

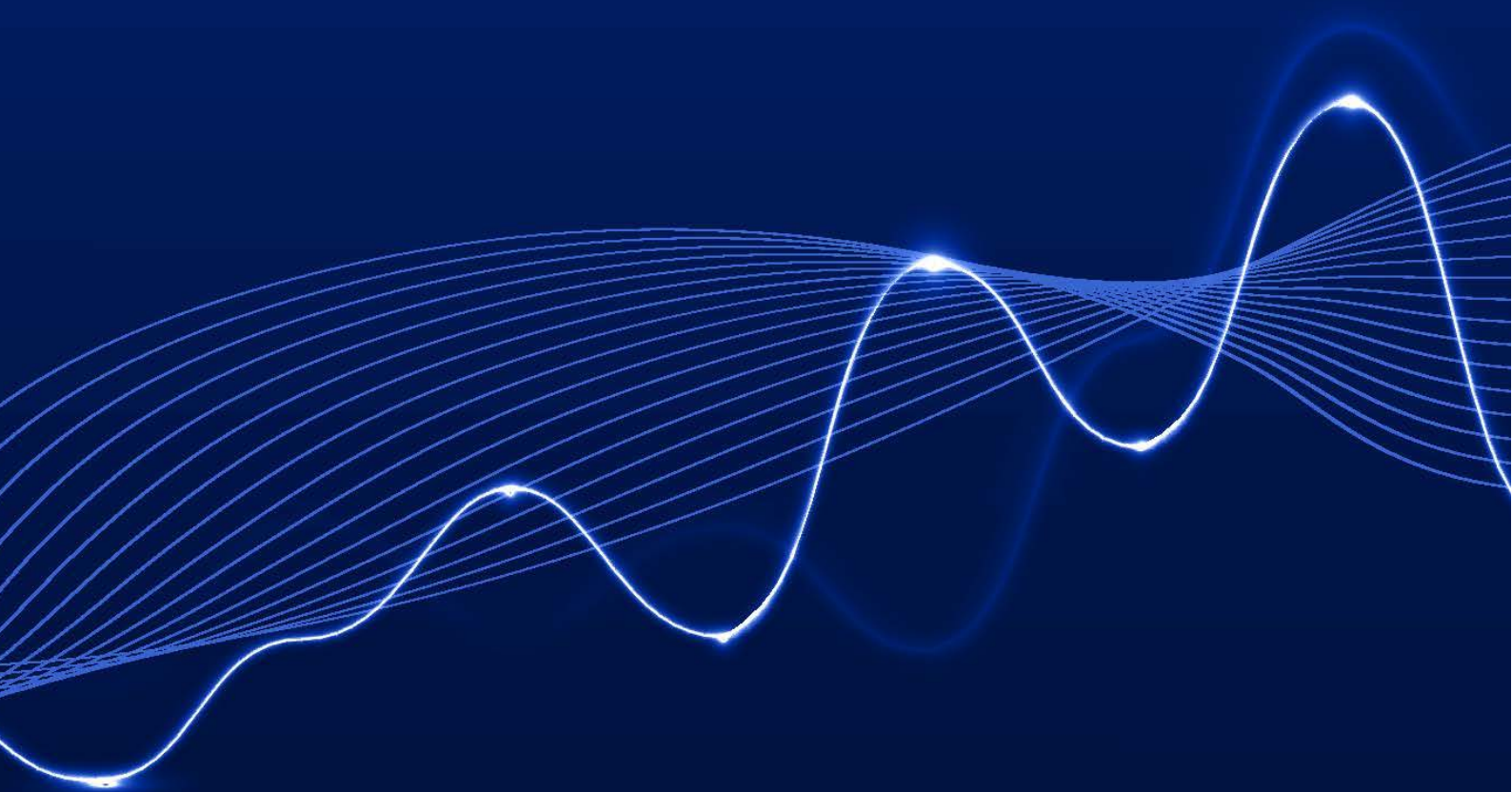


APRA

CORPORATE PLAN

2020/24

AUGUST 2020



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Statement of preparation

I, Wayne Byres, as the accountable authority of the Australian Prudential Regulation Authority (APRA), present APRA's 2020-24 Corporate Plan, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

Wayne Byres

Chair's foreword

The Australian financial system has faced many challenges over the past year. It has been a tumultuous period, with the community enduring a devastating season of bushfires and storms, the COVID-19 global pandemic and a severe economic contraction. The nature, scale and pace of these events and their impact on people's lives and livelihoods has been – and continues to be – enormous.

APRA is cognisant that it plays an important role in protecting the financial wellbeing of the Australian community in these times of unprecedented adversity. It has been necessary for APRA to rapidly adapt to a volatile external environment and respond as events unfold in close coordination with Government, peer regulators and industry. APRA's operational resilience over this period has been aided by three important qualities: our clarity of purpose; the commitment of our people to delivering on APRA's mandate; and a strong culture of collaboration both within APRA and with peer agencies and other key stakeholders.

It is against this backdrop that APRA's 2020-2024 Corporate Plan has been formulated. As required, the plan sets out APRA's strategic objectives over the next four years, but it pays particular attention to clearly articulating the immediate priorities over the next 12-18 months. Given the continued high level of uncertainty in the operating environment, APRA has embedded some flexibility in the latter years of the plan with respect to the timing of planned deliverables. Strategic priorities will continue to be reviewed to ensure APRA remains responsive to risks and vulnerabilities in the financial system that could impact financial institutions and the broader Australian community.

APRA will report on progress against this plan in its 2020–2021 Annual Report.

Wayne Byres
Chair

Executive summary

APRA's strategic objectives, as laid out in its 2019-2023 Corporate Plan, were defined at a time when the Australian financial system was stable and in relatively good health. APRA's operations had been subjected to considerable public scrutiny via a range of reviews and inquiries¹ culminating in recommendations as to how APRA should evolve and adapt to remain successful into the future. APRA's strategic objectives for 2019-2023 were significantly shaped by the outcomes of those reviews and inquiries.

Since that time, the external environment has changed dramatically – of most significance being the COVID-19 pandemic and its broader economic and financial impact. As a result, APRA swiftly reviewed its priorities and pivoted to respond to the immediate threats and vulnerabilities faced by the Australian financial system and the broader community.

Last year, APRA's 2019-2023 Corporate Plan set out an ambitious agenda, encapsulated in four key community outcomes that APRA sought to achieve over the plan's horizon:

- maintaining financial system resilience;
- improving outcomes for superannuation members;
- transforming governance, culture, remuneration and accountability across all regulated institutions; and
- improving cyber resilience across the financial system.

These key community outcomes remain the long-term objectives of APRA's 2020-2024 Corporate Plan.

In light of the emergence of COVID-19 and subsequent ongoing uncertainty in the external environment, APRA's 2020-2024 Corporate Plan has been formulated so as to maintain a commitment to these longer term objectives, while at the same time maximising the ability of APRA to actively respond to the pandemic and its near-term impacts on the industries and institutions that APRA regulates.

To serve the interests of the Australian community and address the increasing risk of failure of one or more APRA-regulated institutions, APRA's priority over the next 12-18 months is to maintain financial system resilience by: protecting the safety and soundness of APRA-regulated institutions; fostering their operational resilience during a period of significant disruption; and enhancing contingency plans for adverse events.

¹ Including the International Monetary Fund's Financial Sector Assessment Program (FSAP); Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission); Productivity Commission's reviews on 'Competition in the Australian Financial System' and 'Superannuation: Assessing Efficiency and Competition'; APRA's own Enforcement Strategy Review; and the Government-commissioned Capability Review delivered in July 2019.

The 2019-2023 Corporate Plan also identified five important areas where APRA needed to lift its internal capabilities. These priority areas remain in APRA's 2020-2024 Corporate Plan and include:

- improving and broadening risk-based supervision;
- improving resolution capacity;
- improving external engagement and collaboration;
- transforming data-enabled decision-making; and
- transforming leadership, culture and ways of working.

