



Australian Government

Australian Financial Security Authority

Statement of intent

This statement sets out my intentions as the Chief Executive of the Australian Financial Security Authority (AFSA) about how I will meet the expectations outlined by the responsible Commonwealth Minister under the *Bankruptcy Act 1966* (Bankruptcy Act) and the *Personal Property Securities Act 2009* (PPS Act) in the Ministerial Statement of Expectations of 21 October 2021.

Overview

I acknowledge the role AFSA has in supporting you, as the responsible minister, and the government in managing the application of personal insolvency and personal property securities laws and for administering personal insolvency legislation, including the Bankruptcy Act and the Bankruptcy Regulations 2021, as well as personal property securities legislation, namely the PPS Act and the Personal Property Securities Regulations 2010.

I acknowledge that AFSA has the legal and policy authority to recover the cost of performing its functions through fees, charges and levies.

I acknowledge that under the Bankruptcy Act, AFSA's primary functions are to:

- administer bankruptcies and other personal insolvency arrangements when a private trustee or other administrator is not appointed
- operate a public bankruptcy registry service
- regulate bankruptcy trustees and debt agreement administrators
- review trustee decisions
- investigate allegations of offences related to personal insolvency.

I acknowledge that under the PPS Act, AFSA's primary functions are to:

- maintain the Personal Property Securities Register (PPSR)
- ensure the PPSR is operational and accessible
- administer the amendment demand process through the PPSR

- refuse access to the PPSR or suspend its operation
- remove or reinstate data on the PPSR.

I acknowledge the importance of the independence of the offices of the Chief Executive of AFSA, Inspector-General in Bankruptcy and Registrar of Personal Property Securities as well as AFSA's responsibility for the regulation of the personal insolvency and personal property securities systems. AFSA commits to exercising its function and powers in good faith and to the best of its ability.

I commit AFSA to address and meet the expectations set out in the Ministerial Statement of Expectations.

Principles of regulator best practice

AFSA is committed to the principles of regulator best practice, 'Continuous improvement and building trust', 'Risk-based and data driven', and 'Collaboration and engagement', as articulated in the *Regulator Performance Guide* (July 2021). AFSA will embed and act in accordance with these principles when delivering our services and undertaking our functions and we will strive for continuous improvement against these principles. AFSA will do so in the following ways:

- collaborate and engage with our stakeholders, thereby adopting a whole-of-system perspective
- continuously improving our performance
- building staff capability and enhancing our culture
- using data and digital technology to manage risks proportionately
- being transparent and responsive
- implementing regulations in a modern and collaborative way.

Focus areas

AFSA has identified the following focus areas to deliver our key activities of regulating firmly and fairly and providing world-class government services.

Continuous improvement and building trust

- Services – deliver an ongoing program to enhance the information we provide to stakeholders and our services, driven by business and community feedback, and legislative requirements.
- Innovate – test ideas and new services via the AFSA sandpit, incorporating this feedback in the development of improved services and regulatory practices.
- Trust – foster a purpose driven culture through ongoing development of staff in regulatory interventions and service delivery skills.

Risk based – data driven

- Risk – continuing to enhance the use of data to design and deliver an effective compliance program that increases focus on key harms and significant noncompliance risks.
- Targeting – strengthening the quality of AFSA's data, and its ability to analyse that data to identify vulnerable users or those that misuse the system allowing AFSA to target its

interventions and deterrence actions before the integrity of the systems it administers can be harmed.

- Informed – strengthening AFSA’s intelligence function enabling it to focus on targeted information and strategic communications that support its regulatory role.

Collaboration and engagement

- Engagement – continue to be open and transparent with our stakeholders, consistently engaging with them to:
 - provide up-to-date clear and accessible guidance and information to members of the public and insolvency and personal property securities professionals
 - influence stakeholder behaviour to identify, and raise awareness of, key areas of noncompliance risk
 - understand emerging issues in our environment, defining stakeholder responsibilities and mutual expectations, while being responsive to feedback.
- Collaboration – work collaboratively with industry and peak-body stakeholders to deliver joint outcomes such as co-design of our digital services and joint communication/information/awareness raising.
- Knowledge – drawing from our detailed knowledge of personal insolvency and personal property securities laws, and experience in making informed administrative decisions, to foster confidence in its systems, supporting financial risk management, and increasing access to finance.

