
14:15 – 14:45	<u>APRA's Social Club</u> <u>APRANet page</u> <u>APRA-nyms</u>	Social Club Leadership Committee
14:45 – 15:00	Break	
15:00 – 16:00	Supporting my wellbeing	Centre for Corporate Health



Week Two:

Time	Activity	Presenter
Monday, 7 February		
9:30 – 12:00	<u>Supervision Model: Overview</u>	s 22 , Supervision Training Academy
12:00 – 14:00	Break	
14:00 – 15:00	s 42	s 22 , Legal team
15:00 – 15:15	Break	
15:15– 16:15	Security and You <u>Cyber security awareness</u> <u>Personal Security Guides</u> <u>Don't be in the dark on privacy</u> s 47E(d)	s 22 , Security & Information Governance

Tuesday, 8 February		
14:00 – 15:00	<u>Risk & Compliance</u> Q&A on Financial Holdings / Non-financial conflicts declarations	s 22 , Strategy & Risk

Wednesday, 9 February		
14:00 – 15:00	Introduction to IM	s 22 , People & Culture

Thursday, 10 February		
14:00 – 14:30	<u>Where to find stuff at APRA without using Google</u>	s 22 , Security & Information Governance



Supervision Onboarding Program

Feb – May 2022: Recommended for Graduates completing their rotation 1 in Frontline

It's important for the graduates to participate in the Supervision Onboarding Program at a time when they're able to apply the concepts in practice, e.g. when undertaking their supervision rotation, or in related-work tasks.

Action: Rotation managers of frontline graduates to review the schedule for February and April/May Supervision Onboarding program. Please contact [s 22](#) to advise whether you would like your graduates to join the February or April/May program, or a mix of both.

Note, there may be value in non-frontline graduates attending some of the onboarding modules at this time too, but the module should clearly link to a work activity they are undertaking.

February 2022

Module	Name	Date	Time
1	Supervision Model: Overview	N/A – see 7 Feb	
2	Supervision Model: In practice	Wed 16 Feb Thu 17 Feb Fri 18 Feb	9:30-12:30 9:30-12:30 9:30-12:30
3	Introduction to Financial Analysis	Mon 21 Feb	9:30-12:30
4	A day in the life of a supervisor	Mon 21 Feb	2:00-4:00
5	Three lines of defence for supervision	Tues 22 Feb	9:30-12:30
6	Supervision Model: Enforcement and escalation	Wed 23 Feb	9:30-12:30
7	Policy, advice and approvals, legal services and licensing	Thu 24 Feb	9:30-12:30

April /May 2022

Module	Name	Date	Time
1	Supervision Model: Overview	N/A – see 7 Feb	
2	Supervision Model: In practice	Wed 27 Apr Fri 29 Apr Mon 2 May	1:30-4:30 9:30-12:30 9:30-12:30
3	Introduction to Financial Analysis	Tue 3 May	1:30-4:30
4	A day in the life of a supervisor	Mon 2 May	2:00-4:00
5	Three lines of defence for supervision	Wed 4 May	1:30-4:30
6	Supervision Model: Enforcement and escalation	Thu 5 May	9:30-12:30
7	Policy, advice and approvals, legal services and licensing	Fri 6 May	9:30-12:30




APRA: Our role, vision and values

s 22



Agenda

- 1 Our role - what exactly do we do?
- 2 Our environment – where do we fit in?
- 3 Our values – what do we regard as important?
- 4 A quick history – events that shaped the APRA of today
- 5 APRA's response to COVID-19
- 6 APRA's 2021-25 Corporate Plan
- 7 Where are we today?



Our role - what exactly do we do?

We protect Australians' financial wellbeing.



Our purpose

We are **Australia's prudential supervisor**, ensuring Australians' financial interests are protected and that the financial system is stable, competitive and efficient.

Our beneficiaries

We protect bank depositors, insurance policyholders, and superannuation fund members.

Our vision

Protected today, prepared for tomorrow.



Regulator or supervisor?

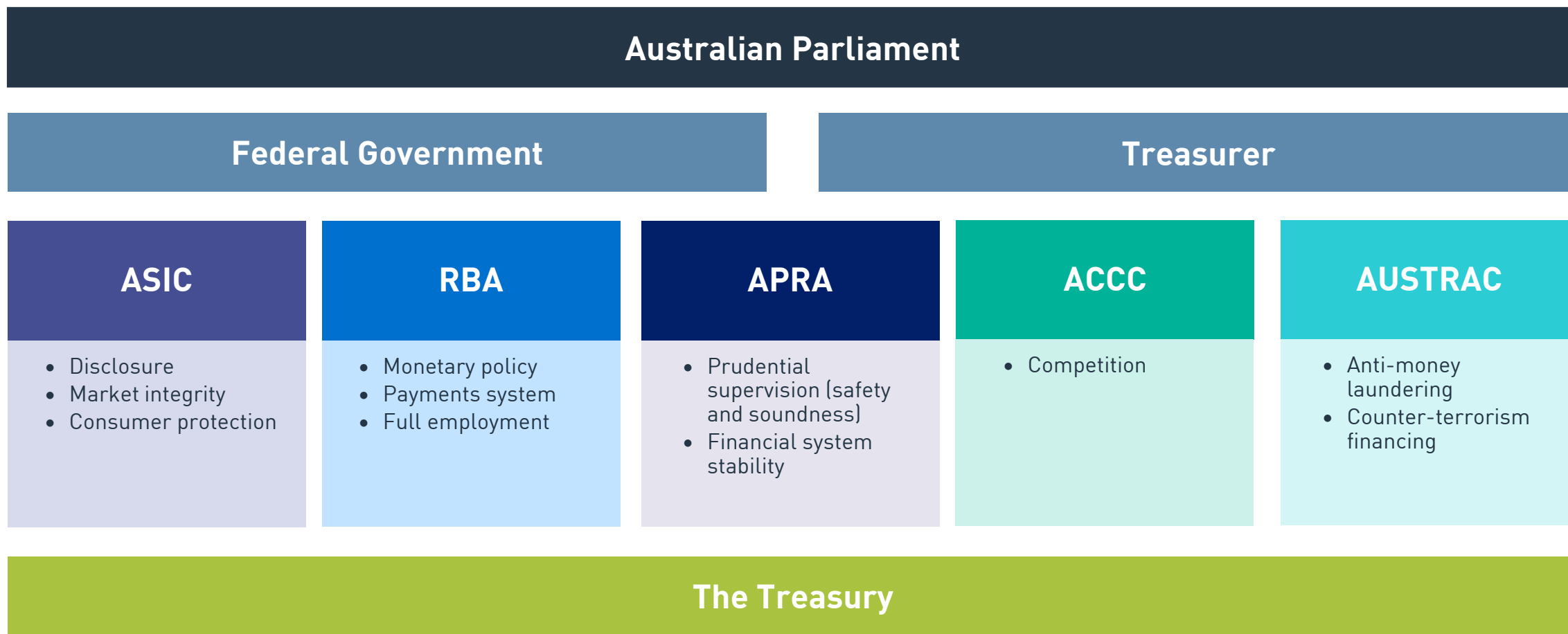
- Regulation and supervision are both core functions for APRA.
- Regulation involves setting the boundaries in which financial institutions can operate safely
- Supervision is much more than just checking compliance with regulation. It involves insight, analysis, judgement, exercising influence, and (if needed) utilising enforcement – all done with a forward-looking perspective
- With a mandate to deliver safety, we want to be preventative (heading off problems) rather than reactive (cleaning up afterwards).
- Regulation empowers effective supervision.
- Our success has been driven by strong supervision built on a robust regulatory regime.

s 22

s 22

Our environment

– where do we fit in?



Our values

– what do we regard as important?



Integrity

Act with integrity

We act without bias, are balanced in the use of our powers, and deliver on our commitments.



Collaboration

Work collaboratively

We actively seek out and encourage diverse points of view, to produce well-founded decisions.



Accountability

Be accountable

We are open to challenge and scrutiny, and take responsibility for our actions.



Respect

Demonstrate respect

We are always respectful of others, and their opinions and ideas.



Excellence

Practise excellence

We maintain high standards of quality and professionalism in all that we do.

Organisations are a product of their history

– events that shaped the APRA of today

Early years premised on Government desire for 'light touch regulation' ... until collapse of HIH Insurance.

Lesson for APRA: you can't always stop problems, but you can fail to act.

Financial System Inquiry – partly in response to complaints regarding regulatory burden.

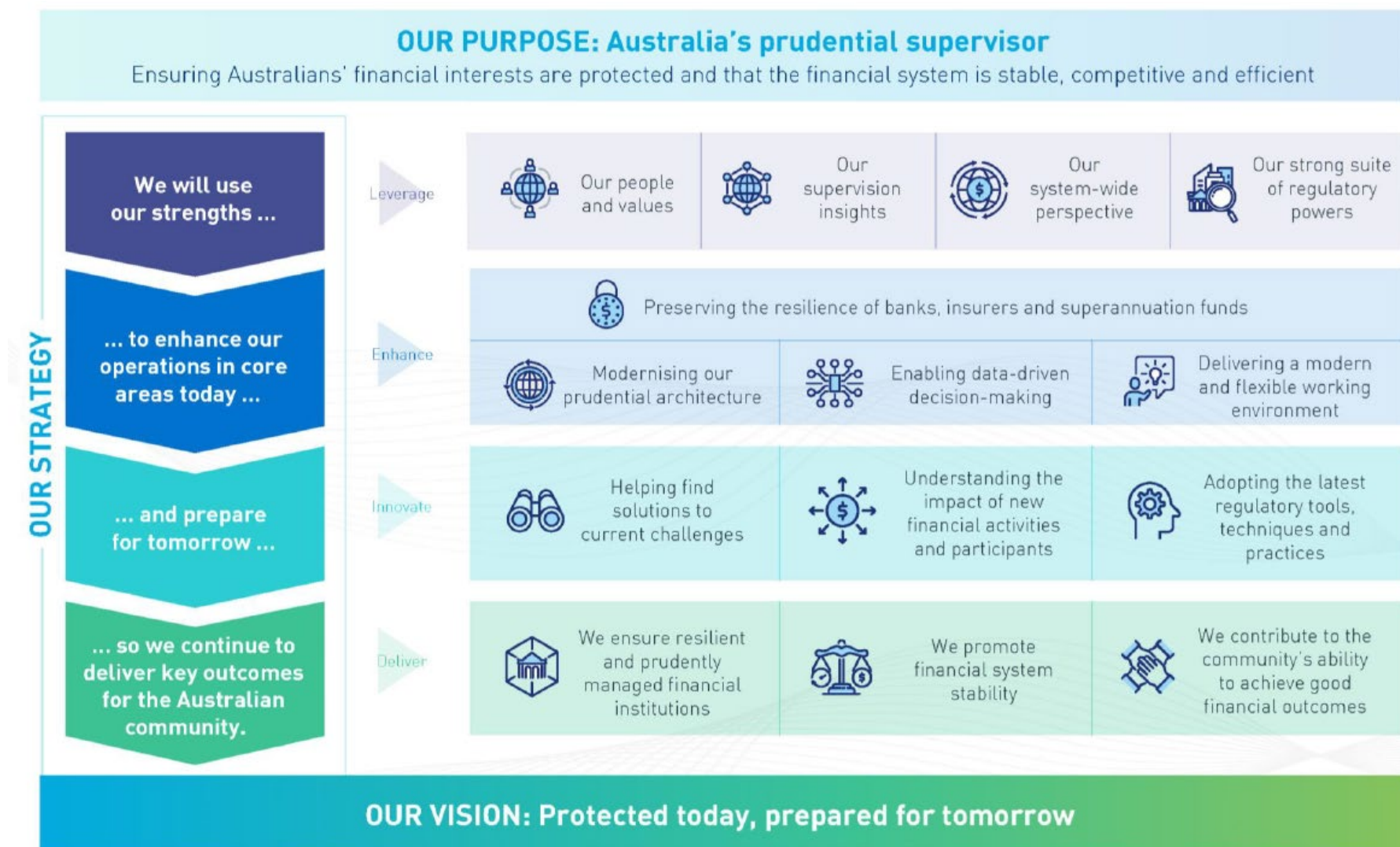
Lesson for APRA: lessons of the past can be quickly forgotten if not reinforced.



APRA's response to COVID-19

- COVID: a business continuity event in the midst of a financial crisis in the midst of a public health and economic crisis.
- **APRA responded very well**
 - Financial system remained stable throughout
 - Assisted Government and industry efforts to support community through very difficult period
 - Rapid and largely seamless shift to entirely remote working
 - Clear demonstration of a supportive and inclusive culture, with a strong focus on connectivity and wellbeing
- **We want to empower employees to adapt work practices that generate best outcomes for self, team and APRA**
 - New ways of working
 - Revamping our office fit-out to accommodate different ways of doing things

APRA's 2021-25 Corporate Plan



Where are we today?

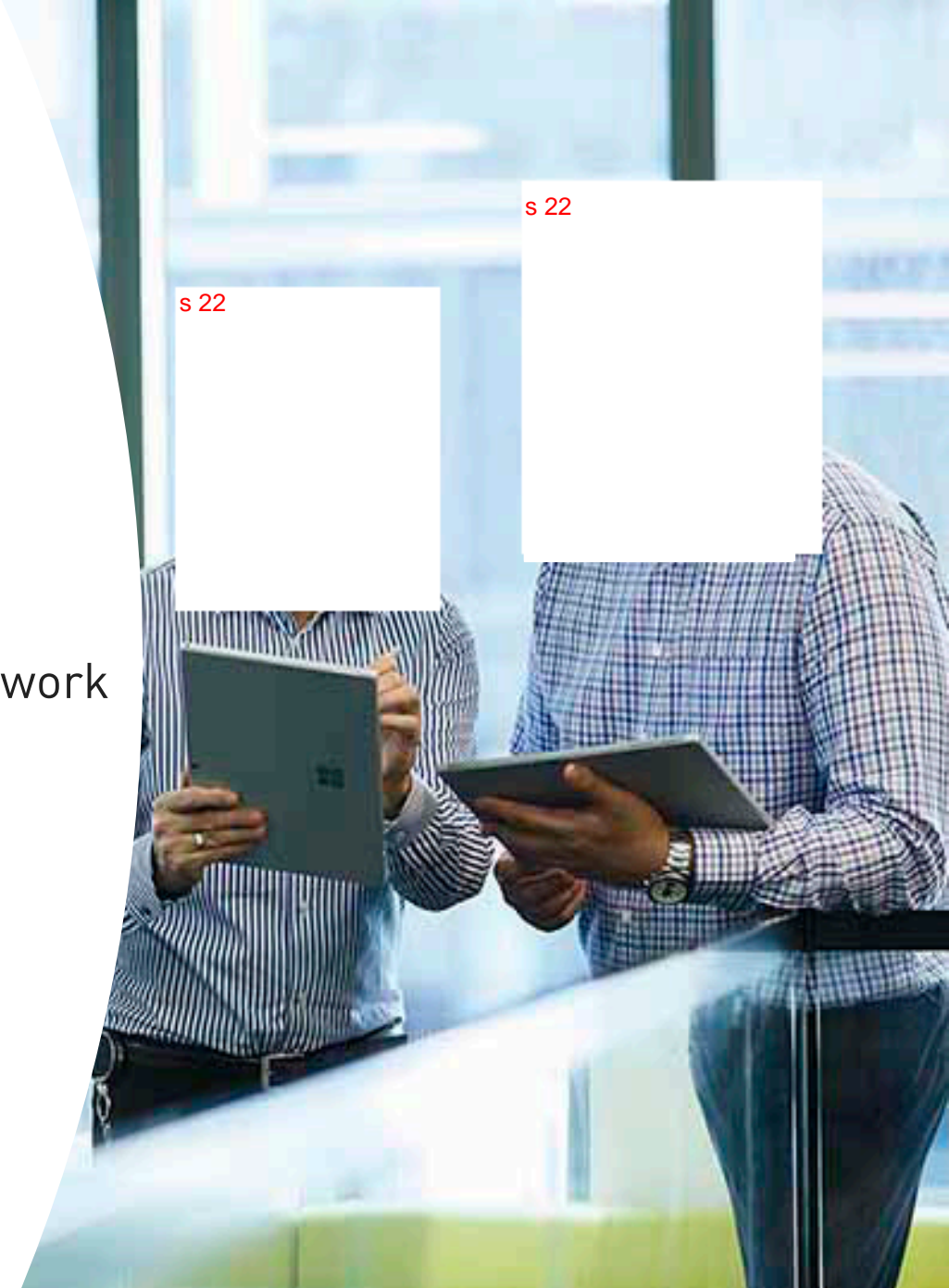
We are a mature organisation that is:

- trusted by Government
- respected (but not always liked) by industry
- cooperative with other agencies
- highly scrutinised by media
- not well-understood by the public
- supported by highly engaged employees doing important work

... and pursuing an ambitious agenda for the future

Our people are vital. At APRA we expect you will:

- Commit to our purpose
- Work towards APRA achieving its vision
- Understand the part you play at APRA
- Live our values





Questions?



New Starter Orientation

s 22

02/08/2022

Agenda

1. Surface Pro Introduction
2. Service & Help Online Portal (SHOP)
3. Knowledge Base
4. Requesting Assistance
5. Hybrid Working Environment

New Starter Pack

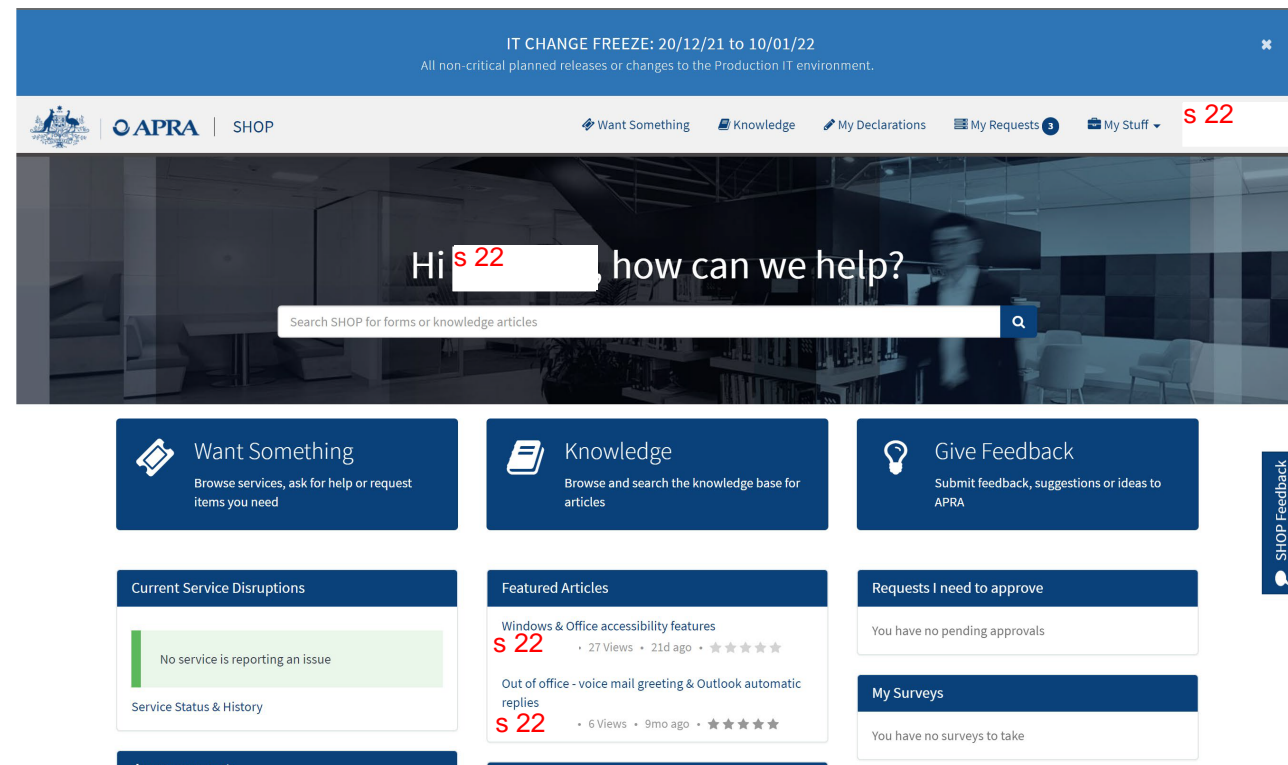
- Surface Pro
- Surface Pro charger
- Surface Pro pen
- Travel bag
- Wired headset
- Travel Hub

Surface Pro Tips

- Weekly restart
- Daily Shutdown Policy
- Passively cooled
- Force restart
 - Hold down power button and volume down button (-)

Service & Help Online Portal (SHOP)

- Accessed via the APRAnet
- Want Something
- Knowledge
- Announcements
- My Requests
- My Declarations
- My Stuff



Knowledge Base

- FAQ
- Commonly used systems
- More than 600 articles
- Some articles are restricted

Home > Knowledge Search

Search (minimum 2 characters)

Show filters

624 Results Sort by | Views ▾ | Newest | Alphabetical

Showing All Results

Using TSheets to capture your time
IT and IM | Other Applications > Timesheets
Disclaimer: TSheets (Intuit QuickBooks Time) is a cloud system, which will be updated by the vendor over time. Due to interface changes related to these updates, screen images in documentation may not match the current interface. TSheets (Intuit QuickBooks Time) is APRA's timesheet system used throughout the organisation. All empl...
S 22 • 135 Views • 23d ago • ★★★★★☆

How to enable Microsoft multi-factor authentication
IT and IM | Microsoft
In this article: Setting up MFA 1. On your Surface 2. Installing the app on your smartphone 3. On your Surface 4. On your smartphone Changing your authentication method Reinstalling the smartphone app Setting up MFA You must set up Multi-Factor Authentication (MFA) before logging into Teams for the first time. Setting up MFA with th...
S 22 • 87 Views • 4mo ago • ★★★★★★

Completing your Conflict of Interest (Col) Declaration
IT and IM | SHOP
Conflicts need to be managed in order to avoid actual or perceived improper influence over APRA's decision-making. Acting under the influence of a conflict of interest may have significant consequences for APRA and the specific individual employee. You are asked to complete a Col declaration: when you begin employment at APRA; and ...
S 22 • 86 Views • about a month ago • ☆☆☆☆☆

Removing & recreating your Outlook profile
IT and IM | Microsoft > MS Office > Outlook
In this article: Remove & recreate profile After profile set up Remove & recreate profile There are times when your Outlook profile may need to be recreated, e.g. due to an i

Knowledge Base Demonstration

Requesting Assistance

- Raising Ticket
- Calling IT Service Desk via Skype
 - Open ^{s 47E(d)} Monday-Friday Sydney time
- Visiting the IT Service Desk on Level 11

Raising a Ticket

- Want Something button
- Different Teams assist with different requests
- Some requests may require approval from Line Manager or Cost Center Manager before they can be actioned.

Home > Service Catalog

Search forms

Service Categories

- Return to office
- IT Services
- Facilities Management
- People & Culture
- Corporate Affairs
- Security & Information Governance
- Registrar
- SAS
- Procurement
- Visitor Appointment
- Order Sportswear
- Approvals & Interpretations
- Give Feedback

My Frequent Forms Popular Forms

Browse the IT Catalog

Request applications, IT equipment and access (inc new starters)

Contact IT

Submit a request to the IT Service Desk Team

TSheets

Submit a request regarding TSheets

Frontline Staff Allocations

Advise changes to Frontline staff allocations

General Registrar Changes

Advise general changes to Contacts, issues or advice

P&C Request

Submit a general request to the People & Culture team

2021 COVID Declaration

Conflict of Interest Annual...

Work from Home Checklist

Working from Home (WFH) Checklist

SHOP Feedback

9

Raising a Ticket Demonstration

Hybrid Working – Office Environment

- Printing
 - FollowMePrint
- Bookable Desks
 - Available on Level 11 and Level 12
 - Managed by the Facilities team
- Meeting Rooms
- Computer peripherals

Hybrid Working – Home Environment

- Internet connection
 - Connect to wifi
 - Speed test
 - Recommended connection is more than 10mbps
 - Can use mobile hotspots
- Wired connection vs. Wi-Fi connection
- Home office location
- Computer peripherals
- JB HiFi Company Portal

Hybrid Working – Home Environment

Citrix Storefront

- Can be used on Surface Pro or Personal Device
- Accessed via browser or Citrix Workspace App
- Not all apps are supported

Citrix Gateway

- VPN connection
- Can use Surface Pro normally while away from APRA office.
- Full support of APRA applications



APRA

Questions?



APRA

Thank you

New Starter Pack

- [Surface Pro](#)
 - Power button
 - 2x volume buttons
 - Touchscreen
 - Internal and external webcams
- Surface Pro charger
- [Surface Pro pen](#)
- [Travel Hub](#)
- Travel bag
- Wired headset

Surface Pro Tips

- [Weekly restart](#)
- [Daily Shutdown Policy](#)
- Passively cooled
- [Hard reset](#)
 - Hold down power button and volume down button (-)

SHOP Homepage

Orientation

- Accessed via APRAnet
 - New APRAnet (tiles)
- Home Page Links
 - Want Something
 - Knowledge
 - Announcements
 - My Declarations
 - My Requests

Knowledge Base

- SHOP > Knowledge
- What are KBs?
 - FAQ
 - Commonly used systems
 - More than 600 Articles
 - Some articles are restricted to certain Teams
- Examples
 - [General information](#)
 - [Teams](#)
 - [Outlook Meeting](#)

Requesting Assistance

- Raising Ticket
- Calling the IT Service Desk
 - Open **s 47E(d)** Sydney time
- Visiting the IT Service Desk on L 11

Raising Tickets

- Want Something button on SHOP
- Different tabs for different teams
- IT Services
 - IT Catalog – Requests that require approval or specific information before we can action.
 - Contact IT – Generic requests, text based
 - TSheets – Ticket raised directly with team that manages service
- Other Teams have their own specific forms

Hybrid Work Environment

Office Environment

- [Bookable Desks](#)
- Meeting Rooms
- [Surface Hubs](#)
- [Printing](#)

Home Environment

- Internet Connection
 - [Speed Test](#)
 - Recommend NBN +10mbps
 - Can use Wifi hotspot
 - [JB HiFi Company Portal](#)

Connecting into APRA

- Citrix Storefront
 - Accessed via browser **s 22** or app (Citrix Workspace)
 - Can be used on personal device
 - Connects to machine in APRA
 - Not all apps supported (Power BI / Teams)
- Citrix Gateway
 - VPN connection (connects to APRA's network)
 - Can use SP apps normally
 - Better overall experience.



My first day

s 22

Welcome to APRA! We're really pleased you've joined us and hope you enjoy your first day. To get you started, we've pulled together some reading and a checklist for your first day. Don't worry if you don't finish it all in one day, just aim to complete it as soon as you can.

Your day one checklist



^ 1. Review and acknowledge APRA's Code of Conduct

Our [Code of Conduct](#) outlines what's expected of us as employees of APRA, so it's imperative we all take the time to read and understand the Code and apply it as we carry out our daily work and interactions.

Spend some time familiarising yourself with the Code of Conduct, then [acknowledge your review and understanding](#).

^ 2. Complete a conflict of interest declaration

[Complete this form](#) to let us know if you have any conflicts of interest (either financial or non-financial). This should be completed within a month of commencing employment with APRA. If anything changes during your time with APRA, you'll need to update the form, as well as completing an annual declaration.

^ 3. Let us know your emergency contact details

It's important we have your emergency details from day one. Please [head to PeopleHub](#) and update these details in two places:

1. *Personal Information* (orange circle icon) > *Family and Emergency Contacts* > Blue and white *Add* button > *Create a New Contact* or *Select a Coworker as a Contact* > Complete the required fields
2. *Personal Information* (orange circle icon) > *Contact Info* > Blue and white *Add* button > *Phone Details* > Add your mobile phone number

^ 4. Review APRA safety information to stay safe while you work

Please review our [emergency procedures](#) in case there's an emergency while you're in the office.

If you're working remotely, it's your responsibility to ensure that you have a safe working space free from any risks or hazards. Please complete the [Work from Home Checklist](#) to let us know about your home working environment, and familiarise yourself with the [Working from Home Guide](#).

Prior to coming into the office, please complete the [Return to Office \(RTO\) COVID declaration](#). You only need to complete RTO declaration once.

^ 5. Add a photo to PeopleHub and Microsoft Teams, Outlook and Skype

Let everyone know what you look like so they can put a face to a name! See the [How to add your photo to Teams & Outlook / Skype](#) SHOP Knowledge Base article to find out how.

^ 6. Set up your email signature

See the [How do I create an APRA standard signature in Outlook?](#) SHOP Knowledge Base article.

^ 7. Set up APRA's remote access service to work from home or elsewhere

See the [How to request & install the RSA SecureID Software Token](#) on your mobile device SHOP Knowledge Base article.

^ 8. Set up to book desks (and lockers) in the Sydney, Brisbane or Melbourne offices

See the [Introduction to the Floorsense desk & locker booking system](#) and [Floorsense account setup \(desk & locker booking\)](#).
SHOP Knowledge Base articles.

^ 9. Set up for multi-factor authentication

See the [How to enable Microsoft multi-factor authentication](#) SHOP Knowledge Base article.

^ 10. Check that you've been allocated all APRA's standard hardware and software

See the [IT hardware and software page](#) If you require additional IT equipment or access, please first speak to your Manager and then log an [IT Catalog](#) request in SHOP.

^ 11. Plan what you need to do for your security clearance

Everyone at APRA has to complete a '[security clearance](#)' given our role as a government body – you need to complete it within 90 days to help [pass your probation](#). If you haven't already, you'll soon receive an email from Security Clearances asking you to fill out some forms. It can sometimes feel intimidating or intrusive, so talk to your people leader about any concerns you might have.



Protected
today,
prepared for
tomorrow.



APRA

APRA 2021
YEAR IN REVIEW



The background of the cover is a photograph of a modern glass skyscraper reflecting the sky. In the foreground, there are green trees and a blurred crowd of people walking. A solid teal shape with white wavy lines is at the bottom. The text 'APRA 2021 Year in Review' is in white, sans-serif font, positioned on the left side of the image.

APRA 2021 Year in Review

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An Introduction from APRA Chair Wayne Byres

Welcome to APRA's *Year in Review* for 2021.

The past year has been an active one for APRA. After an urgent and intense shift in 2020 to focus on the immediate and significant impacts from the sudden onset of the COVID-19 pandemic, 2021 saw APRA able to begin to refocus on its longer-term prudential agenda.

Responding to the impact of the pandemic on the financial system, and the financial institutions that operate within it, continued to require considerable time and attention. At the same time APRA was able to recommence work on a number of other key supervision priorities as well as pushing ahead with a suite of important reforms across banking, superannuation and insurance that had previously been put on hold.

In doing so, APRA has sought to ensure the Australian community can be confident it is being served by a financial system that possesses the necessary strength and resilience to successfully deal with a highly uncertain operating environment.

Protecting today while preparing for tomorrow

APRA released its updated [Corporate Plan](#) in August 2021. The Plan is founded on the strategic theme of 'protected today, prepared for tomorrow'.

This theme is at the heart of good prudential supervision. Prudential supervision is, by its very nature, forward-looking. The 'protected today, prepared for tomorrow' theme acknowledges that a resilient financial system is not just one that is safe and sound today, but one that also has the ability to withstand, respond and adapt to the challenges of tomorrow – whatever they may be.

This publication outlines how APRA has delivered on its objectives in 2021.

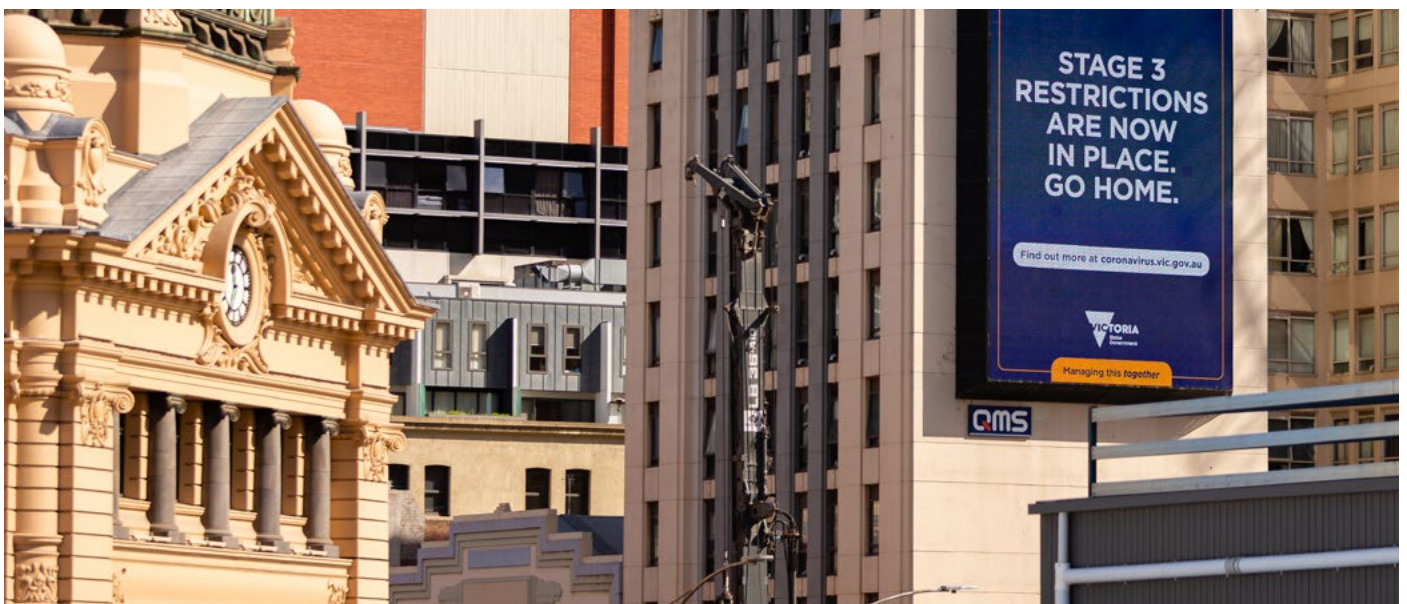
Chapter 1 discusses the operating environment in 2021, emphasising the rapidly shifting outlook at various points in the year. The chapter sets out the industry-wide measures APRA pursued to ensure the financial system remained safe, stable and resilient. This includes work on stress testing, cyber risk, governance, culture, remuneration and accountability (GCRA), recovery and resolution planning, and climate-related financial risks. The chapter also highlights APRA's significantly improved data collection capabilities, outlines some of APRA's major enforcement actions, and discusses the ongoing co-operation

between APRA and other Council of Financial Regulator (CFR) agencies.

Chapter 2 details APRA's key initiatives and activities in the banking, superannuation and insurance industries.

Of particular note is APRA's completion of the Basel III bank capital reforms and use of macro-prudential policy measures to build financial resilience in the banking sector; its work to identify and weed out underperforming superannuation funds in order to improve member outcomes; the launch of APRA's review of insurance risk management frameworks; and updates to the capital and reporting frameworks for insurance in response to the introduction of *Australian Accounting Standards Board 17 Insurance Contracts* (AASB 17).

Chapter 3 provides insight into APRA as a workplace, including the transformation of its ways of working since the onset of the pandemic, its investment in technology to support flexible work arrangements, and its ongoing efforts to promote a diverse and inclusive culture.



Changes in leadership

2021 saw some important changes to APRA's senior leadership.

Following an announcement in March by the Treasurer, the Hon Josh Frydenberg MP, APRA welcomed Margaret Cole as a new APRA Member on 1 July 2021. Margaret was appointed for a five-year term and filled the vacancy created by Geoff Summerhayes, whose term of office expired on 31 December 2020.

With her strong experience in governance and conduct-related matters, Margaret took on primary responsibility for overseeing APRA's activities in superannuation. APRA Deputy Chair, Helen Rowell, who had led a period of extensive change in the supervision of superannuation over eight years, assumed primary responsibility for overseeing APRA's activities in general, life and private health insurance.

More broadly, APRA continued to develop and strengthen its executive talent. Katrina Squires, Robert Armstrong, Mike Cornwell and Peter Diamond were all promoted to General Manager roles during the year. In addition, Joanna Bakker was recruited as General Manager, People and Culture.

A note of thanks

One of the findings of APRA's 2021 Stakeholder Survey was the very high percentage of respondents (>95 per cent) who endorsed the statement that APRA's supervision helps to protect both their industry and the financial wellbeing of the Australian community. Such a result would not be possible without the expertise and dedication of APRA's people.

I therefore want to conclude this introduction to the *Year in Review* by acknowledging those who have contributed to the achievements outlined in the following chapters. All of APRA's employees deserve thanks for their diligence, commitment and resilience throughout a tough and tumultuous year. APRA's achievements in 2021 are a testament to its people, who worked tirelessly through the isolation of long lockdowns, while many were also 'home-schooling' children or managing other family responsibilities, to ensure the safety and stability of the financial system for the Australian community – now and into the future.