As with the key community outcomes, APRA has revisited and prioritised the focus and timing of initiatives in each of these areas over the four year planning horizon. This has been done to create the capacity for APRA to deliver on its immediate priorities in response to the economic, financial and social impacts of COVID-19. The result is greater short-term prominence for improving resolution capability and transforming leadership, culture and ways of working.

Further detail regarding APRA's priorities is provided in Chapter 2.

APRA maintains its commitment to addressing the recommendations arising from the various reviews and inquiries that took place during 2018-19 referenced above. To date, around 20 recommendations from the FSAP, Royal Commission and APRA's Capability Review where APRA is the lead agency have been implemented. APRA will continue to respond to approximately 40 per cent of remaining recommendations in the immediate term, with the remainder implemented over the full period of the plan.

Chapter 1 - APRA's operating context

APRA's external environment

The external environment has changed considerably over the last year. The COVID-19 pandemic and subsequent impacts have placed enormous strain on the Australian community and economy. APRA monitors the external environment by drawing from a wide range of information and insights, and engages with regulatory peers, industry, Government, experts and other stakeholders to inform the development of planning assumptions underpinning its strategy. A summary of key external environmental factors considered as part of setting APRA's 2020-2024 strategy is provided below.

Macroeconomic factors

Many developed economies around the world are experiencing their most severe economic contractions since the Great Depression. The risk of repeated outbreaks of COVID-19 infections and subsequent reinstatement of social and business restrictions highlights the delicate balance between managing health and economic risks. The extent to which countries can sustainably recommence economic and social activity is largely unknown. This creates significant uncertainty in the domestic and global economic outlook.

The sharp economic downturn in Australia has had severe impacts on many households and businesses. The unemployment rate is currently expected to rise to around 10 per cent by the end of 2020.² The negative impacts are wider than suggested by this metric given many people have lost hours or income while remaining employed. Business surveys point to a significant deterioration in revenues. Business conditions remain highly uncertain, contributing to a sharp decline in investment intentions. Significant fiscal, monetary and regulatory support has mitigated some of the impact to households and businesses, but is necessarily limited. Financial stress and the risk of failure of one or more APRA-regulated institutions is likely to rise over the period ahead.

APRA-regulated industries

Australia's banking industry

Many Authorised Deposit-taking Institutions (ADIs) have granted relief to borrowers impacted by COVID-19, allowing them to temporarily defer loan repayments. At the end of the 2019-20 financial year, more than \$274 billion worth of loans had been granted temporary repayment deferrals, close to 10 per cent of total loans outstanding.³ There is a risk of deterioration of credit portfolios over the medium term as the roll-off of deferrals, certain stimulus measures, the impacts of longer-term border closures and consumer behavioural changes are absorbed. While APRA's stress testing has shown banks to be generally resilient to a range of scenarios reflecting their capital strength and good levels of

² Source: Reserve Bank of Australia, [Statement of Monetary Policy](#) as at 7 August 2020.

³ [Temporary loan repayment deferrals due to COVID-19 \[4 August 2020\]](#).

liquidity, ADI's profitability is expected to be subdued for some time due to the combination of slow credit growth, increasing bad debts and low interest rates.

Australia's general insurance industry

Australia's general insurance sector incurred a particularly severe level of claims arising from a series of natural catastrophes prior to the onset of COVID-19. Whilst the events so far have impacted earnings rather than capital, there remains significant future risk of decreased business volumes, increased claims activity and more expensive reinsurance. The ultimate claims impact of COVID-19 is likely to remain uncertain for some time given the prospect of litigation across multiple classes of business (most prominently in business interruption insurance) and with further potential concerns arising in regard to the future availability and affordability of particular classes of insurance more broadly. However, in the face of these challenges, the general insurance industry continues to be resilient and well capitalised. Climate-change related impacts, including physical and transition risks of extreme weather events (e.g. bushfires, water scarcity), continue to be assessed by industry and reviewed by APRA.

Australia's life insurance industry

COVID-19 will magnify the pre-existing challenge of managing the sustainability of some life insurance products. In this environment, there is an elevated risk of deteriorating claims experience and further tightening of assumptions, particularly on morbidity lines of business. Rising unemployment and mental health issues may result in increased individual disability income and total and permanent disability insurance claims in the short to medium term. There is the potential for an increase in lapses and lower volumes of new business. Insurers are also exposed to reputational risk owing to potential disputes over eligibility and requests for claims to be paid outside of policy terms and conditions. Friendly Societies continue to face strategic viability challenges and will be impacted by the low interest rate environment given the larger amounts of capital-guaranteed business (i.e. business with guaranteed returns).

Australia's private health insurance industry

Declining membership, rising affordability risks, the increased cost of healthcare, and claims costs that are growing faster than premiums all continue to challenge the viability of the private health insurance industry in Australia. COVID-19 has exacerbated pre-existing challenges to profitability and membership growth in the industry. Substantial investment losses from the initial COVID-19 decline in equity markets coupled with the deferral of the 2020 premium increases is expected to further erode profitability. There is also significant uncertainty about the economic conditions and household income impacts arising from COVID-19 which may affect the policyholder mix over the medium-term. The private health insurance industry remains well capitalised, however the longer-term impacts of COVID-19 and the Government's response to the crisis will greatly influence the membership trajectory across various age cohorts and the industry's ongoing capacity to address the underlying drivers of sustainability risk.

Australia's superannuation industry

The Government's temporary early release of superannuation scheme, which supports members facing hardship as a result of COVID-19, has seen applications approved across 3.1 million superannuation member accounts. Total payments under the scheme totalled

\$31.7 billion from 20 April 2020 to 16 August 2020.⁴ While the industry has responded well to the initial operational and liquidity pressures arising as a result of COVID-19, the challenges will be ongoing. Rising unemployment will continue to impact the cash flow of superannuation funds as contributions are likely to slow and outflows are expected to remain elevated. Service continuity within both funds and service providers such as administrators has generally been maintained despite increased member activity, including high call volumes and the need to manage early release applications expeditiously. However, sustaining service levels through an extended period of substantially remote working will require careful management. The COVID-19 pandemic and associated impacts will also accelerate viability and sustainability issues facing some superannuation funds, particularly those who were already showing indications of challenges in continuing to be able to sustainably deliver quality outcomes for members.

Other factors

Technological (including cyber risks) and supply chain factors

Information security risks are continuing to grow in scale and sophistication. Financial institutions increasingly engage service providers that exist outside of the regulatory purview as part of increasingly complex supply chains. However, the impact of COVID-19 on geographic hubs has also seen instances where some institutions are bringing in-house previously outsourced functions. Additionally, the shift to work-from-home arrangements has created an increased reliance on technology, including cloud-based collaboration and remote connectivity platforms. Technological advancements are rapidly transforming the way products and services are provided, with the pandemic generating further impetus to rapidly digitise services. There also continues to be an increased appetite to leverage automation and artificial intelligence (including machine learning) across the financial services industry.

Social factors

The Australian community expects financial institutions, regulators and governments to work together to ensure their interests are protected. In the current environment of uncertainty, there is a need for all parties to demonstrate flexibility to support the objectives of economic recovery, the resilience of financial institutions, and fair household and business outcomes. There are some key issues for APRA as it goes about this important work. These include balancing the trade-off between maintaining financial system stability with supporting Australia's economic growth, remaining vigilant and agile to respond to ongoing volatility in the evolving environment and minimising regulatory burden where possible.