The work programs initiatives that have been developed to deliver our focus areas are articulated in the AFSA Corporate Plan 2021–22, which is published on our website.

AFSA commits to exercising its functions and powers, conducting its operations, and striving for continuous improvement in accordance with the government’s principles of regulator best practice and in alignment with the strategic direction, principles, and expectations as outlined in the Ministerial Statement of Expectations.

Innovation and regulatory change

AFSA commits to continually monitor the environment in which it operates and to regularly review and, where necessary, adjust policies, protocols and operating procedures. AFSA is focused on re-engineering and digitisation of our services to improve our services and business interactions and ensure that we respond to the changing social, technological and commercial context in which we operate.

The government’s policy priorities and objectives

Government and community expectations of regulators continue to influence the improvements we make to our regulatory approach. The Australian Government’s Deregulation Agenda seeks to improve the performance of regulators through guidance that outlines the government’s principles of regulator best practice.

AFSA is committed to using this guidance in undertaking our regulatory functions in accordance with regulator best practice. Our key regulatory functions are to regulate personal insolvency practitioners, investigate alleged breaches of the laws we administer, and, where appropriate, refer matters for prosecution. In undertaking our regulatory functions, we aim to

create an environment that preserves the integrity of the personal insolvency and personal property securities systems. We are mindful of the importance of transparency, collaboration and using data to target our regulatory activities.

The community expects that regulators will ensure the personal insolvency and personal property securities systems operate fairly by addressing harms. We use all our regulatory tools to quickly and effectively identify and address misconduct.

Deregulation Agenda

AFSA is committed to proactively engaging in whole-of-government activities to support the delivery of the Australian Government's Deregulation Agenda. We are undertaking service re-engineering and digitisation activities to remove duplication and streamline processes to improve efficiency, lift productivity and minimise compliance costs.

AFSA will continue to focus on upgrading our services in line with the 'tell us once' principle to ensure that our stakeholders do not need to repeat what we already know. We are committed to implementing RegTech initiatives that simplify processes and reduce administrative burden.

From 2022–23, we will integrate the Ministerial Statement of Expectations and this statement of intent into our corporate plan and annual report. This will provide transparent insight into how we plan and execute the statement of intent.

In line with the principles of accountability and transparency, AFSA will publish significant corporate documents, including the Ministerial Statement of Expectations and this statement of intent on our website.

Organisational governance and financial management

As the accountable authority of the Australian Financial Security Authority under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), I will continue to comply with the principles of the Commonwealth Resource Management Framework and give effect to the governance, performance and accountability requirements of the PGPA Act.

AFSA will continue developing its capabilities and procedures to manage its operations in accordance with the PGPA Act, along with other relevant legislation and policies. I acknowledge the requirement to manage Commonwealth resources in an efficient, effective, ethical and economical manner, ensuring cost-effective outcomes and the financial sustainability of the agency.

Our agency governance framework articulates the lines of authority, accountability and control within our agency and ensures we continue to deliver our programs in a transparent and accountable manner, consistent with the PGPA Act.

AFSA is a cost recovery agency. Those who use or rely on the systems we administer pay through the fees, charges and levies that are set under the Australian Government's Cost Recovery Guidelines. The collective revenue we receive ensures we can coordinate our efforts to reflect the complementary roles of the personal insolvency and personal property securities systems as key parts of Australia's economic infrastructure.

We have sharpened our focus on efficiently using revenue to support our operational work and outcomes, so any adjustments in fees, charges and levies can be kept to an absolute minimum.

Relationship with minister and portfolio

I acknowledge the role AFSA has in supporting you, as the responsible minister, and the government to respond promptly to issues that may arise in personal insolvency and personal property securities. I will provide accurate and timely advice on any significant issues that may arise.

AFSA will also continue to work collaboratively with the Attorney-General's Department in developing any future work that may impact on the government or the department's work. Under my direction, AFSA staff will continue to maintain a close working relationship with relevant areas within the Attorney-General's Department, which is principally responsible for advising on the government's policy around personal insolvency and personal property securities.

AFSA will continue to recognise and respect your role as the minister responsible for operation of the Bankruptcy Act and PPS Act and I appreciate your confidence in AFSA and your support for our work, as expressed in your Statement of Expectations. I look forward to continuing working with your office and to support you as responsible minister.



Gavin McCosker
Acting Chief Executive, Inspector-General in Bankruptcy and
Registrar of Personal Property Securities