Wayne Byres





Supervision in action

Australia's largest banks have operations in a number of different countries, including New Zealand, where they have a significant market presence. APRA, together with five other supervisory agencies in Australia and New Zealand, held a virtual multi-day supervisory college focused on one large banking group with trans-Tasman operations. The overarching objective of the supervisory college was to promote effective information sharing, coordination and collaboration, to assist supervisors to develop a better understanding of the risk profile and vulnerabilities of the cross-border banking group and to provide a framework for addressing key topics relevant to the supervision of the group.

Chapter 1 –

Financial sector resilience



Operating environment

The strength and resilience of the Australian financial system – and the community – were further tested in 2021 as the one-in-100-year pandemic that began in late 2019 moved into a second year.

At the beginning of 2021, the Australian economy looked to be recovering well from the economic and financial impacts of widespread lockdowns of 2020. Against this backdrop, APRA set out its policy and supervisory agenda for the year ahead, focused on further strengthening the resilience and crisis readiness of Australia's financial system. In particular, APRA's 2021 agenda contained a range of measures to ensure the financial system and individual entities were managing current challenges, while also helping APRA and regulated entities prepare for the future.

The economy's broadly positive outlook experienced a setback mid-year, however, as the emergence of the Delta variant saw the reintroduction of strict lockdown measures in many parts of the country. The outbreak and associated lockdowns affected many parts of the economy, although the impact was uneven. The housing market remained buoyant despite the economic setbacks. Some industry sectors experienced strong economic growth, while others – such as hospitality, tourism, the arts, education and construction – were placed under considerable pressure. Coinciding with the most severe time of restrictions, national sales volumes fell sharply in the September quarter, and total

employment fell by more than 2 per cent – negatively impacting consumer confidence. To cushion the blow, federal and state governments provided around \$20 billion in direct economic assistance to businesses and households in the September quarter of 2021.

While the lockdowns and state and territory border closures had a severe adverse impact on many businesses, overall the Australian financial system remained financially and operationally resilient. Banks and insurers remained soundly capitalised, while APRA-regulated superannuation funds were able to deliver higher-than-average returns to their members. Importantly, these institutions continued to deliver their essential services to the community despite staffing and other operational challenges.

In the last quarter of 2021, a rapid increase in vaccination rates helped individual states reach their target vaccination levels, enabling the easing of COVID restrictions. The unemployment rate began to fall again and business confidence rose, laying the groundwork for a sustained economic recovery. However, as the end of 2021 drew near, the emergence of another new variant – Omicron – provided a sharp reminder that the pandemic, and its associated disruption and uncertainty, was far from over.



“

Banks and insurers remained soundly capitalised, while APRA-regulated superannuation funds were able to delivered higher-than-average returns to their members. Importantly, these institutions continued to deliver their essential services to the community despite staffing and other operational challenges.

”



“

“Cyber risk presents arguably the most difficult prudential threat as it’s driven by malicious and adaptive adversaries who are intent on causing damage.”

”

Industry-wide initiatives

During the course of 2021, APRA was able to complete a number of significant longer-term projects, as well as key policy priorities and supervision activities. Chapter 2 of this publication details the activities and initiatives undertaken by APRA in 2021 on a sector-by-sector basis. However, that only tells part of the story, as a significant proportion of APRA’s supervisory and policy activities are industry-wide in nature.

The key industry-wide activities APRA undertook in 2021 are set out in the remainder of this chapter.

Enhancing stress testing

To ensure the ongoing financial and operational health of the financial sector was maintained during 2021, APRA needed to continually adapt and update its supervisory priorities in response to the rapidly evolving environment – both domestically and internationally. To understand and mitigate the impacts of these risks, APRA made use of one its core tools, regular stress testing, across its key industries.

Updated macroeconomic scenarios were developed in collaboration with the RBA to reflect a range of future outcomes, including severe downside scenarios that reflect potential tail

events emanating from the prevailing economic environment. Pleasingly, the stress test results provided further assurance that the banking and insurance industries remained well-placed to withstand a range of adverse events, as well as being able to support the economic recovery under more benign scenarios, notwithstanding lingering effects of the pandemic.

Improving cyber resilience

The frequency and sophistication of cyber-attacks continues to increase, as does the degree of potential harm. Notably, the [Australian Cyber Security Centre \(ACSC\) received more than 67,500 cyber-crime reports during 2020-21](#) – one every eight minutes – which was a 13 per cent increase from the previous financial year. Self-reported losses from cyber-crime topped AU\$33 billion¹. Driven by more complex and sophisticated cyber-attacks, the ACSC also classified a higher proportion of cyber security incidents as ‘substantial’ in impact. As APRA’s Chair, Wayne Byres, stated at the [Committee for Economic Development of Australia in April](#):

“Cyber risk presents arguably the most difficult prudential threat as it’s driven by malicious and adaptive adversaries who are intent on causing damage.”

The financial system is part of the country’s critical infrastructure.

¹ ACSC Annual Cyber Threat Report 2020-21



Consequently, its ability to stand firm against cyber-attacks is of utmost importance. The financial system is a complex ecosystem comprising many thousands of interconnected financial entities and financial market infrastructures – and a myriad of supporting service providers. Notably, APRA only directly supervises approximately 680 of these entities, yet a cyber-attack targeting any point of weakness in the financial system could have far-reaching impacts.

Building on APRA's Prudential Standard *CPS 234 Information Security* (CPS 234) that came into effect in July 2019, APRA [unveiled its new Cyber Security Strategy](#) in November 2020. A key focus area of this strategy is enabling boards and executives to oversee and direct correction of cyber exposures. In an APRA Insight article, ["Improving cyber resilience: the role boards have to play"](#) published in late 2021, APRA discussed two of its recently completed initiatives for these priority projects: a pilot technology resilience data collection, and an independent assessment of a pilot set of entities' compliance with CPS 234. The learnings gained from the two pilots, and from APRA's other supervisory activities, [reinforced APRA's view](#) that boards need to strengthen their ability to oversee cyber resilience.

Results from the CPS 234 assessment and APRA's other supervisory activities show that entities need to apply greater rigour in testing the design and operating effectiveness of their service providers' information security controls. Testing

coverage may also be an issue, as the data collection found that over the past 12 months, 60 percent of entities had not managed to assess the information security control testing for their service providers, as required by CPS 234. APRA also observed that some entities relied heavily on control self-assessments or surveys completed by their service providers, and had not taken sufficient steps to verify the information security controls were effective.

Given cyber-attacks are increasingly targeting suppliers in order to find that 'weak link', the need for improvement in this area is crucial. APRA specifically encouraged boards to play a more active role in challenging management's assumptions regarding the effectiveness of service provider information security controls.

Collaboration is key when it comes to combating the cyber problem, where the establishment of a community of defenders is imperative. Consequently, APRA worked closely throughout the year with industry bodies and other arms of government, including its CFR peers, the ACSC and the Department of Home Affairs. Through this work, APRA sought to ensure its cyber security strategy was aligned with the national cyber security strategy. Further, by working collectively to share intelligence, pool resources and respond quickly to identify and fix weak links, financial system participants, including entities, regulators and government agencies, can more effectively keep adversaries at bay.



Supervision in action

APRA is concerned about the heightened risk of cyber-attacks for all regulated financial services entities. As part of its overall approach to strengthening the resilience of the sector, APRA requires a structured independent review of the strength of controls to meet the expectations set out in Prudential Standard *CPS234 Information Security*. Acknowledging that mutual banks often use common suppliers, APRA worked with the Customer Owned Banking Association, an industry body, and the mutual ADIs as a cohort, to establish a common understanding of the issues and to find opportunities in conducting the external reviews for a common benefit, including different mechanisms to share the learnings.





Supervision in action

APRA commenced a comprehensive stress test specifically for the friendly society industry. This was the first such stress test conducted by APRA for this industry, with the aim of assessing the level of financial resilience of each friendly society under a both mild and a severe financial and economic event over a three year period. Participants have been provided with detailed reporting templates and instructions for completing the stress test, with APRA aiming to also use this exercise to enhance the entities' stress testing capabilities more broadly.

Transforming governance, risk culture, remuneration and accountability

One of the longer-term strategic objectives in APRA's Corporate Plan since 2019 has been to lift standards of governance, risk culture, remuneration and accountability (GCRA) across the financial system.

After deferring some of this work program in 2020 to allow entities (and APRA) to concentrate on urgent COVID-19 response activities, APRA's work across a range of GCRA components recommenced in 2021. However, as Deputy Chair Helen Rowell said to the [Financial Services Assurance Forum in November](#):

"This is not a transformation APRA can or should undertake on its own... Ultimately, boards and management are responsible for how they assess and improve GCRA in their entities. On this front, there is more to do. The financial industry has come some way on GCRA since the damaging headlines of the Royal Commission. However, industry's own analysis, through the risk governance self-assessments undertaken since that time, has identified a number of key areas where improvements still need to be made."

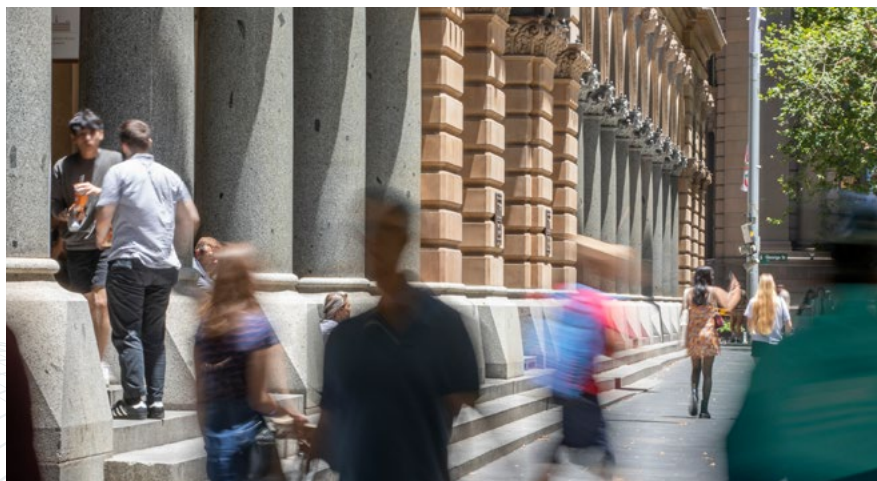
One of the significant milestones for APRA during the year was releasing a final version of its [cross-industry prudential standard on remuneration CPS 511 Remuneration](#) (CPS 511). CPS 511 addresses several Royal Commission recommendations, and is designed to

support stronger incentives for individuals to manage the risks they are responsible for; assign appropriate consequences for poor risk outcomes; and increase oversight, transparency and accountability for remuneration.

Deputy Chair John Lonsdale described the finalised standard as a key milestone in APRA's drive to transform industry practices in governance, risk culture, remuneration and accountability:

"As the Royal Commission made clear, poorly designed or implemented remuneration practices can incentivise behaviour that is harmful to consumers, and detrimental to long-term financial soundness. CPS 511 will impose genuine financial consequences on senior banking, insurance and superannuation executives when their decisions lead to poor risk management or conduct that is contrary to community expectations. It ensures financial performance alone is no longer enough when companies reward employees; companies must also consider their impact on customers and risk management outcomes. Where executives fall short, they now stand at risk of losing their bonus."

"We have been sensitive to minimising the regulatory burden on smaller institutions that typically make limited use of variable remuneration. The sharp end of CPS 511 is deliberately aimed at significant financial institutions (SFIs), where there is a heavier reliance on bonuses. In keeping with APRA's focus on transparency, the standard will be supported by new



disclosure requirements that will allow scrutiny of how effectively boards are adhering to the requirements and holding their executives accountable,” Mr Lonsdale said.

Beyond remuneration, APRA has continued to pursue an agenda that seeks to strengthen governance, risk culture and accountability within financial institutions more broadly.

In 2018, APRA requested 36 regulated entities to conduct a risk governance self-assessment against the findings in the final report from the [CBA Inquiry in 2018 and provide that self-assessment to APRA](#). In 2021, APRA followed up with those entities to review the extent to which necessary changes had been effectively implemented. This follow-up review identified:

- that the profile of non-financial risk management practices has been raised in many entities through the establishment of dedicated non-financial risk committees at the executive level, or inclusion of non-financial risk as a standing agenda item at Board Risk Committee meetings. Entities had also revised their risk appetite statements to incorporate non-financial risk metrics, and are capturing non-financial material risks on their risk registers.
- increased ownership and accountability for both risk and compliance was evident, with frontline business units now identifying more risk issues than they had previously. More progress has also been made clarifying accountabilities in the banking industry, reflecting the implementation of the BEAR.
- there was increased awareness and focus by entities on risk culture, although the approach of many entities towards risk culture would still benefit from further maturity through the use of more consistent methodologies, frameworks and a range of data sources.

Overall, the story of recent years has been one of progress. Regulated entities have implemented a number of design elements, including policies and frameworks, to better identify and manage non-financial risks. In the coming year, APRA will be looking for evidence that



work on non-financial risks has shifted beyond design effectiveness to also ensure operating effectiveness, and that boards and senior management are being vigilant to ensure weaknesses do not re-emerge.

APRA will also continue to look at how entities are working to understand the behaviours and cultural drivers that may underpin GCRA issues. To reinforce this, APRA elevated the profile of GCRA in its Supervision Risk and Intensity model, with APRA supervisors explicitly assessing GCRA-related risks when they determine the level of supervisory intensity applied to each regulated entity. To assist supervisors with this assessment, APRA developed a new supervisory approach for assessing risk culture, ‘[the Risk Culture 10 Dimensions](#)’.

Building on this new framework, in October and November, APRA sent a [risk culture survey](#) to the employees of 18 banks, following the successful completion in July of a pilot survey involving 10 general insurers. By giving a voice to employees from all levels of an organisation rather than only hearing from a small number of senior executives or board members, APRA’s survey is able to get a much better picture of how GCRA practices are, or are not, working at an entity. This will be an important source of information for APRA, which is one of only a few regulatory bodies worldwide that directly collects survey data at an industry level.

APRA plans to roll out the survey to a further 40 regulated entities across the insurance and superannuation sectors in 2022.

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JOHN LONSDALE

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APRA wants to be assured that recovery plans are embedded and credible, especially where there is a greater chance an entity will need to enact the plan.

JOHN HUIJSEN

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Strengthening recovery and resolution capability

In its role as Australia’s resolution authority, APRA aims to ensure that where an entity faces financial stress and private sector recovery is not possible, the entity and APRA are prepared for an orderly exit or resolution that minimises any impact on depositors, policyholders, superannuation members and financial stability.

The preparatory work for such an eventuality was put to the test in January 2021, when [Xinja Bank completed a return of its deposits](#), the first time an Australian authorised deposit-taking institution (ADI) had undertaken such a process. When the return of deposits was initiated, Xinja had 37,884 customers with 54,357 individual deposit accounts worth more than \$252 million. APRA closely monitored the process, which was completed without loss of any customer funds or contagion to other institutions. The return of deposits is an example of an entity-led orderly exit, overseen by APRA. As APRA Chair, Wayne Byres noted in his speech at the 2021 Australian Financial Review Banking Summit, “It was a successful failure.”

Throughout 2021, APRA worked on the development of a prudential framework for entity-led recovery and exit plans (collectively, financial contingency planning) and for APRA-led resolution planning, that will drive greater entity crisis preparedness. In December 2021, [APRA released a draft set of cross-industry prudential standards for consultation](#): *CPS 190 Financial Contingency Planning* (CPS 190) and *CPS 900 Resolution Planning* (CPS 900).

This new framework will formalise APRA’s requirements on contingency planning and set obligations on entities to cooperate with APRA in the development and implementation of resolution plans. For ADIs and insurers, APRA will focus on further improvements to ensure contingency plans are feasible and credible, with a view to achieving full industry compliance with the new prudential framework by the planned commencement date of 1 January 2024. Given contingency planning in superannuation is less advanced, CPS 190 will have a later implementation date of January 2025 for this industry.

Alongside the release of the draft framework, APRA wrote to the domestic systemically important banks (the four major banks) finalising its requirement to [maintain additional loss-absorbing capacity](#) to support resolution. This is a key component in ensuring private financial resources are used in resolution, thereby limiting the need for taxpayer funds to be put at risk.

Earlier in 2021, APRA completed an assessment of tests of recovery plans by large and medium ADIs, as well as stepping up its focus on the exit readiness of small ADIs. As APRA Deputy Chair John Lonsdale said in a





speech to the [Customer Owned Banking Association in December 2020](#):

“APRA recognises that for smaller ADIs with simple businesses, the range of recovery options may be more limited... It is prudent that such ADIs consider the preparatory steps required for a merger or transfer of business.”

Every private health insurer has a recovery plan in place that APRA has reviewed and provided feedback on. In the case of life and general insurers, APRA prioritised the review and feedback of contingency plans for insurers that have greater systemic importance and/or face higher risks. As APRA General Manager, Insurance Division, John Huijsen told the [Health Insurance Summit in June 2021](#):

“APRA wants to be assured that recovery plans are embedded and credible, especially where there is a greater chance an entity will need to enact the plan.”

In superannuation, contingency planning is at an earlier stage of development. APRA started recovery plan pilots for trustees that are part of larger groups, and requested contingency plans from entities failing the Performance Test under the Government’s *Your Future, Your Super* (YFYS) reforms. At the [Australian Institute of Superannuation Trustees Conference](#)

of [Major Superannuation Funds in May](#), APRA Deputy Chair Helen Rowell said:

“Trustees should have a plan in place to ensure their obligations to members can continue to be met – whether that plan is to ‘recover’ themselves to financial soundness or to exit the industry in an orderly fashion”.

With respect to APRA-led resolution planning, APRA continued to pilot planning exercises for significant financial institutions ahead of the finalisation of the associated prudential framework. In November 2021, APRA hosted the first trans-Tasman Crisis Management Group meeting, comprising members of the CFR and relevant NZ authorities, aimed at enhancing entity-specific preparedness for – and facilitating the management and resolution of – a cross-border bank. In addition, APRA continued to work closely with the CFR and the Trans-Tasman Council on Banking Supervision on overarching frameworks to execute resolution strategies and enhance agencies’ ability to deal with a systemic crisis.



Supervision in action

A life insurer operating a unique business model grew in recent years, and raised some concern for APRA in relation to the effectiveness of governance and controls to support this model and its growth on an ongoing basis. APRA started engaging with the entity to seek further insight into the business model, and the adequacy of controls and governance in place for the key functions. With some issues unresolved, APRA subsequently decided to conduct a deeper dive prudential review, and is currently forming its opinion in regard to the adequacy of current practices.





Supervision in action

An insurer continued to struggle with financial performance, further exacerbated by COVID-19. In the course of reviewing the regulatory returns of this entity, APRA identified an inappropriate approach to calculating the entity's regulatory capital requirement, resulting in inadequate capital coverage. APRA engaged with the entity to resolve the situation, which led to corrections to reporting and a capital injection to ensure risks faced by the entity were adequately covered.

Managing financial risks from climate change

Climate change poses significant challenges, and opportunities, for the global and Australian economies. Financial institutions need to understand where, how, and to what extent the financial risks associated with climate change will impact their business. They will also need to consider how to respond to those impacts.

Since the Australian Government became a party to the Paris Agreement in 2016, APRA has been raising awareness of climate-related risks to the financial sector. More recently, APRA has been encouraging the financial sector to strengthen its capability to identify and quantify the financial risks associated with climate change, and to develop ways to build resilience to those risks.

As APRA Chair Wayne Byres observed in [April](#):

"One of the biggest challenges is to shift from subjective judgements to data-driven analysis. The scientific link between rising greenhouse gas emissions and warming temperatures is clear, but the tools and methods for risk analysis are still in their relative infancy. Not only are the direct impacts difficult to assess, but so are the potential technology and policy responses. But that's no excuse for not trying."

On behalf of the CFR, APRA is leading the [Climate Vulnerability Assessment \(CVA\)](#) initiative. The CVA is a bottom-up supervisory exercise with the five largest Australian banks, designed to assess the impact on both individual banks and the financial system of two plausible future scenarios for how climate change, and the global response to it, may unfold. The CFR agencies are supporting the CVA initiative by participating in a dedicated steering committee and a modelling working group.

APRA published [further details](#) in September on the CVA initiative. The participating banks commenced their CVAs in June, and are due to submit their first CVA analysis early in 2022, with publication of aggregated results and findings expected by the middle of the year.

In April, [APRA finalised and published its practice guide on climate change financial risks](#), Prudential Practice Guide *CPG 229 Climate Change Financial Risks* (CPG 229). To assess the value of this guidance, APRA will undertake a survey in 2022 to help gauge the alignment between institutions' management of climate change financial risks, the guidance set out in CPG 229, and the Financial Stability Board's Taskforce for Climate-related Financial Disclosures.

In the lead up to the COP26 climate conference in Glasgow, APRA and the Reserve Bank of Australia (RBA) [published a joint statement](#) on their climate-related actions. In doing so, APRA and the RBA joined other regulatory agencies, including the European Central Bank, Banque de France, Bank of Canada and the US Federal Reserve Board, in making public statements on the important role of central banks and financial regulators in mitigating the physical, transition and liability risks of climate change in the finance sector.

In addition, APRA contributed to sharing knowledge on climate-related financial risks through participation in forums including the Network for Greening the Financial System, the Financial Stability Board, the Bank for International Settlements and the Executives' Meeting of East Asia Pacific Central Banks. APRA also is a member of the Basel Committee's Task Force on Climate-related Financial Risks, and participated in climate-related working group activities with organisations such as the International Organisation of Pension Supervisors, the International Association of Insurance Supervisors and the Sustainable Insurance Forum.

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WAYNE BYRES

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APRA Connect

In September 2021, APRA reached a major milestone in its plan to transform how it collects data as [APRA Connect](#) went live.

APRA Connect is the culmination of a multi-year program of work designed to create a modern, efficient and flexible technology platform that will serve both APRA and industry in relation to data collection, storage, analysis and insights.

APRA Connect was designed and implemented with a strong focus on industry and entity engagement. In addition to creating a Strategic Industry Reference Group consisting of 15 entity and industry body representatives to provide input on the approach and key decisions, APRA also provided significant testing opportunities for entities and RegTech firms.

As a result, APRA Connect reduces reporting burden on entities by:

- allowing greater automation of data submissions;
- facilitating the development of more granular data collections, reducing the need for supplementary and ad hoc data collections; and
- creating the potential to collect data once, and share it across multiple public sector agencies.

At the same time, APRA Connect gives APRA:

- the capability to collect more granular and diverse data, supported by workflow capabilities for more automated processing;
- more self-service capabilities for entities to maintain their information;
- a single platform allowing more centralised information exchange with entities; and
- enhanced ability to enable access to, and share data with other agencies and industry to increase transparency.

APRA plans to progressively implement a substantial pipeline of new and revised data collections within APRA Connect, enabling APRA to be more targeted and forward-looking in its policy development and supervisory actions.

The first Super Data Transformation collection, detailed below, became the first new data collection on the new platform. APRA Connect will also be used to collect data required by APRA and Australian Securities and Investments Commission (ASIC) in the implementation and ongoing operation of the proposed Financial Accountability Regime.



APRA's Super Data Transformation project

APRA's Superannuation Data Transformation (SDT) project was launched in November 2019. The project aimed to facilitate the collection of more granular data across all superannuation products and fill gaps in data (particularly for choice products), enhancing APRA's ability to identify and address underperforming products.

In March 2021, APRA completed Phase 1 of the SDT project, which addressed the most urgent gaps in the data reported to APRA by superannuation trustees. This included expanding the data collection to include all products and investment options, and collecting improved data on insurance arrangements, expenses, member demographics and asset allocation classifications. Phase 1 data will also enable APRA to administer the YFYS performance test for trustee-directed products in mid-2022; expand analysis and insights, such as APRA's heatmaps and performance benchmarking, into the choice sector; and provide greater transparency on how trustees spend members' money.

APRA supported industry through close consultation and posting answers to frequently asked questions, and releasing a response paper and 10 finalised new reporting standards for Phase 1. The new reporting standards cover fund structure and profile, member demographics, expense management, asset allocation, investment performance fees and costs and insurance arrangements.

APRA Deputy Chair Helen Rowell said the completion of Phase 1 was a major step in APRA's efforts to lift industry standards and weed out underperformers:

"Armed with new and deeper insights into aspects of the industry that have long been difficult to scrutinise, APRA supervisors will be in a stronger position to hold trustees to account for their decisions and the outcomes they deliver to all their members. Not only will we collect more and better-quality data through the SDT, we will also substantially lift the quantity of data we make public, enabling government, peer regulators, analysts and members to make better informed superannuation decisions."

Phase 2 of the project will further increase the granularity of the superannuation data collections (as well as identifying data collections that could be discontinued), is due to commence in early 2022. Once Phase 2 is complete, the final phase of the project will assess the quality and consistency of the outcomes from Phases 1 and 2 and address any implementation issues.

APRA has worked closely with ASIC to ensure changes to superannuation data collection also support ASIC's data needs in relation to superannuation, and to put in place data sharing arrangements to reduce the burden on industry under the principle of 'collect once and share'.



Supervision in action

Following the publication of APRA's heatmaps in December 2020, APRA received information regarding governance, conduct and expenditure concerns in relation to one of the Registerable Superannuation Entities identified in the heatmaps. In the first half of 2021, APRA began investigating expenditure and governance concerns at the trustee, and also queried the decision taken by that entity to merge with another fund that was not objectively justifiable. APRA's supervision team:

- a. highlighted concerns over some marketing items and look at how these could be reconsidered or terminated in the best financial interests of members;
- b. worked with the trustee and engaged with sponsoring organisations to effect timely and appropriate Board renewal over critical periods;
- c. engaged with the Board to challenge decision making regarding its merger strategies – this saw the Board re-think its approach and engage fresh experts to address a full range of strategic options; and
- d. negotiated a specific timetable over the next 12 months for key decision making and reporting to members.





Supervision in action

During the course of ongoing supervision, APRA identified issues relating to the reserving adequacy for certain long-tail claims of an insurer. In particular, an escalation in claims numbers and court awards had the potential to put pressure on the insurer's capital position. APRA supervisors worked with the insurer during the year to ensure additional capital support from shareholders was forthcoming. The additional capital provided a buffer against the increasing reserves, ensuring ongoing protection was achieved for policyholders.



Regulatory collaboration and engagement

Strong collaboration between regulators and government agencies remained crucial in successfully navigating the challenges of the economic environment over the past year. In 2021, APRA worked actively with other domestic and Trans-Tasman regulators to support collective goals, minimise duplication of activities and reduce regulatory burden.

Key forums for collaboration included the Council of Financial Regulators (CFR) (comprising Treasury, ASIC, RBA and APRA), the Trans-Tasman Council on Banking Supervision, the APRA-ASIC Committee (AAC), and a range of international bodies. APRA also continued to develop stronger working relationships with other agencies, including the Australian Competition and Consumer Commission (ACCC), the Australian Taxation Office, the Australian Transaction Reports and Analysis Centre (AUSTRAC), and the Australian Financial Complaints Authority (AFCA).

As the “twin peak” regulators, proactive cooperation between ASIC and APRA is especially important to efficiently achieve good regulatory outcomes across the Australian financial sector. To ensure this, ASIC and APRA maintained a constant dialogue throughout the year, facilitated through a formal-engagement structure led by the AAC, and supported by several Standing Committees, to enhance information-sharing and collaboration on both strategic and operational matters. Some specific examples include:

- cooperative industry-wide work on the implementation of the member outcomes obligations and design and distribution obligations, administered by APRA and ASIC respectively, to ensure superannuation trustees understood the interaction between the two sets of obligations.
- strengthened cooperation on entity-specific enforcement matters – for example, the two agencies collaborated through their respective investigations into AMP Super, and the Enforceable Undertaking provided to

APRA by AMP Super was designed to also address the regulatory concerns of ASIC (see enforcement section below for further details).

ASIC and APRA have also created joint working groups in anticipation of their joint administration of the Financial Accountability Regime, the legislation for which is currently before Parliament.

Some other key examples of regulator and government agency collaboration and engagement in 2021 included the following:

- The CFR agencies, with supporting engagement by the ACCC, worked collaboratively to assess housing market risks and potential responses in the lead up to action taken by APRA in October 2021 to strengthen residential mortgage serviceability assessments;
- APRA worked together with other CFR agencies to develop a protocol to deal with the coordination of a response to a cyber incident being experienced at a financial service provider; and
- APRA, ASIC, AFCA and Treasury formed a cross-agency working group to engage with industry on the business interruption insurance test cases being heard in the Federal Court.

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APRA's legally-binding prudential and reporting standards play an essential role in enabling APRA to adequately monitor risks to financial safety and stability. For one of the country's largest financial institutions to have committed breaches of this nature is disappointing and unacceptable.

JOHN LONSDALE

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Enforcement activities

Enforcement action is an integral part of APRA's supervisory toolkit. Enforcement is considered when regulated entities either cannot or will not properly address identified prudential risks. During 2021, APRA continued to implement its “constructively tough” enforcement philosophy, using its suite of regulatory powers forcefully where necessary.

In taking enforcement action, APRA not only seeks to prevent and address serious prudential risks but also to hold individuals and entities to account. To that end, public enforcement action was taken against a range of institutions during the year, including:

In March 2021, APRA agreed to a [Court Enforceable Undertaking \(CEU\) from Allianz Australia Insurance Limited](#) (Allianz). Allianz acknowledged past risk and compliance weaknesses and committed to rectify them. The CEU also committed Allianz to completing a series of transformation programs related to risk maturity, compliance, conduct and culture in a timeframe agreed with APRA, and to provide APRA with assurance

that these programs were complete and operationally effective.

APRA Deputy Chair John Lonsdale said:

“While Allianz has already made some positive changes, their commitment to the agreed actions are a significant step forward in fixing the serious deficiencies in their risk management frameworks. We do not expect, nor would we tolerate, a repeat of Allianz's past shortcomings.”

In the case of [Macquarie Bank Limited](#) ([Macquarie Bank](#)), APRA took enforcement action over Macquarie Bank's historic incorrect capital and related-party exposure reporting, and multiple breaches of liquidity reporting requirements between 2018 and 2020. APRA required Macquarie Bank to hold an operational capital overlay of \$500 million, a 15 per cent add-on to the net cash outflow component of its Liquidity Coverage Ratio (LCR) calculation and a 1 per cent adjustment to the available stable funding component of its Net Stable Funding Ratio (NSFR) calculation.

While the historical breaches had no impact on the overall soundness of Macquarie Bank's capital or liquidity, APRA Deputy Chair John Lonsdale said:

“APRA's legally-binding prudential and



reporting standards play an essential role in enabling APRA to adequately monitor risks to financial safety and stability. For one of the country's largest financial institutions to have committed breaches of this nature is disappointing and unacceptable. Alongside the enforcement actions, APRA will subject Macquarie Bank to intensified supervision to address the bank's persistent difficulties in complying with its prudential obligations. We cannot rule out further action as more information comes to light about the root causes of these breaches."

In the case of the CEU agreed in November with [AMP Superannuation Limited](#) and [N.M. Superannuation Proprietary Limited](#) (collectively AMP Super), APRA's decision to accept the CEU followed a lengthy investigation into past conduct that APRA believes led to a number of potential breaches of the *Superannuation Industry (Supervision) Act 1993*. AMP Super acknowledged APRA's concerns and accepted the need for rectification and remediation of members. Under the terms of the CEU, AMP Super committed to identify and address the root causes of the potential breaches and issues, rectify areas of concern, remediate affected members who have yet to receive remediation, and continue to enhance its governance controls, risk management and processes for acting in members' best interests.

APRA Member Margaret Cole said APRA accepted the CEU as the most effective and efficient way to protect AMP Super members by ensuring there is minimal risk of such issues recurring, stating:

"AMP is one of the wealth industry's largest and best resourced companies, and APRA expects a commensurately high standard of governance and risk management. While we acknowledge the efforts AMP Super has made towards improving its internal systems, the issues addressed by the CEU show there is further work to do. By offering this CEU, AMP Super has committed to fix promptly remaining legacy issues that have existed within its superannuation business and ensure affected members are appropriately remediated."

Licence conditions were imposed on two superannuation trustees: the trustees for the EISS and Christian Super superannuation funds were each required to implement a strategy to merge with better performing funds given the poor outcomes their MySuper members have been experiencing, as demonstrated by their position on APRA's MySuper Heatmap and their failure of the YFYS Performance Test.



Supervision in action

The impact of COVID-19 saw all private health insurers establish a provision on their balance sheets for claims that have been deferred, rather than foregone, due to pandemic-related restrictions on elective surgeries and physical lockdowns. In 2021, APRA revised its expectations for the calculation of this provision in light of experience and the updated outlook, and monitored insurer positions through ongoing financial analysis. Anomalous provisions were flagged for investigation, and insurers obliged to resubmit their financial returns where the provision set was viewed as not prudent.





Supervision in action

APRA's supervision team, over the course of the year, has been engaging with an insurer to actively monitoring the implementation of its ongoing transformation programs. These programs are intended to address weaknesses that had been identified in a prior period relating to risk governance, and risk management and compliance practices. The supervision team provided close oversight of the execution of these programs, which, to date, have yielded observable improvements in these areas within the insurer.





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APRA cannot stand still; we need to evolve our tools and methodologies in response. We are adapting our supervision in response to risks that have very much come to the fore in recent years, launching a number of pilot projects to trial new ways of doing things.

WAYNE BYRES

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Protecting today, preparing for tomorrow

Despite the volatile and unpredictable environment that was experienced during 2021, the Australian financial system remained in a sound and stable position throughout. Further detail on individual industry sectors is contained in Chapter 2.

While the impact of the pandemic continues to play out, the past 12 months have demonstrated that the financial services industry possesses considerable underlying strength, and has the ability to adapt when the unexpected happens. As APRA Chair Wayne Byres noted in his speech to the [Committee for the Economic Development of Australia \(CEDA\) in April](#):

“The Australian financial system has been resilient through the COVID period because of its underlying financial strength, and evidence from around the world is that strong financial systems have had a major advantage in responding to the crisis. For those reasons, APRA remained focused on the system’s core financial health. It needs to be there when we need it most. But the threats to that health are always evolving. So, APRA cannot stand still; we need to evolve our tools and methodologies in response. We are adapting our supervision in response to risks that have very much come to the fore in recent years, launching a number of pilot projects to trial new ways of doing things.”

In August, APRA published an updated [Corporate Plan for 2021-2025](#). It set out APRA’s strategic priorities for preserving the stability of the financial system, and protecting bank depositors, insurance policyholders and superannuation members, during the current period of disruption and uncertainty, while also preparing for future challenges.



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While our strategic priorities may change over time, our core purpose remains constant: to ensure the financial system remains stable, efficient and competitive, and the financial interests of Australians are protected.

WAYNE BYRES

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“After narrowing our focus last year to help support the industry through the early stages of the pandemic, our latest Corporate Plan once again widens APRA’s regulatory gaze and activities,” said Mr Byres.

The updated Corporate Plan was founded on two strategic themes: ‘protected today’ and ‘prepared for tomorrow’.

As part of its goal to ensure the Australian community remains protected today, APRA’s primary focus will be on:

- preserving the resilience of banks, insurers and superannuation funds, with a continuing emphasis on financial strength; cyber risks; governance, risk-culture, remuneration and accountability; and in superannuation in particular, implementing the Government’s Your Future, Your Super reforms;
- modernising the prudential architecture to ensure it is effective and accessible, less burdensome for entities, and more adaptable to the rapidly evolving financial sector; and
- better enabling data-driven decision-making by continuing to invest in and embed data as a core enabler for achieving APRA’s purpose and strategy.

In ‘preparing for tomorrow’, the Corporate Plan outlines APRA’s aim of:

- increasing its understanding of, and ability to respond to, the impact of new financial activities and participants, such as technological innovations and new business models that do not fit traditional regulatory approaches;
- helping to find solutions to important challenges, such as superannuation retirement income products, insurance accessibility and affordability, and the financial risks of climate change; and
- adopting the latest regulatory tools, techniques and practices in areas such as specialist regulatory services, enforcement actions, transparency and resolution.

Mr Byres emphasised:

“While our strategic priorities may change over time, our core purpose remains constant: to ensure the financial system remains stable, efficient and competitive, and the financial interests of Australians are protected.”

Chapter 2 –

Sector developments



Authorised deposit-taking institutions (ADIs)

The ADI sector demonstrated its resilience during 2021, despite the COVID-induced disruptions. The sector remained well capitalised and profitable, with sound liquidity and funding positions. This financial health was fundamental to its capacity to navigate through recent challenges and continue to support the Australian economy.

Nevertheless, ADIs remain exposed to significant headwinds and an uncertain outlook. Although signs of deterioration in key asset quality measures were muted, the sector may face higher credit losses as the full impact of COVID on borrower creditworthiness becomes clearer. Risks in housing markets are also heightened, with rising house prices and a very low interest rate environment placing a premium on the maintenance of sound lending standards. Technology and digitisation are creating new ways to provide banking and payment services, and challenging the sustainability of many current business models.

The industry landscape

There were 143 ADIs operating in Australia as at end-June 2021, down slightly from 146 a year earlier (Figure 1a). This comprised 97 banks, 37 credit unions and building societies, eight other ADIs, and one restricted ADI.