Regulatory factors

The outcomes expected of APRA by Government are set out in periodic Statements of Expectations.⁵ APRA's Statement of Expectations (and APRA's Statement of Intent) was last reviewed in 2018 and provides the foundation for APRA's strategy. APRA is subject to regular external reviews and assessments. The external reviews conducted over the last two years identified opportunities for APRA to strengthen its regulation and supervision practices to

⁴ <https://www.apra.gov.au/covid-19-early-release-scheme-issue-17>

⁵ <https://www.apra.gov.au/statement-of-expectations-2018>

continue to be successful into the future. APRA remains committed to addressing the recommendations arising from the various reviews and inquiries.

Co-operation

APRA is a member of the Council of Financial Regulators (CFR), the primary coordinating body for Australia's main financial sector authorities. The CFR also includes the Reserve Bank of Australia (RBA), the Australian Securities and Investments Commission (ASIC) and the Treasury. APRA has expanded and strengthened engagement with domestic and international peer agencies by embedding more formal arrangements to promote deeper collaboration and information sharing with its peers. APRA has established Memoranda of Understanding (MoUs) and Letters of Arrangement with many domestic and international agencies to provide a formal framework of cooperation and exchange of information.⁶ The frequency of engagement with international bodies has increased with regular and active discussions held with the Financial Stability Board, Basel Committee on Banking Supervision, International Association of Insurance Supervisors and International Organisation of Pension Supervisors. Membership on these Committees and Working Groups allows APRA to keep abreast of, and contribute to, international developments and facilitates close interaction with relevant foreign regulators to ensure effective cross-border supervision.

APRA's internal environment

A summary of key internal factors considered as part of setting APRA's 2020-2024 strategy is provided below.

APRA's organisation

A description of APRA's operating model including its Core Functions and Capabilities is provided in Appendix B.

In 2019, a number of changes were made to the way APRA is organised in response to APRA's evolving operating environment and in order to best position it to deliver on its strategy. APRA reorganised to three industry-based supervision divisions for Banking, Insurance and Superannuation. In doing this, APRA's risk teams that had a primary focus on one industry shifted into their respective industry divisions. Additionally, APRA strengthened and intensified its cross-industry focus and consolidated two divisions into one to provide enabling and risk assurance services. The changes to APRA's organisational structure also addressed key recommendations from the Capability Review and Royal Commission.

APRA is committed to recruiting and retaining skilled people to deliver high standards in everything that it does. APRA will maintain a strong focus on the health and wellbeing of its people, with a key focus on the challenges precipitated by having its entire workforce shifting to working-from-home in early 2020 with the onset of the pandemic.

⁶ MoU's are available on APRA's website. <https://www.apra.gov.au/memoranda-of-understanding-and-letters-of-arrangement>

APRA's funding

APRA's costs, and the costs incurred in connection with supporting the integrity and efficiency of markets and promoting the interests of consumers in the financial system, are funded through levies on industries that are regulated by APRA. The levies are imposed to ensure that the full cost of regulation is recovered from those who benefit from it. A small number of APRA's activities are not funded by levies. Rather, the costs are recovered by direct user charges or through direct Government funding.

During 2019-20, new funding measures significantly increased APRA's available resources with average staffing levels increasing from 645 to 734. This enabled a substantial upgrade of APRA's capabilities and capacity to deliver on an expanded scope, its mandate and strategic priorities.

A number of initiatives to address recommendations made to APRA are dependent on resourcing considerations, and APRA is regularly in discussion with the Government regarding its resourcing needs. Given the Government has deferred handing down the Federal Budget to October 2020, APRA has developed this Corporate Plan based on the level of funding approved in the most recent Portfolio Budget Statements.

APRA's technology and infrastructure

APRA plans to further invest in its technology and infrastructure to support new ways of working prompted mostly by shifting to a distributed work environment due to COVID-19. It is essential in a distributed work environment that APRA's people remain connected and enabled by reliable and responsive systems, technology and equipment. As such, APRA is accelerating investment in its information and communication technology (ICT) capabilities, including increasing network bandwidth to permit greater capacity to seamlessly work from home; further embracing cloud solutions providing integrated collaboration tools (such as video-conferencing) and access to more frequent and richer functionality which provides greater end-user flexibility and experience; modernising APRA's intranet; and undertaking medium-term property initiatives to support our new ways of working and the more distributed work environment.

APRA's risk management

Framework and Governance

APRA relies on effective risk management with a strong risk culture involving appropriate risk awareness and behaviours, clear governance and accountability mechanisms, and sustainable integration of risk management practices to support the delivery of APRA's mandate. APRA's system of risk oversight, management and internal controls are aligned with section 16 of the *Public Governance, Performance and Accountability Act 2013* and the Commonwealth Risk Management Policy.

Management and mitigation of APRA's enterprise risks is primarily overseen by APRA's Executive Board Risk Committee (EBRC). The EBRC ensures an effective risk management framework is in place and monitors APRA's risk profile and associated controls, and responses to address risk and audit actions (including progress against remediation plans). Further, it undertakes 'deep-dives' of key risks where necessary. APRA's Director of Strategy & Chief Risk Officer provides regular reporting to APRA's EBRC and Audit & Risk Committee regarding APRA's key risks and any known significant breaches, or non-compliance with, or

material deviation from, APRA's Enterprise Risk Management Framework (ERMF). The ERMF comprises a Risk Appetite Statement, Risk Management Strategy, Enterprise Risk Management Policy, Reportable Incident & Escalation Standards, Compliance Management Policy, Business Continuity Management Framework, and Fraud and Public Interest Disclosure Policies. The overarching framework allows APRA to appropriately identify, manage, report and respond to key risks in the context of APRA's risk appetite.

APRA's Internal Audit function independently evaluates the effectiveness of internal controls, risk management and governance processes throughout APRA. It provides independent challenge and escalation where required. In addition, APRA's Quality Assurance team reviews⁷ the quality and consistency with which core supervision activities are conducted, and the degree to which desired supervisory outcomes have been achieved.

APRA's key risks

The following key risks and mitigating actions were considered in setting APRA's 2020-2024 strategy.

Key risk	Mitigating actions	APRA's core function, capability and strategic focus
Risk of not responding quickly and effectively to COVID-19 and its economic impacts	<ul style="list-style-type: none"> Distinct 12-18 months focus on short-medium term priorities in response to COVID-19 impacts as outlined in this plan. 	All
Risk of a weak or poorly designed prudential framework	<ul style="list-style-type: none"> Robust prudential framework of legislation, standards and guidance that is subject to regular review to ensure it is fit for purpose. Extensive stakeholder engagement on proposed new prudential policy, preparation of Regulatory Impact Statements where required and consistency with Office of Best Practice Regulation requirements. 	Policy
Risk of inadequate supervisory practices	<ul style="list-style-type: none"> Active program of prudential supervision and quality assurance. Risk-based supervision approach designed to identify and assess areas of greatest risk and direct resources accordingly. Ability to use the full suite of actions in APRA's toolkit to address identified risks/issues. 	Supervision; Improve and broaden our risk-based supervision

⁷ The scope of APRA's Quality Assurance function will be reduced in the short term to create organisational capacity to respond to the economic impacts of COVID-19.

Key risk	Mitigating actions	APRA's core function, capability and strategic focus
Risk of inadequate resolution capability	<ul style="list-style-type: none"> • Allocating additional resources to resolution activities. • Testing of APRA's readiness to resolve failures and near failures including administration of the Financial Claims Scheme. • Sharing information and co-operating with other regulators on resolution preparedness. 	Resolution; Improve our resolution capability
Risk of failing to maintain strong analytical capabilities and structured frameworks for decision making	<ul style="list-style-type: none"> • Using available data and specialist expertise to support well-founded, risk-based decisions within structured frameworks and review processes. • Timely and relevant data collected from financial institutions and regular review of other information sources to draw insights and support decision making. 	Risk Intelligence and Frameworks
Risk of inadequate skills, expertise, experience or organisational culture	<ul style="list-style-type: none"> • Capability framework based on assessing performance outcomes and desired behaviours. • Broad range of opportunities for the reward, recognition and professional and personal development of APRA's people. 	People and Culture; Transform our leadership, culture and ways of working
Risk of failing to maintain robust and efficient practices, systems and premises	<ul style="list-style-type: none"> • APRA's practices, premises and systems are regularly reviewed by the Australian National Audit Office (ANAO) and Internal Audit. • APRA adopts contemporary practices that meet the spirit and intent of relevant Government policies and frameworks. 	Organisational Effectiveness and Infrastructure; Transform our leadership, culture and ways of working

Chapter 2 - 2020-2024 strategy

APRA's strategy in summary



Strategic prioritisation

Since APRA's 2019-2023 Corporate Plan was published, the external environment has changed dramatically – of most significance being the COVID-19 pandemic and its broader economic and financial impact. As a result, APRA swiftly reviewed its priorities and pivoted to respond to the immediate threats and vulnerabilities faced by the Australian financial system and the broader community.

