STATEMENT OF EXPECTATIONS: AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

July 2026

1. This Statement of Expectations outlines the Australian Government's expectations for how the Australian Prudential Regulation Authority (APRA) will achieve its objectives, carry out its functions and exercise its powers. It is to be read alongside the laws that apply to APRA and the laws that APRA administers.

APRA'S ROLE

2. The Government expects APRA to:
   - 2.1 promote sound prudential outcomes to maintain the strength and stability of the financial system;
   - 2.2 balance the objectives of financial safety, efficiency and competition, contestability and competitive neutrality and, in balancing these objectives, promote financial system stability in Australia;
   - 2.3 support strong, sustainable economic growth including through its approach to regulation and by facilitating the flow of finance in a way that promotes dynamism, innovation and competition without compromising prudential objectives;
   - 2.4 require that regulated entities implement prudent practices in relation to risk management;
   - 2.5 promote a stable, safe and efficient superannuation system that delivers for members and holds trustees to account for performance and member outcomes;
   - 2.6 take a risk-based approach to prudential regulation, with the goal of a low incidence of disorderly failure in a competitive, efficient financial system and the understanding that APRA cannot and should not seek to guarantee a zero failure rate;
   - 2.7 promote a viable, competitive and innovative insurance industry;
   - 2.8 ensure macroprudential policy measures anticipate and appropriately respond to financial stability risks in coordination with relevant agencies, including the Reserve Bank of Australia;
   - 2.9 efficiently collect, analyse and publish data, to enable APRA to perform its functions, to support innovation and competition, to provide information to the public, to assist the Minister to formulate financial policy, and to support other financial sector agencies to perform their functions;
   - 2.10 advance its own technological capability, ensuring its capabilities and a culture of innovation are matched to emerging threats and aligned with the Government's broader cyber security framework; and
   - 2.11 act independently in its regulatory, enforcement and supervisory functions.

THE GOVERNMENT'S POLICY PRIORITIES

3. The Government is focused on building a more productive, more resilient economy that works in the interests of all Australians. As part of this, the Government's goal is for a stable and robust financial system, capable of adjusting to evolving economic conditions, withstanding global volatility and other external shocks and supporting sustainable economic growth, including by promoting dynamism, innovation and competition for the benefit of consumers and businesses.
4. APRA should support these goals by:
   - 4.1 promoting the stability of the financial system for the benefit of the community;

4.2 maintaining a proportionate banking regulatory framework that maintains depositor protection and financial stability, while minimising regulatory burden on smaller banks;

4.3 taking decisive action where systemic prudential or member outcome risks and failures in governance or risk management, have the potential to cause significant harm such as through the recent issues in platform investment governance;

4.4 ensuring increased transparency of member outcomes, performance, and expenditure by the superannuation sector;

4.5 bringing to bear expertise on insurance affordability and availability, including through the collection of insurer data to support the Government to make data-informed decisions;

4.6 requiring regulated entities maintain robust cybersecurity arrangements to ensure the financial and operational resilience of those entities;

4.7 promoting and monitoring responsible use of AI technologies by regulated entities to maintain safety and stability in the financial system;

4.8 promoting prudent practices and transparency in relation to climate-related financial risks;

4.9 working closely with the Government, and members of the Council of Financial Regulators (CFR) on the implementation of reforms to modernise the regulatory framework for payments and digital assets;

4.10 taking a supervision-led and preventative approach, underpinned by early identification of systemic and material risks and a clear willingness to escalate to formal directions and enforcement action where necessary to prevent or remedy significant harm to depositors, policyholders and members, and the financial system;

4.11 minimise the costs and burdens of complying with regulatory requirements for regulated entities, including by applying proportionate requirements, streamlining collection of data, considering different businesses models, and taking a principles-based approach to regulation, ultimately to benefit consumers; and

4.12 being responsive and contributing expertise to financial system policy issues being considered by the Government, including providing data where appropriate and permitted.

REGULATORY APPROACH

5. The Government is committed to driving productivity and economic growth. To support this, in its regulatory activities APRA is expected to:

5.1 adopt a proportionate, risk-based approach. APRA should balance risk mitigation with the need for efficiency, growth, and innovation. This means focusing regulatory, supervisory and enforcement efforts calibrated to the materiality of the risks while actively minimising unnecessary burdens on industry.

5.2 demonstrate regulatory flexibility through targeted adjustments to its regulatory posture and approach as appropriate. This includes tailoring engagement and oversight to the specific risks and needs of different sectors, business models or regulated entities;

5.3 maintain a regular and transparent review program for prudential standards to ensure standards remain necessary, proportionate and aligned with the interests of good prudential and member outcomes, while supporting Parliamentary and public accountability through appropriate publication of review outcomes;

5.4 conduct APRA's regulatory litigation in a manner that is consistent with the Commonwealth's model litigant obligations;

5.5 advance the Government's productivity agenda by working closely with the Government, CFR and other regulators to promote better regulation and productivity growth in the financial sector while not compromising on APRA's ability to fulfil its statutory obligations. This includes active collaboration and information sharing, setting key performance indicators, streamlining information and data requests, simplifying processes, aligning standards and cooperating with other regulators, and identifying, quantifying and supporting reforms that streamline regulation and foster economic dynamism; and

5.6 provide greater transparency of upcoming regulatory initiatives and activities that would materially affect the financial sector, including through the Regulatory Initiatives Grid (RIG) and working with CFR agencies to operationalise the RIG coordination principles.

RELATIONSHIP WITH STAKEHOLDERS

6. In fulfilling its mandate, the Government expects APRA to:

6.1 ensure that its actions are not inconsistent with the policies of the Government, in accordance with section 21 of the *Public Governance, Performance, and Accountability Act 2013*;

6.2 work closely with the Government and Treasury, acknowledging Treasury's policy advisory role, and provide Ministers with relevant information as per subsection 10(2) of the *Australian Prudential Regulation Authority Act 1998*;

6.3 keep responsible Ministers informed of publications, announcements, and engagements, preferably in advance, where significant matters are involved;

6.4 ensure visibility and awareness for the Government and Treasury in exercising its prudential and policy-related functions;

6.5 consult and provide appropriate guidance so that regulated entities have clarity and certainty about how APRA will exercise its powers; and

6.6 engage with APRA's counterpart regulators in overseas jurisdictions and with relevant international standard-setting bodies.

ORGANISATIONAL MATTERS

7. With regard to organisational matters, the Government expects:

7.1 the Chair to have responsibility for the executive management of APRA, consistent with the Chair's role as APRA's Accountable Authority;

7.2 the Chair to delegate executive management functions to APRA staff wherever the Chair considers that this would benefit the executive management of APRA;

7.3 APRA's Executive Board to act collectively under the leadership of the Chair;

7.4 APRA to publish its Statement of Intent in response to this Statement of Expectations on its website, and subsequently incorporate the statements of expectations and intent in its Corporate Plan; and

7.5 APRA, through its Annual Performance Statement, report publicly on the implementation of this Statement of Expectation as reflected within APRA's Corporate Plan.