Following the lifting of the temporary suspension of licensing activity that had been implemented in an early response to COVID-19, 2021 saw the entry of one foreign bank and one other ADI. However, this was offset by the exit of three credit unions through market consolidation in the mutual ADI sector, and the exit of one foreign bank and one restricted ADI, Xinja Bank.

As at 30 June 2021, total ADI industry assets stood at \$5.4 trillion, up slightly from \$5.3 trillion the year prior. The four major banks hold around 73 per cent of industry assets, largely unchanged compared to prior years (Figure 1b).

Industry profitability improved over the year to 30 June 2021 due to a number of factors, including:

- lower than expected losses arising from the impacts of the COVID-19 pandemic;
- a reduction in provisions held against future loan losses; and
- improvements to operating income outpacing the growth in operating expenses.

As a result, industry return-on-equity (RoE) rose to 9.5 per cent (Figure 1c), an increase of 1.3 percentage points from 2020. However, this remains well below the 10-year average RoE of 12.3 per cent since 2011. The aggregate cost-to-income ratio decreased to 54.6 per cent over the year to June 2021 from 56.1 per cent over the year to June 2020 (Figure 1d).

Asset quality in the ADI sector has been supported by loan repayment deferrals programs, government income support measures and the better than previously forecasted economic recovery. As a result, overall asset quality remained broadly stable, with a slight improvement in non-performing loans, down 6 basis points to 1.06 per cent of gross loans and advances as at 30 June 2021 (Figure 1e).

The ADI industry is well capitalised, and at 30 June 2021 its weighted average CET1 capital ratio stood at 12.7 per cent – an increase of 0.9 percentage points over the year. The weighted average industry Tier 1 capital ratio rose 1.0 percentage points over the year to 14.6 per cent (Figure 1f). Both remain at historically high levels.

FIGURE 1a
Number of ADI entries and exits

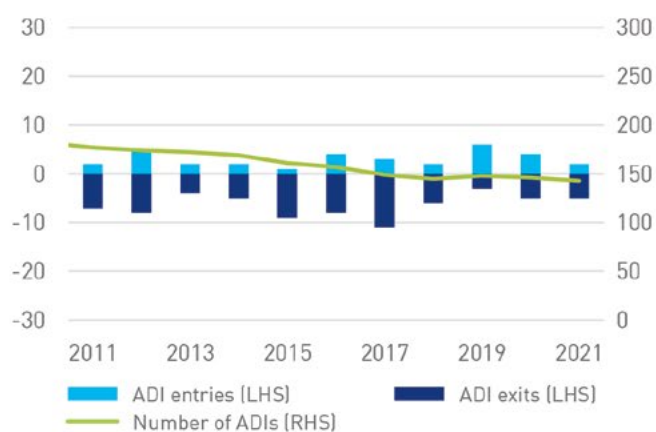


FIGURE 1b
Assets of largest ADIs

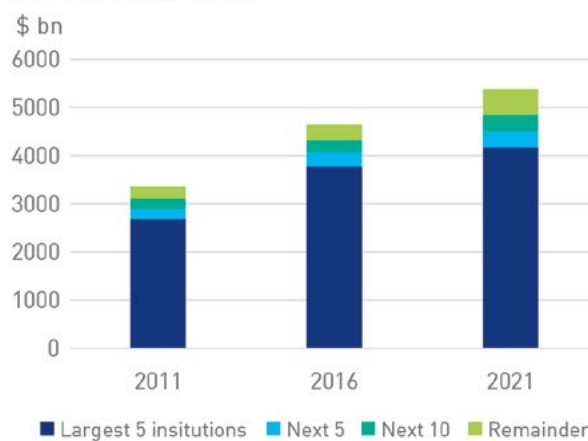


FIGURE 1c
ADI return on equity



FIGURE 1d
ADI cost-to-income ratio

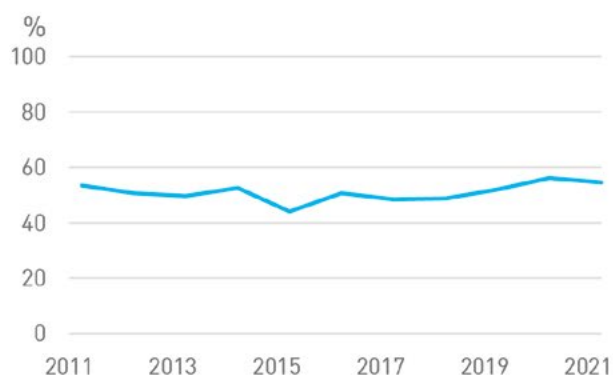


FIGURE 1e
ADI non-performing loans to gross loans and advances



FIGURE 1f
ADI capital ratios





Key issues and initiatives

Loan repayment deferrals

In July 2021, as the Delta variant of COVID-19 took hold, a number of ADIs announced support packages in the form of loan repayment deferrals to support their customers through temporary disruptions caused by renewed lockdowns. In tandem, APRA provided regulatory relief to ADIs offering deferrals.

This relief mirrored the approach taken in 2020. For eligible borrowers granted a repayment deferral of up to three months before the end of September 2021, ADIs did not need to treat a period of repayment deferral as a period of arrears or a loan restructuring. However, for transparency, ADIs were required to publicly disclose and report the nature and terms of any repayment deferrals and the volume of loans to which they were applied.

ADIs responded quickly in reintroducing repayment deferrals programs for impacted borrowers, but the take up of these programs was significantly lower than during the first phase in 2020. At their peak during the second phase, loans subject to repayment deferral totalled \$13.1 billion (or 0.6 per cent of total lending), compared to a peak of \$266.1 billion (10.1 per cent of total lending) during the first phase in 2020.

Macroprudential policy actions

In October 2021, APRA announced it expected ADIs to increase the minimum interest rate buffer they use when assessing a borrower's ability to service a loan. In particular, APRA indicated that lenders should assess new borrowers' ability to meet their loan repayments at an interest rate that is at least 3.0 percentage points above the loan product rate. This compared to a buffer of 2.5 percentage points that had been commonly used previously.

APRA's decision reflected growing financial stability risks from ADIs' residential mortgage lending, with more than one in five new loans approved in the June quarter being at more than six times the borrowers' income. APRA's decision was supported by other members of the CFR.

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In taking action, APRA is focused on ensuring the financial system remains safe, and that banks are lending to borrowers who can service the level of debt they are taking on – both today and into the future.

WAYNE BYRES

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APRA Chair Wayne Byres said increasing the buffer was a targeted and judicious action designed to reinforce the stability of the financial system. He noted:

“In taking action, APRA is focused on ensuring the financial system remains safe, and that banks are lending to borrowers who can service the level of debt they are taking on – both today and into the future.”

To support future macroprudential responses, APRA also published a [framework for the use of macroprudential policy measures](#). This framework gives financial industry stakeholders a better understanding of the factors APRA considers in making decisions to use these tools, the types of macroprudential measures APRA could deploy in the future, and how they might be implemented. As the same time, to support the implementation of the framework, APRA commenced a consultation on steps to formalise and embed credit-based macroprudential policy measures within its prudential standards.

Capital management

In November 2021, APRA finalised a [new bank capital adequacy framework](#). The new framework is designed to ensure the unquestionably strong levels of capital held by the banking sector are preserved, and that Australian standards align with the internationally agreed Basel III framework. In addition, APRA sought to achieve a number of key improvements to the capital adequacy regime to enhance flexibility, risk sensitivity, competition, transparency and proportionality.

At its heart, the new capital framework is aimed at ensuring that Australian banks continue to have the financial strength to withstand future adverse economic conditions, protect depositors in times of stress and retain an ability to support lending to households and businesses.

APRA Chair Wayne Byres noted that the internationally agreed Basel III framework is due to come into force around the world in 2023. Due to the strength of the Australian financial system, Australia will be compliant with the Basel III framework without the need for lengthy transitional periods and phase-in arrangements that will be needed in many other countries.

As noted in Chapter 1, APRA also announced in late 2021 that it had finalised requirements for domestic systemically important banks (the four major banks) to maintain additional loss-absorbing capacity to ensure they could be recapitalised using private, rather than taxpayer, funds in the unlikely event of a failure. APRA wrote to the major banks confirming that the final setting for loss-absorbing capacity would be an increase in minimum total capital requirements of 4.5 percentage points of risk-weighted assets, to be met from 1 January 2026.

Phasing out the Committed Liquidity Facility (CLF)

In September 2021, APRA announced that it expected locally incorporated ADIs subject to the Liquidity Coverage Ratio (LCR) to reduce their reliance on the CLF to zero by the end of 2022, subject to financial market conditions. This reflected the expectation of APRA and the RBA that

there would be sufficient high-quality liquid assets (HQLA) available for ADIs to meet their LCR requirements without the need to utilise the CLF.

APRA advised that it would continue to review financial market conditions and would adjust its expectations if circumstances were to materially change. APRA also noted that the CLF will remain available should it be needed due to future shortfalls of HQLA, or other liquidity pressures.

New approach to licensing

In support of a sustainable, forward-looking competitive banking sector, APRA updated its approach to licensing and supervising new ADIs in August 2021. This followed a period of consultation on a draft framework, which had been published earlier in the year.

APRA's updated approach entails stronger requirements for being granted a banking licence and closer supervision of new entrants as they seek to establish themselves. The approach is designed to encourage sustainable competition in the banking sector by ensuring new ADIs are better equipped to succeed.

The new approach came into effect immediately, although much of the information package published was a formalisation of existing practice. The final information paper and the two guidelines released are available on the APRA website at: [Licensing for authorised deposit-taking institutions](#).

Superannuation



Overall, the superannuation industry continued to provide strong returns to members over the year despite the ongoing economic uncertainty associated with the pandemic. The primary driver of this performance was the continued buoyancy of the financial markets, resulting in double-digit investment returns. Registrable superannuation entity (RSE) licensees have, however, continued to grapple with a number of operational challenges due to the ongoing lockdowns and challenging business environment. These have generally been managed relatively well, with minimal disruption to member services.

Across the superannuation industry, member accounts continue to be consolidated as a result of recent legislative reforms. The reduction in the number of member accounts has resulted in better outcomes for members overall, but has also resulted in cost pressures for RSE licensees. These pressures are likely to continue into 2022 and beyond.

APRA's focus in 2021 was directed at improving member outcomes and eradicating underperformance, supported by the [Government's Performance Test](#) and the [MySuper heatmap](#). Over the year, this work, coupled with effective supervisory actions, has led to an increase in merger activity across the industry,

with 12 mergers completed and a further 12 RSE licensees in initial or advanced execution phases.

The industry landscape

As at 30 June 2021, superannuation industry assets totalled \$3.3 trillion, an increase of 15 per cent over the year from \$2.9 trillion. This double-digit growth was driven primarily by APRA-regulated funds which grew over 17 per cent from \$1.9 trillion to nearly \$2.3 trillion, with these funds managing close to 69 per cent of assets within Australia's superannuation system.

The number of APRA-regulated funds with more than four members decreased from 170 to 155 by the end of the year with 16 funds exiting the system and only one new entrant (Figure 2a). The decline in the number of super funds gave rise to a fall in the number of RSE licensees from 107 to 95 over the year. Reflecting this consolidation, concentration within the superannuation industry also increased over the year, with the five largest super funds holding 32 per cent of total APRA-regulated super assets as at 30 June 2021, up from 27 per cent five

years ago (Figure 2b).

The combined effect of continuing asset growth and consolidation within the superannuation industry over the year resulted in the average fund size increasing from \$12.3 billion to \$15.4 billion over the year, a 25 per cent increase. The normal operating efficiencies associated with increasing fund size, observed over the longer-term (Figure 2c), continued over the year with total administration and operating expenses as a percentage of net assets decreasing from 0.37 per cent to 0.34 per cent.

Contrary to the longer-term trend, net contribution

flows (which represent the amount of member monies paid into the system less the monies paid out of the system), as a percentage of average net assets, increased from 0.5 per cent to 0.95 per cent between the June 2020 and 2021 financial years (Figure 2d). This rebound reflected the end of the 2020 Early Release Scheme, however the overall net contribution flow remains notably below earlier years.

Fund asset allocations shifted towards growth assets over the year, as the initial concerns brought on by COVID-19 subsided and entities took advantage of the strong performance of global markets. As at 30 June 2021, the allocation to equity was 54.8 per cent of total assets (Figure 2e) with allocations to fixed income, cash, property and infrastructure accounting for 18.2 per cent, 10.6 per cent, 7.7 per cent and 5.7 per cent of total assets respectively. Other assets, including hedge funds and commodities, accounted for the remaining 3.0 per cent of total assets.

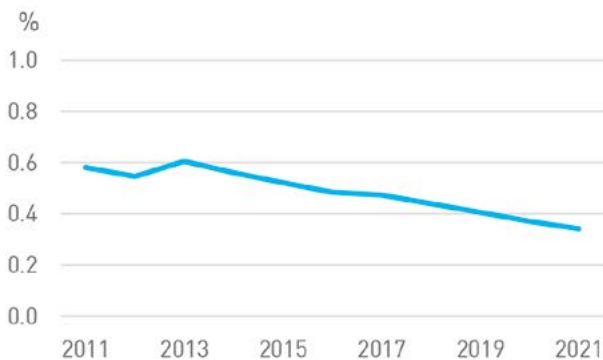
Strong investment performance yielded an annual return of 17.0 per cent over the year to 30 June 2021, as global markets recovered from COVID-19-induced losses during the second half of the previous year. This was well above the 10-year annualised rate of return of 7.7 per cent per annum for the 10-year period ending 30 June 2021 (Figure 2f).

FIGURE 2a
Number of APRA-regulated superannuation entries and exits



Entities with more than four members. Figures are subject to change due to the timing that entries and exits are finally deemed to take effect.

FIGURE 2c
Administration and operating expense ratio vs net assets



Entities with more than four members. Ratio is calculated as total administration and operating expenses as a percentage of cash flow adjusted net assets.

FIGURE 2e
Asset allocation



Entities with more than four members.

FIGURE 2b
Assets of largest APRA regulated superannuation funds

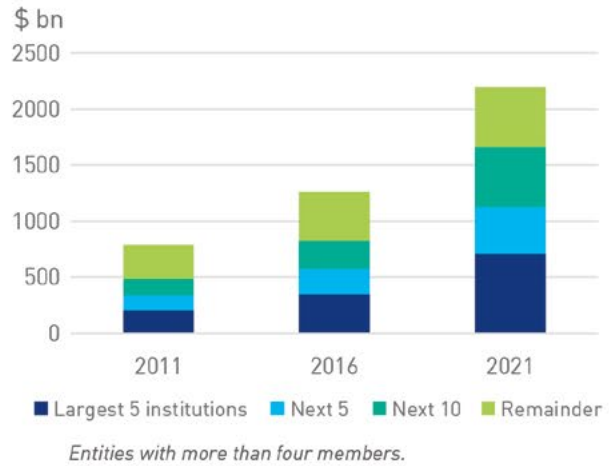
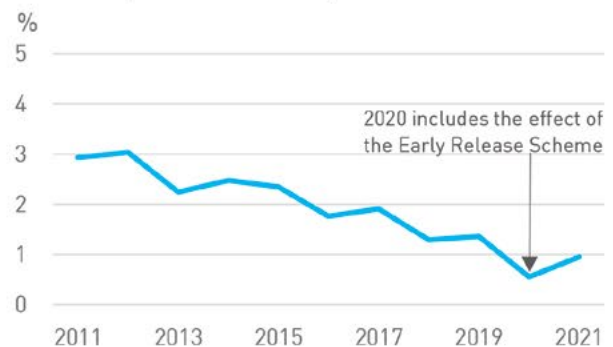


FIGURE 2d
Net contribution flows as a percentage of average net assets (net cash flow ratio)



Entities with more than four members. Net contributions is calculated as total contributions plus net benefit transfers plus other members' benefit flows less benefit payments less contributions taxes and surcharges.

FIGURE 2f
Five and ten year average annualised rate of return



Entities with more than four members.



Key issues and activities

Eradicating underperformance

APRA's strategic focus to improve member outcomes and eradicate underperformance continues to be supported by the annual release of [its heatmaps](#). APRA's MySuper product heatmap, first published in 2019, provides a major enhancement to industry transparency. In December, alongside its annual MySuper heatmap, [APRA published its first choice heatmap](#) covering an important segment of the choice sector.

The APRA heatmaps supplement the Government's YFYS reforms, which came into effect on 1 July 2021, and included an annual performance test. The performance test enhances accountability for RSE licensee performance through greater transparency and increased consequences for underperformance.

Performance test

As part of the Government's YFYS reforms, an annual performance test was introduced. A RSE licensee of a product that fails the performance test must write to its members informing them of the failure. Where a product fails the performance test in two consecutive years, the RSE licensee will be prohibited from accepting new beneficiaries into that product.

The inaugural [MySuper Product Performance Test](#) outcomes were released on 31 August 2021. On the release of the performance test outcomes, APRA Executive Board Member, Margaret Cole commented:

"It is welcome news that more than 84 per cent of products passed the performance test, however APRA remains

concerned about those members in products that failed. Trustees of the 13 products that failed the test now face an important choice: they can urgently make the improvements needed to ensure they pass next year's test or start planning to transfer their members to a fund that can deliver better outcomes for them."

APRA also intensified its supervision of the RSE licensees with products that failed the test and requested they provide a report identifying the causes of their underperformance and how they plan to address them. RSE licensees are required to monitor their products closely and report important information to APRA – including relating to the movement of members and outflow of funds.

As well as scrutinising the plans of the 13 funds that failed the test, APRA is engaging with RSE licensees at risk of failing the performance test next year, to ensure they take the steps necessary to improve performance and to understand their contingency plans. These contingency plans must include pre-positioning to be able to give effect to an orderly transfer of members to another fund, if required.

APRA's inaugural Choice heatmap

APRA's heatmaps are designed to provide stakeholders with insights into the outcomes being delivered by RSE licensees, in particular for investment returns and fees and costs, by providing information that is credible, clear and comparable across products. However, to date, APRA's heatmaps had only covered MySuper products.

Research undertaken by Chant West shows there are 568 choice products within APRA-regulated superannuation funds, offering approximately 9000 distinct investment options. Choice products are typically more complex and varied than default MySuper products, which makes comparisons between choice products more challenging.

In October, APRA published an information paper that provided some high level analysis of the choice sector, ahead of releasing its first [Choice heatmap](#) in December 2021.

The Choice heatmap focuses on multi-sector investment options in open, accumulation products (excluding platform products), representing 40 per cent of total member benefits in the APRA-regulated choice sector. This segment is also the most similar to MySuper products, enabling direct comparisons between the sectors.

APRA Executive Board Member Margaret Cole noted that the findings demonstrate the importance of exposing and addressing the varying levels of performance and the high fees within the choice sector. APRA will continue to closely monitor and take firm supervisory action on underperforming choice products ahead of the expanded performance test in 2022.

Driving improvements in industry practice

The performance test and heatmaps are necessarily backward-looking. APRA also devoted considerable resources to making sure RSE licensees have robust frameworks to make investment and expenditure decisions into the future. In 2021, APRA completed thematic reviews into three core areas of RSE licensee business operations critical to delivering outcomes to members.

The first was a benchmarking review of 24 RSE licensees with respect to their implementation of Prudential Standard *SPS 515 Strategic Planning and Member Outcomes* (SPS 515). This review focused particularly on business plans and business performance reviews (BPRs), to understand practice and assess how well RSE licensees have embraced and embedded the intent of SPS 515.



Trustees of the 13 products that failed the test now face an important choice: they can urgently make the improvements needed to ensure they pass next year's test or start planning to transfer their members to a fund that can deliver better outcomes for them.

MARGARET COLE



The review identified areas where RSE licensees needed strengthen their practices during the upcoming BPR and business planning cycle, including consideration of member outcomes, cohort analysis, understanding drivers of performance, and testing financial soundness.

The second thematic review was of 12 RSE licensees, undertaken between November 2020 and October 2021, examined expenditure on advertising, sponsorships and promotions.

The review identified that, given the new best financial interests duty introduced in the Government's YFYS reforms, some instances of expenditure examined did not have sufficient evidence to demonstrate that the expenditure would be in the best financial interests of members. It also identified areas where industry practices need to be improved: specifically, RSE licensees should make a significant shift from broad reliance on qualitative judgements, to applying robust quantitative analysis as a basis for justifying expenditure.

The third review, which took place against the backdrop of the heightened market volatility in early 2020 as a result

of COVID-19, highlighted the importance of a prudent approach to valuing unlisted assets. Increased member switching, together with the Government's expansion of the early release of the superannuation program, led APRA to seek information on how member equity issues were being balanced by RSE licensees during the period.

Encouragingly, APRA's review found that most RSE licensees demonstrated a proactive approach to revaluing unlisted assets in response to the market volatility in early 2020. Areas identified for improvement included addressing inadequate revaluation frameworks (with no predefined revaluation triggers and weak or no processes for monitoring and adjusting revaluations); limited board engagement (an area of particular concern across a number of RSE licensees); and an over-reliance on external parties, including fund managers and asset consultants.

Observations from these reviews were published in October 2021, in [Information Paper: Findings from APRA's superannuation thematic reviews](#).

Policy initiatives

APRA has undertaken a number of critical reforms to the prudential standards for superannuation, aimed at ensuring that RSE licensees are acting prudently to improve outcomes delivered to members. Highlights from 2021 include:

In November, APRA finalised revisions to requirements and guidance relating to insurance in superannuation, [Prudential Standard SPS 250 Insurance in Superannuation \(SPS 250\) and Prudential Practice Guide SPG 250 Insurance in Superannuation \(SPG 250\)](#), following extensive industry consultation over two years. In particular, the standard has been strengthened to protect members from potential adverse outcomes caused by conflicted life insurance arrangements. This includes heightened obligations on the RSE licensee to assess whether there are any conflicted provisions or business practices with respect to insurance arrangements, and whether they are appropriate and in the best financial interests of beneficiaries.

The revisions also fulfilled recommendations 4.14 and 4.15 of the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*.²

In September, APRA released for [consultation](#) its proposed revisions to Prudential Standard *SPS 530 Investment Governance* (SPS 530). The proposed amendments to SPS 530 included a number of enhancements to valuation practices, stress testing and liquidity management practices. This is an important step in ensuring that RSE licensees continue to meet their obligations to prudently select, manage and monitor investments. The consultation closes in February 2022, and APRA will look to finalise the standard – and commence consultation on associated prudential guidance – next year.

In November 2021, APRA also released a [discussion paper](#) seeking information from RSE licensees on their plans to maintain the financial resilience needed to protect members' best financial interests. This is an important step in ensuring that every RSE licensee is financially resilient to ensure the continued delivery of improved member outcomes and the ability to operate in the best financial interests of beneficiaries. In light of the continual changes to the superannuation landscape, APRA sought to better understand current approaches to the management of financial resources. In particular, this included the role and use of the operational risk financial requirement, reserving practices, and protections afforded to RSE licensees via insurance, and how these practices might need to adapt over time.

² Recommendation 4.14 - APRA should amend SPS 250 to require RSE licensees that engage a related party to provide group life insurance, or who enter into a contract, arrangement or understanding with a life insurer by which the insurer is given a priority or privilege in connection with the provision of life insurance, to obtain and provide to APRA within a fixed time, independent certification that the arrangements and policies entered into are in the best interests of members and otherwise satisfy legal and regulatory requirements.

Recommendation 4.15 - APRA should amend SPS 250 to require RSE licensees to be satisfied that the rules by which a particular status is attributed to a member in connection with insurance are fair and reasonable.

General insurance

Introduction

The general insurance industry faced a difficult 2021, with a large fall in industry profits due to higher claims costs from weather events, coupled with lower investment income reflecting ongoing financial market volatility.

In addition, the industry continued to grapple with the extent business interruption insurance (BI) claims triggered by lockdowns and other restrictions associated with COVID-19. Many insurers found themselves exposed through policy wordings that had not kept up with changing legislation. This created considerable uncertainty, which needed to be resolved through a series of test cases in the Courts.

The general insurance industry also continued to face a challenging operating environment. Rising premiums and reduced capacity in certain product lines is making some types of insurance less affordable (or in some cases unavailable) for many Australian households and businesses. Furthermore, the increased frequency and intensity of natural disasters associated with climate change will continue to add increasing challenges of accessibility and affordability of insurance for parts of the Australian community. It will require greater attention to mitigation and disaster preparedness to ensure that general insurance remains accessible and affordable to all Australians.

The industry landscape

There were 93 APRA-authorised general insurers as at 30 June 2021, comprising 83 direct insurers and 10 reinsurers.

The number and composition of general insurers has remained broadly stable in recent years (Figure 3a).

Industry concentration has increased over time with the top five general insurers now accounting for 52 per cent of total industry assets (Figure 3b). This compares with 36 per cent 10 years ago.

Industry profits remained suppressed for a second successive year, with a 3.2 per cent return on net assets tracking significantly below the 10-year average (Figure 3c). The primary driver of this result was significant provisioning for COVID-19 business interruption claims. Despite the lower incidence of very large catastrophe events in 2021, gross claims costs for the householders' class of business also remained elevated. Domestic motor claims costs also increased in the year. Overall, this led to higher net loss ratios for the short-tail property classes of business, in particular the Fire and Industrial Special Risks class (Figure 3d).

The net loss ratio for long-tail classes of business was largely unchanged over the year. Releases of claims reserves continued to positively impact underwriting profits in the compulsory third party (CTP) motor vehicle class of business, albeit these have significantly declined in recent years. In contrast, strengthening of claims reserves was notable in the public and product liability class of business. Significant premium rate increases were observed during the year for some classes of business including professional indemnity and employers' liability.

General insurers' investment portfolios remained heavily weighted to interest-bearing investments (Figure 3e). Investment income during the year remained subdued, with increases in bond yields causing unrealised losses on these investments.

The quality of insurers' capital continued to be high, with CET1 capital making up 93 per cent of eligible capital (Figure 3f).



FIGURE 3a
Number of general insurers

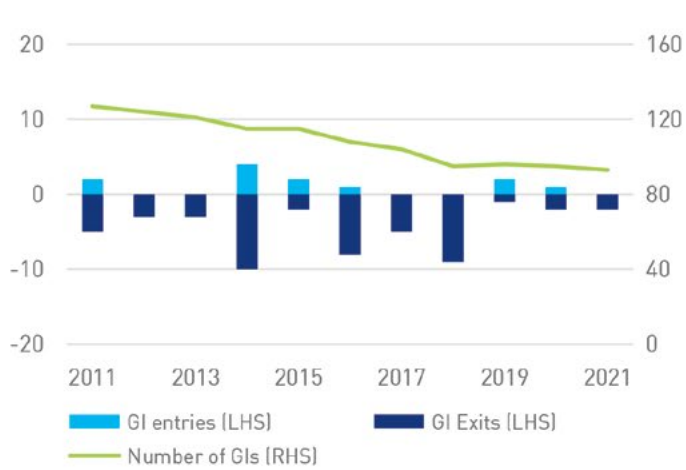


FIGURE 3b
Assets of largest general insurers

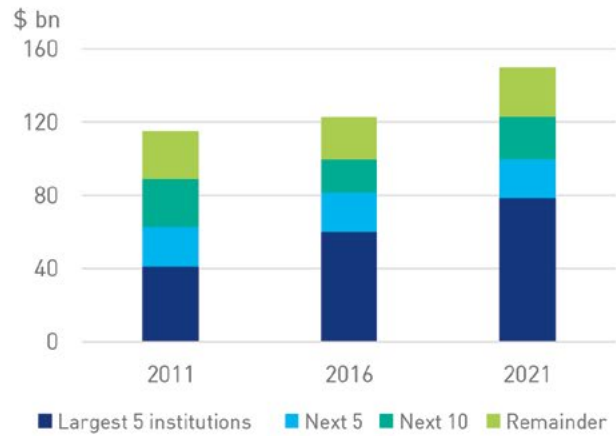


FIGURE 3c
Return on net assets



FIGURE 3d
General insurers' net loss ratios

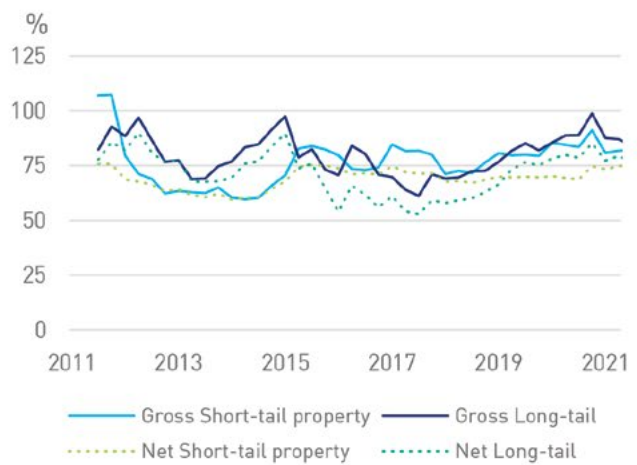


FIGURE 3e
Allocation to interest rate investments

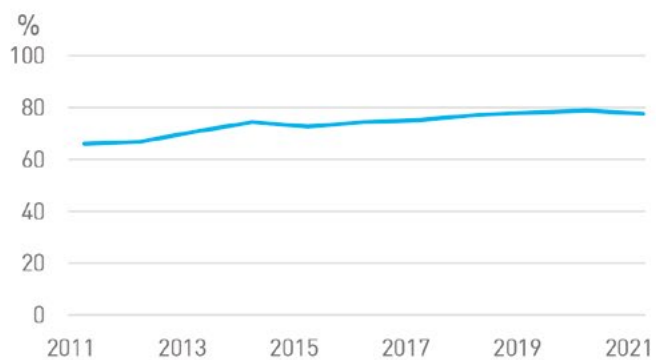
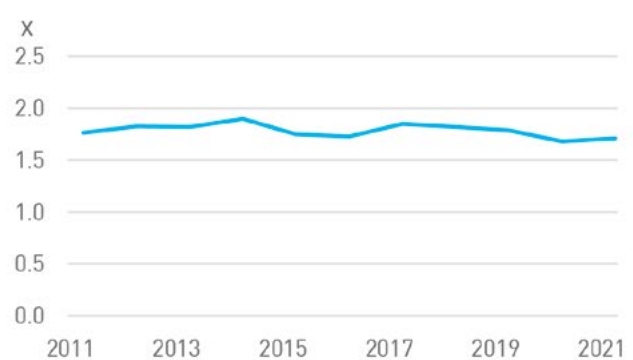


FIGURE 3f
General insurers' capital coverage ratio



Key issues and activities

Business interruption insurance

Over 2021, a number of court cases considered the effectiveness of pandemic exclusions found in many business interruption (BI) insurance policies. APRA regularly reassessed the prudential impact of these court decisions and actively engaged with peer agencies as part of a Treasury-led BI working group on this matter (the working group also includes ASIC and AFCA), as well as with the Insurance Council of Australia and international peer regulators.

The financial and reputational impact on the general insurance industry and the uncertainty created over pandemic coverage under BI policies has been significant. The issues raised concerns for APRA about the level of robustness applied to the management of insurance risk by some insurers, and whether the weak practices that led to problems in the BI line of business could be replicated elsewhere.

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Once we review the submissions we will provide broader industry feedback. If any red flags are raised as a result of the exercise, it may result in a supervisory response for an insurer, but the purpose of the review is not intended to be punitive. Rather, we want to work with the industry to help them identify and address any weaknesses before they manifest in a similar way to BI.

HELEN ROWELL

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To help strengthen risk management across the general insurance industry, APRA commenced a thematic review of 10 general insurers. This exercise aims to significantly reduce the likelihood of similar problems recurring in the future. It specifically focuses on cyber-risk, but

APRA expects the learnings that will be drawn from it to be applicable across all product areas and potential exposures.

APRA Deputy Chair Helen Rowell told delegates at the [Insurance Council of Australia's Virtual Industry Forum in October 2021](#):

“Once we review the submissions we will provide broader industry feedback. If any red flags are raised as a result of the exercise, it may result in a supervisory response for an insurer, but the purpose of the review is not intended to be punitive. Rather, we want to work with the industry to help them identify and address any weaknesses before they manifest in a similar way to BI.”

Affordability and accessibility

Another key area of attention for APRA was the affordability and accessibility of insurance.

The deteriorating affordability and accessibility of a number of lines of insurance is a multi-faceted problem, with varied drivers across different product classes. As APRA Deputy Chair Helen Rowell commented at the [Insurance Council of Australia's Virtual Industry Forum](#):

“Recognising the importance of insurance to financial stability, APRA's Corporate Plan specifically calls out insurance accessibility and affordability as one of APRA's key priorities over the next four years. Our focus here is on building the evidence base to better understand the issues, and magnifying our influence on contributing to a solution. This includes leveraging our supervision insights and system-wide perspective to advise stakeholders on the nature and extent of accessibility and affordability issues, and the risks that exacerbate these challenges.”

APRA continued to work with key stakeholders in government, other regulatory agencies and the insurance industry to achieve an appropriate balance between the financial health of insurers (thereby protecting the long-run interests of policyholders) and





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Recognising the importance of insurance to financial stability, APRA's Corporate Plan specifically calls out insurance accessibility and affordability as one of APRA's key priorities over the next four years.

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access to affordable and well-designed insurance for consumers. APRA also meets with consumer representatives through its Insurance Consumer Forum to share ideas, insights and recommendations on these challenges. This forum assists APRA to understand issues from a policyholder perspective.

During the year, APRA provided technical advice to the Treasury-led taskforce established to develop a reinsurance pool to cover cyclone and related flood damage. The reinsurance pool, to commence from 1 July 2022, will be backed by a \$10 billion government guarantee. The detailed design parameters for any reinsurance pool are critical to ensure that, while providing appropriate benefits to consumers, the insurance industry remains robust and that it does not blunt incentives to undertake mitigation.

Capital framework

In 2021, APRA continued its work on integrating the Australian Accounting Standards Board's new standard on insurance contracts, AASB 17, into the capital and reporting framework for general, life, and private health insurance industries. The proposed changes aim to ensure the continued resilience of the prudential standards for insurers while minimising the regulatory impact. After [seeking industry feedback](#) on proposals published in November last year, in December 2021, [APRA released a number of draft prudential and reporting standards for industry consultation](#) aimed at integrating AASB 17 into the insurance capital and reporting frameworks. APRA expects to release final standards in Q3 2022.

Life insurance

Introduction

The life insurance industry has demonstrated resilience to the uncertainty posed by the pandemic, with financial results improving, driven by repricing initiatives and improved investment revenues. Although financial performance improved in the 12 months to June 2021, risk products remained unprofitable, owing mainly to the persistent adverse claims experience within Individual Disability Income Insurance (IDII) and recent losses in group insurance business. The risk of worse-than-expected claims experience as a direct result of COVID-19 is likely to persist over the short-to-medium term. The uncertainty concerning the longer-term impacts of COVID and delays in diagnosis of other non-COVID-related serious illnesses, including mental health-related illness, on future claims may also challenge the industry in the longer term.

The outlook for friendly societies remains challenging, reflecting the expected impacts of the prolonged low interest rate environment and weaker consumer demand for its products.

The industry landscape

At 30 June 2021, 27 APRA-authorised life insurers and 11 friendly societies were operating in Australia, with no new life



insurance licences granted and one licence revoked.³ The number of insurers has remained stable for several years (Figure 4a), albeit there has been significant change in the industry's ownership.

The life insurance industry remains reasonably concentrated. The top five life insurers accounted for 68 per cent of total industry assets (Figure 4b), up from 62 per cent in the previous year. This was owing to continued acquisition activity amongst the larger life insurers. The trend towards increased foreign ownership of the industry also continued.

The industry recorded a return to profitability in the 12 months to 30 June 2021, with the return on net assets increasing to 3 per cent (up from minus 6 per cent in the preceding year). Despite the return to profitability, industry returns remain significantly below the 10-year average of 9 per cent (Figure 4c). The main driver of poor profitability in recent years has been material declines in total profits from both investment-linked and non-investment-linked products, with COVID-19 and its related economic impacts such as the prolonged period of low interest rates, further exacerbating the decline.

There was a substantial improvement and return to near profitability in risk products in 2021. Whilst losses in IDII remain substantial owing to persistent adverse claims experience, there was a marked improvement in 2021 when compared against the preceding two years. The profitability of individual lump sum business remained relatively stable. Group business, whilst recording a lower level of losses than in 2020, is yet to return to overall profitability (Figure 4d).

As a result of a more conservative investment risk appetite post the global financial crisis, fixed-interest securities have comprised a significant and increasing share of insurer portfolios (Figure 4e). Furthermore, most insurers did not seek to increase their exposure to higher-yielding, higher-risk, fixed-interest securities to mitigate the impact of the low-yield environment.

The aggregate capital coverage ratio for the industry remained at sound levels and increased during 2020/21 to 1.9 times the minimum requirement at 30 June 2021 (Figure 4f). The quality of capital held by insurers remained strong, with CET1 capital the predominant form of eligible capital.

³ The Colonial Mutual Life Association of Australasia's licence was revoked on 24 June 2021.