The 2019-2023 Corporate Plan identified four key community outcomes that APRA would seek to achieve:

- maintaining financial system resilience;
- improving outcomes for superannuation members;
- transforming governance, culture, remuneration and accountability across all regulated institutions; and
- improving cyber resilience across the financial system.

These community outcomes remain the longer-term objectives of APRA's 2020-2024 Corporate Plan.

However, the onset of the COVID-19 pandemic and ongoing uncertainty in the external environment require APRA to sharpen its immediate priorities (i.e. those to be given most attention within the next 12-18 months). The objective is to enhance APRA's ability in the short term to respond to the economic and financial impacts of COVID-19 on the industries and institutions that it regulates.

Therefore, to serve the interests of the Australian community and to address the increasing risk of failure of one or more APRA-regulated institutions, in the coming 12-18 months APRA will prioritise the maintenance of financial resilience by: protecting the safety and soundness of APRA-regulated institutions; fostering their operational resilience during a period of significant disruption; and enhancing contingency plans for adverse events.

Attention will be focused on identifying key risks and vulnerabilities and responding to material risks and issues that could impact regulated institutions, regulated industries and the broader financial system.

APRA's 2019-2023 Corporate Plan also identified five important areas where APRA needed to lift its internal capabilities. These priority areas remain in APRA's 2020-2024 Corporate Plan and include:

- improving and broadening risk-based supervision;
- improving resolution capacity;
- improving external engagement and communication;
- transforming data-enabled decision-making; and
- transforming leadership, culture and ways of working.

In accord with the refinements of emphasis for key community outcomes, APRA has revisited the timing and focus of initiatives designed to lift internal capability over the four year planning horizon. The purpose of these changes is to generate additional capacity for APRA to deliver on its immediate priorities in response to COVID-19 and its broader impacts.

As a consequence, greater prominence in the short-term is being given to improving resolution capability and transforming leadership, culture and ways of working. Additional focus is being placed on supporting the wellbeing of APRA's people in a distributed work environment with enabling technology and infrastructure.

A summary of the strategic prioritisation of APRA's longer-term community outcomes and internal capabilities is provided below.

APRA maintains its commitment to addressing the recommendations arising from the various reviews and inquiries that took place during 2018-19 referenced above. To date, around 20 recommendations from the FSAP, Royal Commission and APRA's Capability Review where APRA is the lead agency have been implemented. APRA will continue to respond to approximately 40 per cent of remaining recommendations in the immediate term, with the remainder implemented over the full period of the plan.

APRA's priorities in relation to its community outcomes and internal capabilities are outlined in more detail below. APRA will take a deliberately flexible approach to delivery timeframes for its long-term commitments to ensure that it remains responsive to changes in the operating environment.

Community outcomes

Outlined below are the strategic focus areas where APRA aims to concentrate its contribution to the Australian community. Chapter 3 includes APRA's strategic roadmap, which provides high-level milestones and deliverables focusing on the immediate term with respect to each outcome.

Outcome: Maintain financial system resilience

Objective

APRA will maintain its strong track record of maintaining financial safety and stability by reinforcing the resilience of APRA-regulated financial institutions and the Australian financial system, to protect the interests of Australian depositors, insurance policyholders and superannuation members.

Financial instability and a lack of confidence in the strength of financial institutions comes at a heavy economic and social cost. The maintenance of a stable financial system characterised by confidence in the strength and resilience of financial institutions is crucial, particularly in these times of unprecedented uncertainty. APRA must maintain financial system safety and stability by working proactively and co-operatively with peer regulators and other key stakeholders to uphold the resilience of APRA-regulated financial institutions and support the broader Australian economy.

Key outcomes

- Maintain balance sheet strength of APRA-regulated institutions.
- Very low incidence of failure of APRA-regulated institutions.

Outcome: Maintain financial system resilience

- APRA-regulated institutions withstand stress and participate in the broader Australian economic recovery.

Actions

- APRA will respond to COVID-19 and its economic and financial impacts by:
 - protecting the financial safety and soundness of APRA-regulated institutions and directing its resources to those considered higher-risk;
 - fostering the operational resilience of APRA-regulated institutions during a period of significant disruption; and
 - enhancing contingency planning for adverse events, informed by regular stress testing.
- APRA will strive to achieve strong regulatory outcomes and minimise the regulatory burden by aligning its policy work to APRA's strategic priorities of maintaining financial system resilience and improving outcomes for superannuation members in the immediate term.
- APRA will protect the Australian community by working collaboratively with domestic and international regulatory agencies, particularly those that form part of the CFR on responses to key risks and vulnerabilities, to achieve optimal outcomes.
- APRA will promote competition within the financial services industry by resuming licensing of new entrants using a phased approach, in recognition of APRA's legislative objectives and risk appetite.

Banking

- APRA will protect the financial safety and soundness of ADIs by focussing on key risk areas including capital, liquidity and funding, credit and operational risk and responding to material risks and issues.
- APRA will protect the stability of the financial system by analysing the impact of loan repayment deferrals and determining appropriate regulatory responses in coordination with other key stakeholders.
- APRA will improve transparency by providing data and insights on the Australian banking sector.

Insurance

- APRA will protect the financial safety and soundness of insurers by focussing on key risk areas including capital, the sustainability of insurance products and responding to material risks and issues that could impact the viability/solvency of insurers.
- APRA will continue to focus on influencing the direction of the insurance industry in Australia to address sustainability and affordability issues and poor customer outcomes.
- APRA will continue to review reinsurance arrangements by analysing the impact of COVID-19 and the economic downturn on the stability of reinsurers, and take regulatory action where needed.

Superannuation

- APRA will assess the impact of the evolving external environment on superannuation funds and their members by focussing on key areas of liquidity and investment risk, defined benefit funds, vulnerabilities arising from loss of member accounts and changing member activity and the operational resilience of key service providers including superannuation administrators.
- APRA will assess the impact of COVID-19 on superannuation funds and their members by collecting industry-wide data and monitoring the impact of the temporary early release of superannuation scheme.

Outcome: Maintain financial system resilience

- APRA will continue to ensure superannuation fund members are protected by robust governance practices and operational controls and systems, designed to safeguard members' funds.

Outcome: Improve outcomes for superannuation members

Objective

APRA will actively drive a superannuation trustee culture of continuous improvement and delivering quality outcomes to superannuation members to and through retirement, including addressing underperformance in the superannuation industry.

Australia's superannuation industry plays a critical role in the delivery of retirement incomes for Australians and, through its investment of superannuation assets, in the economy more broadly. It is crucial that the sector has a strong focus on delivering quality outcomes for their members, particularly in the current environment of significant disruption and uncertainty.

Key outcomes

- Improved financial performance across the industry relative to key benchmarks, including exit of underperforming funds.
- Improved efficiency across the industry, including with respect to fees and costs, insurance and outsourcing, while maintaining high standards of governance and risk management.

