Statement of Expectations:

Australian Financial Security Authority

November 2026

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

AFSA's role

2. The Government expects AFSA to:

   2.1. be an intelligence-led regulator that effectively collects, links, analyses and, where appropriate, publishes data to identify emerging risks and system harms, understand vulnerability, target regulatory effort, improve service delivery, inform policy development and provide insights into the operation of Australia's credit system;

   2.2. support confidence in Australia's credit system through regulation of a fair and effective personal insolvency system and an accessible and reliable personal property securities system;

   2.3. support the effective operation of credit markets through its administration of the *Bankruptcy Act 1966* (Bankruptcy Act) and *Personal Property Securities Act 2009* (PPS Act);

   2.4. administer restrained property, preserve the value of assets, and dispose of assets forfeited to the Commonwealth in accordance with the *Proceeds of Crime Act* 2002, so that these proceeds can be reinvested to the benefit of the community;

   2.5. support strong, sustainable economic growth including through its approach to regulation;

   2.6. ensure that personal insolvencies are administered fairly and transparently, and in an efficient manner that minimises costs for both AFSA and users of the personal insolvency system, including through high-quality, timely and procedurally fair decision-making;

   2.7. identify and respond appropriately to people experiencing vulnerability, including through human-centred and trauma-informed service design, accessible communication, tailored support and the use of data and insights

to identify barriers and emerging harms, while preserving fair outcomes for creditors and other participants in the system;

2.8. identify and prevent attempts to use the personal insolvency system for improper purposes;

2.9. maintain an effective personal property securities register, including by identifying and addressing frivolous, vexatious, offensive registrations or those contrary to the public interest;

2.10. encourage compliance with the personal insolvency and personal property securities frameworks, investigate instances of non-compliance, and where appropriate, take enforcement action against instances of non-compliance;

2.11. act independently in its regulatory and enforcement functions; and

2.12. exercise its functions in a financially sustainable and fiscally prudent manner.

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 contributing to sustainable economic growth, including by promoting dynamism, innovation and competition for the benefit of consumers and businesses.

4. AFSA should support productivity, investment, business dynamism and resilience by:

4.1. reducing unnecessary regulatory and administrative barriers where legislatively possible, ensuring reliable access to the Personal Property Securities Register, facilitating an efficient insolvency system which supports individuals to return to economic participation;

4.2. minimising the costs and burdens for regulated entities of complying with regulatory requirements, including by applying proportionate requirements, streamlining collection of data, considering different businesses models, and taking a principles-based and outcomes focused approach to regulation, where appropriate and consistent with regulation, ultimately to benefit consumers;

4.3. supporting the design and implementation of reforms identified by the Government by constructively contributing its insights and expertise to Treasury-led policy and legislative processes.

Regulatory Approach

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

   5.1. adopt a proportionate, risk-based approach to regulation, informed by appropriate use of data analytics and intelligence insights to support prioritisation, decision-making and identification of emerging risks;

   5.2. balance risk mitigation with the need for efficiency, growth, and dynamism. This means focusing regulatory efforts where the risks of harm are greatest, while actively minimising unnecessary burdens on the entities and individuals engaging with AFSA and the systems and registers it administers;

   5.3. demonstrate regulatory flexibility through targeted adjustments to its regulatory posture and approach as appropriate, including tailoring engagement and oversight to the specific risks and needs of different sectors or regulated entities, in particular small businesses and new market entrants, and vulnerable individuals;

   5.4. advance the Government's regulatory reform agenda by working closely with the Government, the Council of Financial Regulators (CFR) and other relevant Commonwealth and state and territory regulators to promote better regulation and productivity in the personal insolvency and personal property securities systems, including through:

      5.4.1. active collaboration and information sharing where lawful;

      5.4.2. streamlining information and data requests, and sharing data and intelligence where lawful;

      5.4.3. identifying cross-system harms and opportunities to simplify regulation;

      5.4.4. aligning standards and working collaboratively with other regulators to simplify processes;

      5.4.5. considering impacts on small businesses and new entrants; and

      5.4.6. supporting reforms that streamline regulation and foster economic dynamism, while not compromising on the ability for AFSA to fulfil its statutory obligations;