FIGURE 4a
Number of life insurers entries and exits

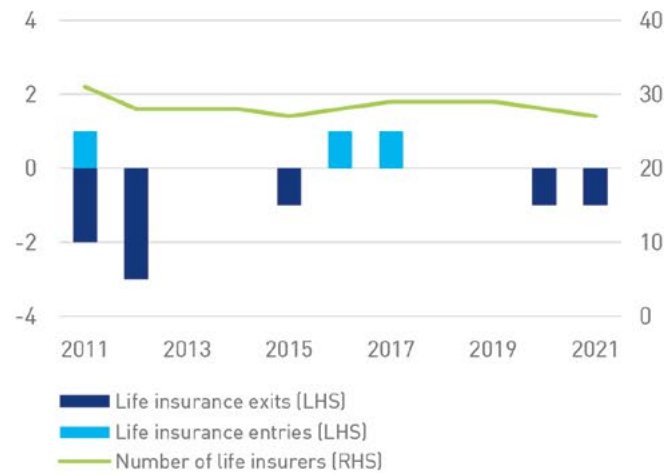


FIGURE 4b
Assets of largest life insurers

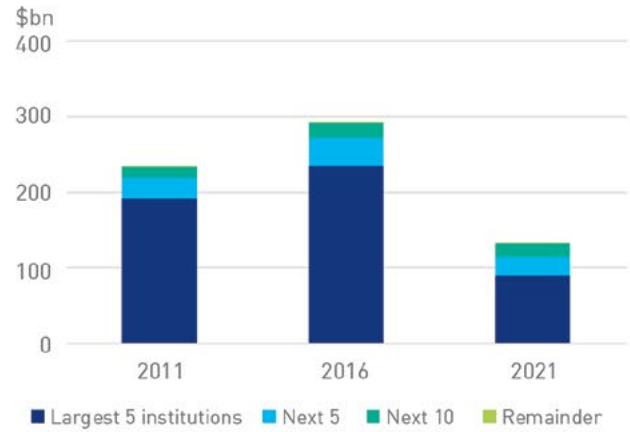


FIGURE 4c
Life insurers' return on net assets

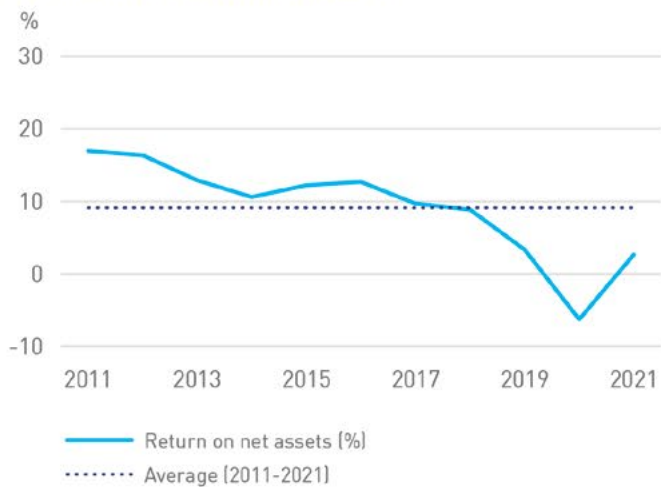


FIGURE 4d
Net profit after tax (risk products)

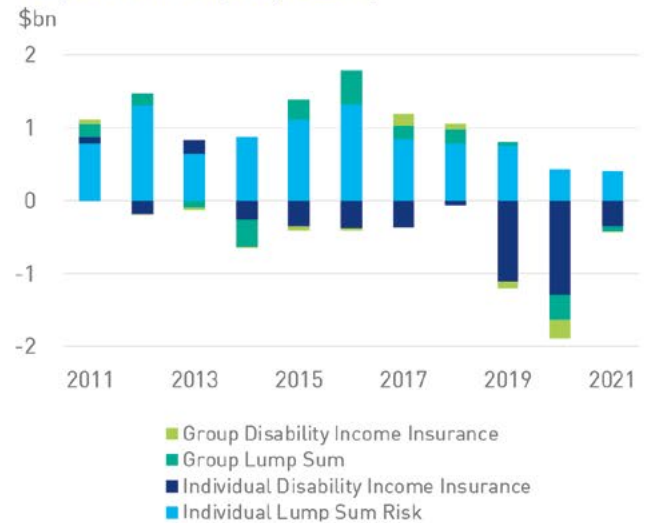
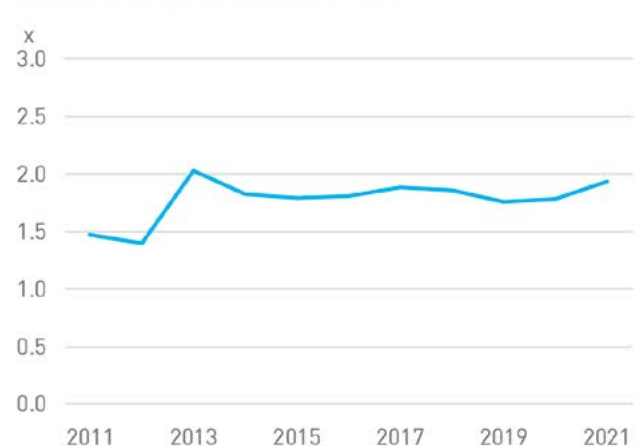


FIGURE 4e
Non-investment linked assets



FIGURE 4f
Life insurers' capital coverage ratio





Key issues and initiatives

Addressing Individual Disability Income Insurance (IDII)

Given long-standing concerns with IDII, APRA intervened in late in 2019 by imposing a number of IDII product and data expectations on insurers, as well as imposing additional capital charges that will remain in place until relevant life insurers have adequately met APRA's expectations.

In May 2021, [APRA deferred the implementation of one of its sustainability measures to improve the long-run outcomes for IDII](#) – the policy contract term measure – by 12 months following engagement with the industry and the industry body, the Financial Services Council (FSC). The industry indicated that it was unable to finalise a timely solution for the implementation of this measure that satisfied legal and operational constraints, and without potential adverse consequence for consumers. Industry efforts on finding implementable solutions for this measure are ongoing.

The release of new IDII products by life insurers is an important milestone. However, it is early days and ultimately success in addressing IDII sustainability will depend on how these new products are received by the market and, in turn, how life insurers respond to competitive market pressures.

APRA will continue to monitor progress and, where appropriate, work with the industry on ensuring IDII moves to a sustainable state. APRA's expectation is that the industry delivers and maintains IDII products that meet the needs of consumers, provide policyholders with stable and affordable premiums, and are financially viable over the long term. APRA also expects that life insurers extend their learnings from IDII to other parts of the portfolio to ensure similar risks are proactively managed.

Sustainability of life insurance in superannuation

Insurance offerings available through superannuation also face sustainability challenges. In March 2021, APRA sent an [industry letter](#) to RSE licensees and group

life insurance CEOs regarding concerns it had as to the sustainability of life insurance in superannuation generally, and specially developments in relation to premium volatility, availability and provision of data, and tender practices. APRA's view was that these developments, if unaddressed, were likely to result in poor member outcomes, and adversely impact the availability and sustainability of life insurance offered through superannuation.

Increased use of offshore reinsurers by life insurers

In April, APRA released a [package for consultation](#) designed to address concerns about the increased use of offshore reinsurance by life insurers. These concerns are particularly heightened in relation to the group risk market, which plays an important role in Australia's superannuation system. The proposed updates to Prudential Standard *LPS 117 Capital Adequacy: Asset Concentration Risk Charge* (LPS 117) will impose an aggregate limit on the exposure of life insurers to offshore reinsurers which are not regulated by APRA. Offshore

reinsurers that enter the domestic market and become an APRA-registered entity will not be subject to the aggregate limit. Additional enhancements are also proposed to the standard. The review of LPS 117 is due to be completed in the first quarter of 2022.

Capital resilience and stress testing

Stress testing is used by APRA and its regulated entities to provide forward-looking assessments of entities' resilience to severe but plausible downturns, and complements APRA's risk-based supervision approach by enhancing capital management practices.

With the onset of the pandemic, APRA conducted a series of stress testing activities on life insurers and published the results in August 2021: [Stress testing insurers during COVID-19: results and key learnings](#). The results demonstrated that insurers were well-positioned to withstand a severe economic downturn, while still meeting their commitments to policyholders. They demonstrated capital resilience at an industry level and also

provided insights into how insurers use stress testing to inform their capital and risk management frameworks, as well as wider business decision-making.

Capital framework

APRA continued its work on integrating the Australian Accounting Standards Board's new standard on insurance contracts, AASB 17, into the capital and reporting framework for general, life, and private health insurance industries. The proposed changes aim to ensure the continued resilience of the prudential standards for insurers while minimising the regulatory impact. After [seeking industry feedback](#) on proposals published in November last year, in December 2021, [APRA released a number of draft prudential and reporting standards for industry consultation](#) aimed at integrating AASB 17 into the insurance capital and reporting frameworks. APRA expects to release final standards in Q3 2022.



Private health insurance



Introduction

COVID-19 has significantly impacted the short-term financial position and outlook for private health insurers, due to factors such as delays in premium increases, pauses on elective surgery and a recent pick-up in membership amongst younger age groups. Despite the positive short-term profit impacts, there remains considerable uncertainty over the longer-term outcomes.

APRA also remains concerned about the longer-term sustainability challenges facing the private health insurance (PHI) industry due to longer-term declining membership trends, an ageing membership base and worsening product affordability.

The industry landscape

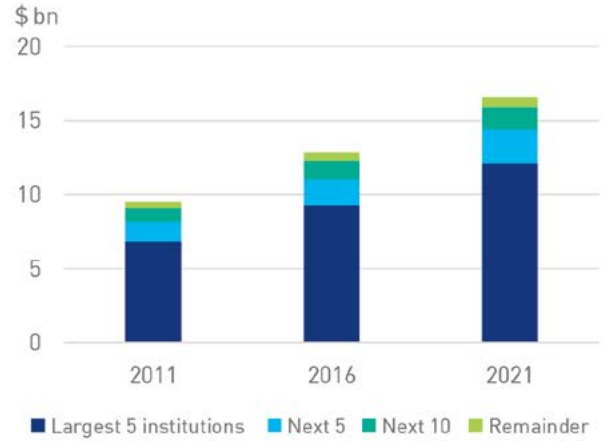
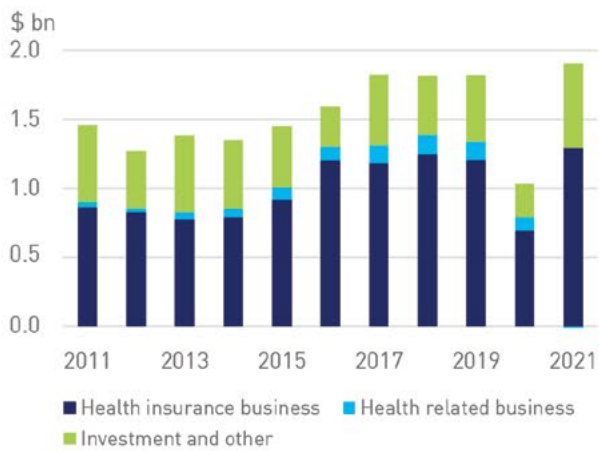
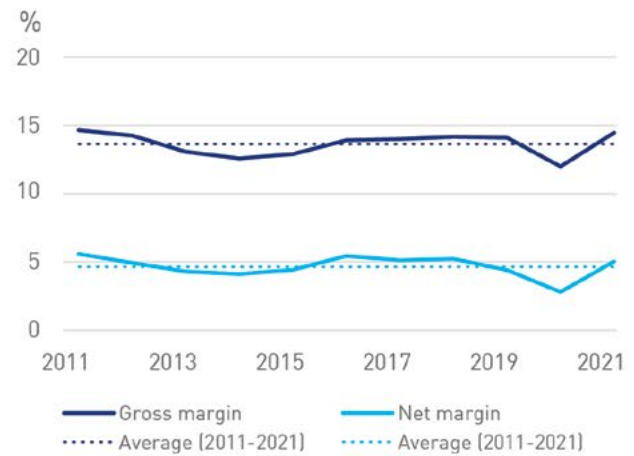
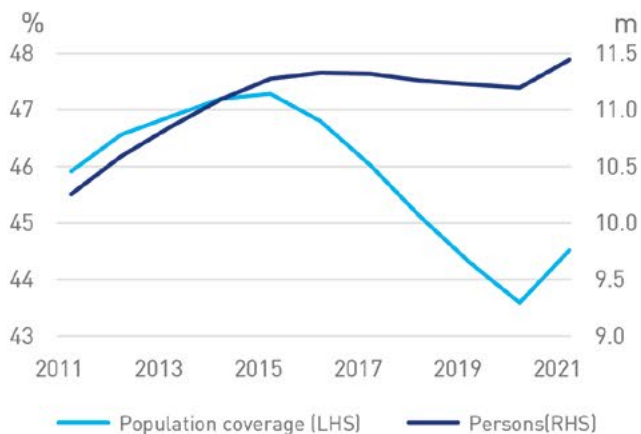
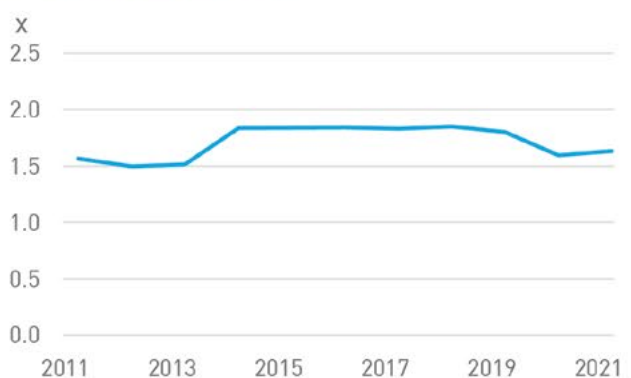
During the year to June 2021, the number of private health insurers remained unchanged at 35 (Figure 5a). Since then, a merger between two funds in the September quarter of 2021 took the total number of private health insurers to 34. Notwithstanding some market share changes at an institution level, market concentration overall remained relatively stable with the largest five insurers holding 73 per cent of industry assets, and the largest 10 insurers holding 87 per cent (Figure 5b).

Industry profitability bounced back in 2021 after an 11-year low in the previous year, supported by both higher insurance margins and investment income (Figure 5c). Gross margins on health insurance business grew strongly to 14.5 per cent (Figure 5d), reflecting an increase in premium income in line with a solid growth

in membership in the year to June 2021. Meanwhile the management expenses ratio increased slightly to 9.4 per cent in the year ending June 2021 (2020: 9.2 per cent). Net margins improved to 5.0 per cent after a 16-year low in the previous year (2020: 2.7 per cent). Investment income also increased during the year to June 2021, largely reflecting a recovery in equity earnings.

Private health insurance participation increased for the first time in six years with hospital treatment membership rising by 245,189 persons in the year to June 2021 to 11.4 million persons (Figure 5e). As a result, the proportion of the population covered by private health insurance (hospital treatment) rose, for the first time in many years, by 0.9 percentage points over the 12 months to June 2021 to 44.5 per cent.

The industry's Prudential Coverage Ratio remained stable at 1.6 times APRA's regulatory requirements (Figure 5f).

FIGURE 5a*Number of PHI entries and exits***FIGURE 5b***Assets of largest private health insurers***FIGURE 5c***Sources of industry profit***FIGURE 5d***Health insurers' gross and net margin***FIGURE 5e***Hospital treatment persons***FIGURE 5f***PHI capital adequacy ratio*

Key issues and initiatives

Accessibility, affordability and sustainability

Although the private health insurance industry has been resilient throughout the COVID-19 pandemic and membership growth has been trending up in the short term, APRA's long-standing prudential concerns remain due to twin challenges of affordability and adverse selection. At the heart of the challenge is rising health system costs that are exceeding premium increases, which are in turn going up faster than household incomes.

Therefore, APRA continued its heightened supervisory focus on the sustainability of the industry, and ensuring that private health insurers have in place robust and feasible strategies to address affordability risks and meet their commitments to policyholders.

In 2021, APRA concentrated on ensuring that entities could meet the cost of claims deferred as a result of COVID-19. This centred on risk management, governance and the prudent management of the deferred claims liability (DCL).⁴ The mid-year lockdowns resulted in more deferred claims and increased the level of uncertainty for the industry, compounding the challenges of assessing the full impact of COVID-19 on expected future claims and the DCL.

In March 2021, and as government-imposed restrictions eased, [APRA relaxed its guidance](#) to allow insurers more flexibility in determining the value of their DCL. However, a prescribed minimum amount still applies for prudential capital purposes.

In September 2021, [APRA updated its guidance](#) on how insurers should be managing their DCL for claims postponed due to COVID-19. The update reflected the evolving nature of COVID-19, including changes in claims patterns and experiences varying in each state: in particular, individuals' willingness to



seek medical procedures has varied by geography and the type of procedure that has been deferred.

The private health insurance industry has promised not to profit from COVID-19. This has seen some PHIs announce they will return surplus funds to their policyholders; others are still exploring their options. Insurer decisions on policyholder relief are expected to vary due to the differences in experience in each state. APRA expects insurers to honour their commitment not to profit from COVID-19, albeit that the appropriate method and timing of the return of any COVID-19 related profits requires judgment by an insurer's Board and senior management.

Reviewing the capital framework

In 2021, APRA continued its review the capital framework for private health insurance, releasing [a response package](#) for consultation in December. This followed the release of a discussion paper in 2019 which explained APRA's view that the current PHI capital framework does not appropriately reflect the risks faced by insurers and does not adequately allow for consideration of extreme adverse events. APRA's review is seeking to ensure that the industry has an appropriate level of financial reserves to withstand periods of stress and meet commitments to policyholders.

APRA's proposed approach aims to increase the risk sensitivity of capital requirements to the activities of insurers, and improve the alignment of capital standards across prudentially-regulated insurance industries. The proposed changes bring the PHI capital framework

into alignment with APRA's existing life and general insurance capital framework, while also incorporating bespoke elements to reflect the specific risk characteristics of the private health insurance sector. The capital framework will also reflect the Australian Accounting Standard Board's new standards, AASB 17, which deals with the accounting treatment of insurance contracts. APRA expects to release final standards for consultation in Q3 2022, ahead of implementation in July 2023.

Reducing the risk of disorderly failure

APRA's recovery planning initiative for PHIs was launched in 2019 and continued throughout 2021. Each insurer is required to have a credible recovery plan to survive a shock and restore itself to sound financial health, without public sector support.

Over 2021, APRA continued to devote supervisory attention to assessing the progress insurers made in terms of strategies and solutions to address these PHI sustainability, accessibility and affordability challenges. Consistent with this, APRA reviewed and tested the robustness and credibility of insurers' recovery plans, providing feedback on areas for improvement.

Recovery plans were required to consider a range of "Plan B" options that could be chosen to relieve the stress position. All insurer recovery plans have now been subject to two rounds of APRA review and benchmarking, and will continue to be subject to continual improvement and updates, consistent with APRA's proposed Contingency and Resolution Planning Standards that [are currently under consultation](#).

⁴ The DCL is a provision against the likelihood that health procedures that could not proceed due to government-imposed restrictions during COVID-19, have been deferred to a later date. In reality, whether a procedure is deferred or abandoned permanently will depend on the nature of the patient's underlying health issue.

Chapter 3 –

Life at APRA





APRA's talented and dedicated workforce

For APRA's people, 2021 was a hectic year, juggling a heavy workload with the on-going disruptions caused by the COVID-19 pandemic.

Thankfully, APRA has a highly professional and dedicated workforce, committed to ensuring APRA delivers on its mandate to protect the Australian community.

As the pandemic continued to disrupt work and home lives, APRA continued to emphasise the importance of communication, collaboration, wellbeing and inclusion among its 800+ employees and contractors. APRA adopted hybrid working, with a strong emphasis on harnessing the benefits of flexible work practices. Office spaces were adapted to meet evolving workplace needs. An updated inclusion and diversity (I&D) strategy was launched and, to deal with the constantly changing environment,

employees' physical and mental wellbeing were supported with a broad range of resources.

APRA's total permanent headcount has grown over the last four years from 640 to 845 employees, as the organisation has boosted its resources and capabilities in response to its expanded responsibilities and expectations. APRA hired 123 permanent employees in 2021. The total workforce, including contingent workers, stood at 929 people at year-end.

APRA's well-regarded graduate program continued, with 16 graduates joining in February 2021. Each of the program participants has the opportunity to undertake three six-month rotations across APRA's supervision, policy, and data analytics divisions. The next APRA graduate intake will join in February 2022.



Inclusion and Diversity

APRA refreshed its commitment to inclusion and diversity with the launch of an updated, leader-led strategy for achieving a genuinely diverse and inclusive workplace. The strategy is a key enabler of the APRA Corporate Plan.

Under the vision 'Stronger Together', the 2021-2025 strategy has set clear and measurable targets in areas including gender diversity, trust, safety and inclusion. The aim is to ensure APRA provides a workplace where everyone feels that they belong, are valued and respected, and which is representative of the broader Australian community.

In formulating the strategy, the Inclusion and Diversity Council (IDC), which is led by the APRA Chair, re-focused APRA's approach to inclusion for all. The IDC also designed the strategy to acknowledge the 'intersectionality' of its diverse workforce – where individuals' needs may span more than one diversity category.

The strategy has two core components. The first is to reinforce and build on the momentum and progress achieved over the past five years, including in gender diversity and LGTBIQ+ inclusion. The second is to address areas in need of greater focus: accessibility; age diversity; diversifying talent; and data and demographics.

While the strategy is driven by the IDC, leaders throughout the organisation are expected to exemplify inclusive behaviours and to integrate I&D into the way they operate. The new I&D strategy is founded on a 'Leader's Promise' to:

- live the APRA values and behaviours;
- listen to our people;
- create a safe environment;
- drive inclusion in all that we do; and
- commit to targets and measures of success.

APRA's I&D networks – each sponsored by one or two Executive Directors – have been instrumental in bringing to life APRA's vision for an inclusive workplace across the areas of Aboriginal and Torres Strait Islanders, Accessibility, GenDelta, Gender, GenX+, LGBTIQ+ and Multicultural. The networks hosted talks, panel discussions, awareness-raising sessions and cultural events – all designed to raise awareness and showcase why an inclusive and diverse workplace is in everybody's interests.

I&D highlights in 2021 included:

- SBS Core Inclusion program launched enterprise-wide.
- APRA's new gender affirmation guidelines launched on the Transgender Day of Visibility.
- RISE - the accessibility network - consulted on the accessibility requirements for APRA's re-designed offices.
- To celebrate NAIDOC Week 2021, APRA's Reconciliation Action Plan working group acquired the organisation's first piece of indigenous artwork. The artwork is from the Warlukurlangu Artists Aboriginal Corporation in central Australia
- The generational and multicultural networks hosted APRA's inaugural I&D-themed Virtual Amazing Race.

APRA continued to benchmark its progress on inclusion and diversity against leading industry practices through participation in Pride in Diversity's Australian Workplace Equality Index, Workplace Gender Equality Agency reporting, and its Innovate Reconciliation Action Plan.

In 2021,

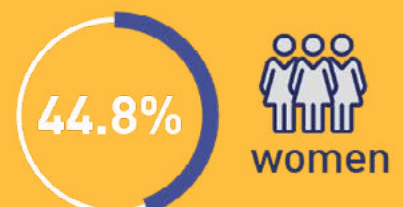
110 permanent staff have joined APRA.



We now have 775 permanent employees up from 640, 4 years ago.



Under the vision 'Stronger Together', the 2021-2025 strategy has set clear and measurable targets in areas including gender diversity, trust, safety and inclusion.



2025 APRA-wide I&D Goals

I&D	Goal ¹	Target area ¹
Diversity	40/40/20	Achieve and maintain gender diversity at all levels
Trust and Safety	90%+	Overall Speak Up, and observed Senior Leadership Team support for I&D
Inclusion	90%+	Overall Inclusion
Accountability	90%+	Senior Leaders confront difficult situations head on
Action	90%+	I believe our organisation will take appropriate action in response to incidences of discrimination, bullying and harassment

1. Goals will be measured over the 4-year strategy period.
2. Target areas and goals are as measured in the APRA I&D Survey, and APRA's demographic profile. Goals to be achieved with no material differences across demographic groups.
3. 40/40/20 refers to 40% Female, 40% Male, and 20% non-binary/male/female/choose not to disclose.



Supporting health and wellbeing

2021 was a demanding year for APRA employees as they faced a heavy workload, revised priorities and a disrupted environment. APRA supported employee wellbeing by offering a wide range of resources and services. For example, a series of webinars, virtual workshops and coaching sessions provided tools for employees to manage their career, wellbeing and family priorities. APRA's Employee Assistance Program, delivered by the Centre for Corporate Health, offered employees and their families confidential support and counselling services. Additionally, an app-based tool for building resilience was launched to employees.

Regular pulse surveys, which gauged employee sentiment in the areas of support, work arrangements and wellbeing, were conducted throughout the year. The feedback provided useful insights used to drive improvements across these areas.

APRA's Wellbeing Ambassadors program offered further assistance through peer support and the opportunity for individual employees to confidentially raise concerns about their own or their colleagues' health and wellbeing. Comprising trained APRA employees, the program welcomed seven new ambassadors in 2021.

Keeping APRA offices COVID-safe was an important focus, particularly as preparations were made for Melbourne and Sydney employees to return to the workplace post-lockdown. APRA has adopted all Safe Work Australia guidelines and established COVID-safe workplaces in all of its offices.



Ways of working at APRA

From the outset of the pandemic, APRA employees adapted well to remote and flexible working practices, including the introduction of collaboration tools such as MS Teams for virtual workshops and meetings. This tool provided the organisation with the agility to remain fully operational during periods of lockdown and other disruptions. More importantly, it also paved the way for ongoing hybrid working at APRA.

By early 2021, hybrid working – in which employees were given the flexibility to combine office attendance with remote working – had become the 'new norm' at APRA. Based on the guiding principles of trust and empowerment, hybrid working enabled teams to meet, collaborate and stay connected across organisational boundaries regardless of individuals' work locations. At the same time, face-to-face meetings remained an important aspect of APRA's engagement with employees and the entities it regulates – where COVID restrictions allowed.

While state and regional lockdowns kept employees at home for much of the second half of the year, efforts continued to update APRA's offices to reflect changing modern workplace requirements and to facilitate hybrid working.

In recognition of technology's role as an enabler for hybrid working, a project was established to address limitations to existing technology and provide a more streamlined and integrated online experience for employees. In 2021, the Enable Modern Collaboration project began the integration of office applications, and delivered a redesigned and upgraded intranet to act as the central virtual hub for all news and information at APRA. Collaboration technology infrastructure is also being developed to support future enhancements to APRA's archiving and secure document management system.

A bookable desk system was introduced in the Sydney, Melbourne and Brisbane offices to provide greater flexibility in seating arrangements and a more efficient use of office space.

Surface Hubs – large interactive touchscreens – were installed in communal areas and meeting rooms across APRA's offices. The touchscreens have provided an improved meeting and collaboration experience for all meeting participants, whether they are in an APRA office or joining remotely.

Two floors of APRA's Sydney office were reconfigured to include contemporary collaborative spaces and more diverse working arrangements that are tailored to individual and team needs.

The organisation is continuing to look at ways to enhance the work environment across all of its offices to support ongoing productivity and efficiency.



Renewing the APRA Enterprise Agreement

In October 2021, APRA and employee representatives began the bargaining process to renew APRA's 2018 Enterprise Agreement.

A key element of the proposed 2022 agreement is the phase-out of annual performance bonuses (in accordance with new guidelines announced by the Australian Public Service Commission in August 2021) through a one-off transition payment. The proposed 2022 agreement also includes funding for an annual remuneration increase linked to the private sector Wage Price Index and further improvements to working arrangements in areas such as parental leave and compassionate leave.

During the six-week bargaining period, several employee information sessions were held, led by employee bargaining representatives and management representatives, to keep employees informed of progress and proposed changes to the agreement.

In December 2021, after a final period of consultation, APRA employees voted strongly in favour of the proposed 2022 APRA Enterprise Agreement. The 2022 Enterprise Agreement will take effect early in 2022, subject to final approval from the Fair Work Commission.

In tandem with the Enterprise Agreement renewal process, APRA has initiated a refresh and simplification of the frameworks and systems that underpin career advancement, performance review and remuneration, to provide greater clarity for employees. The intention is to empower employees to build fulfilling careers at APRA in which they can perform at their best and contribute to APRA's success.





APRA



Super Industry Snapshot

s 22

February 2022

Introduction to Superannuation

- Super is one of the three pillars of the Government's retirement policy.
- It is money put aside by you and your employer over your working life to live on when you retire.



Aged Pension

- Taxpayer funded
- Means tested
- Safety net payment



Superannuation

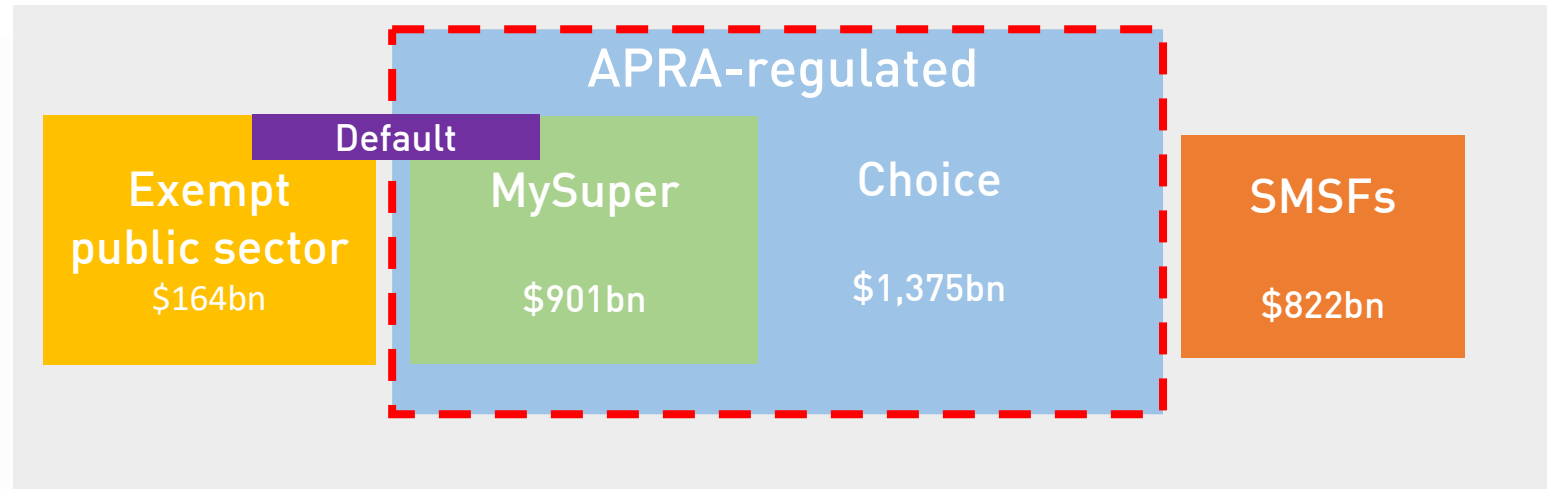
- Government-mandated savings
- 10% of salary SG



Voluntary Savings

- Savings and assets (e.g. housing) outside of superannuation

Superannuation has become a major part of the Australian financial system



APRA Annual Superannuation Bulletin, June 2021

- Modern super system began in 1992 (3% SG, 10% SG 2021)
- Globally significant: 4th largest in asset size, 4th in performance (Mercer)
- System is forecast to reach \$9.5 trillion in assets in 2035
- 2025 forecast 40% of retirees will receive no Government pension - rely solely on private wealth (24% in 2010)

The prudential framework for super



Legislation

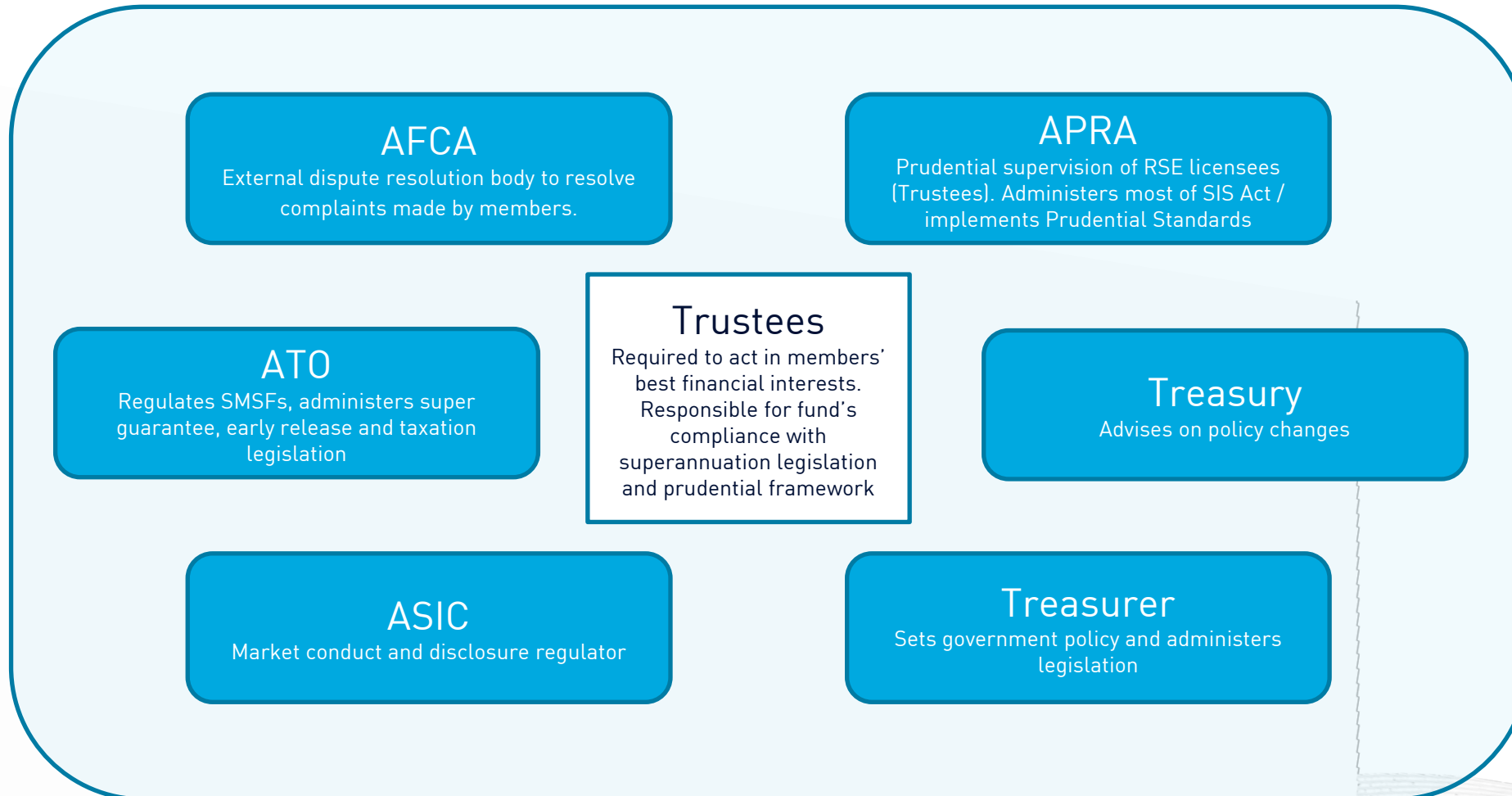
Acts and Regulations

APRA's Prudential Framework

- Prudential Standards
- Licensing
- Product authorisation and fund registration
- Reporting
- Guidance, letters, speeches and publications
- Supervision

- Acts outline overarching rules, obligations, duties, e.g. Best Financial Interests Duty. They also enable APRA to establish prudential standards.
- Regulations contains detailed provisions on some prudential, operational & retirement income policy matters.
- Trustees must be licensed by APRA to enable them to operate a registrable superannuation entity. A licensed trustee is referred to as an RSE licensee.
- Prudential Standards outline principles based requirements for RSE licensees. They are enforceable and cover the range of prudential matters, including reporting requirements.
- Super funds must be registered and default (MySuper) products authorised.
- Guidance is provided through a range of different approaches to assist compliance, clarify APRA's expectations and support better practices.