Actions

APRA will:

- enhance the prudential framework to ensure it remains fit for purpose by strengthening a number of prudential standards applicable to the superannuation sector including those pertaining to insurance, investment governance and operational risk;
- sharpen its supervisory focus to address key issues relating to outsourcing and conflicts of interest, trustee board capabilities and governance, and unlisted asset valuations. Thematic reviews will play an important role in assessment and implementation of this work;
- continue to enhance data and insights by transforming data collections and reporting to address gaps in the coverage of the superannuation reporting framework and quality of information reported;
- improve transparency and sustainability across Australia's superannuation industry by continuing to publish superannuation data across a range of relevant financial and non-financial measures in the form of heatmaps and benchmarking performance, as well as outcomes in key areas including investment performance, fees, and insurance, to support stakeholders to make informed decisions; and
- facilitate the resolution or exit of persistently underperforming superannuation funds by using data driven insights and effective supervision.

Outcome: Transform governance, culture, remuneration and accountability across all regulated financial institutions

Objective

APRA seeks to transform governance, risk culture, remuneration and accountability (GCRA) across APRA-regulated institutions' management of financial and non-financial risk. APRA's intensified approach to the supervision of regulated institutions GCRA practices will build on recent work, as well as its willingness to use its powers more assertively to hold regulated institutions, and their boards and senior management, to account for ensuring high standards of GCRA are maintained. The overarching objective of this work is to enhance the resilience of APRA-regulated institutions and contribute to rebuilding the Australian community's trust in the financial system.

Following on from the findings of the Commonwealth Bank of Australia (CBA) Prudential Inquiry, Royal Commission and the self-assessment of governance, accountability and culture across Australia's largest financial institutions, a significant uplift is required in APRA-regulated institutions management of GCRA. This involves strengthening the prudential framework through clarifying expectations of boards and senior managers, sharpening APRA's supervisory focus on GCRA outcomes through investment in new tools to assess and benchmark GCRA practices, and sharing APRA's insights with industry and the broader public to reinforce prudential expectations. Given APRA's focus on responding to COVID-19 and its economic and financial impacts in the immediate term, priority will be given to GCRA work that will keep APRA on track to achieve this longer-term community outcome.

Key outcomes

- Stronger governance frameworks and processes, providing robust oversight of organisational activities.
- Organisations that understand and enable a risk culture that supports effective risk management practices and delivers sound prudential outcomes.
- Remuneration arrangements that reflect a holistic assessment of performance and risk management, and reduce the incentive for misconduct.
- Clear accountability (individually and collectively) for outcomes achieved.

Actions

In the short term APRA will:

- improve accountability across all regulated industries by working with Government to extend the legislated Financial Accountability Regime (FAR) to all APRA-regulated institutions in line with timelines advised by Treasury;
- strengthen the prudential framework by finalising and implementing Prudential Standard CPS 511 *Remuneration*;
- develop a tool to benchmark and assess trends in risk culture across regulated institutions by undertaking a risk culture survey for a pilot group of regulated institutions; and
- actively drive improvement in the governance and risk culture practices at a small number of large Australian financial institutions by continuing risk culture deep dives, undertaking risk governance self-assessment follow up work and regular prudential engagements.

Over the longer-term, APRA will:

- strengthen the prudential framework by clarifying prudential expectations and guidance relating to GCRA, including strengthening prudential standards CPS 220, CPS 510 and CPS 520;
- improve risk governance practices by continuing follow-up work resulting from risk-governance self-assessments undertaken by regulated institutions;

Outcome: Transform governance, culture, remuneration and accountability across all regulated financial institutions

- actively drive improvements across the Australian financial system by undertaking more intensive deep dive reviews of regulated institutions, as appropriate, to identify and require action where the poor management of GCRA risks is identified;
- share more frequent GCRA insights with external stakeholders to reinforce prudential expectations, with a view to continuing to uplift the management of risk by APRA regulated institutions; and
- sharpen prudential supervision of GCRA by intensifying APRA's focus on risk management outcomes.

Outcome: Improve cyber resilience across the financial system

Objective

APRA will seek to drive significant improvement in the Australian financial system's cyber resilience.

Cyber-attacks are increasing in frequency, sophistication and impact both domestically and globally. All indications are that the risk will continue to grow, requiring a continuous cycle of investment in sound practices. Against this, APRA's mandate is to protect the Australian community by establishing and enforcing prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions it supervises are met.

Building on previous strategic initiatives, including releasing APRA's Prudential Standard CPS 234 *Information Security*, APRA has been developing its 2020-2024 Cyber Security Strategy. In line with APRA's strategic focus on improving cyber resilience across the financial system, the updated strategy seeks to influence the financial system more broadly (i.e. not only the financial entities APRA regulates, but also the broader eco-system of suppliers and providers that financial institutions rely upon). In doing so, as resource levels permit, APRA will progress from its current focus on cyber supervision to a more expansive approach, applying a broader set of tools and techniques. This will also necessitate acting in concert with peer regulators and other government agencies, as well as supporting and leveraging the Australian Government's 2020 Cyber Security Strategy.

Key outcomes

While there is no clear 'end-state' in the pursuit of cyber security, there are a number of actions that can be taken to reduce the impact of cyber incidents on the Australian community and the financial system, with the aim of continuously strengthening cyber resilience. The ultimate vision is a financial system that can stand firm against cyber-attacks.

Actions

In the short term APRA will:

- continue to execute on the existing cyber program of work and activity; and
- translate its 2020-2024 Cyber Security Strategy into an actionable program of work and mobilise resources for execution.

Over the longer-term, APRA will:

Outcome: Improve cyber resilience across the financial system

- establish a baseline of cyber controls by reinforcing embedding of non-negotiable cyber practices, facilitating sharing of relevant and timely cyber information and enabling effective incident response for the financial system;
- enable the Board and executives of financial institutions to oversee and direct correction of cyber exposures by formulating sound practice guidance and stepping up APRA's scrutiny of cyber oversight practices;
- identify and focus on work to address weak links within the broader financial eco-system and supply chain by fostering maturation of provider cyber-assessment and assurance and harmonising the regulation and supervision of cyber across the financial system; and
- innovate using impactful regulatory tools and approaches by actively harmonising regulatory cyber efforts and dialling-up supervision scrutiny and intensity.

Internal capabilities

APRA has identified aspects of its internal capabilities that require strategic improvement in order to deliver on its mandate and community outcomes. Chapter 3 includes APRA's roadmap which provides high level milestones and deliverables focusing on the immediate term relating to each internal capability described below.

Capability: Improve and broaden our risk-based supervision

Objectives and actions

In the short term APRA will:

- drive more consistent, informed and comprehensive prudential supervision across the financial system by rolling out and embedding APRA's new Supervisory Risk and Intensity (SRI) model, continuing to build APRA's supervision training academy and integrating supervision strategies and actions plans in APRA's supervisory system (Q).

Over the longer-term APRA will:

- improve and broaden risk-based supervision by continuing to implement the remaining scope of work included in APRA's Supervision Fitness Program;
- improve APRA's ability to proactively identify, assess and respond to a broader range of risks in a coordinated way by ensuring risks are well-informed and empirically grounded; and
- strengthen APRA's enforcement capability by embedding APRA's refreshed supervisory and enforcement approach and making ongoing improvements where needed.

Capability: Improve our resolution capability

Objectives and actions

In the short term APRA will:

- minimise failure and instability within the financial system by proactively managing 'live cases';
- strengthen its readiness to deal with the potential failure of one or more regulated institutions by developing resolution plans for all high risk institutions and building APRA's internal resolution infrastructure;
- promote the development of credible strategies through which financial institutions can recover in crisis events by undertaking reviews of institutional recovery plans and providing feedback on areas for improvement; and
- strengthen operational readiness to administer the Financial Claims Scheme (FCS) for ADIs and Insurers by conducting FCS readiness reviews focusing on smaller institutions.

