

Financial Sector (Collection of Data) exemption No. 1 of 2016

EXPLANATORY STATEMENT

Prepared by the Australian Prudential Regulation Authority (APRA)

Financial Sector (Collection of Data) Act 2001, section 16

Under subsection 16(1B) of the *Financial Sector (Collection of Data) Act 2001* (the Act), APRA may, by legislative instrument, exempt a class or kind of financial sector entities from the requirement to comply with all the requirements contained in any one or more applicable reporting standards or a specified requirement or requirements contained in an applicable reporting standard or applicable reporting standards.

On 24 June 2016, APRA made Financial Sector (Collection of Data) exemption No. 1 of 2016 (the instrument) which exempts all financial sector entities from the requirement, specified in *Reporting Standard ARS 396 Points of Presence* (ARS 396) made under Financial Sector (Collection of Data) (reporting standard) determination No. 54 of 2008, to report those service channels that fall into the ‘Other’ category in *Reporting Form ARF 396.0 Instruction Guide*.

The instrument commences upon registration on the Federal Register of Legislation.

1. Background

APRA collects a broad range of financial and risk data from the institutions it regulates as inputs to its supervisory assessments. APRA also collects data from those institutions and from unregulated institutions to assist the Reserve Bank of Australia (RBA), the Australian Bureau of Statistics (ABS) and other financial sector agencies to perform their roles. APRA additionally collects some data to enable it to publish information about regulated institutions, and in other cases, to assist the Minister to formulate financial policy. Much of the data APRA collects are used for multiple purposes to reduce the burden of reporting.

APRA's Authorised Deposit-taking Institutions' (ADI) Points of Presence (PoP) statistics are part of APRA's ADI statistical suite. APRA has released the statistics annually since 2001. They detail banking services provided within Australia by ADIs. The statistics include the number, location (state, town, and postcode) and remoteness indicator of the points of presence (e.g. branch, agency, ATM) of each ADI.

Consistent with international statistical standards and APRA's commitment to look for opportunities to reduce compliance costs for business and the community, APRA planned a review of the PoP statistics and data collection to determine the value of the statistics that are published and investigate ways to ease reporting burden.

The Government advised APRA that, consistent with its deregulation agenda, it was supportive of APRA's proposal to conduct a public consultation to determine the need for continuing the publication. Consequently a review of the PoP statistics and data collection was conducted, proposing to either streamline the PoP statistics or cease the PoP statistics.

2. Purpose and operation of the instrument

In line with APRA's commitment to look for opportunities to reduce compliance costs for business and the community and the Government's deregulation agenda, this reporting exemption aims to reduce reporting burden on ADIs by reducing the amount of data required to be reported under ARS 396.

Under ARS 396, ADIs are required to report service channels under the following categories: 'Branch', 'Other face-to-face', 'Electronic' and 'Other'. This instrument exempts ADIs from reporting service channels that fall under the 'Other' category, thus reducing the number of service channels that ADIs are required to report and therefore the reporting burden on the ADIs.

3. Consultation

APRA undertook extensive consultations on its proposed review of ADIs' Points of Presence (PoP) statistics between September 2015 and November 2015. A public discussion paper was released during the consultation period, *Discussion Paper Authorised Deposit-taking Institutions' Points of Presence statistics (September 2015)* (Discussion Paper).

Submissions were received from, and discussions held with, numerous ADIs and industry bodies. Consultation indicated general support for retaining the PoP data collection and statistics.

One of the proposed changes to the collection of PoP statistics, consulted on in the Discussion Paper, is to alter the types of service channels that must be reported. The proposed change would mean that ADIs will not be required to report the 'Other' category (which may include service channels such as Merchant/Investment Bank Offices, Internet/Telephone Banking).

APRA intends to implement the proposed changes consulted on in the Discussion Paper. However, in considering the feedback provided through consultation which indicated that sufficient notice of any amendments to reporting requirements should be provided, APRA will defer the implementation of the streamlined PoP reporting forms to 30 June 2017. As an interim measure to lessen the burden of reporting on the current PoP reporting form for 2016, APRA is exempting all ADIs from reporting under the 'Other' category to reduce the number of service channels that they are required to report.

The instrument is minor or machinery in nature and does not substantially alter existing arrangements.

4. Regulation Impact Statement

The Office of Best Practice Regulation has advised that a Regulation Impact Statement is not required for this legislative instrument.

5. Statement of compatibility prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

A Statement of compatibility prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* is provided at Attachment A to this Explanatory Statement.

ATTACHMENT A

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

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This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instrument listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* (HRPS Act).

Overview of the legislative instrument

This instrument exempts ADIs from reporting service channels that fall under the ‘Other’ category as required under *Reporting Standard ARS 396.0 Points of Presence*.

Human rights implications

APRA has assessed the instrument and is of the view that it does not engage any of the applicable rights or freedoms recognised or declared in the international instruments listed in section 3 of the HRPS Act. Accordingly, in APRA’s assessment, the instrument is compatible with human rights.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.