Roles and responsibilities in the super system



The super industry is growing and consolidating

Chart 1: Assets of superannuation entities

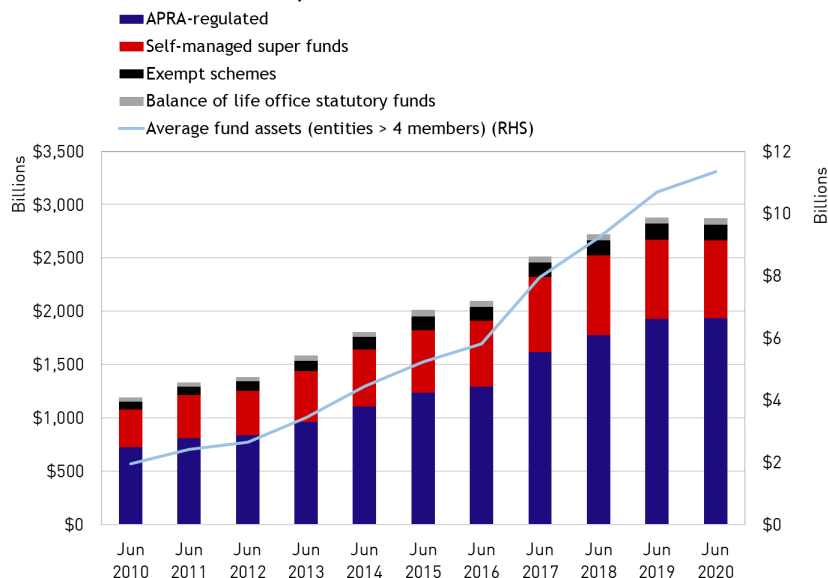


Chart 2: Number of superannuation entities

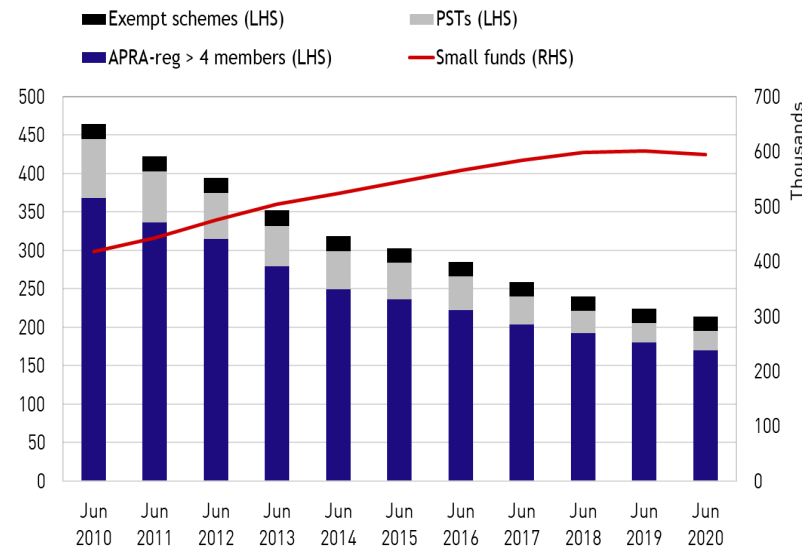
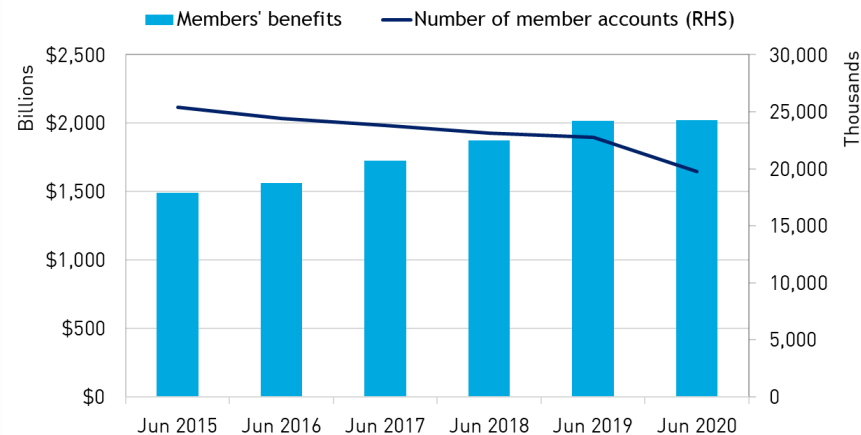


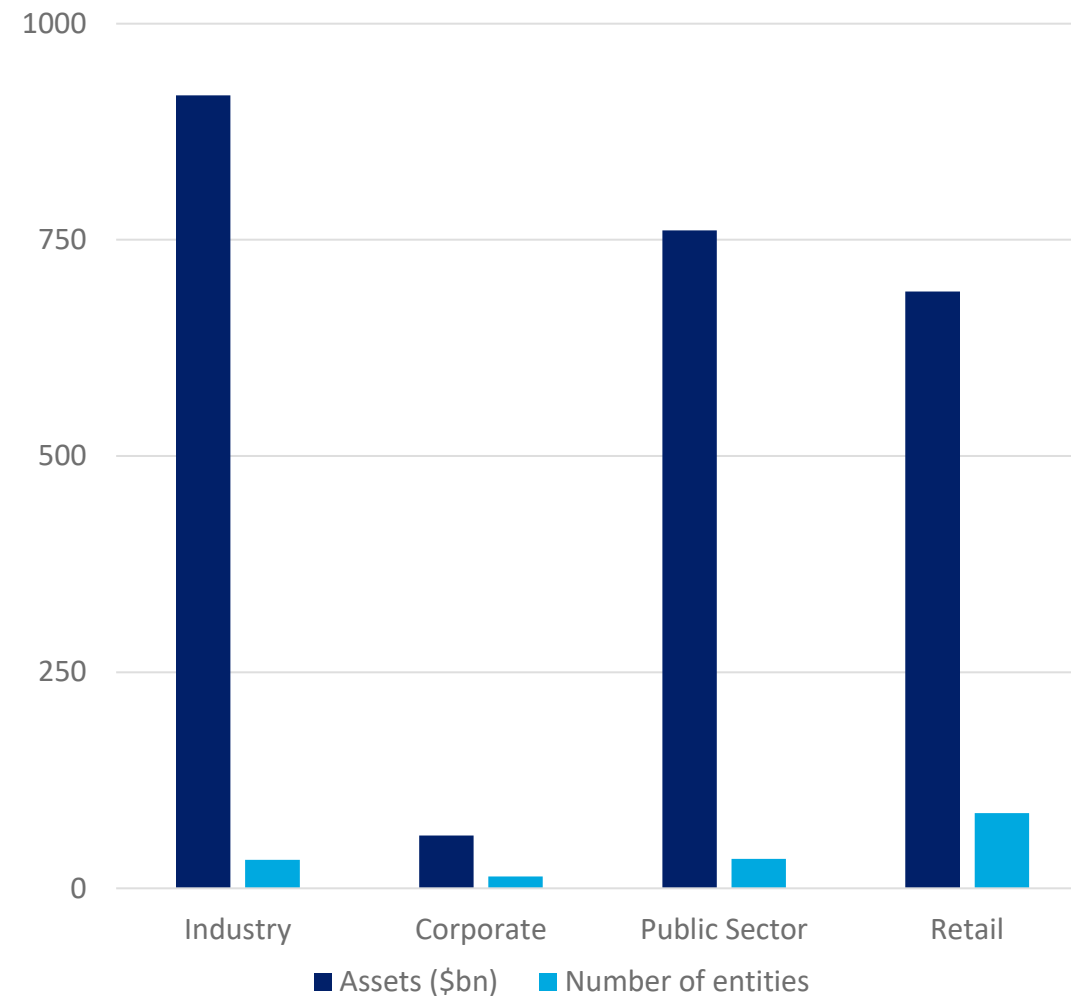
Chart 3: Member benefits and number of member accounts





Industry funds moving away from traditional membership bases with some large entities emerging

Sector	Members	Established By	Example
Industry Funds	Historically people working in a particular industry, now mostly open to public.	Unions & employer associations	s 38
Corporate Funds	People working for a particular employer or company	Single employer or related group of employers	s 38
Public Sector *	Historically public sector employees	Governments, Departments and agencies	s 38
Retail Funds	Available to the public	Financial institutions (for profit)	s 38



* Except for Exempt Public Sector Superannuation Schemes (EPSSSs)

Focus on member outcomes: Your Future Your Super



Key Measures

- Stapling - Your Super Follows You
- Holding funds to account for underperformance
- Increasing transparency and accountability
- Empowering members

ATO YourSuper
comparison tool
(Extract Jan 2022)

Name ↕	Investment performance ↕	Annual fee ↕	7 year net return ↗	Shortlist product
Local Government Super MySuper Age Based Investment Strategy	Performing	\$556 - \$686	4.55% - 9.71%	<input type="checkbox"/> Select
HOSTPLUS Superannuation Fund Balanced option	Performing	\$628	9.68%	<input type="checkbox"/> Select
AustralianSuper AustralianSuper MySuper	Performing	\$452	9.41%	<input type="checkbox"/> Select
QSuper QSuper Lifetime	Performing	\$235 - \$405	3.59% - 9.24%	<input type="checkbox"/> Select
Guild Retirement Fund Guild Retirement Fund (MySuper)	Performing	\$405 - \$585	6.59% - 9.22%	<input type="checkbox"/> Select

Superannuation @ APRA



APRA

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Questions?



A snapshot into our industries: Insurance

s 22

2 Feb 2022



Agenda

- 1 Introduction
- 2 Key industry statistics
- 3 APRA's focus areas
- 4 Interesting projects

Introduction

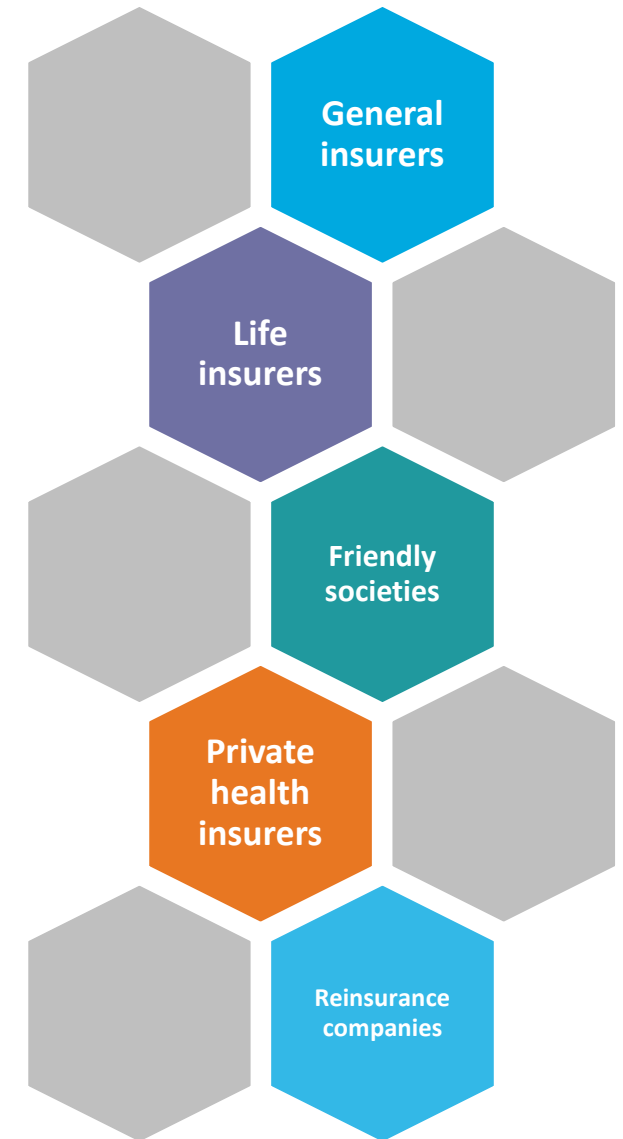


Three industries:

- General insurance
- Life insurance
- Private health insurance



APRA



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Key industry statistics



General insurance

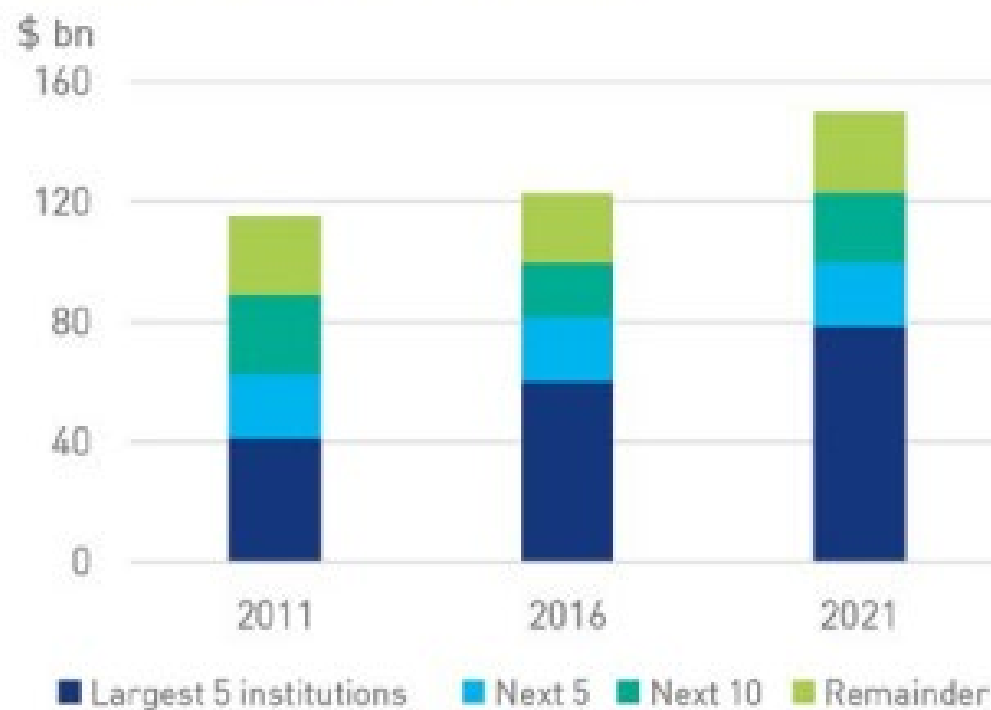
FIGURE 3a

Number of general insurers



FIGURE 3b

Assets of largest general insurers



General insurance

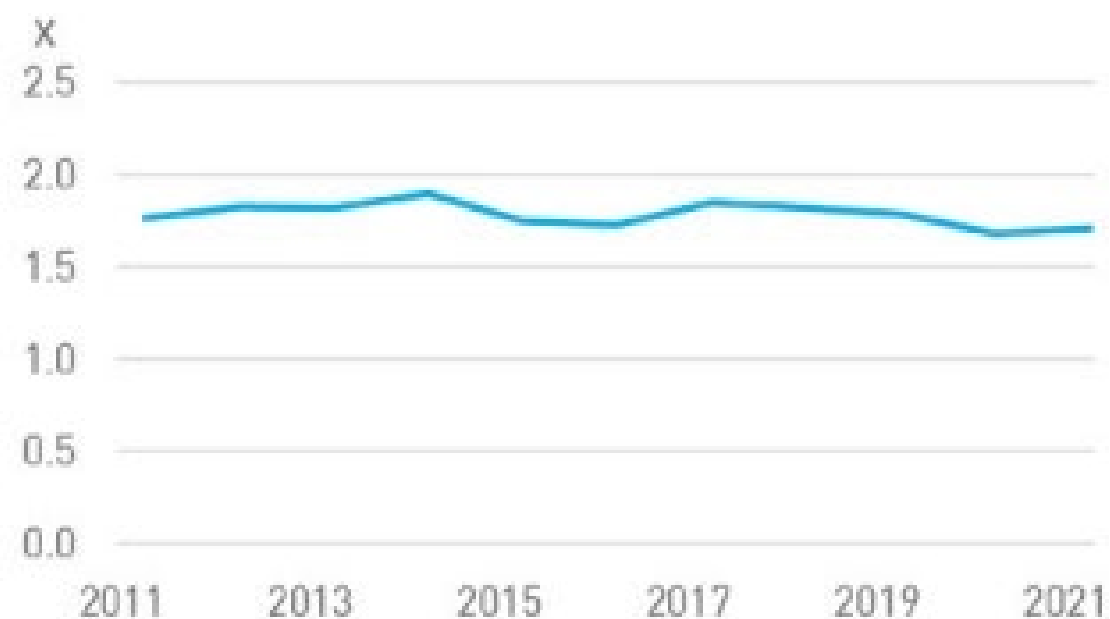
FIGURE 3c

Return on net assets



FIGURE 3f

General insurers' capital coverage ratio



Life insurance

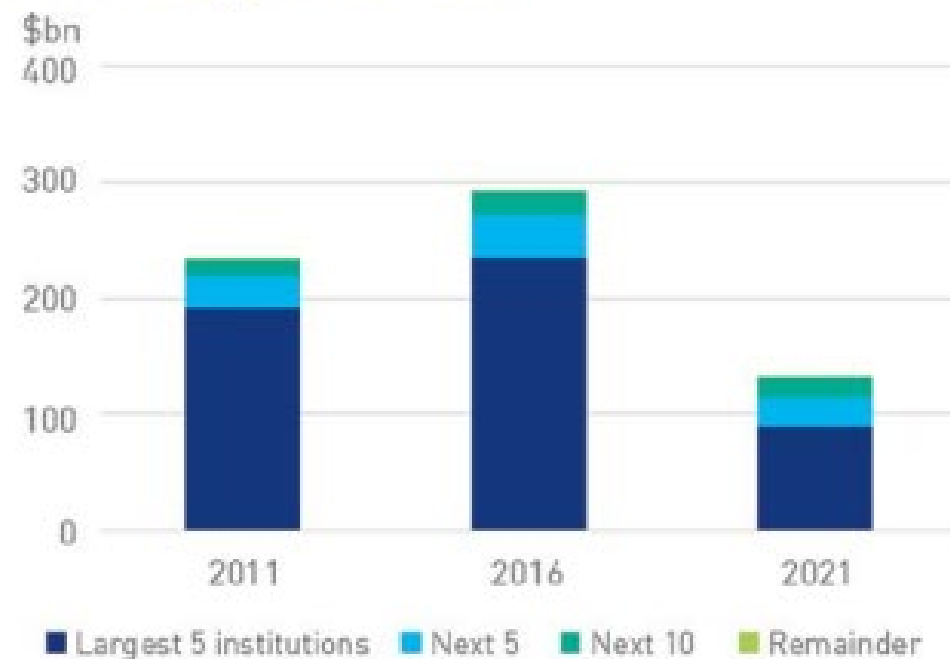
FIGURE 4a

Number of life insurers entries and exits



FIGURE 4b

Assets of largest life insurers



Life insurance

FIGURE 4d

Net profit after tax (risk products)

\$bn

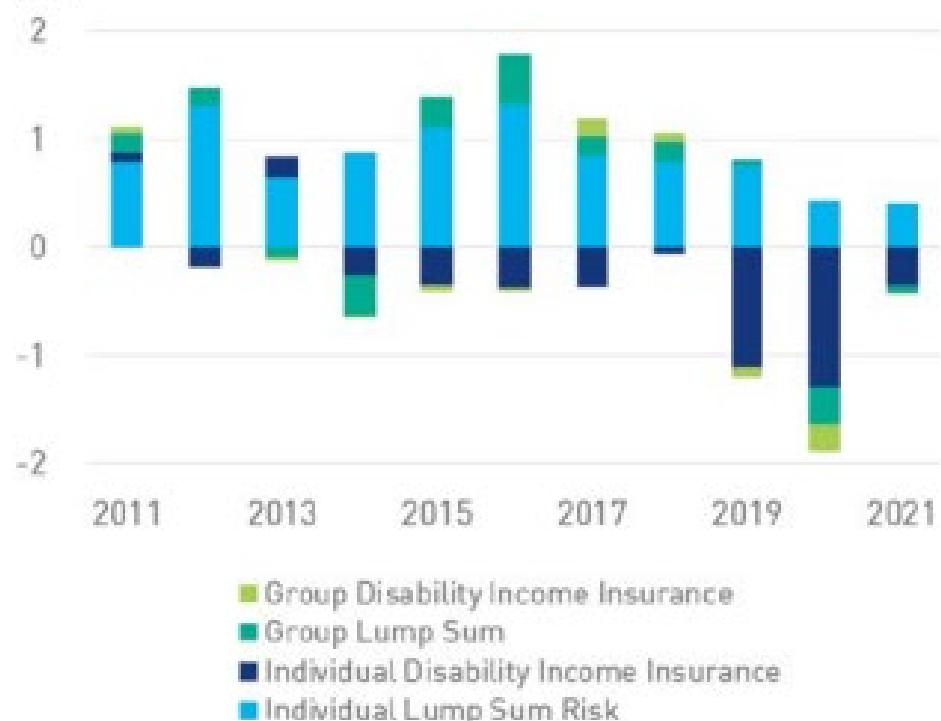


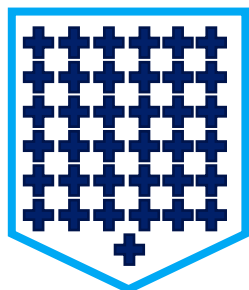
FIGURE 4f

Life insurers' capital coverage ratio



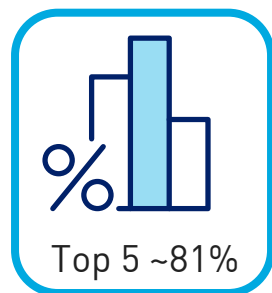
Private health insurance

33 PHI funds
(16 Not For Profits)



Two key industry bodies

HIB premium
revenue \$24.9b



Affordability has
been declining



PHI participation by
younger/healthier people
is falling



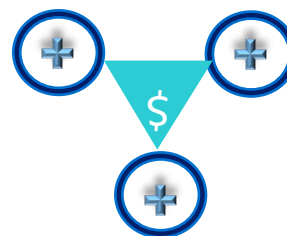
Mandated
community
rating



Pricing subject
to Ministerial
approval



Risk equalisation
redistributed \$7b+
between insurers



44% of population have
Hospital Treatment coverage
(31 Dec 2019) cf 80% in 1974

* Figures quoted as at 30 June 2020 unless otherwise stated

Private health insurance

APRA's supervision of Private Health Insurers

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Supervision Team

s 22

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APRA's focus areas



GI ➡

LIFS ➡

PHI ➡

APRA’s 2021-25 Plan on a Page



s 47E(d)



APRA

s 47E(d)

Interesting projects



Insurance projects on the go...

AASB 17 and LAGIC updates

Friendly society stress test

Access and affordability

Reinsurance Pool



Questions?



Thank you

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Introduction to Banking

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Graduate Induction - February 2022

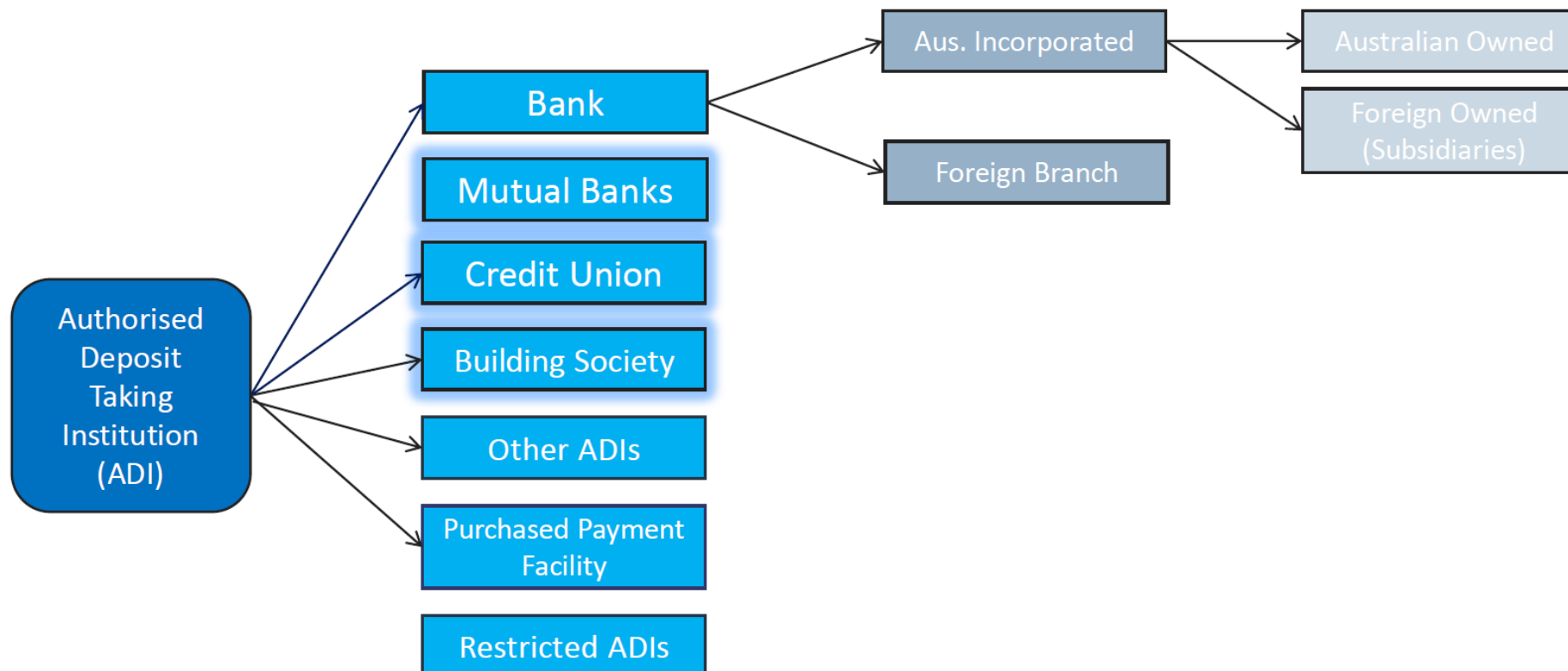
What is an ADI?



- Authorised Deposit-taking Institutions
- Banking business is broadly defined in the *Banking Act 1959 (Act)* as both taking money on deposit and making advances (lending) of money
- What are they doing?
 - Facilitating payments
 - Providing credit



Different types of ADIs



Who is in the banking industry?



APRA

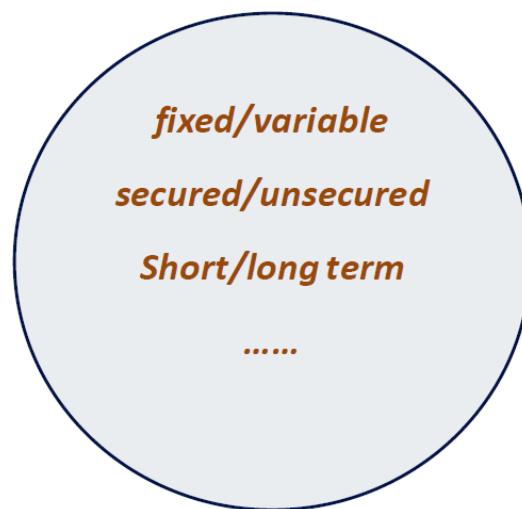
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ADI simple balance sheet

Assets (how money is used)

Cash and investments (~10%)
Housing loans (~60%)
business loans (~20%)
Personal and other (~10%)



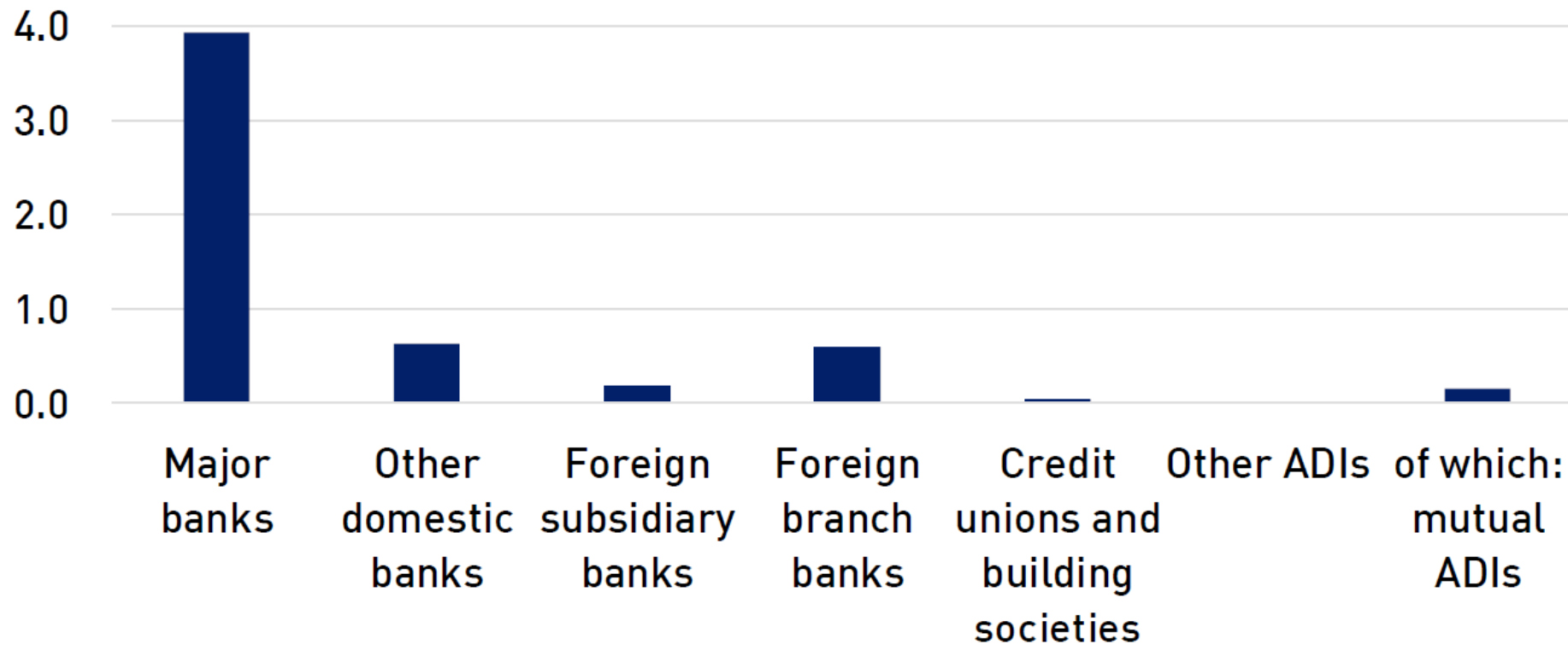
Liabilities/equities (source of the money)

Deposits (~75%)
Wholesale Funding (~20%)
Equities (~5%)

The banking landscape at a high level...



ADIs' assets - by sector - \$billions
June 2021



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s 47E(d)

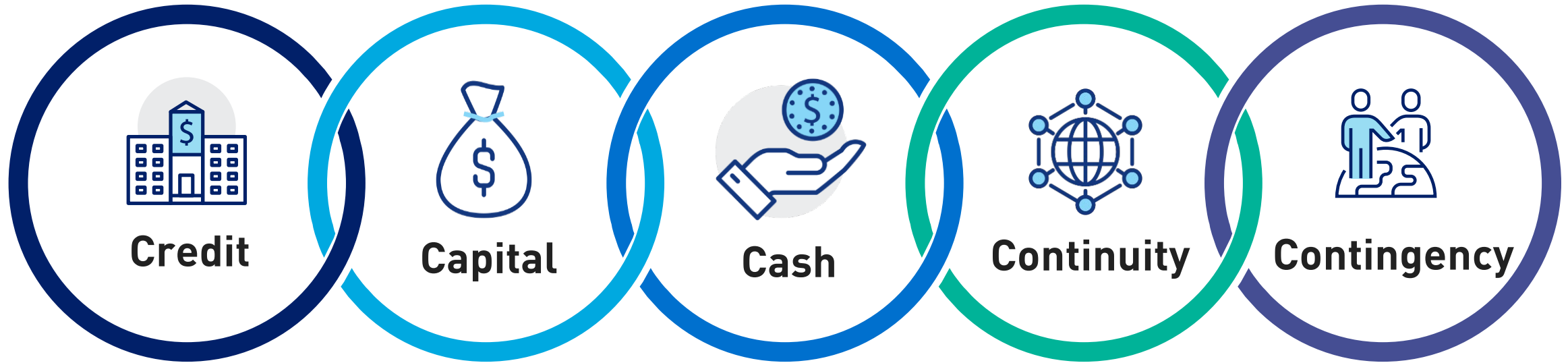


APRA

Ongoing prudent management of banks



APRA



Problem loans are transparently identified, rated and provisioned to maintain confidence in bank capital adequacy.

Banks maintain capital adequacy, using buffers if needed to absorb losses and continue to provide credit to support the economy.

ADI liquidity and funding stability and reliability is maintained in the face of uncertainty and ADIs reduce reliance on external support

Continuity of key banking functions to Australians through the crisis

ADIs have credible and effective recovery plans and are prepared to implement recovery actions if necessary. APRA is prepared and able to resolve a distressed ADI in an orderly manner.

Upgrading the industry and system



APRA

GCRA

Each strand within GCRA....



Governance



Culture

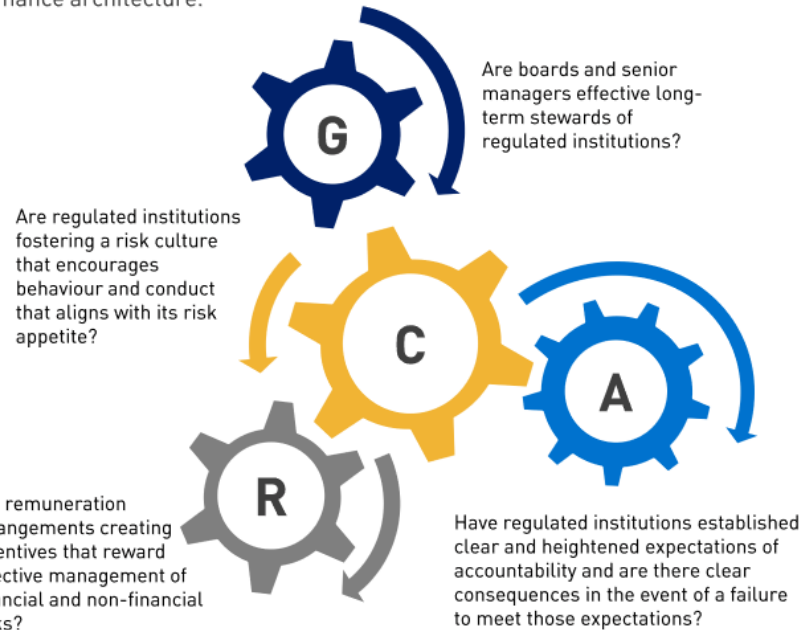


Remuneration



Accountability

....interacts and reinforces each other to form a regulated institution's risk governance architecture.



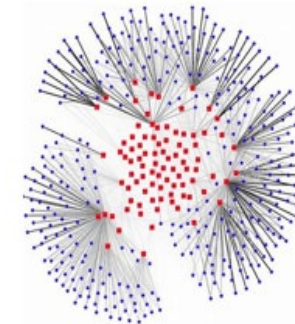
Climate Risk



- Changes in climate extend to all sectors of the economy including banking
- There are direct and indirect impacts
- Pose financial risks but also can create new opportunities

Technology

- Increasing specialisation and complexity
- Increasing cyber risks
- Changes to operations and business models



Reframing our approach to banking services



APRA

Digital disruption requires a strategic response

Fin Tech

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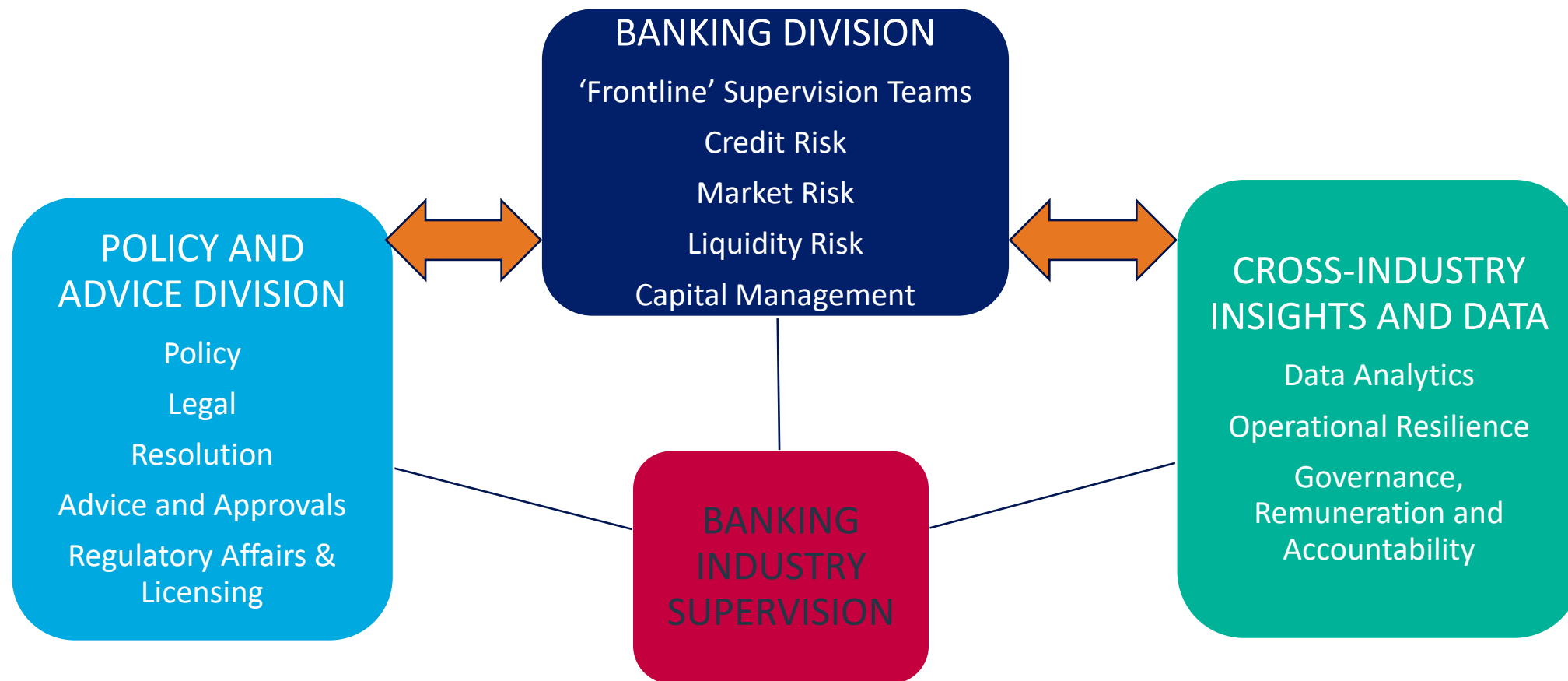
Big Tech

s 38

Crypto

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Banking Industry Supervision -more than the Banking Division





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Further reading...