Over the longer-term APRA will:

- improve its resolution capability by establishing a new prudential standard on resolution and recovery planning.

Capability: Improve our external engagement and collaboration

Objectives and actions

In the short term, APRA will:

- promote the resilience of the Australian financial system and strengthen outcomes for the broader Australian community by targeting engagement and collaboration activities to support APRA to deliver on its immediate priorities in response to COVID-19 and its broader impacts.

Over the longer-term, APRA will:

- continue to promote better prudential outcomes and drive greater accountability by developing and implementing an enhanced communications strategy and supporting communication mechanisms that cater to all stakeholder needs; and
- continue to strengthen collaboration with key domestic and international regulatory agencies by addressing all related recommendations arising from the various external reviews and inquiries undertaken in 2018-19.

Capability: Transform our data-enabled decision making

Objectives and actions

- APRA will facilitate greater and more effective use and sharing of data in the oversight of the Australian financial system by transforming its data collections (including defining and implementing data sources required) in line with APRA's strategic priorities, commencing with superannuation.
- APRA will improve its data collection capability by modernising APRA's data collection solution 'APRA Connect' and rescaling/ redesigning the program of work (including timing the resumption of activities) to fit with APRA's strategic priorities.

Objectives and actions

In the short term, APRA will:

- ensure all senior leaders undertake APRA's Inclusive Leadership program;
- support the well-being of its people in a distributed work environment through well-being initiatives and 'working from home' support arrangements; and
- enhance new ways of working by accelerating investment in APRA's information and communication technology (ICT) capabilities, including increasing network bandwidth to permit greater capacity to seamlessly work from home; further embracing cloud solutions providing integrated collaboration tools (such as video-conferencing) and access to more frequent and richer functionality which provides greater end-user flexibility and experience; modernising APRA's intranet; and undertaking medium-term property initiatives to support our new ways of working and the more distributed work environment.

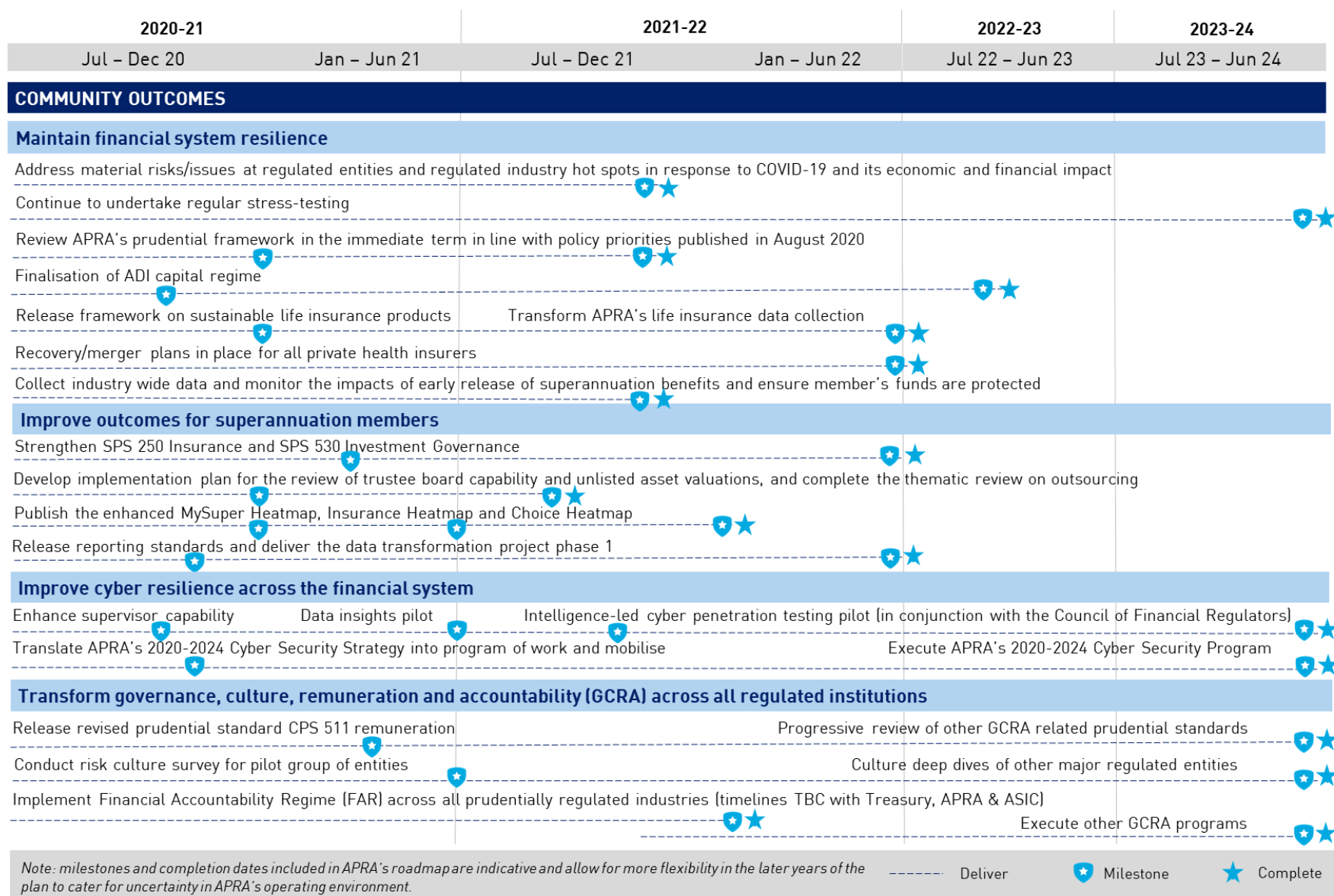
Over the longer-term, APRA will:

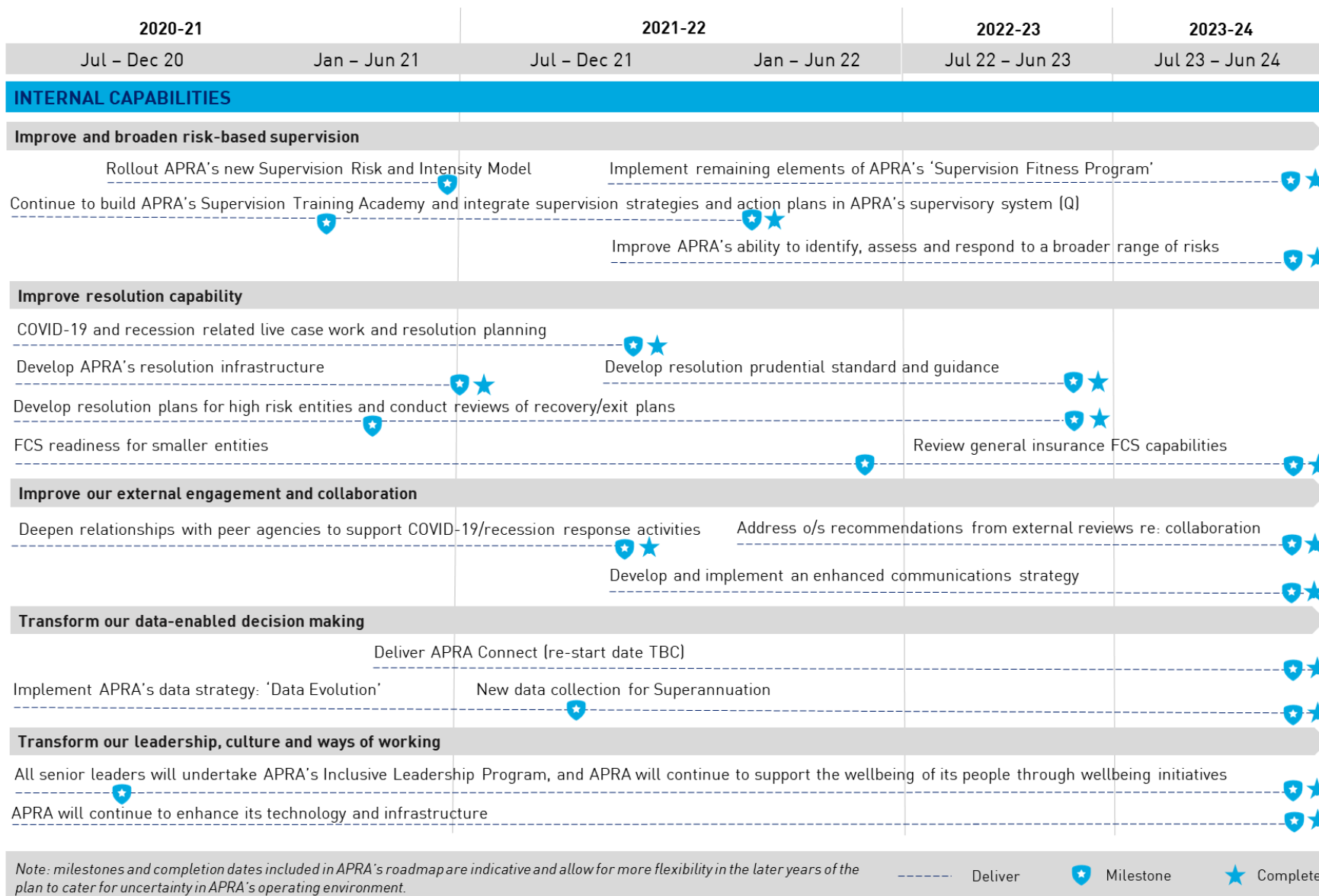
- continue to improve its leadership capability by defining and implementing the program of work to improve capabilities in key areas highlighted in APRA's Capability Review in 2019; and
- leverage its values-aligned culture to drive organisational performance by defining and implementing the program of work for ongoing cultural enhancement in key areas highlighted in APRA's Capability Review in 2019.