   5.5. maintain a regular and transparent review program for regulatory guidance and administrative practices to ensure they remain necessary, proportionate and effective, support good outcomes for debtors, creditors, practitioners and users of AFSA's systems, and avoid unnecessary impediments to productivity and economic dynamism;

5.6. support Parliamentary and public accountability through appropriate publication of review outcomes, including data, stakeholder experience and evaluation evidence;

5.7. conduct AFSA's regulatory litigation in a manner that is consistent with the Commonwealth's model litigant obligations;

5.8. provide greater transparency of upcoming regulatory initiatives and activities that would materially affect the personal insolvency and personal property securities systems, including through the Regulatory Initiatives Grid (RIG) and working with Treasury to operationalise the RIG coordination principles;

5.9. align its regulatory approach and implementation with the 6 principles of the Regulatory Policy, Practice and Performance Framework, adapted for AFSA's specific role and functions, in particular to embed a culture of continuous improvement in which regulatory, administrative and service-delivery approaches are tested, evaluated and refined in light of evidence; and

5.10. maintain, review and publish key performance measures and service standards, and work with relevant external bodies (such as the Australian Centre for Evaluation) to strengthen the evidence base for its regulatory and service-delivery approaches, including through rigorous impact evaluation and testing of alternative approaches, where appropriate.

Relationship with stakeholders

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

6.1. ensure that its actions are consistent with the policies of the Government, in accordance with section 21 of the *Public Governance, Performance, and Accountability Act 2013* (PGPA Act);

6.2. work closely with the Government and Treasury, recognising Treasury's role in providing policy advice and progressing legislative reform and providing reporting in accordance with statutory requirements;

6.3. maintain a constructive relationship with the responsible Treasury Minister, supported by appropriate engagement with Treasury and other agencies, and by the provision of timely visibility of relevant Government policy and reform proposals from Treasury;

6.4. work closely with the Minister for Home Affairs and the Department of Home Affairs in administering relevant sections of the *Proceeds of Crime Act 2002* recognising their role in providing policy advice and progressing legislative reform;

6.5. work with Treasury to ensure compliance with statutory reporting requirements;

6.6. consult and provide appropriate guidance so that businesses and individuals have clarity about how AFSA will exercise its powers;

6.7. coordinate regulatory activities with the Australian Securities and Investment Commission (ASIC), other regulatory agencies, and the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) to avoid duplication, including through sharing information where possible; and

6.8. engage with the AFSA's counterpart regulators in overseas jurisdictions and with relevant international bodies.

Organisational matters

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

7.1. the Chief Executive and Inspector-General in Bankruptcy to have responsibility for the executive management of AFSA, noting that:

7.1.1 the Chief Executive is the Head of AFSA appointed under s 67(1) of the *Public Service Act 1999*, and

7.1.2 the Inspector-General in Bankruptcy is the Accountable Authority of AFSA, pursuant to s 13(c) of the Bankruptcy Act;

7.2. that the Accountable Authority is accountable for the financial management of AFSA and ensuring that AFSA complies with its fiscal obligations;

7.3. the Chief Executive to implement appropriate administrative arrangements to uphold the integrity of AFSA's work, including by:

7.3.1 managing any conflicts of interest that arise in an appropriate and lawful manner, and

7.3.2 maintaining oversight of administrative decision-making processes to ensure that decisions of the Inspector-General in Bankruptcy, Official Trustee, Official Receivers, and Registrar of Personal Property Securities are lawful and appropriately exercise jurisdiction;

7.4. AFSA to uphold and promote the Australian Public Service Values and Code of Conduct;

7.5. AFSA to manage public resources in accordance with the PGPA Act and applicable cost-recovery policies, while maintaining effective delivery of its statutory functions and appropriate service for people experiencing vulnerability, including by:

7.5.1. using data and evaluation to identify ways of achieving better outcomes at lower administrative and compliance cost;

7.6. AFSA to maintain strong governance of data and information, including protections for personal, commercially sensitive, protected and law-enforcement information, including through:

7.6.1. the quality and appropriate use of data and analytical tools;

7.6.2. responsible use of AI and advanced analytics; and

7.6.3. maintaining secure and resilient digital systems;

7.7. AFSA to publish its Statement of Intent in response to this Statement of Expectations on its website and the Australian Government Regulator Stocktake, and subsequently reference the Statements of Expectations and Intent in its Annual Report and Corporate Plan; and

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