APRA

- [ADI Annual Industry Review \(June 2021\)](#)
- [APRA Year in Review \(2021\)](#)
- Banking division information (including org chart): [About Us](#)

Acronym Appendix



ABA	Australian Bankers Association
BCBS	Basel Committee on Banking Supervision
CCB	Capital Conservation Buffer
CCyB	Counter-Cyclical Buffer
CET1	Common Equity Tier 1
CLF	Committed Liquidity Facility
COBA	Customer Owned Banking Association
COFR	Council of Financial Regulators
FCS	Financial Claims Scheme
HQLA	High Quality Liquidity Assets
ICAAP	Internal Capital Adequacy Assessment Process
LCR	Liquidity Coverage Ratio
MLH	Minimum Liquidity Holdings
PCR	Prudential Capital Ratio
NSFR	Net Stable Funding Ratio
RWA	Risk-Weighted Assets
SCV	Single Customer View



My first week

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We hope you're enjoying your first week at APRA and getting to know your teammates. Once you've completed your [day one reading list and checklist](#), it's time to move on...

Your week one checklist



^ 1. Check your desk set-up

Once you're in the office or working remotely, please the [workplace ergonomics](#) page to make sure that you have the most effective desk set-up.

2. Record your time in TSheets

TSheets is a key tool to support data-driven capacity and resource management decisions at APRA. Importantly, TSheets data is also used to calculate the levies charged to the industries APRA regulates. Everyone at APRA completes a timesheet in [TSheets](#) at the end of each week to record the time that they have worked.

When completing your timesheet, it is important that you are aware of the following expectations:

- The actual hours that you work each day should be recorded in TSheets. For example, if you work a 9-hour day this should be captured. The standard hours for a single, full-time workday are 7.6 hours.
- The time recorded should reflect the key activities worked on throughout the day. The minimum interval time recorded for an activity is 30 minutes.
- It is expected that timesheets are submitted on a weekly basis.

To do your timesheet at the end of the first week, head to TSheets and [submit your time](#). We recommend you liaise with your manager to understand what needs to be entered in the TSheets system and set up a recurring reminder in your Outlook calendar to submit your timesheet every week, so you don't fall behind.

If you have any queries about recording your time in TSheets, please speak with your manager, or refer to this [Knowledge Base Article](#) and [Frequently Asked Questions](#).

Managers have some additional responsibilities with TSheets:

- To educate new and existing team members on the purpose and use of TSheets, including activities to be used.
- Generate and review reports on a regular basis; check the timeliness and completeness of timesheets submitted by their team; and perform a high-level assessment of the reasonableness of time spent on activities.
- Reinforce the need for accurate and complete timesheets to be submitted weekly

^ 3. Start your security clearance

Everyone at APRA has to complete a '[security clearance](#)' given our role as a government body – you need to complete this within 90 days to help [pass your probation](#). If you haven't already, you'll soon receive an email from Security Clearances asking you to fill out some forms. Completing the forms can involve things like recollecting previous travel dates, gathering supporting documentation and conversations with your family members. Our best advice is to start the process straight away.

^ 4. Find out about our people policies

We have a range of People Policies and it's important for you to familiarise yourself with these. You don't need to read them all in detail but please take a look at each to get an overview of what's included in each. We'd like to call out **inclusion and diversity**, and **wellbeing**.

At APRA, we embrace differences to achieve great outcomes for the Australian community; that's why [inclusion and diversity](#) is so important to us. Read more and find out how you can get involved.

Your physical and mental health and wellbeing is paramount. We have APRAnet pages dedicated to your [mental health](#), [physical health](#) and looking after [your wellbeing while working remotely](#). The pages also contain information about how we support working families at APRA. In addition to these pages, it's important to call out that we have partnered with a [online, confidential counselling service, EAP](#), who you can contact at any time. We also have [Wellbeing Ambassadors](#) at APRA who offer peer support for your wellbeing.

^ 5. Start your training

When you begin at APRA, you're assigned a suite of [mandatory training](#) that need to be completed as part of your probation. They cover important things you need to know about working at APRA. There are some courses you need to complete in your first month and others you need to complete within three months. We recommend you begin this training now, in your first week, and finish it as soon

as possible. If you're a people leader, you're assigned a leader version of some courses.

[PeopleHub](#) is where you'll access and manage your learning at APRA. You can expect to see your probationary courses listed under *Learning > Current learning* in PeopleHub. This [SHOP article](#) will help you if you have any trouble loading the courses.

You also have access to a large variety of short online courses through LinkedIn Learning, which you can access from PeopleHub.

Your manager will be speaking with you about specific training needed for your role when you start, setting your performance and development goals for the year.

If you're in a role related to prudential supervision, you'll also be contacted by the [Supervision Training Academy](#) and invited to attend the [Supervision Onboarding program](#).

For a quick view of upcoming training, you can check these two calendars, then enrol in the course you're interested in attending via PeopleHub.

- [P&C Enterprise training calendar](#)
- [STA Prudential supervision training calendar](#)

^ 6. Explore APRA's key systems

You've already been introduced to [PeopleHub](#) through your training. PeopleHub is also where you can book leave, find LinkedIn learning and much more. Take a look around and see what you can find!

[SHOP](#) is our Service & Help Online Portal, where you can request services and assistance from IT, Facilities, People & Culture and other teams. Take the time to look around for when you might need it.

[IM](#) is APRA's information management system where you'll store and share documents. You'll learn about IM as part of your PeopleHub training, but we'd

also recommend asking someone in your team to take you through how to use it.

7. Add an APRA background to Microsoft Teams

On Teams video calls/meetings you have the option to blur or change your background.

For all external calls/meetings, it's best practice to blur your home office if you don't wish to use a background. Alternatively, if you do opt to change your background, you must use one of the official APRA backgrounds, which are [available to download here](#) (look for the **MS Teams Backgrounds** folder).

To upload and use an APRA background in Teams:

1. Select a background, right click and choose 'Save As'. Save it to your desktop.
 2. Within a video call/meeting in Teams, select the 'More actions' button in the top right (three dots).
 3. Select 'Apply background effects'.
 4. Select 'Add new'.
 5. Browse and select the image you'd like to use as a background.
 6. Select 'Open'.
-

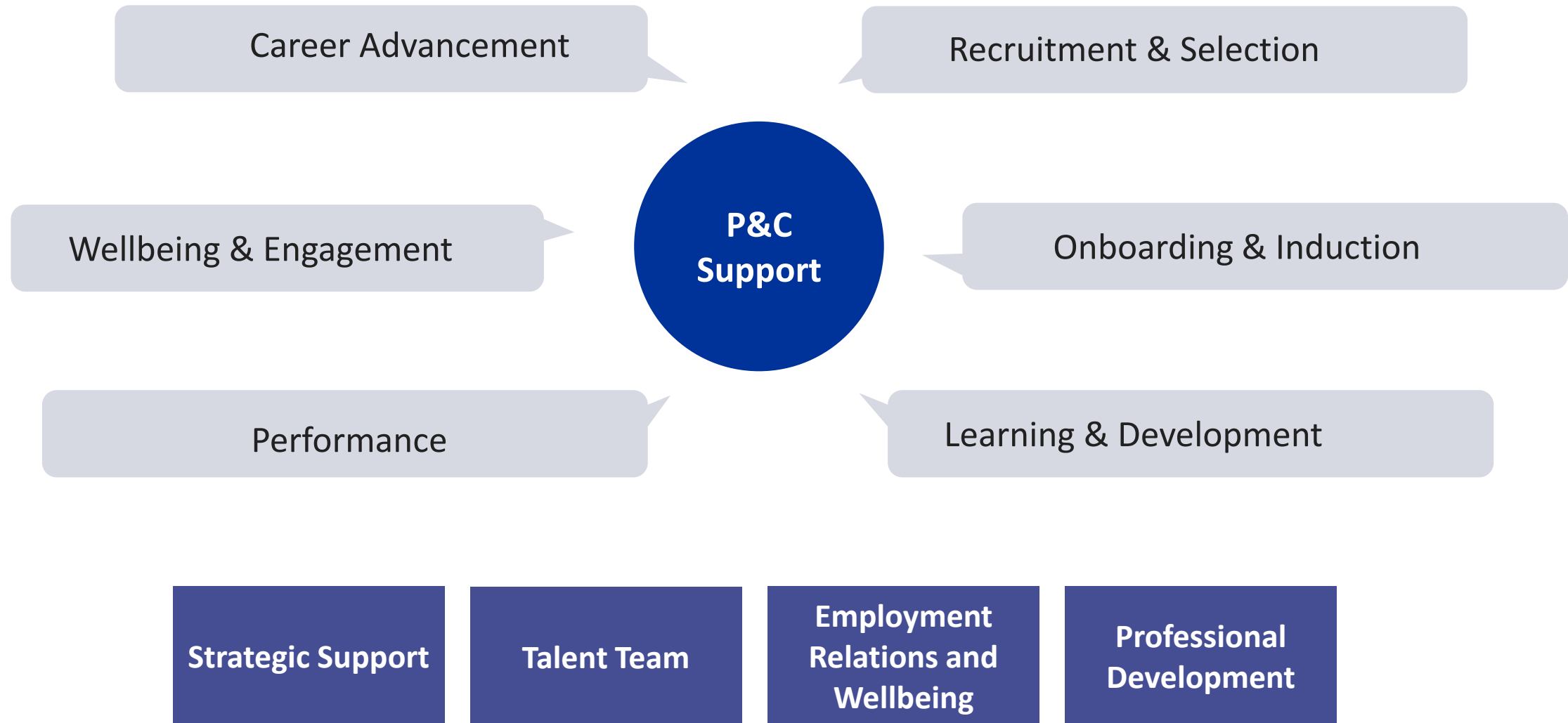


People and Culture

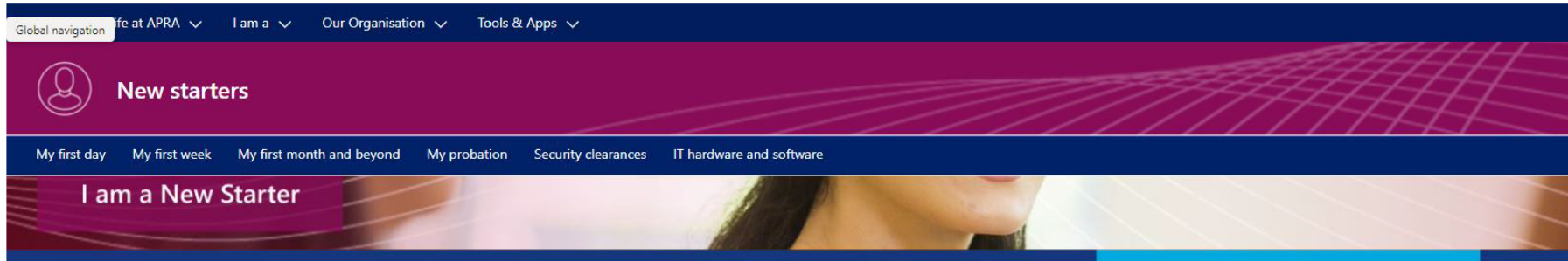
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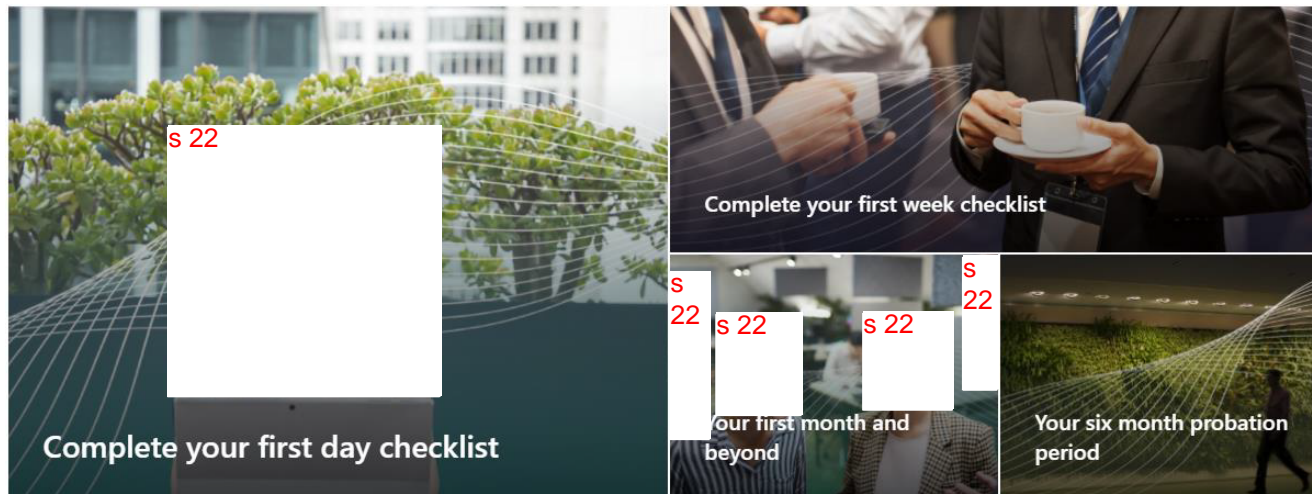
How we support you in your journey at APRA



Supporting your Induction



As a new team member, these pages are a source of all knowledge to help you to get to know APRA, as well as what you need to do in your first few weeks and months. Remember to keep checking in with your manager to find out more specific information relating to your role.



Please provide
feedback on
New Starter
Portal





APRA Mandatory Onboarding Training

COURSE NAME	Duration in hours	Permanent employees complete in 1st month
Discrimination, inclusion and diversity (employee and manager version)	0.75	✓
Workplace health and safety awareness (employee and manager version)	0.75	✓
Security and you	0.75	✓
Keeping on the right side of the law	2.00	✓
Fraud awareness	0.75	✓
		Permanent employees complete in 3 months
Enterprise risk management	0.75	✓
APRA Business Continuity	1.00	✓
Rehabilitation management	0.25	✓
Using IM	2.00	✓
SBS Inclusion program 1: Core inclusion	1.25	✓
APRA induction	6	✓

Graduate Development Program

Relevant and timely learning – Building habits for future success – Broadening connections



APRA

ENABLING CRITICAL SKILLS

Getting to know APRA and setting expectations for the program:

- Induction (20+ sessions, inc setting intentions, mindset, wellbeing, inclusion, intentional development)

Setting up for success – graduates learn foundational habits and skills for effective communication and thinking:

- Effective communication (inc the habit of feedback)
- Business writing & grammar skills
- Problem solving
- Data analysis

Technical development (led by Rotation and Graduate Managers):

- Supervision onboarding program
- Tailored technical development program
- Graduate Manager led industry related learning

The Power of Habit – graduates are empowered to take control in designing personal habits for success based on the science of habits.

End of rotation learning forum – Discuss key learnings, challenges and success stories.

FOCUS ON TEAM AND PERSONAL EFFECTIVENESS

Joining a new team, graduates build **greater awareness about their impact** as individual contributors and learn to be **more adaptive** to set up effectively into a new environment:

- Ideal team player
- Understanding your DiSC profile
- Developing adaptability skills
- Inclusion program

Uplifting communication capability:

- Minute taking
- Presenting with confidence

Building personal effectiveness and high performance habits:

- The 7 habits of highly effective people
- Critical thinking

Technical development (led by Rotation and Graduate Managers):

- Supervision onboarding program
- Ongoing development (role-specific)
- Graduate Manager led industry related learning

End of rotation learning forum – Discuss key learnings, challenges and success stories.

BUILDING CAPABILITIES FOR THE FUTURE

Graduates **prepare to make an informed decision on career choices** for their post-program roles:

- Career planning workshop
- Exploring career pathways at APRA

Developing better understanding about **key stakeholders**:

- Governance for directors – Introduction to board meetings and governance (Program 1)
- Stakeholder management

Technical Development (led by Rotation and Graduate Managers):

- Supervision onboarding program
- Ongoing development (role-specific)
- Graduate Manager led industry related learning

Building deeper awareness of behaviours, style and impact:

- Building resilience
- Emotional intelligence

Leadership Essentials – Understand self-leadership and get curious about future leadership skills.

Program conclusion – embedding continuous learning mindset

Post-program Development

- Ongoing tertiary development
- Mentoring program
- Emerging Leader program
- Access to all APRA-wide development opportunities
- LinkedIn Learning

Learning and development opportunities at APRA



Individual Development

- Business Writing
- Grammar for Busyness Writing
- Minute Taking
- Effective Communication
- Influencing Skills
- Stakeholder Management
- Constructive Challenge
- Crucial Conversations
- Presenting With Confidence
- The 7 Habits of Highly Effective People
- Governance for Directors (3 Stages)
- Expertship program
- Project management (for PMs and non-PMs)

Leadership Development

- Emerging Leader program
- New Manager program (Level 3-4 managers)
- Leading with purpose (Level 5 managers)
- Graduate Industry and Rotation Manager development
- Employment risk management workshops
- Hogan debrief

Performance & Team Development

- Performance and development workshops
- Team development based on DiSC

Technical Development –
Supervision Training
Academy

The P&C Training Calendar is available on the New Starter Portal.

Learning pathways to support your development

Regularly published in the Voice of APRA



APRA

To build a good foundation

Effective Communication

I want to learn fundamental skills, tools and principles to better understand and adapt to different communication styles.

Effective Business Writing



Grammar Skills



Minute Taking for Internal Meetings

I want to improve my writing productivity and effectiveness by increasing my writing confidence, planning and structuring.

To further enhance my skills

Influencing Skills

I want to be better at influencing and choosing more situationally appropriate modes of communication.

Presenting with Confidence

I want to build my confidence and have more personal impact when speaking to an audience.

Stakeholder Management

I want to be able to build stronger internal stakeholder relationships.

As an experienced communicator

Constructive Challenge

I want to learn to effectively engage in high stake and challenging conversations with entities and internal groups.

Crucial Conversations

I want to have effective difficult conversations in 1:1 settings when discussing confronting topics.

Supplementary Learning - LinkedIn Learning and FSI Connect



LEARNING Browse

Search for skills, subjects or software

Home My Learning Notifications Me EN Go to Admin

NEW Released 1 week ago

Power BI Data Visualization and Dashboard Tips, Tricks, & Techniques

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Data Consultant specializing in data visualization on the web

Set a weekly goal

We'll help you track your progress and remind you to keep learning

[Set a goal](#)

In progress

Saved

From your org

Courses saved will appear here

Top picks for Robyn

s 22

NEW **s 22**

POPULAR **s 22**

POPULAR **s 22**

POPULAR

[Get Help](#)



APRA Study Support program

Formal study programs in line with organisational needs and specifically related to current or future role at APRA.

Benefits - Financial assistance and study leave available to eligible employees to study an approved course.

The **criteria** to gain access to the benefits offered under the studies support program:

- Eligible employee and an Approved Student;
- Employee must be undertaking an Eligible Course (courses which are full fee payable and do not attract Fringe Benefits Tax (FBT). ***Enrolments that are made under a Commonwealth Supported Place (CSP), e.g. Higher Education Contribution Scheme or Higher Education Loan Program (HECS/HELP) are not eligible;*** and
- Employee must be undertaking an Approved formal study program.

Refer '**APRA Study Support Guidelines**' – 14 December 2021 for further information.

Supporting your wellbeing

Wellbeing, Health & Safety and Family



Here at APRA, we're committed to providing you with a range of health, wellbeing, and family support. Use the pages below to look at the resources available for your physical health, mental health, family life, and information about working at home.

Wellbeing pages

Click on the boxes below to get started...



Physical health

Health assessments, flu jabs, first aid, and illness / injury management.



Mental health

Wellbeing Ambassadors, EAP and other mental health resources.



Family-friendly

Parental/carer coaching, keeping-in-touch and resources for families.



Working from home

Resources to support you and your team while working from home.



Wellbeing initiatives

APRA's calendar of wellbeing initiatives



APRA Values Awards

APRA has made a commitment to building a positive culture around our Values.



INTEGRITY



COLLABORATION



ACCOUNTABILITY



RESPECT



EXCELLENCE



A few other things to know...

- Pay Cycles – fortnightly
- APRA Day
- Christmas shutdown period



PeopleHub System



Me My Workforce Tools Others

QUICK ACTIONS

APPS



Personal Details



Document Records



Identification Info



Contact Info



Family and Emergency Contacts



My Organization Chart



My Public Info



Change Photo



Directory



Pay



Career and
Performance



Personal
Information



Learning



LinkedIn Learning



Roles



Leave



APRA Vacancies



Contacts@APRA





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Employment Relations & Wellbeing (ER&W)

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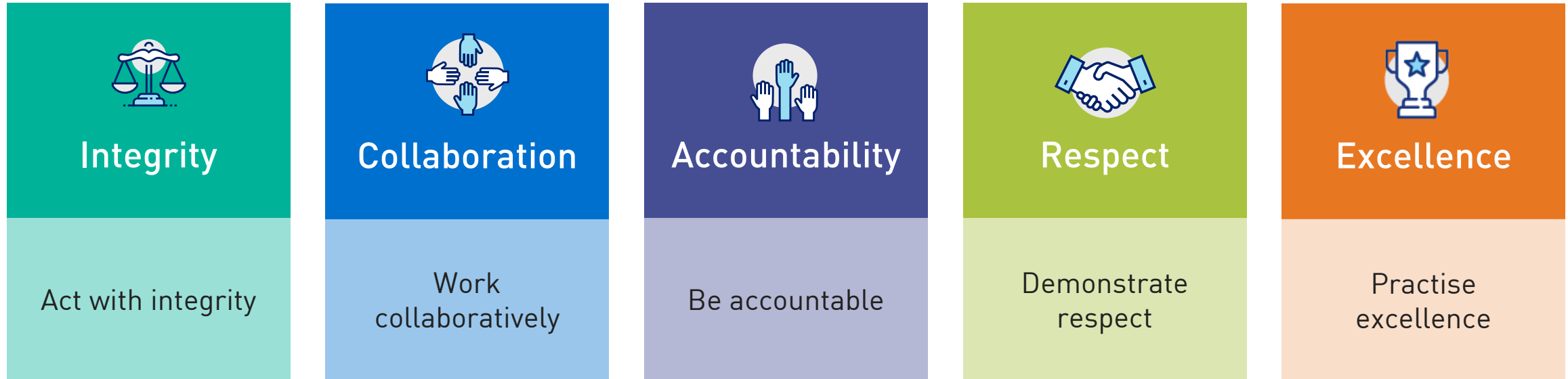
Tell us about you...

- 1 What TV show are you currently watching?
- 2 How are you feeling today on a scale of 1 to 5.



What behaviour is expected of me?

– APRA values - ICARE



APRA Code of Conduct

- Read and acknowledged the Code as part of your on-boarding.
- Refresh every year.

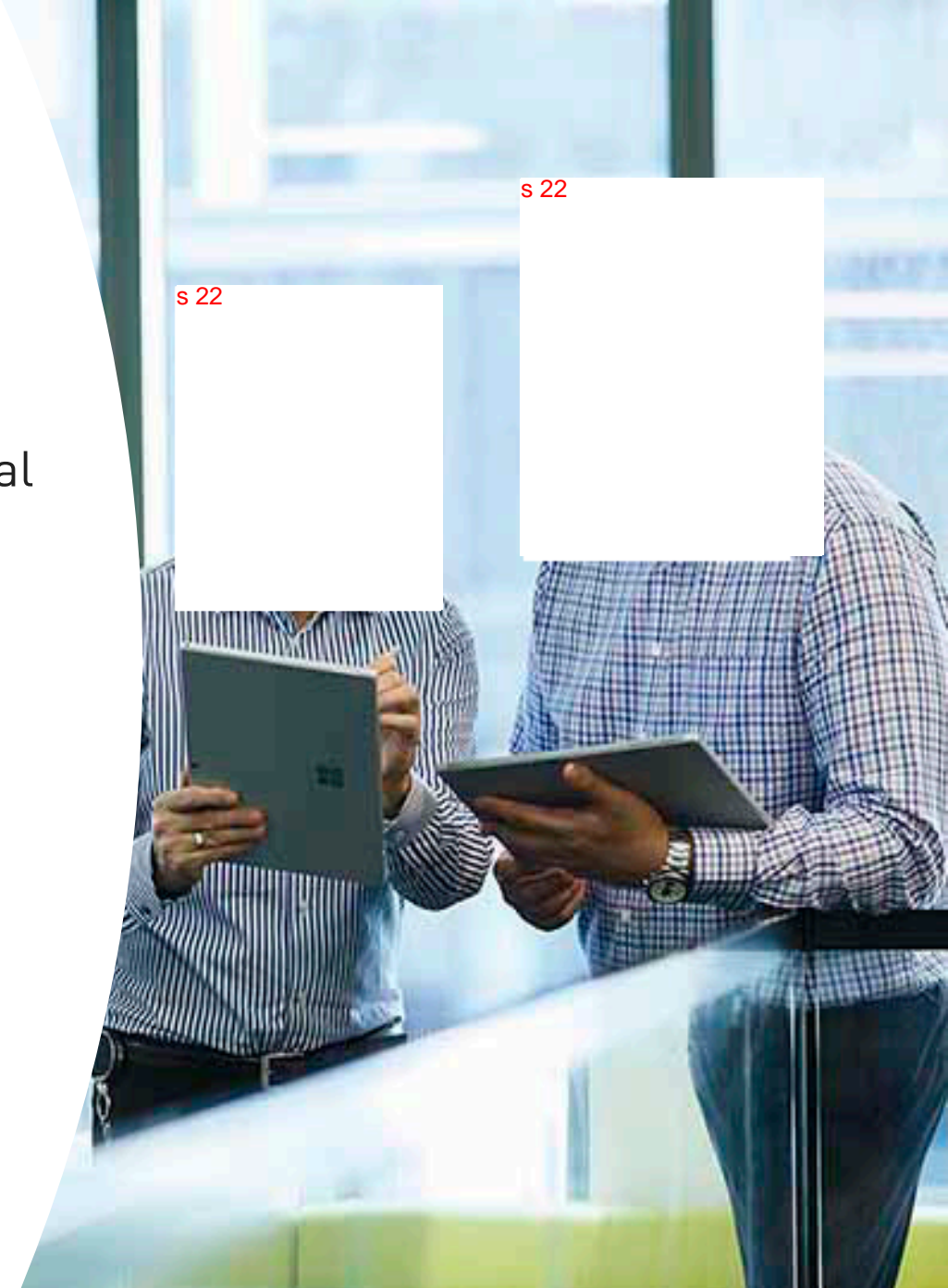
Where do I find information about my employment?

APRA Enterprise Agreement 2018

- New Enterprise Agreement in progress – awaiting approval
- Conditions of employment for Levels 1-4
- 3 year duration

APRA's Policies

- Available on APRAnet



Committees relevant to my employment at APRA

Employee Consultative Group (ECG)

- Represents all Level 1-4 employees on the terms and conditions of employment.
- Helps build and maintain an inclusive supportive and efficient working environment at APRA.
- ECG Employee Representative details can be found on the APRAnet.

Work Health & Safety Committee

- Facilitates cooperation and consultation with staff, management and P&C in relation to work health and safety.
- Reviews and monitors measures used to protect the health and safety of APRA's employees.
- Advises APRA's Executive Board with regards to work health and safety activities.

What health and wellbeing initiatives are available to me?

- Flexible Working Arrangements
- Employee Assist (CFCH)
- The Resilience Box
- Subsidised APRA sports teams and events
- Flu vaccination
- STEPtember
- Workshops
- Training and education
- Ad-hoc initiatives such as meditation and mindfulness sessions



Where do I find help if...

I need to speak up about something or want to talk to someone?

- Your manager (or management line)
- Employee Assist (CFCH)
- ER & Wellbeing team, P&C
- Wellbeing Ambassadors

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Your Wellbeing Ambassadors

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J

Where do I find help if...

I have hurt myself at work (including WFH)?

- First Aid Officers – Hotline s 22 – for Immediate Assistance
- Inform your manager and submit a “Health and Safety Incident Form” on SHOP to inform the ER&W team
- Health and Safety Representative (HSR) – for ongoing health and safety concerns with work environment.

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Where do I find help if...

I am ill or injured and it is impacting me at work?

- Unable to come to work – notify manager in the morning and give an indication of time away from work required
- Away from work for 2 or more days – provide Medical Certificate and attach when recording leave in PeopleHub
- Away from work for >5 days or your manager is concerned for your wellbeing, they will contact ER&W
- Need assistance to return to work or at work? Speak to your manager and/or ER&W
- Ergonomic Assessment of Workstation – can be organised through ER&W in the current environment

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Questions?

Wellbeing, Health, Safety and Family

Physical Health

Mental health

Family-friendly

Working from home

Home > Divisions > Enterprise Services Division > People & Culture > Wellbeing, Health, Safety and Family > Wellbeing initiatives



Quick Links

[Meditation Session 1 \(video\)](#)

[Meditation Session 2 \(video\)](#)

[Combatting Lockdown Fatigue](#)

[Maintaining Family Wellbeing During Lockdown](#)

APRAnet feedback

www.apra.gov.au

COVID-19 Information and Support

Please refer to the COVID-19 FAQ page and the below fact sheets for support and guidance:

- [What do I do if I am COVID-19 positive](#)
- [Supporting a Team Members if they test Positive for COVID 19](#)

Domestic violence support

Please refer to the below fact sheets for support and guidance

- [How can I support someone who I think is experiencing family and domestic violence](#)
- [I'm experiencing family and domestic violence, what should I do?](#)

Also refer to our [Mental Health](#) page for more support.

Centre for Corporate Health - Resilience Box

APRA takes pride in offering its employees a raft of wellbeing initiatives, including the support offered through the [Centre for Corporate Health](#) (CFCH). On 28 October 2021, APRA conjointly with CFCH launched the [Resilience Box](#).

The [Resilience Box](#) is an application provided by the CFCH to help you **strengthen your resilience, engage with leading-edge health and wellbeing content and make coaching and counselling appointments for you or your immediate family members.**

Below is some important information in relation to the [Resilience Box](#) Application for APRA employees:

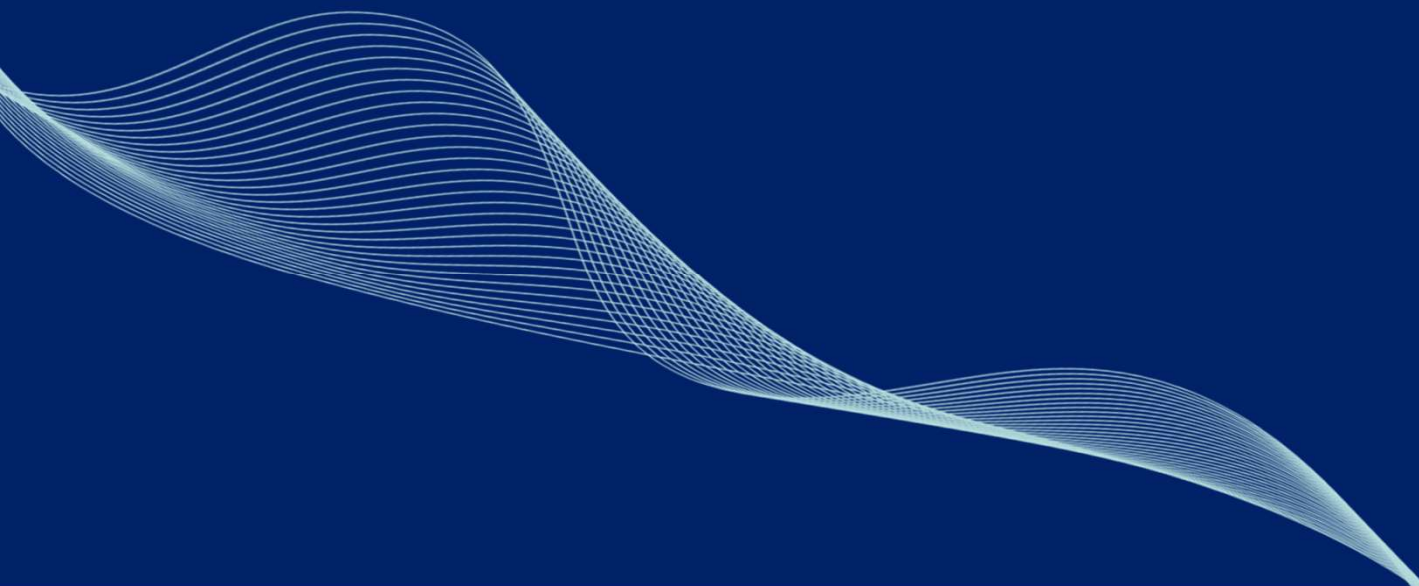
- APRA will not provide details of APRA employees to the Resilience Box;
- APRA has no ownership of or control over the service;
- APRA has no visibility of who has chosen to use the service, or of any information shared through the service;
- APRA employees should review the Resilience Box [privacy policy](#) and [collection notice](#) and decide for themselves whether to use it or not;
- APRA staff can choose to sign up to the service if they want to or not;
- APRA will not be involved in the process except to enable APRA staff to access the application at no cost to them.





APRA

Sydney Social Club



2022 Social Club Exec



APRA

Secretary

s 22

President

s 22

Treasurer

s 22



What activities do the Social Club perform?