Chapter 3 - Strategy execution

The roadmap below provides high level milestones for each community outcome and area where APRA will lift its capabilities over the next four years as outlined in Chapter 2 above. It should be noted that the milestones and completion dates included in the roadmap are indicative and may be subject to change as more planning occurs over the coming months. The roadmap provides more detail on milestones and deliverables in the next 12-18 months with more flexibility applied in the latter years covered by the plan given the ongoing uncertainty in APRA's operating environment.

APRA's four-year roadmap for strategy execution





Chapter 4 - Measurement and accountability

In accordance with the Commonwealth performance framework, APRA's performance against its Corporate Plan and Portfolio Budget Statement is reported on each year within its Annual Performance Statement (APS) included in APRA's published Annual Report. The key performance measures included below will be reported on in APRA's 2020-21 APS.

Key performance measures	
Performance measure	Description
Outcome - Maintain financial system resilience	
Performing Entity Ratio (PER)	APRA strives to maintain a very low incidence of failure of APRA-regulated institutions. ⁸ The PER indicates the incidence of failure amongst regulated institutions. It is determined as the number of regulated institutions that met their commitments to beneficiaries in a given year divided by the total number of regulated institutions. The higher the percentage, the lower the incidence of failure.
Money Protection Ratio (MPR)	APRA strives to protect the Australian community from financial loss and disruption. The MPR indicates the incidence of loss in the financial sector. It is determined as the dollar value of liabilities to beneficiaries in Australia in a given year, less any losses due to prudential failures, divided by the total dollar value of liabilities to beneficiaries in Australia in APRA-regulated institutions. The higher the percentage, the lower the incidence of loss.
Capital Ratios	Capital ratios maintained above minimum prudential requirements is used by APRA as an indicator of the balance sheet strength of ADIs and Insurers, supported by other quantitative/ qualitative information.

⁸ APRA endorses the view expressed in paragraph 13 of the [Australian Government's Statement of Expectations](#) that '...prudential regulation cannot and should not seek to guarantee a zero failure rate of prudentially regulated institutions or provide absolute protection for market participants'. APRA seeks to maintain a low incidence of failure of financial institutions while not unnecessarily hindering efficiency, competition or otherwise impeding the competitive neutrality or contestability of the financial system. APRA aims to identify likely failures early enough so that corrective action can be promptly initiated or orderly exit achieved. APRA measures its performance by the extent to which the Australian community is exposed to loss through the failure of a financial institution. The two key ratios APRA uses for this purpose are the Performing Entity Ratio (PER) and the Money Protection Ratio (MPR).

Key performance measures

Outcome – Improve outcomes for superannuation members

Aggregate reduction in fees for MySuper products	The aggregate reduction in fees for MySuper products is used by APRA as an indicator of efficiency within the superannuation industry, supported by other quantitative/ qualitative information.
Number of RSE/ product wind ups/ transfers	The number of RSE/ product wind ups/transfers is used by APRA as an indicator of the resolution or exit of persistently underperforming superannuation funds, supported by other quantitative/ qualitative information.

Outcome – Improve cyber resilience across the financial system

Number of regulated institutions assessed as complying with APRA's information security requirements	The number of exemptions and breach notices reported to APRA with respect to prudential standard CPS 234 is used by APRA as an indicator to measure the ability of institutions to deter, detect and defend against cyber incidents, supported by other quantitative/ qualitative information.
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Outcome – Transform GCRA across all regulated financial institutions

Deliverables achieved in line with APRA's GCRA work program	Prior to the onset of COVID-19, APRA was delivering in line with APRA's GCRA work program as outlined in the November 2020 information paper published on APRA's website. ⁹ More definitive outcomes-based performance measures will be developed over time.
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Outcome - Efficient administration of the Financial Claims Scheme (FCS)¹⁰

Percentage of FCS payments paid to account holders within seven calendar days of an FCS declaration ⁷	APRA measures the efficiency with which it performs its function in relation to the FCS for banks, building societies and credit unions by measuring the percentage of FCS payments paid to account holders within seven calendar days of an FCS declaration. Although the circumstance of each declaration will vary the timeliness of payment, this measure is consistent with APRA's endeavours to pay most account holders, or enable them to access, their FCS payment within seven days.
Number of outstanding claims in the event of an FCS declaration	Given the long tail nature of general insurance claims which do not easily lend themselves to measures of efficiency, APRA

⁹ <https://www.apra.gov.au/news-and-publications/apra-sets-out-stronger-more-transparent-approach-to-regulating-and>

¹⁰ As specified in Section 8 of the *Australian Prudential Regulation Authority Act 1998*, APRA has responsibility for administering the Financial Claims Schemes (FCSs). The FCSs are Australian Government schemes designed to protect Australian depositors and general insurance policyholders in a situation in which an ADI or general insurer fails. The FCSs therefore play an important role in supporting the stability of the Australian financial system. The FCSs do not apply to life insurance companies, friendly societies or private health insurers.

Key performance measures

reports on the number of outstanding claims in the event of an FCS declaration.

Outcome – APRA operates efficiently

Costs per \$1,000 of assets supervised by APRA

APRA continues to focus on the efficiency of its operations and assesses performance in meeting its overall efficiency commitment by measuring the ratio of its costs per \$1,000 of assets it supervises, supported by other quantitative/qualitative information.

Outcome – APRA minimises impact to achieve regulatory objectives

Self-assessment against the Australian Government’s Regulator Performance Framework (RPF)

APRA’s annual self-assessment against the Key Performance Indicators included in the Government’s RPF validated by industry associations us used by APRA to measure performance in regard to minimising impact to achieve regulatory objectives.

Appendix A: APRA's role, mandate and values

APRA's role

APRA is an independent statutory authority established for the purpose of prudential supervision of financial institutions and for promoting financial system stability in Australia.