- Raise money to help pay for the End-of-Year Party
- Raise money for charities
- Organise the End-of-year Party
- Friday night drinks
- Services for staff
- Organise virtual events



s 22

Communications Coordinators



APRA

s 22

- **Fortnightly publication of the Social Club Newsletter (pay week) on the new APRANet**
- **Communicating Sydney social events and activities, along with interesting info for the APRA community e.g. APRA Pets, Humans of APRA, recipes**
- **Promote Friday Night Social Drinks on the Friday of pay week (once this resumes).**

s 22

Charity and Raffle Coordinators



APRA

s 22

- **Coordination of all charity efforts and events.**
- **Organise and manage different raffles throughout the year.**
- **Bank the money raised and organise payments to chosen charity with the Treasurer.**

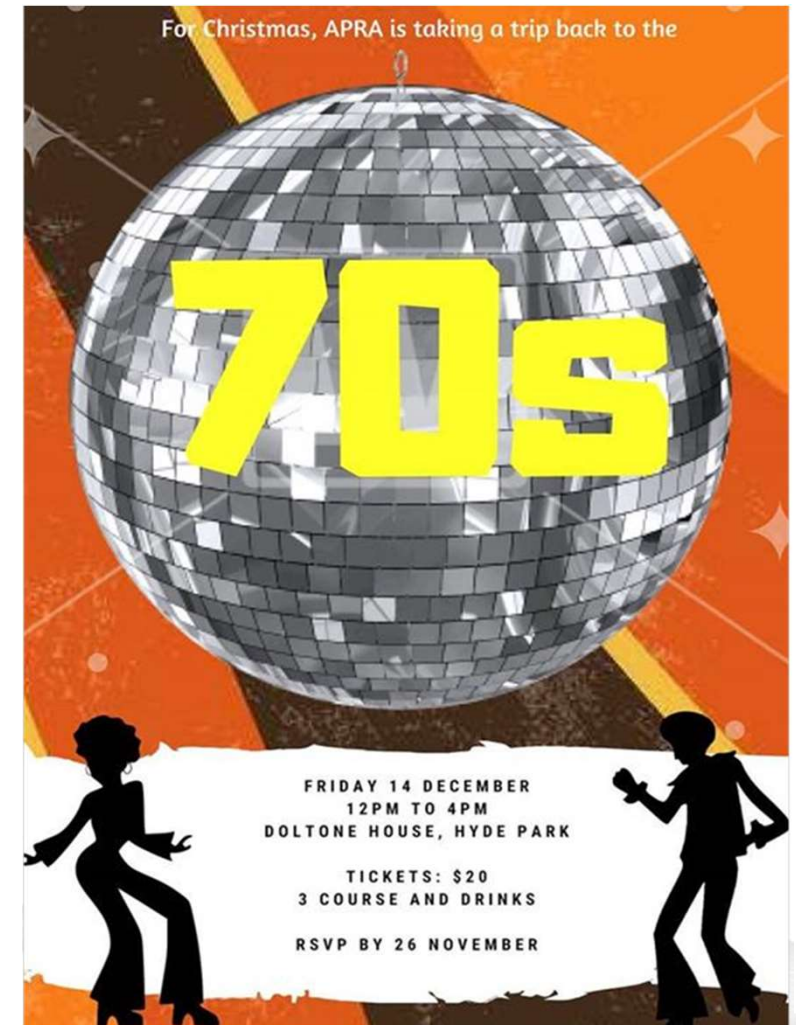
s 22

End-of-Year Party Taskforce

- **Organise the following year's End-of-Year Party (2023!)**
 - Theme
 - Venue options
 - Catering
- **Assist in this year's End-of-Year party and take lead the following year.**



APRA



Virtual/Hybrid Events Taskforce

- Organise virtual events that can be used to bring people across APRA together AND raise money for the End-of-Year Party!
- Made up of Sports Taskforce, I&D Liaisons & Drinks and Purchasing Coordinators



APRA



Sydney Social Club Presents

APRA'S TRIVIA NIGHT

2 July at 4:00pm

Final submission of teams: COB 25 June

COST OF ENTRY: \$5 PER PERSON

PRIZES:

- 1ST PLACE = \$20 PER PERSON
- 2ND PLACE = \$10 PER PERSON
- 2ND LAST PLACE = MONEY BACK GUARANTEED (\$5 PER PERSON)

After you have signed up, make sure to fill out the survey using the following link (also provided in QR Code Form) for the APRA-feud round!
Link: <https://www.surveymonkey.com/r/rFY3M3S>



I&D Liaisons



APRA

- **Be the main point of contact between Social Club and our Inclusion & Diversity streams**
- **Liaise with I&D streams to organise events and foster inclusivity**

Inclusion
& Diversity



Sports Taskforce

s 22



APRA

- **Maintain the Sports Activity Register.**
- **Respond to queries regarding sports.**
- **Organise APRA's participation at the 2022 NSW Corporate Games.**
- **Assist in distributing APRA sports gear.**
- **Facilitate Steptember.**
- **Help facilitate APRA-wide sports tipping competitions (AFL, NRL, EPL etc)**

s 22



Drinks & Purchasing Coordinators

s 22

- **Organise Friday night drinks.**
- **Create roster and liaise with drinks hosts as necessary.**
- **Liaise with Executive Assistants and Administration Coordinators.**
- **Purchase all necessary drinks and food.**



Questions

The information contained in this presentation is general in nature and does not take into account the particular investment objectives or financial situation of any person. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (express or implied) and is not an invitation to buy or sell any Listed Shares, Insurance, Superannuation, Investment and or financial product or service. No decision should be made on the basis of this presentation without first seeking expert financial advice. Any predictions or views contained in this presentation are those of the Australian Prudential Regulation Authority (APRA) (ABN 79 635 582 658). APRA does not represent or guarantee that the information is accurate or free from errors or omissions and APRA disclaims any duty of care in relation to the information and liability for any loss resulting from reliance on the information in making investment decisions.



LIFE @ APRA

APRA Social Club

Welcome to the Social Club APRAnet page!

The Sydney, Melbourne and Brisbane Social Clubs offer activities and services to employees to provide some light relief from work and provide opportunities for social interaction. Funds raised at events go towards charities or funding for future APRA events such as the End of Year parties.

At a glance

Learn more about:

- [How you can get involved](#)
- [About us](#)

Social club news and announcements

[See all](#)

Will you take the Banking & Finance Oath this August?

The Banking & Finance Oath (BFO...
s 22

4 days ago



Axcess Christian Group Call-out

s 22

5 days ago



Meet our 'Persian Night Club' Social Club Drin...

Dust off your disco outfits...

s 22

5 days ago



Get Excited - EPL Season 2022/2023 is...



Social Club Policies



Social Club Charter



Charity Policy



Social Club Drinks Hosting FAQs

Useful Links



Axcess Christian Group Info

Social Club Calendar

[See all](#)

+ Add event



No upcoming events

No upcoming events are scheduled. Check back again later.

Get involved

^ Attend an event

Social Drinks

Social Drinks are held at Level 10 in the Hub Area from ^{s 22}
^{s 22}. The hosting duties are rotated through cost centres during the year. These drinks provide staff with a great opportunity to meet new people, to chat with friends over a few drinks and to wind-down after a hard week of work.

The hosts can refer to the [Social Club Drinks Hosting FAQs](#) **for information about what they need to do to prepare.**

^ Help support a charity

Charity collections

Please note: our charities process is currently under review. The Social Club will not be running any charity drives until this process is finalised.

Every fortnight, APRA staff can show their support by donating to the selected charity as highlighted in the Social Club news section above. All monies will be collected virtually through [MyCause](#) and automatically deposited to the nominated charity organisation.

APRA has been a proud and substantial supporter of various charities including the Starlight Foundation, World AIDS Day, Jeans for Genes Day, Breast Cancer Australia, Leukaemia Foundation and many more.

Follow this page (click the star at the top right) to stay up to date on the Social Club's charity collections and other charity activities.

Please contact the [Sydney Social Club email](#) for any matters relating to charity collections.

^ Get involved in a sport

The Sydney Social Club provides a great point of contact if you're interested in participating in any sporting or physical activity, whether it be sporting competitions during lunchtime or through other sporting events such as fun runs and corporate cups. It's also a great way to meet and interact with other APRA employees and become aware of out-of-work activities!

As part of APRA's ongoing commitment to providing our employees with an appropriate balance between their working and personal lives, APRA has a policy whereby the entry/registration fees of certain sporting activities are shared 50/50 with staff.

For more information, please send an email to the Sports Coordinators, ^{s 22}
^{s 22}

APRA sporting merchandise

To get your own APRA sporting merchandise (T-shirts, singlets and caps), please make an order using SHOP.

The sports subsidy process

There's a 50% subsidy for APRA employees participating in corporate sports events.

Contact ^{s 22} or ^{s 22} to discuss the T&Cs around eligibility for the subsidy and how to claim your subsidy. Subsidies will be given on a team basis for sports listed in the table above, and on an individual basis for weekend running events such as City2Surf, SMH Half Marathon and Blackmores. Please

note that the subsidy is organised as a reimbursement and that the team name must contain "APRA" to be eligible. Subsidies are paid using an EEV form with cost centre ^{s 22} and account code ^{s 22}

If you wish to apply for a subsidy, please follow the process below

1. Download a copy of the Employee Expense Voucher (EEV) form and fill in the details required
2. Complete the EEV Form and attach the relevant the tax invoice/receipt then email to the Sports Coordinator, ^{s 22}
3. The Sports Coordinator will then hand the EEV form and proof of purchase to P&C for processing.

Rules for receiving the subsidy are as follows:

- There must be at least 5 APRA employees participating in the event;
- Employees should, where possible, compete in sporting attire displaying the APRA logo (which can be ordered through SHOP);
- Team names must contain 'APRA' (either directly, or creatively e.g. APRAcadabra);

About us

^ Sydney Social Club Committee

Sydney Social Club Committee (SSCC)

SSCC office holders are Sydney office employees who work on a voluntary basis. If you'd like further information about each role, you can view the [Social Club Charter](#).

Executive

s 22

President



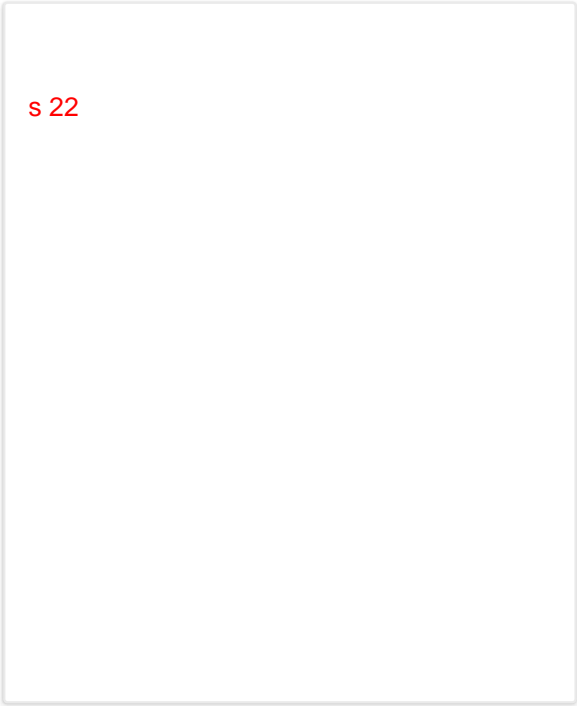
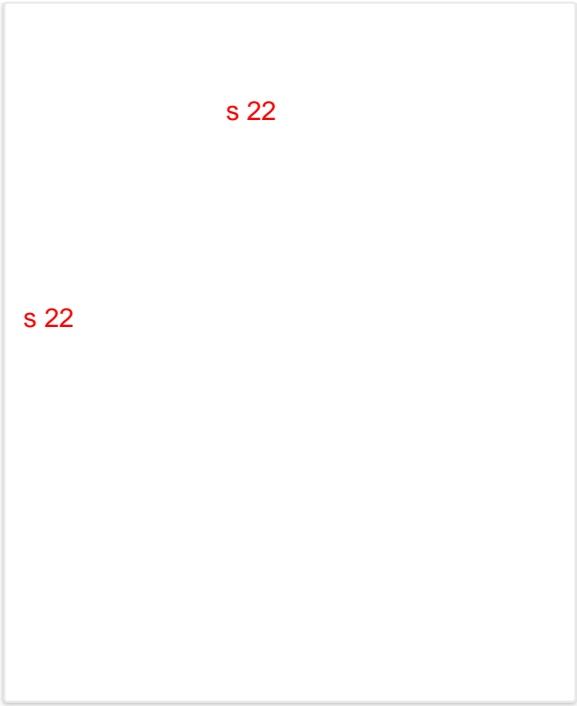
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Secretary


s 22

Treasurer


Communications Coordinators




End of Year Party Taskforce



s 22

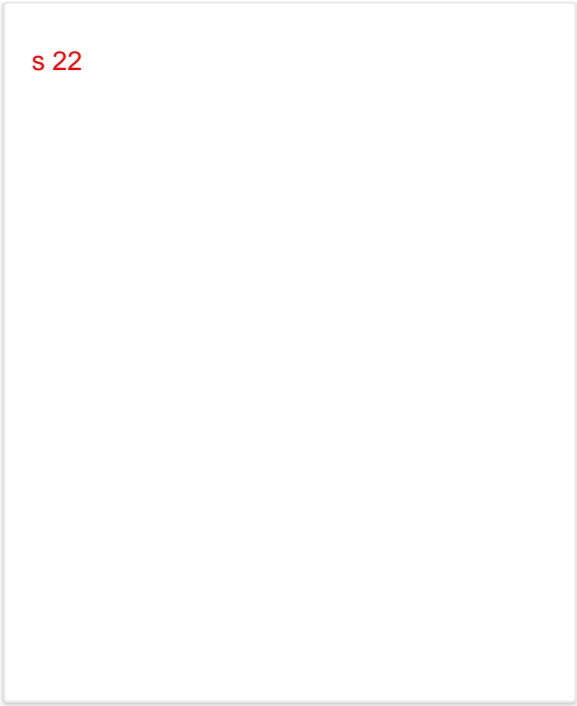


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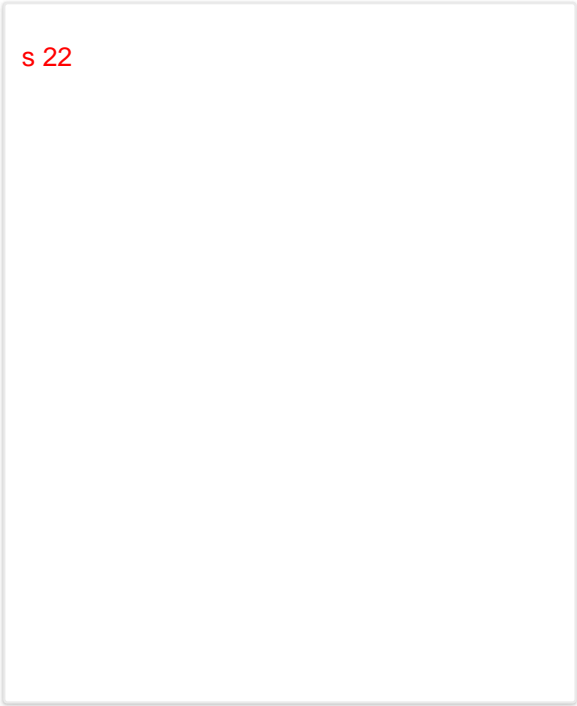


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Charity & Raffle Coordinators



Sports Taskforce




Inclusion & Diversity Liaisons


s 22

s 22

Purchasing & Drinks Coordinators

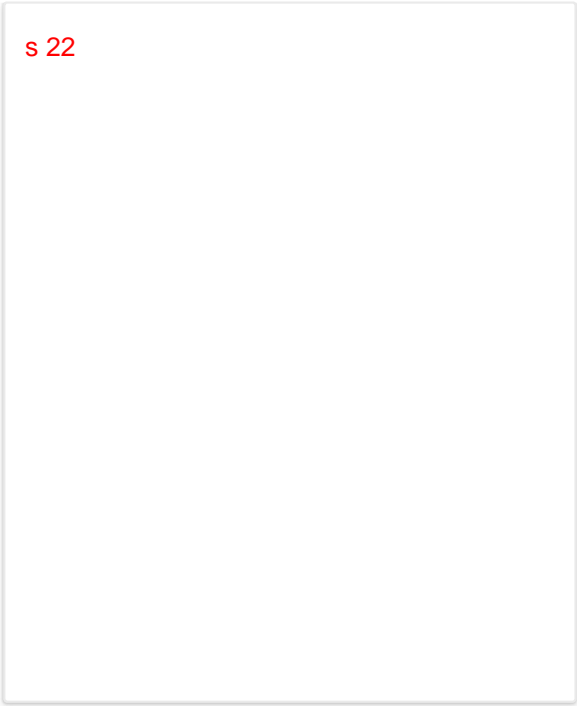


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Events Coordinator



^ Melbourne and Brisbane Social Clubs

Melbourne Social Drinks

The Melbourne and Brisbane Offices also have Social Clubs comprised of staff members working in Melbourne and Brisbane. Activities include charity collections, Christmas and mid-year functions and monthly drinks.

For general Melbourne enquiries, please contact

s 22

For general Brisbane enquiries, please contact

Key contacts for the Social Club APRAnet page

s 22

APRAnet Glossary

Acronym	Full term	Definition	Link
1MP	1 Martin Place	APRA's Sydney office	
AASB	Australian Accounting Standards Board	Australian Government agency responsible for developing, issuing and maintaining principles-based Australian accounting and external reporting standards and guidance	Website
ABS	Australian Bureau of Statistics	Australian Government's national statistical agency, providing key official statistics on a wide range of economic, environmental and social issues to assist and encourage informed decision-making, research and discussion within governments and the community	Website
ACCC	Australian Competition and Consumer Commission	Independent Commonwealth statutory authority whose role is to enforce the <i>Competition and Consumer Act 2010</i> and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.	Website
ADI	authorised deposit-taking institution	Banks, building societies and credit unions authorised by APRA to conduct banking business in Australia	
AFCA	Australian Financial Complaints Authority	Dispute resolution scheme for financial services that considers complaints that previously would have been handled by the Financial Ombudsman Service, the Credit and Investments Ombudsman and the Superannuation Complaints Tribunal	Website
AGS	Australian Government Solicitor		
AGSVA	Australian Government Security Vetting Agency	Australian Government agency responsible for the processing and granting of security clearances for the majority of Australian Government agencies and state and territory agencies	Website
AICD	Australian Institute of Company Directors	Not-for-profit membership organisation for directors focused on governance	Website

Acronym	Full term	Definition	Link
AIST	Australian Institute of Superannuation Trustees	Not-for-profit membership organisation representing the interests of Australia's profit-to-member superannuation industry, with members including trustee directors and employees of industry, corporate and government superannuation funds	Website
ANAO	Australian National Audit Office	Specialist public sector practice providing a full range of audit and assurance services to the Parliament and Commonwealth public sector entities and statutory bodies	Website
APS	Australian Public Service		
APRA	Australian Prudential Regulation Authority	Independent statutory authority that supervises institutions across banking, insurance and superannuation and promotes financial system stability in Australia	Website
APSC	Australian Public Service Commission		Website
ARC	Audit and Risk Committee	APRA committee	Intranet
ASFI	Australian Sustainable Finance Institute, formerly the Australian Sustainable Finance Initiative		Website
ASIC	Australian Securities Investment Commission	Australia's corporate, markets and financial services regulator	Website
ASX	Australian Securities Exchange		Website
ATO	Australian Tax Office		Website
BCBS	Basel Committee Banking Supervision	The primary global standard setter for the prudential regulation of banks and a forum for regular cooperation on banking supervisory matters. Its 45 members comprise central banks and bank supervisors from 28 jurisdictions, including APRA and the RBA	Website
BCM	Business Continuity Management		
BCP	Business Continuity Planning		

Acronym	Full term	Definition	Link
BEAR	Banking and Accountability Executive Regime	Administered and enforced by APRA, the regime establishes heightened expectations of accountability for ADIs, their directors and senior executives	
BFO	Banking and Finance Oath		
BI	Business Interruption insurance	Insurance intended to provide protection for losses or increased costs caused by specified insured events, like fire, storm or theft. Business interruption cover is usually provided when there has been physical damage to property by the insured events.	
BMs	Business Managers	APRA employees	
BNK	Banking Division	APRA Division	Intranet
BPR	Business Performance Reviews		
CET	common equity tier		
CEU	court-enforceable undertaking		
CFO	Chief Financial Officer	APRA employee	Person profile?
CFR	Council of Financial Regulators	Coordinating body for Australia's main financial regulatory agencies, with four members: APRA, ASIC, the Australian Treasury and the Reserve Bank of Australia, which chairs the Council	Website
CIA	Chief Internal Auditor	APRA employee	Person profile?
CID	Cross-Industry Insights and Data	APRA Division	Intranet
CIO	Chief Information Officer	APRA employee	Person profile?
CLF	Committed Liquidity Facility		
CMR	Credit & Market Risk	APRA team	
COO	Chief Operating Officer	APRA employee	Person profile?
CPSU	Community and Public Sector Union		

Acronym	Full term	Definition	Link
CRO	Chief Risk Officer	APRA employee	Person profile?
CSO	Chief Security Officer	APRA employee	Person profile?
CTP	compulsory third party insurance		
CVA	Climate vulnerability assessment		
D2A	Direct to APRA	Old APRA system replaced by APRA Connect	
DAI	Data Analytics & Insights	APRA team	
DII	Disability Income Insurance		
DMP	Decision Making Procedure		
EA	Enterprise Agreement		
EB	Executive Board	APRA Board comprising all APRA Members that has ultimate accountability for the effective operation of the organisation, and has established and delegated responsibility for overseeing aspects of APRA's operations to a number of committees	Intranet
EBQFA	Exception-Based Quarterly Financial Analysis		
EBR	Executive Board Risk		
ECG	Employee Consultative Group	APRA group representing all Level 1-4 employees on the terms and conditions of their employment	Intranet
EMC	Enable Modern Collaboration	APRA project initiated to deliver a new APRAnet, an integrated messaging service and a next-generation collaboration technology foundation	Intranet
EM	Executive Minutes	Important means of APRA communication with our Ministers (the Treasurer and other Ministers), either for information or for approval/noting	Intranet
EMM	Executive Management Meeting	Weekly APRA executive and senior management team meeting to share key management issues and ensure leaders are up-to-date with the latest developments, with a sharp focus on highlighting material matters that need	Intranet

Acronym	Full term	Definition	Link
		to be effectively coordinated and communicated across the organisation	
EO	Executive Office	APRA team	
EPR	Enterprise Policy Register		App
ERICA			
ERM framework, ERMF	Enterprise Risk Management Framework		
ESD	Enterprise Services Division	APRA division responsible for the provision of enterprise strategy and risk management as well as other enterprise-wide policy and services that support the achievement of APRA's strategic objectives	Intranet
ESS	Employee Self Service		
ESS	Entity Supervision Strategy	APRA risk response tool articulating our supervisory approach for an entity	Intranet
ExCo	Executive Committee	APRA committee	Intranet
FAR	Financial Accountability Regime		
FCS	Financial Claims Scheme	Australian Government scheme that was established during the 2008 global financial crisis to provide financial protection for consumers in the unlikely event of a failure of a bank, credit union, building society or general insurer	Website
FELIX	Financial and Economic Library and Information Exchange		App
FOI	Freedom of Information		
FSB	Financial Stability Board		
FSSA	Financial Sector (Shareholdings Act) 1998		
FTE	full-time employee		
GCRA	governance, culture, remuneration and accountability		

Acronym	Full term	Definition	Link
GI	General Insurance		
GMs	General Managers	APRA employees	
IA	Internal Audit	APRA team	
ICA	Insurance Council of Australia	Representative body of the general insurance industry in Australia	Website
IDC	Inclusion and Diversity Council	APRA committee	Intranet
IDEX			
IDII	individual disability income insurance		
IM	Information Management	APRA's information management system, where we collaborate to analyse and develop the insights needed to ensure we deliver a sound and resilient financial system	App
IMT	Incidents Management Team	APRA team	
INS	Insurance Division	APRA Division	Intranet
IOG			
IPCC	Intergovernmental Panel on Climate Change	United Nations body for assessing the science related to climate change, which provides regular assessments of the scientific basis of climate change, its impacts and future risks, and options for adaptation and mitigation	Website
IRAP	Information Security Registered Assessors Program		Website
LCR	liquidity coverage ratio		
LI	Life Insurance		
LIBOR	London Interbank Offer Rate		
LMI	lenders mortgage insurance		
LVR	loan-to-valuation ratio		

Acronym	Full term	Definition	Link
MADIS	Monthly Authorised Deposit-taking Institution Statistics		
MII	Medical Indemnity Insurance		
MOU	Memorandum of Understanding		
NCPD	National Claims and Policies Database	A comprehensive database of policy and claim on professional indemnity and public and product liability insurance. It contains data on every open, reopened or finalised claim and policy underwritten since 2003 by APRA-regulated general insurers	Website
NED			
NWOW	New Ways of Working	Enhancements to our office environment and collaboration systems to further improve our experience of hybrid working	
OAIC	The Office of the Australian Information Commissioner	Independent Government agency within the Attorney-General's portfolio whose primary functions are privacy, freedom of information and government information policy	Website
OBPR	Office of Best Practice Requirements		
ORC	Operational Risk and Compliance (Operational Resilience)	APRA team	Intranet
P and C, P&C	People & Culture	APRA team	
PAD	Policy and Advice Division		Intranet
PAIRS	Probability and Impact Rating System	APRA's risk assessment model and considers both the probability and impact of the failure of an APRA-regulated entity	
PBS	Portfolio Budget Statement		
PCR	Prudential Coverage Ratio		
PET	Plain English Taxonomy		App

Acronym	Full term	Definition	Link
PHI	Private Health Insurer		
PID	Public Interest Disclosure		
PKB	Precedents Knowledge Base		App
PMIF	Putting Members' Interests First legislation		
POC	Proof of Concept		
PPC	Prudential Policy Committee	APRA committee	Intranet
PPD	Project Planning Document	APRA document	
PPG	Prudential Practical Guide		
PRA	Prudential Regulation Authority		
PSPF	Protective Security Policy Framework		
PYSP	Protecting Your Superannuation Package		
Q		APRA's supervision system	
QFA	Quality Financial Advice		
RADI	Restricted authorised deposit-taking institution		
RAP	Reconciliation Action Plan	APRA plan	Plan
RAP	Remedial Action Plan		
RAPWG	Reconciliation Action Plan Working Group	APRA working group	
RAS	Risk Appetite Statement		
RBA	Reserve Bank of Australia	Australia's central bank and banknote issuing authority, which contributes to the stability of the currency, full employment, and the economic prosperity and welfare of all Australians.	Website
REC	Resolution & Enforcement Committee	APRA committee	Intranet
RFR	Risk-Free-Rates		

Acronym	Full term	Definition	Link
RGSA			
RLO			
RMC	Risk Management Committee		
RoE	return-on-equity		
RoI	Return on Investment		
RPG	Regulator Performance Guide		
RSE	Registrable Superannuation Entity	Registered superannuation licensee - an entity that is a regulated superannuation fund or an approved deposit fund or a pooled superannuation trust but does not include a self-managed superannuation fund.	
RSEs	Registrable Superannuation Entities	Registered superannuation licensee - an entity that is a regulated superannuation fund or an approved deposit fund or a pooled superannuation trust but does not include a self-managed superannuation fund	
RTO	return to office	APRA processes for returning to the office after a COVID lockdown and ensuring all APRA offices are COVID Safe environments for our people	Intranet
SAP	Supervisory Action Plans	APRA planning tool that includes a list of supervision activities to address risks identified in the Supervision Risk and Intensity Risk Assessment and Entity Supervision Strategy	Intranet
SAS	Supervisory Approach & Systems	APRA team	Intranet
SDT	Superannuation Data Transformation	Launched in November 2019, this multi-year project will upgrade the breadth, depth and quality of APRA's superannuation data collection	
SDU	Strategic Delivery Unit		
SFIs	Significant Financial Institutions		
SHOP	Service & Help Online Portal		App

Acronym	Full term	Definition	Link
SIG	Security and Information Governance	APRA team	Intranet
SME	small and medium-size enterprise		
SME	subject matter expert		
SMSF	self-managed superannuation fund		
SOARS	Supervisory Oversight and Response System	APRA system used to determine the appropriate supervisory response based on PAIRS risk assessments	
SOC	Supervision Oversight Committee	APRA committee	Intranet
SQG			
SRI	Supervision Risk and Intensity		
SSD	Supervisory Support Division	APRA division	Intranet
STA	Supervision Training Academy	APRA training function set up to train and upskill our supervisors, respond to changing expectations and uplift our enforcement and cyber capabilities	Intranet
SUP	Super Division	APRA division	Intranet
TO	Treasurer's Office		
TPD	total and permanent disability		
TRP			
YFYS	Your Future, Your Super	Government reforms that came into effect on 1 July 2021, requiring the superannuation industry to improve its efficiency, transparency and accountability to ensure superannuation works in the best financial interests of all Australians.	Website



Supervision model - overview

s 22

February 2022

QUESTION 1

Tell us about yourself



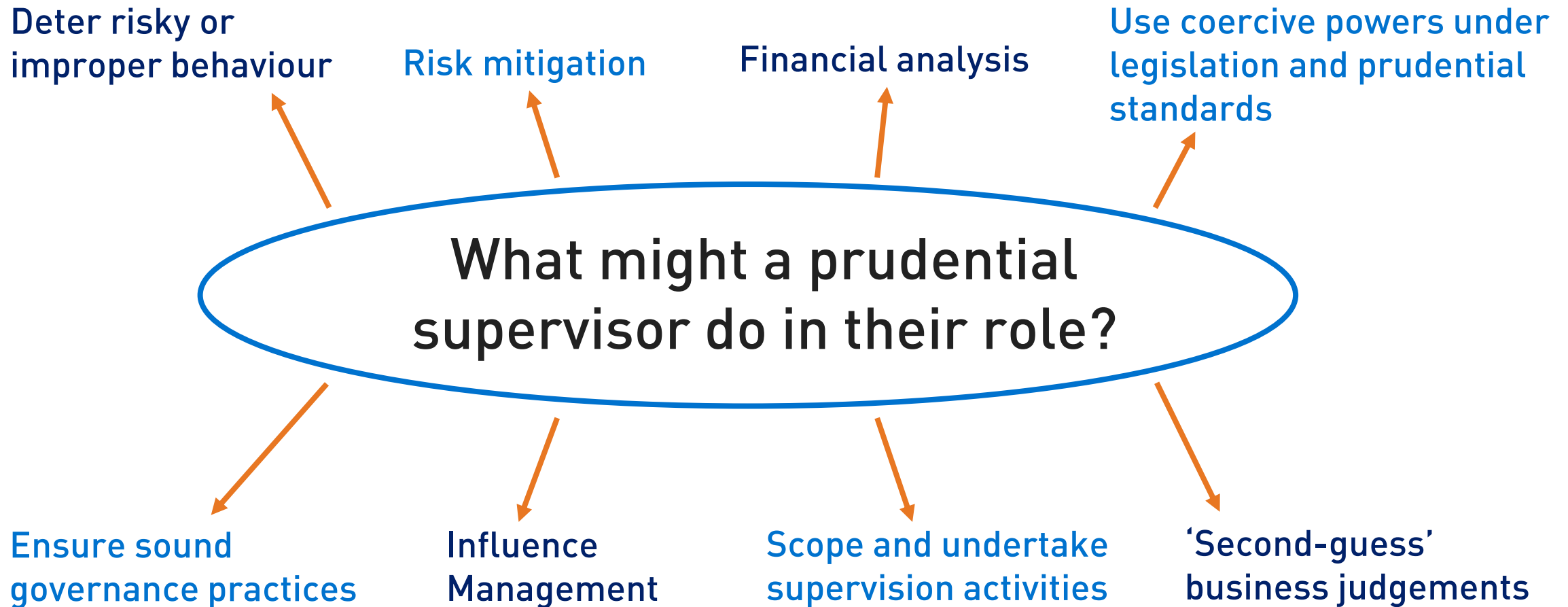
1. Your name

2. Team – what you do at APRA...

3. How you feel after a week at APRA...

4. Your preferred energiser to get you through training...

5. Where you are now (physically)...



Learning outcomes

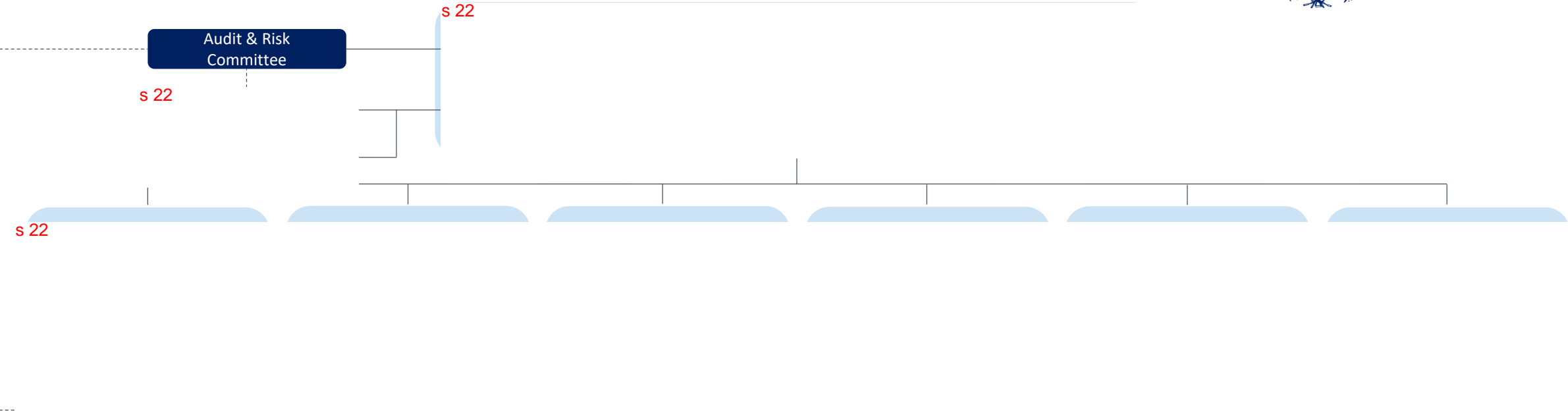
1. Explain **APRA's purpose** (and supporting structure)
2. Recognise key initiatives in APRA's **corporate plan**
3. Identify key aspects of APRA's **supervision philosophy**
4. Describe APRA's **supervision cycle** and our supervision tolerances
5. Describe key elements of the **SRI model** & supervisory toolkit



1. APRA's purpose



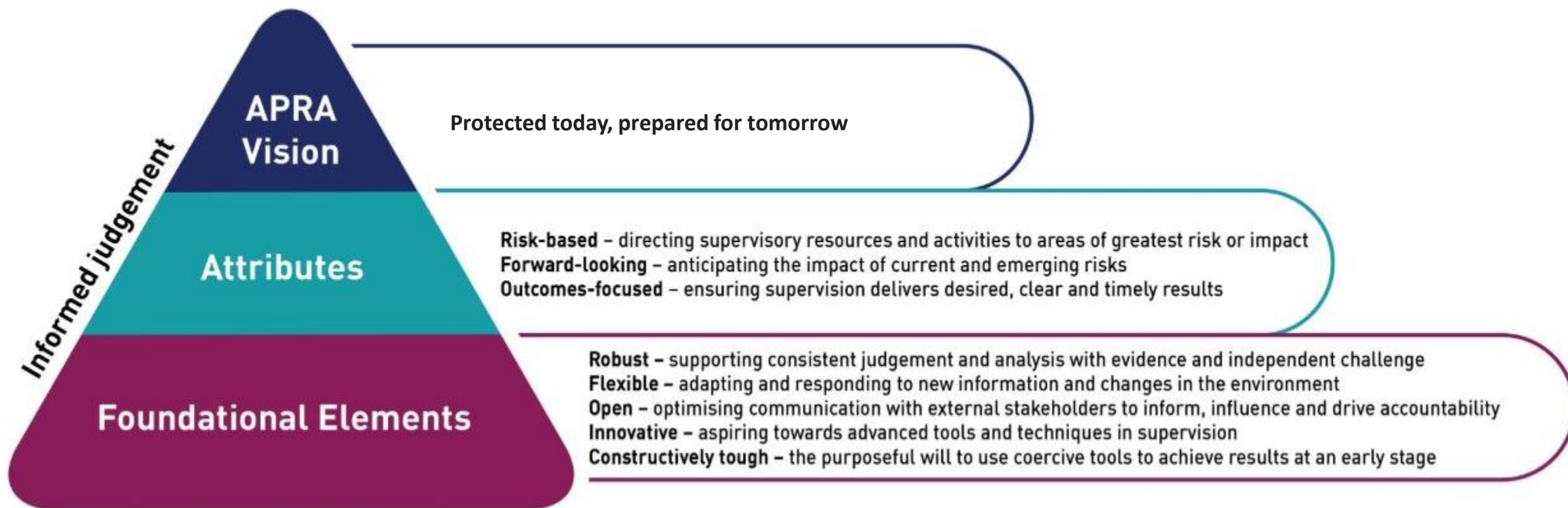
1. APRA's operating structure



2. Corporate Plan – on a page



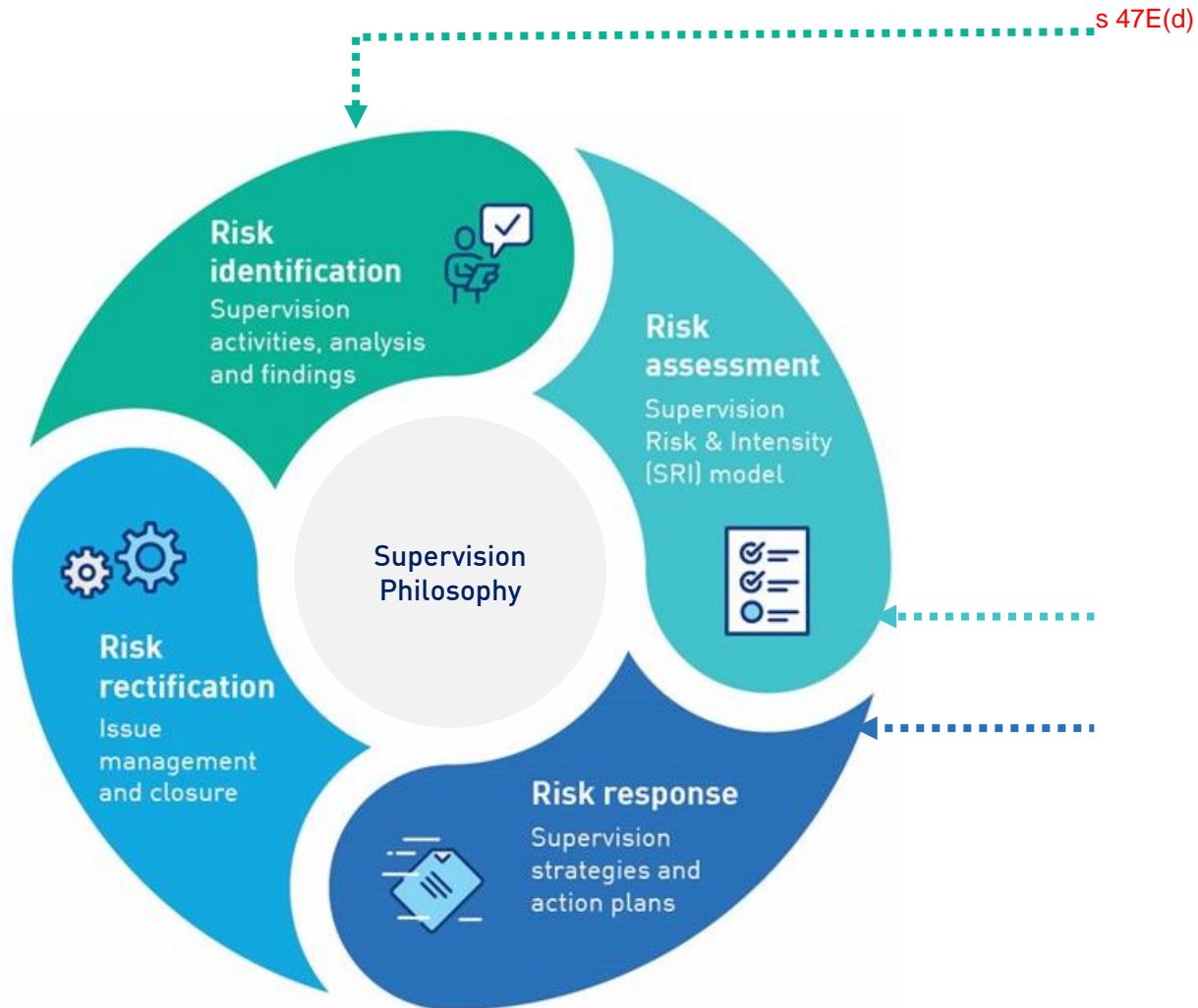
3. Supervision Philosophy



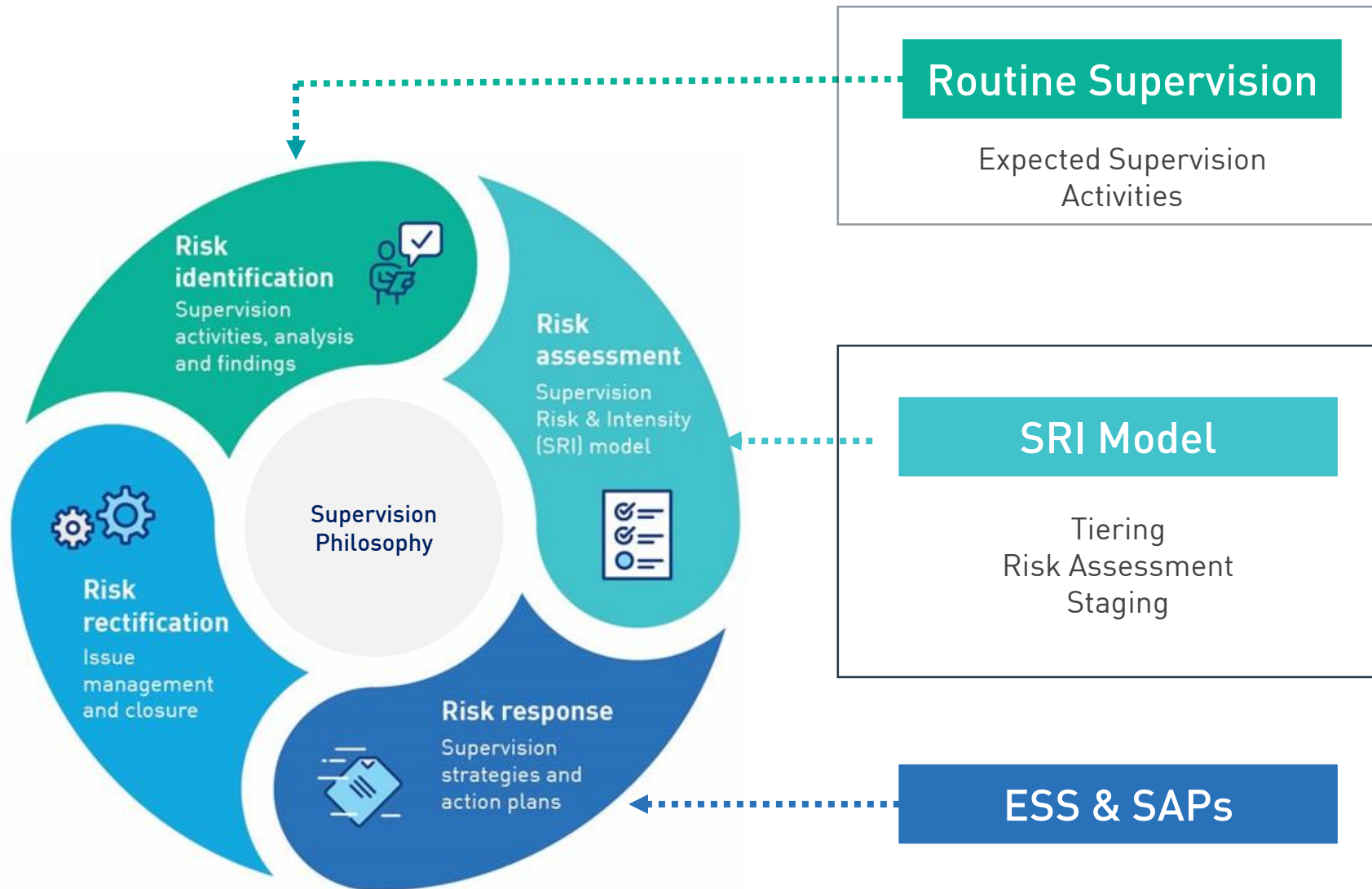
Where can I find a more detailed version of the Philosophy?