APRA is the prudential supervisor and resolution authority for the majority of the Australian financial services sector. It oversees Australia's banks, credit unions and building societies, general, life and private health insurers, reinsurers, friendly societies and most of the superannuation industry. APRA supervises institutions in the financial sector in accordance with various laws of the Commonwealth.

In performing and exercising its functions and powers, APRA is required to balance the objectives of financial safety and efficiency, competition, contestability and competitive neutrality, and in doing so to promote financial system stability in Australia. Further information on APRA's objectives is available on APRA's website [here](#).

APRA's mandate

APRA's mandate is to protect the Australian community by establishing and enforcing prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions APRA supervises are met within a stable, efficient and competitive financial system.

APRA works closely with other regulatory agencies particularly those that form part of the Council of Financial Regulators (CFR) including the Department of the Treasury (the Treasury), the Reserve Bank of Australia (RBA), and the Australian Securities and Investments Commission (ASIC) and other stakeholders in achieving its mandate.

APRA's vision

APRA's vision is to deliver a sound and resilient financial system, founded on excellence in prudential supervision.

APRA's supervisory approach

APRA's supervisory approach is forward-looking, primarily risk-based, consultative, consistent and in line with international best practice. This approach also recognises that the board and management of regulated institutions are primarily responsible for financial soundness.

APRA's values



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.

Appendix B: APRA's core functions and core capabilities

APRA's core functions

APRA's core functions of **Policy**, **Supervision** and **Resolution** outlined below provide the foundation for delivering on APRA's mandate and strategic priorities.

Policy

APRA's policy function is directed at protecting the Australian community by establishing minimum expectations for financial institutions and empowering APRA's supervisors to achieve desired outcomes.

APRA promotes prudent behaviour by financial institutions through a robust prudential framework of legislation, prudential standards and guidance, which aims to ensure that risk-taking is conducted within reasonable bounds, risks are clearly identified and well-managed and that institutions are well governed taking into account outcomes for the Australian community. APRA's policy function involves setting minimum expectations for financial institutions in consideration of risks to institutions and the broader financial system, the global regulatory agenda (in a manner that is appropriate for Australian circumstances) and key international standards of best practice. APRA undertakes a program of regular policy review to ensure the prudential framework remains fit for purpose.

APRA delivers policy through a comprehensive policy development process consistent with the Office of Best Practice Regulation requirements by analysing the cost, benefits and impacts of any proposed new regulation. When setting policy, APRA engages with other regulatory agencies on areas of common interest and consults with Government, financial institutions and other stakeholders. APRA publicly announces its policy agenda at the beginning of each calendar year¹¹. It publishes all proposed changes to the regulatory framework on its website and any interested party can make a submission. APRA also publishes the results of those consultations, as well as updated standards, guidance, FAQs and letters to industry.

APRA plays an active role in domestic and international standard-setting of relevance to its mandate. APRA maintains strong engagement with Treasury by providing advice and recommendations on legislative and policy matters particularly where it is evident that the Australian financial system faces new risks that require prudential oversight to strengthen the resilience and stability of the financial system.

¹¹ <https://www.apra.gov.au/news-and-publications/apras-2020-supervision-and-policy-priorities>

Supervision

APRA's supervision function is directed at protecting the Australian community by identifying and responding to significant risks to financial institutions and the financial system in a timely and effective manner.

APRA places strong emphasis on an active program of prudential supervision. APRA's supervisory approach is based on the fundamental premise that the primary responsibility for financial soundness and prudent risk management within financial institutions rests with those institutions' Board of directors and senior management.

APRA adopts a risk-based approach to prudential supervision that is designed to identify and assess those areas of greatest risk to a financial institution or the financial system more broadly and direct resources and attention to those risks. The early identification and escalation of significant risks is fundamental to APRA being able to take prompt and corrective action to mitigate those risks before they pose a threat to the financial soundness of an institution or the financial system. APRA seeks to maintain an open and constructive relationship with the institutions and industries it regulates. However, central to APRA's supervision approach is its ability, where necessary, to use the full suite of actions in its supervisory toolkit to ensure that institutions take the necessary steps to correct any identified issues. APRA's supervisory and enforcement approaches are available on its website. In September 2019, APRA updated its enforcement approach¹² to include principles that APRA will take into account when considering when and how to publicise enforcement actions and guidance on APRA's approach to enforcement for data submissions.

APRA maintains strong engagement with other domestic and international regulatory agencies on areas of common interest and undertakes joint activities to achieve outcomes.

Resolution

APRA's resolution function is directed at protecting the Australian community from financial loss and disruption by planning for and implementing prompt and effective responses to a crisis in the financial system.

APRA's resolution function involves planning for and managing crisis events which may result in financial loss, distress or instability within the Australian financial system. Ensuring that corrective action can be promptly initiated to address potential threats to the viability of financial institutions or the financial system is key. APRA tests its operational readiness to resolve failures and near-failures including administration of the Financial Claims Schemes (FCSs).

APRA shares information and co-operates with other regulatory agencies both domestically and internationally on the development of strategies and plans to effectively respond to crisis events and to regularly test response capabilities. APRA has strong and ongoing engagement

¹² https://www.apra.gov.au/sites/default/files/apras_enforcement_approach_-_final.pdf

with the CFR agencies and other key forums such as the Trans-Tasman Banking Council (TTBC)¹³.

Core capabilities

APRA's core capabilities of **People and Culture**, **Risk intelligence and frameworks** and **Organisational effectiveness and infrastructure** outlined below enable the delivery of its mandate and strategic priorities.

People and culture

APRA seeks to maintain its highly skilled and engaged workforce, supported by strong leaders, within a values-aligned corporate culture.

APRA strives to maintain a highly skilled and engaged workforce supported by strong leaders and sufficient resources to meet its statutory and strategic objectives. The aim is to ensure APRA has the right people with the right skills to achieve its goals. APRA is also committed to supporting the health and well-being of its people and embracing the principles of diversity.

APRA fosters a progressive, high-performing and inclusive culture underpinned by APRA's Values of *Integrity, Collaboration, Accountability, Respect* and *Excellence* through a broad range of opportunities for the reward, recognition and professional and personal development of its people. APRA introduced a new capability framework based on performance outcomes and the demonstration of desired behaviours aligned to APRA's values in 2020. While embedding the framework will take time, this was an important step in improving the consistency with which the performance of APRA's people, including APRA's leaders, are assessed and rewarded.

Risk intelligence and frameworks

APRA seeks to maintain strong analytical capabilities, using available data and specialist expertise within structured frameworks, to support well-founded, risk-based decisions.

Establishing and maintaining robust frameworks supports efficient and effective practices and promotes high quality and consistent decisions to be made. Access to timely and relevant data and insights on financial institutions, regulated industries, the financial sector and the broader economy is integral to enabling well-founded, risk-based decisions. APRA engages with other agencies, in particular agencies within the CFR, to harness collective expertise and enhances APRA's ability to identify, assess and respond to risks in a rapidly changing environment.

¹³ <https://treasury.govt.nz/about-treasury/our-work/key-relationships/trans-tasman-banking-council>

Organisational effectiveness and infrastructure

APRA seeks to maintain robust and efficient business support, transparent and accountable practices, and secure and reliable premises and systems.

APRA's infrastructure is the backbone of its operations. APRA strives to maintain safe, reliable and secure workplaces and technology that support collaboration and flexible ways of working.

APRA aims to ensure data and insights are made available to its stakeholders in a timely and efficient manner to enable effective decision making and in performing its responsibilities as the national statistical agency for the financial sector.

APRA is committed to operating efficiently in accordance with relevant legislative and Government requirements. APRA adopts contemporary practices that meet the spirit and intent of relevant Government policies and frameworks and the standards it expects of financial institutions including those for internal audit, risk management, compliance and performance reporting. APRA strives to act in accordance with regulatory best practice in its decision making, policies, processes and communication with stakeholders to maximise effectiveness, efficiency and transparency.



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