The Supervision Fitness Program homepage - [Philosophy](#)

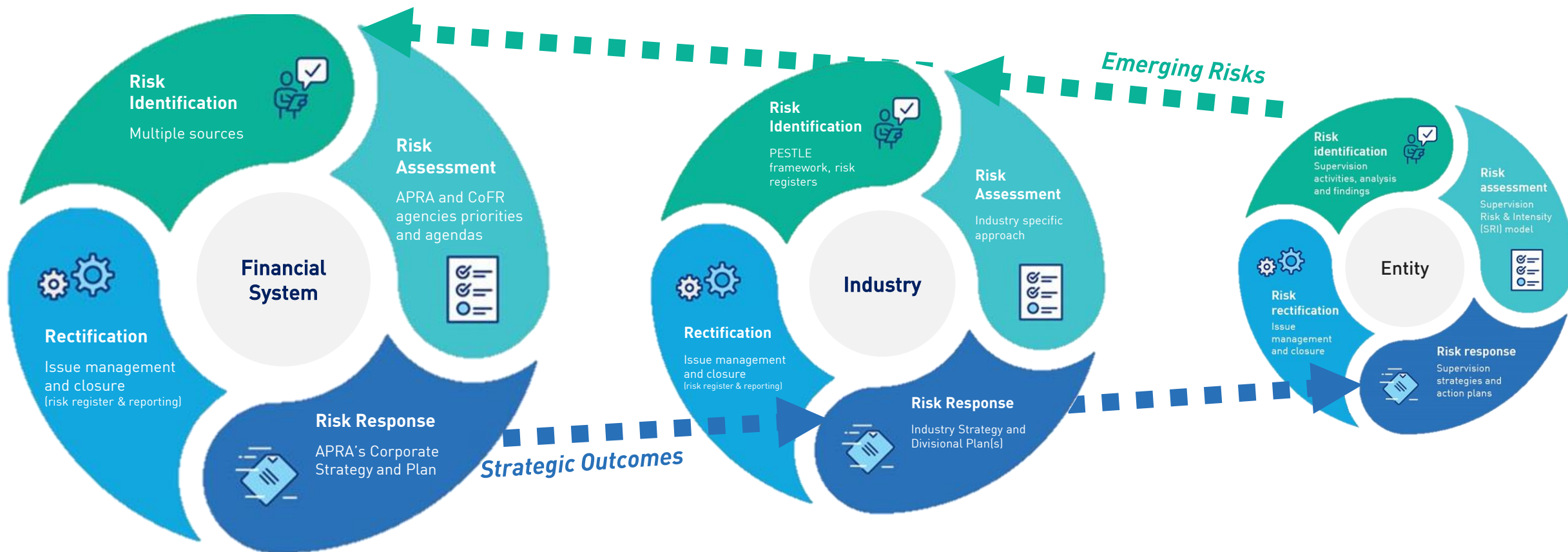
4. Supervision cycle and risk appetite



4. Supervision cycle: entity-focused



4. Supervision cycle – across industry & the system



5. Supervision Risk and Intensity Model (SRI)



New approach

- **Total Prudential Risk**

- A model that is **fit** for purpose for each industry
- An **adaptable** and **flexible** model able to capture emerging risks
- Rating scale more in line with a model based on **subjective assessments**
- **Proportionate** to the overall risk of the entity
- Ability to build in **new risk categories** and **data driven** decisions

New Supervisory Intensity

- **Clear** delineation for increase APRA attention for:
 - Importance to Australian community
 - Additional risk
- Connected with **APRA's enforcement approach**

5. Introducing SRI: Risk assessment - categories



Tier 4 Entities

Group Category (Green Level)

Gross Risk

Governance and Risk Management

Financial Resilience

Tier 1, 2 and 3 Entities

Category (Blue Level)

Superannuation

Banking

Insurance

External Factors

Business Risk

Member Outcomes

Customer Outcomes

GCRA

Business and Central Functions

Risk and Compliance Functions

Audit

Financial Resilience

Capital

Liquidity

Capital & Liquidity

Recoverability

Operational Resilience

Tier 1 and 2 Entities

Sub-Category (Red Level)

Superannuation

Banking

Insurance

Strategy

Inherent risk of the portfolio
Performance

Governance
Risk Culture
Remuneration
Accountability

Strategic Planning
IT/Cyber Risk
*Industry Specific Risks (management & control)

Capital
Liquidity

* Superannuation (Investments, Business Operations), Banking (Credit, Market, Operational), Insurance (Insurance, Credit, Investments, Operational)

5. Introducing SRI: Rating scale



Rating A	Minimal risk
Rating B	Acceptable risk
Rating C	Moderate risk
Rating D	Material risk
Rating E	Significant risk
Rating F	Critical risk



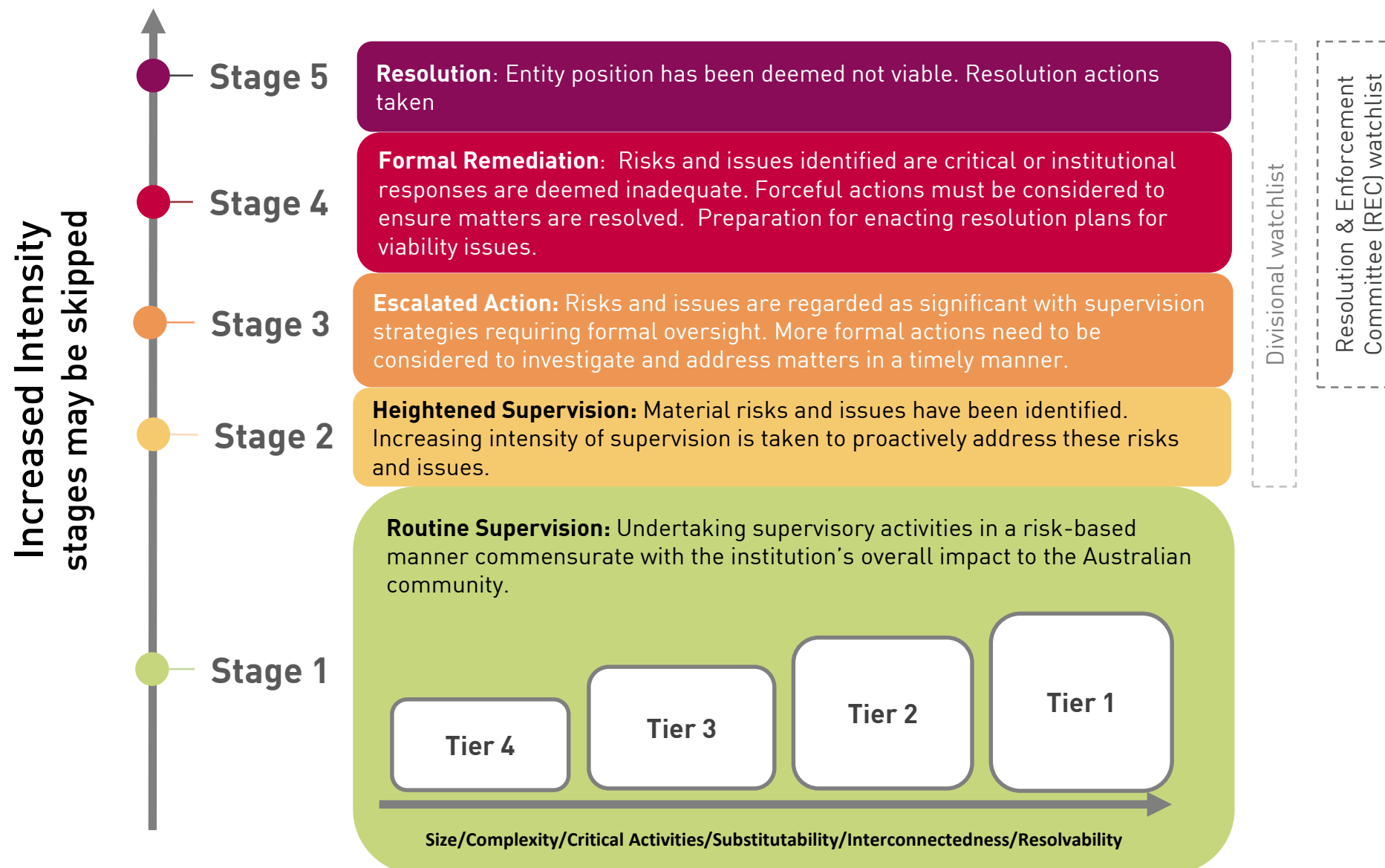
Typical for A-C rated risks:

- **Will remain in routine supervision (stage 1)**
- Risks and issues either accepted or addressed in routine supervision
- Enforcement actions may still be used for these issues (e.g. for deterrence)

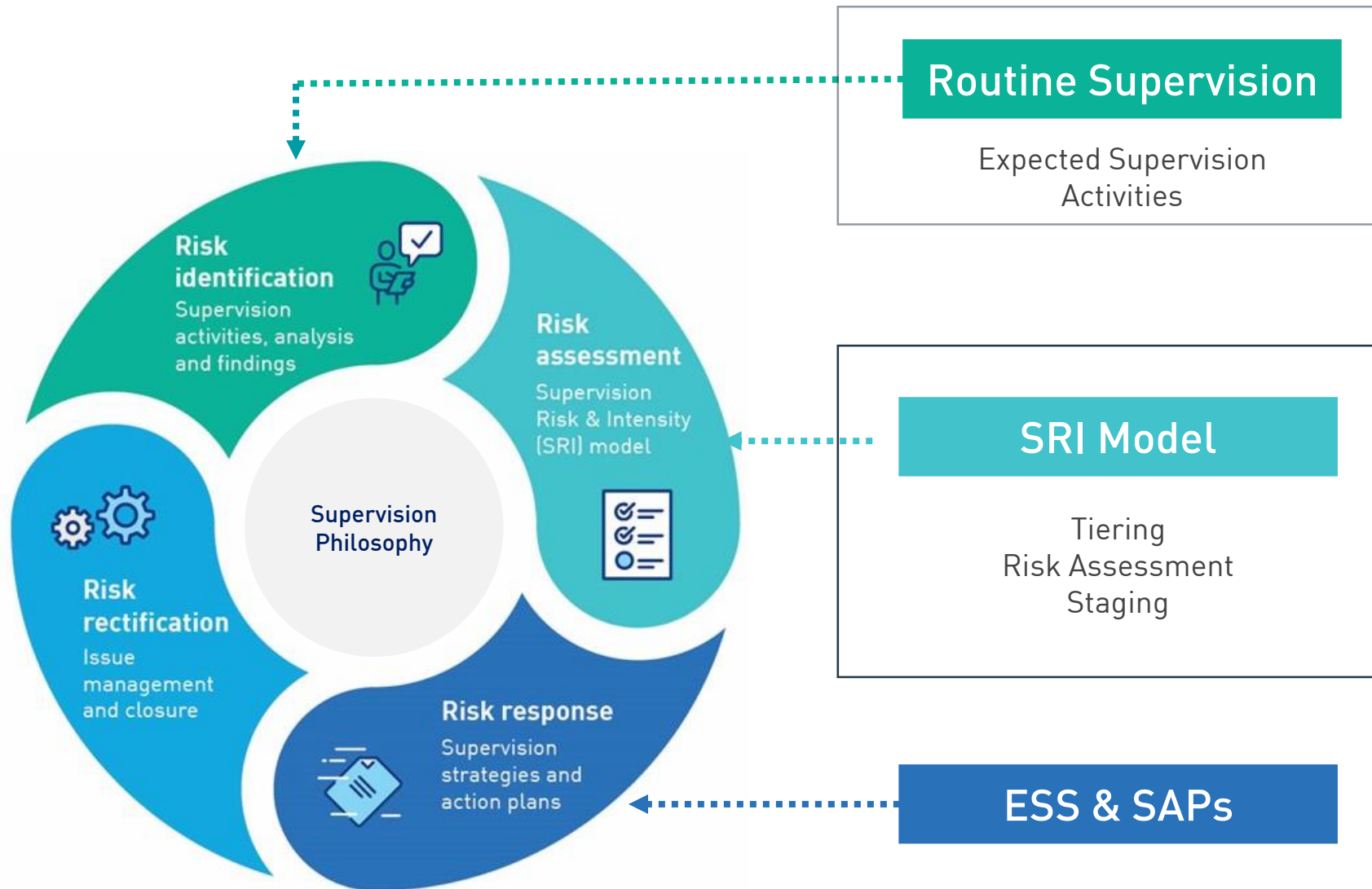
Typical for D-F rated risks:

- **Will result in a higher stage (stages 2-5)**
- Will result in entity being on divisional, and potentially REC, watchlists
- Worse ratings result in worse [staging](#)
- **Multiple ratings at this level will further impact staging**
- Enforcement actions must be considered

5. Introducing SRI: supervision intensity



4. Supervision cycle: entity-focused



5. Supervision activities



QUESTION

What supervision activities do we do to identify the risks we assess?



5.

s 37(2)(b)

s 37(2)(b)



APRA

5. s 37(2)(b)

s 37(2)(b)

s 37(2)(b)



5. s 37(2)(b)

s 37(2)(b)

|



5. SRI Model processes



“Ensure its **dynamic**”



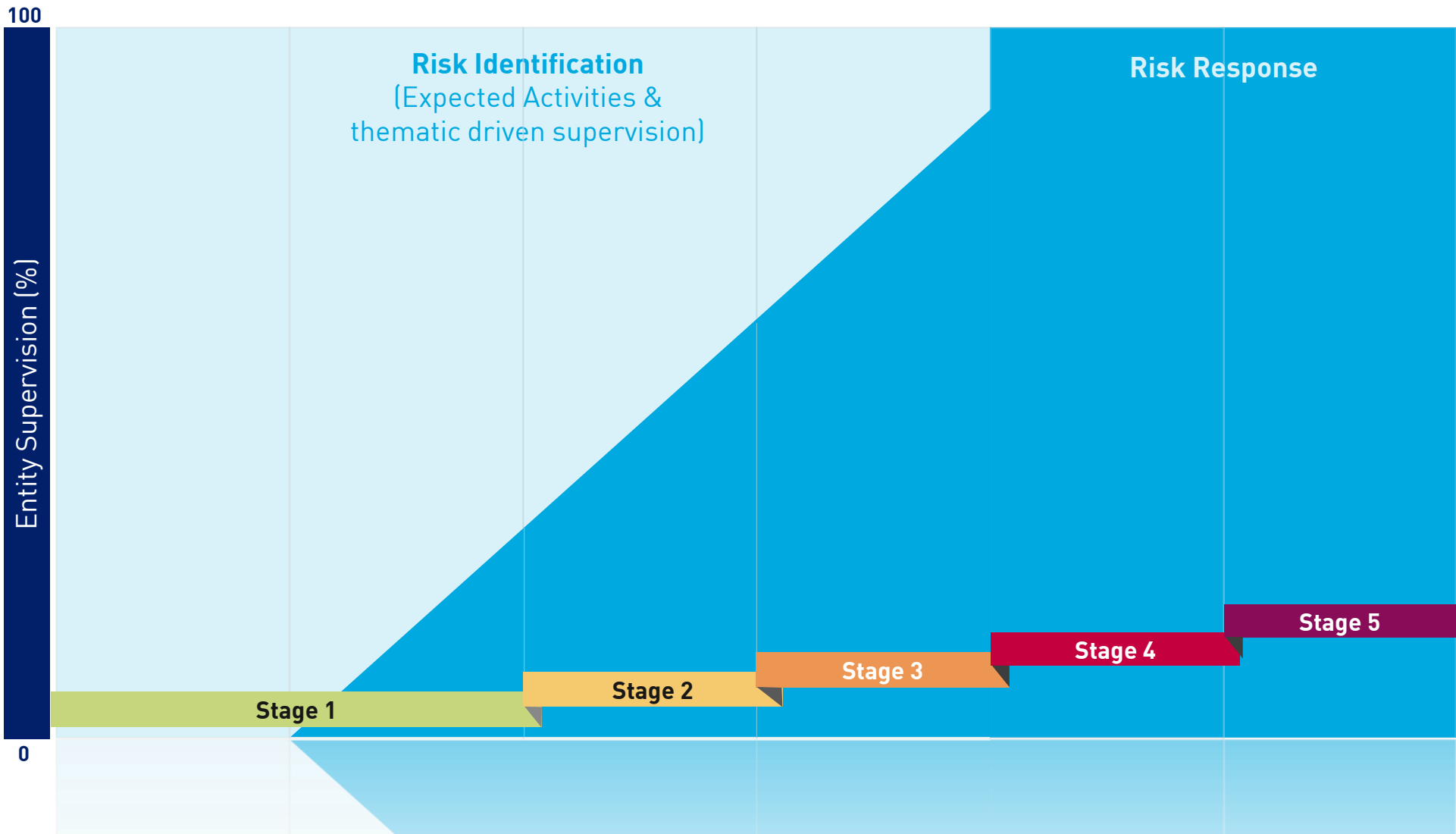
Remember

Update annually or when Tier/Stage changes

Supervision intensity and focus



Activities adapt as entity moves through stages



How to get assistance



1. Ask your manager and peers

... if they don't know the answer, they'll be able to point you in the right direction.

2. Check out the [Supervision Model Knowledge Base](#)

... a treasure trove of supervision user guides, procedures, best practice guides

3. Email us or send a shop ticket.

Learning outcomes

- ✓ Explain **APRA's purpose** (and supporting structure)
- ✓ Recognise key initiatives in APRA's **corporate plan**
- ✓ Identify key aspects of APRA's **supervision philosophy**
- ✓ Describe APRA's **supervision cycle** and our supervision tolerances
- ✓ Describe key elements of the **SRI model** & supervisory toolkit



Post-reading



- [Our Mandate, Vision & Values](#)
- [Structure with governance committees](#)
- [APRA's Supervision Philosophy](#)

Post-reading

- [2021-2025 APRA Corporate Plan](#)
- [APRA supervision priorities 2022](#)





Thank you

Security	
About Security	
Security & Me	
Security Policies, Guidelines & Procedures	
Security Awareness	
Security Clearances	
Privacy at APRA	
Quick Links	
Security Group home	
Information Classification	
Australian Government Security Vetting Agency (AGSVA)	
AGSVA's change of circumstances form SVA 003	
Security Attestation Form	
SecureDoc	
APRAnet feedback	
www.apra.gov.au	

Home > About APRA > Security

Security awareness resources

Welcome to APRA's security awareness resources page. This page brings together a range of resources to help keep you, your friends and family safe online.

AirBus videos

A collection a fun videos made by AirBus on serious security issues.

Airbus Group - Security Spearphishing - YouTube

Airbus Group - Security USB - YouTube

Airbus Group - Security Badge - YouTube

Airbus Group - Security Homework - YouTube

Airbus Group - Security Traveller - YouTube

Airbus Group - Security Social Network - YouTube

Safer internet day 9 February 2021

To mark the day the eSafety Commissioner has released some new research on the Digital Lives of Aussie Teens, as well as two new resources for young children, the Swoosh, Glide and Rule Number 5 picture book and My Family Rules song by Lah-Lah.

2020 Cybersecurity Awareness Week resources

AUSTRAC presentation

2020 Cybersecurity Awareness Week Quiz

2020 Cybersecurity Awareness Week AUSTRAC presentation questions and answers

Resources to keep you safe online

APRA phishing training presentation

These slides were part of the phishing training provided by Hacklabs to APRA employees.

Stay Smart Online

Stay Smart Online provides simple, easy to understand advice on how to protect yourself online as well as up-to-date information on the latest online threats and how to respond.

ScamWatch

Scammers are increasingly using the internet. Keep up to date with the latest scams and what do to.

Top security tips for personal device use

Advice on how to keep your personal devices (smartphones, tablets and laptops) safe.

Kids Helpline

If you have children aged 5–25 and they have concerns about their online safety, Kids Helpline provides free and confidential online and phone counselling 24/7 on 1800 55 1800.

Online privacy checkup

Information on steps you can take to do an online 'privacy checkup' to help you be more secure on the internet.

My Data Care

If you or someone you know has suffered from a cyber security incident, including identity theft, specialist support is available from IDCARE via the My Data Care portal. A Case Manager will work with you to build a response tailored to your circumstances and a plan to protect your information. IDCARE is Australia's national identity and cyber support community service.

SECURITY POLICY & FRAMEWORK

SECURITY CLEARANCES

SECURITY AWARENESS

TRAVELLING



APRAnews

- Latest news
- Need to know
- APRA Service Awards
- Committee round up
- IT tip of the week

Quick Links

There are no Quick Links.

APRAnet feedback

www.apra.gov.au

Last modifie

Home > Divisions > Enterprise Services Division > Corporate Affairs > APRAnews > Don't be in the dark on privacy

Don't be in the dark on privacy

s 22

is, and why it's important.

challenged our thinking on what privacy



Some of the highlights from his presentation included:

- Privacy can be defined as a state where a party is restrained in how they use your personal information.
- Personal information can be information or an opinion about an identifiable individual, whether the information or opinion is true or not.
- Privacy is not the same as secrecy.
- We are entrusted with a significant amount of personal information at APRA, both within the industries we regulate and that of our people. We should show respect and restraint when handling it.
- Digital companies are using our personal information in more and more sophisticated ways, so it's important to stay aware of what we're sharing, who we're sharing it with and what it will be used for.

More information is available in the [presentation](#) [handout](#).

Other Resources

- [The SIG team's tips for protecting your privacy online](#)
- [Poster: Ten tips to protect your privacy](#)

Privacy and Social Media

- [How to socialise safely online](#)
- [How to configure privacy settings and two-factor authentication on Facebook](#)
- [How to adjust your privacy settings on Instagram](#)
- [How to configure privacy settings and two-factor authentication on Twitter](#)
- [How to adjust privacy settings on Snapchat](#)

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Enterprise Risk Management and Compliance at APRA

8 February 2022



Why do we need to manage Risk at APRA?



Enable our vision, purpose and core objectives



Safeguard our reputation as a regulator



Protect our assets, especially sensitive data



Ensure we meet our legal obligations

Who is responsible for Risk at APRA?



APRA utilises a fit for purpose “Three Lines” model to implement its ERMF

- 1** All APRA staff
All APRA employees have a responsibility to help identify, monitor and manage risk
- 2** Enterprise Risk
Risk Management & Compliance provide independent guidance, oversight and challenge.
- 3** Internal Audit
Internal Audit provides independent risk-based assurance on business performance, risk & compliance matters



Risk Management –

What do I need to know?
What do I already know?



What do I need to know? – Risk



APRA's [Risk Appetite Statement](#) should be referred to as part of your role



APRA's 'risk universe' consists of multiple risk categories: Macro, Industry, Entity and Enterprise Risk



APRA's [Reportable Incident and Escalation Standards](#) sets the expectations with respect to incident identification, escalation and reporting e.g. must log incident within 5 business days.



APRA utilises ERICA to collect its risk profile and presents these to the EB, ExCo and ARC for review and direction.



Employees are encouraged to proactively escalate and report risks and incidents with their manager and/or the RMC team

Business Continuity –

What do I need to know?
What do I already know?



What do I need to know? – Business Continuity



APRA has identified its critical business processes, each division has a Business Recovery Team responsible for continuing or recovering these in a business disruption.



You may work in a team that supports a critical process, if you are needed on the divisional recovery team you will be advised.



APRA's key whole of organisation business disruption response strategy is to work from home. You will be notified if you are required to work from home.



APRA's corporate crisis response teams are the Corporate Crisis Management Team responsible for the overall response and the Incident Management Team responsible for the operational response.



In a crisis/major disruption, you may be contacted by SMS on your mobile phone. If you are asked to reply to an employee roll call you must do so within 30mins.

Integrity / Fraud –

What do I need to know?
What do I already know?



What do I need to know? – Integrity/Fraud



APRA has zero tolerance for fraud as per APRA's RAS given the damage fraud can cause to APRA's reputation and overall operations.



Prompt reporting of fraud to your manager or APRA's Fraud Control Officer is required when fraud is suspected or identified.



All new starters complete the Fraud Awareness online training and the core Compliance online training is mandatory for **all employees and contractors**. Information on fraud can be found on the Fraud and Public Interest Disclosure APRAnet pages.



APRA's Public Interest Disclosure arrangements provide an avenue for employees and contractors to report wrongdoing relating to APRA.



Employees are encouraged to remain vigilant for instances of fraud or unethical behaviour and immediately escalate these to your manager or the appropriate contact.

Compliance –

What do I need to know?
What do I already know?



What do I need to know? – Compliance



Compliance at APRA focus's on APRA's and YOUR commitment to observe statutory & regulatory obligations, APRA's policies and professional and ethical behaviours



The key components of APRA's Compliance Management Framework includes the Compliance Obligations register & assessment, incident management and escalation, Conflicts of Interest framework and compliance training, monitoring and reporting



The **Compliance Obligations** register (located in ERICA) is APRA's register of statutory & regulatory obligations – these obligations must be regularly assessed (based on the risk rating of the obligation)



Acting under an actual or perceived **Conflict of Interest** can undermine APRA's decision making – you are required to declare your **Conflicts** on joining and annually, and update your **Financial Holdings**, **Non Financial Conflicts** and the **Gifts and Hospitality** register in SHOP - as required.

Any questions contact: ^{s 22}

More information

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Knowledge

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My Requests 10

My Stuff

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Home > My Declarations

Non-Financial Conflicts

Disclose non-financial conflicts

Financial Holdings

Update financial holdings

Gifts & Hospitality

Declare gifts or hospitality

Non-Financial Conflicts

Financial Holdings

Gifts & Hospitality

No records found

Security Attestation

Code of Conduct

Security Attestation

No records found

Code of Conduct Acknowledgment

COC0001401
COC0001401 • 8mo ago

APRAnet

Life at APRA

I am a

Our Organisation

Tools & Apps

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Message from s 22

Scanning the Horizon (4 February 2022)

APRA releases its policy and supervision priorities for 2022

How s 22's year-long contract led to a successful career in Super

Message from s 22

Quick links

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SHOP

PeopleHub

T sheets

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Enterprise Policy

SecureDoc

ERICA

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Spring

Adelaide

Brisbane

Canberra

Melbourne

My home office

APRA social club

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Emergency procedures

COVID safety and hybrid working

Workplace ergonomics

My employment

Enterprise Agreement

Traveling to work

Flexibility @ APRA

Annual performance review cycle

Enterprise policies

My wellbeing

My physical wellbeing

My mental wellbeing

Our Inclusion & Diversity

APRA's brand hub

APRA News

My accountabilities

Risk management

Reporting fraud

Security and privacy

Conflicts of interest framework

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Conflicts of Interest Framework

s 22

APRA employees have an obligation to ensure that they are aware of the risk of actual or perceived improper influence on APRA's decision making. Our Conflicts of Interest framework has been developed to ensure that conflicts of interest are identified, declared and managed properly.

Acting under the influence of a conflict of interest may have significant consequences for APRA and the specific individual employee. This could include legal action and reputation damage.

APRA's Conflicts of Interest Framework

Processes and procedures have been developed to ensure that conflicts of interest are managed properly, that APRA's integrity as a regulator is not compromised, and that our employees uphold the highest standards of behaviour.

APRA's Conflicts of Interest Framework outlines how we manage potential, actual or perceived conflicts that APRA employees (and their immediate family members) may have in three key areas:

- Financial holdings and interests in APRA-regulated entities: requirements are set out in the Financial Holding Disclosure Policy
- Gifts and hospitality received from or provided to external parties: requirements are set out

At a glance

- What is APRA's Conflicts of Interest Framework and the three key areas of potential conflicts?
- Conflicts of Interest Declaration Form
- Self-check: Conflicts of Interest questionnaire
- Links to more information







APRA's risk and compliance reporting system

ERICA

Need more information?

- APRAnet – SHOP
- APRA/LIFE at APRA/Conflicts
- Additional information pages, policies, FAQs, guides
- Email to s 22

Key Points

-  Risk management is everyone's responsibility and is not a stand-alone activity
-  Proactive conflicts of interests declarations assists with managing APRA's reputational risks
-  Timely escalation and reporting of incidents enables learning opportunities
-  Prompt identification and reporting of fraud and/or wrongdoing protects both APRA and the individual
-  Employees are encouraged to proactively raise risks with their manager and/or the Risk Management and Compliance team
-  'Practice what we preach'



Information Services

s 22

Feb 2022

What can the library do for you?

1. Research – we'll do the hard work for you.
2. Assistance in helping you find information and staying up-to-date
3. Training in how to get the most from our resources
4. Designing surveys

Research Resources Portal

- Tools & Apps > Research Resources Portal
- One-stop-shop for resources and information
- Organised by topic
- Look out for new look resources coming soon

SECURITY & INFORMATION GOVERNANCE

Research Portal

Click on the '+' to expand the list and select the link for the relevant site/information.

Note: Clicking on the links in the list will open in a new window.

URL (opens in new window)	Description
+ Information type : eBooks (1)	
+ Information type : Financial data (1)	
+ Information type : General (1)	
+ Information type : Legal (7)	
+ Information type : Newspapers (10)	
+ Information type : Research databases (10)	
+ Information type : Superannuation (2)	

Research databases

- Information on what you will find in each of the databases
- Quick guides
- We provide courses on the individual databases

Information type : Research databases (10)

ABI Inform Global	This database is one of the most comprehensive business databases on the market. It includes in-depth coverage for thousands of publications, most of which are available in full text and the latest business and financial information for researchers at all levels.
Australian Financial Review (AFR)	<p>The AFR is now available in full text on the ABI Inform database. Coverage is comprehensive and goes back to 2 September 2013.</p> <p>Accessing the AFR user guide</p>
Credit ratings services	<p>APRA staff can use information from ratings agencies in the course of their work. The most commonly used information is the ratings provided by the ratings agencies. External ratings are a compulsory input in PAIRS and are another source of information when making assessments or regulated entities. The Library has put together some guides to assist you find the ratings information you are after:</p> <ul style="list-style-type: none"> • Finding current ratings or find the ratings via Bloomberg • Finding historical ratings • How to request more detailed ratings and research reports
DynaPages	The one-stop-shop for dynamically updated external information and media coverage on entities, industry information and updates.
EBSCO	A one-stop shop that allows you to search across thousands of magazines or newspapers at a time. You can see how an entity has been reported in the media

Accessing the Australian Financial Review (AFR)

- Register your details so you can access
- Then go to afr.com to log in
- You can then access content from the daily news summary
- You can access other newspapers from ‘newspapers’ in the portal including local and overseas papers

Information type : Newspapers (13)

Adelaide Advertiser	The Adelaide Advertiser is available in full text in the NewsRoom database. Coverage is comprehensive and goes back to 2001 with a 12 hour embargo.
Australian Financial Review (AFR)	An APRA-wide subscription to the Australian Financial Review (AFR) is now available. To get immediate access, please create your afr.com account here using your APRA email address.
Australian Financial Review (AFR)	The AFR is available in full text on the ABI Inform database. Coverage is comprehensive and goes back to 2013 with a 3 day embargo.
Canberra Times	The Canberra Times is available in full text on the NewsRoom database. Coverage is comprehensive and goes back to 2000.
Courier Mail	The Courier Mail is available in full text on the NewsRoom database. Coverage is comprehensive and goes back to 2001.
Financial Times (FT)	An APRA-wide subscription to the Financial Times (FT) is now available. To get immediate premium access, please create your FT.com account here using your APRA email address.

Other services we offer

- Keeping you up to date
 - We can set alerts to help you stay across any issue, topic or entity that interests you
- Training on resources
 - We provide training for individuals and small groups on getting the most out of the resources available
- Designing surveys
 - We provide advice on survey design and are responsible for building and managing all APRA surveys

How to contact us

- Call ^{s 22} or
- send us a SHOP request:
- Security & Information Governance
 - > SIG request
 - > Request a Survey



Remember... if you
haven't found it in
10mins...



...ask a Librarian...

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