

**Financial Sector (Collection of Data) (reporting standard) determination Nos. 6 - 12 of 2017**

**EXPLANATORY STATEMENT**

**Prepared by the Australian Prudential Regulation Authority (APRA)**

*Financial Sector (Collection of Data) Act 2001*, sections 13 and 15

*Acts Interpretation Act 1901*, section 33

Under subsection 13(1) of the *Financial Sector (Collection of Data) Act 2001* (the Act), APRA has the power to determine reporting standards, in writing, with which financial sector entities must comply. Such standards relate to reporting financial or accounting data and other information regarding the business or activities of the entities. Subsection 33(3) of the *Acts Interpretation Act 1901* provides that where an Act confers a power to issue an instrument the power shall, unless the contrary intention appears, be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to revoke any such instrument.

On 21 June 2017, APRA made the following Financial Sector (Collection of Data) (reporting standard) determinations (the instruments):

- (1) No. 6 of 2017 which:
  - (i) revokes *Reporting Standard SRS 330.0 Statement of Financial Performance* (SRS 330.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 36 of 2015; and
  - (ii) determines *Reporting Standard SRS 330.0 Statement of Financial Performance*;
- (2) No. 7 of 2017 which:
  - (i) revokes *Reporting Standard SRS 330.1 Statement of Financial Performance* (SRS 330.1) made under Financial Sector (Collection of Data) (reporting standard) determination No. 28 of 2015; and
  - (ii) determines *Reporting Standard SRS 330.1 Statement of Financial Performance*;
- (3) No. 8 of 2017 which:
  - (i) revokes *Reporting Standard SRS 330.2 Statement of Financial Performance* (SRS 330.2) made under Financial Sector (Collection of Data) (reporting standard) determination No. 8 of 2015; and
  - (ii) determines *Reporting Standard SRS 330.2 Statement of Financial Performance*;
- (4) No. 9 of 2017 which:

- (i) revokes *Reporting Standard SRS 610.0 Membership Profile* (SRS 610.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 18 of 2015; and
  - (ii) determines *Reporting Standard SRS 610.0 Membership Profile*;
- (5) No. 10 of 2017 which:
- (i) revokes *Reporting Standard SRS 610.1 Changes in Membership Profile* (SRS 610.1) made under Financial Sector (Collection of Data) (reporting standard) determination No. 19 of 2015; and
  - (ii) determines *Reporting Standard SRS 610.1 Changes in Membership Profile*;
- (6) No. 11 of 2017 which:
- (i) revokes *Reporting Standard SRS 720.0 ABS Statement of Financial Position* (SRS 720.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 42 of 2015; and
  - (ii) determines *Reporting Standard SRS 720.0 ABS Statement of Financial Position*; and
- (7) No. 12 of 2017 which:
- (i) revokes *Reporting Standard SRS 800.0 Financial Statements* (SRS 800.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 24 of 2015; and
  - (ii) determines *Reporting Standard SRS 800.0 Financial Statements*.

These instruments commence on 1 July 2017.

## 1. Background

APRA is empowered to make reporting standards under the Act, which require regulated institutions, including RSE licensees, to submit specified data through various reporting forms. Data from these forms is used by APRA to assist with APRA's supervisory functions, and also by Government and other agencies such as the Australian Bureau of Statistics and the Australian Securities and Investments Commission.

The Government proposed a series of superannuation measures as part of the 2016/17 Budget announced in May 2016. Legislation to enact a number of these measures passed Parliament in November 2016 with the measures taking effect between 1 January 2017 and 1 July 2018. The majority of the Budget measures are taxation related; some of the measures, however, necessitate changes to APRA's reporting framework.

## **2. Purpose and operation of the instruments**

The purpose of making these instruments is to amend SRS 330.0, SRS 330.1, SRS 330.2, SRS 610.0, SRS 610.1, SRS 720.0 and SRS 800.0 to ensure consistency with the Government's Budget measures and that APRA's reporting framework is up to date.

SRS 330.0 will be amended to reflect the Government's abolition of the Low Income Superannuation Contribution (LISC) and introduction of the Low Income Superannuation Tax Offset (LISTO). The LISTO refunds tax paid on concessional contributions by individuals with a taxable income of up to \$37,000, up to a cap of \$500. This change necessitates a change in the name and definition of item 1.2.4 of the form and instructions of SRS 330.0; in addition, some consequential and very minor changes have been made to this reporting standard. While the amending legislation (Schedule 4 of the *Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016*) becomes effective on 2 July 2017, application of the amended SRS 330.0 from 1 July 2017 will have no adverse impact on reporting of LISTO amounts, as LISTO amounts are not paid on 1 July.

SRS 330.1, SRS 330.2, SRS 720.0 and SRS 800.0 will have a minor amendment made to the definition of 'Member contribution' for consistency with a corresponding change made to SRS 330.0 and will also apply for reporting periods ending on or after 1 July 2017.

SRS 610.0 and SRS 610.1 will be amended to reflect the Government's introduction of the \$1.6 million transfer balance cap and the concept of member balances being in the 'retirement phase' or the 'accumulation phase'. The \$1.6 million transfer balance cap is a limit (to be indexed) placed on the amount that a member can transfer into the retirement phase, with earnings on these amounts to be tax-free. Conversely, the earnings on member balances in the accumulation phase will be subject to tax at the concessional rate. These changes necessitate changes to the instructions in item 3 of SRS 610.0 and item 5 of SRS 610.1 to amend the definitions of 'tax-free phase' and 'taxed phase', and the removal from item 3 of the instructions in SRS 610.0 of the reference to 'transition to retirement' as being in the tax-free phase. The amending legislation (Schedule 1 and Schedule 11 of the *Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016*) took effect from 1 January 2017 and affects only the definitions for items in the reporting standard.

Two additional changes unrelated to the Government's Budget measures are included in this package to provide additional clarification to industry and to improve the quality of the data reported to APRA. The specific instructions to items 1 to 5 in SRS 610.1 have been updated to state that the transfer of member interests within an existing RSE are not to be reported as new accounts in the RSE. Item 11 in SRS 720.0 has been amended to change the definition of 'Receivables and other financial assets' to clarify that future income tax benefits should not be excluded from this amount, following advice from the ABS as the users of this data.

## **3. Consultation**

APRA previously consulted on SRS 330.0 and SRS 720.0 during 2015.

APRA previously consulted on SRS 330.1, SRS 330.2, SRS 610.0, SRS 610.1 and SRS 800.0 during 2012-2013 and subsequently released revised final versions of these standards during 2015 (with minor amendments only).

APRA has determined that it is not necessary to publicly consult on these revisions as they are very minor in nature and are chiefly in response to the Government's introduction of the 2016/17 Budget measures.

## **5. Regulation Impact Statement**

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

## **6. 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*

**Financial Sector (Collection of Data) (reporting standard) determination Nos. 6 - 12 of 2017 – Reporting Standard SRS 330.0 Statement of Financial Performance (SRS 330.0), Reporting Standard SRS 330.1 Statement of Financial Performance (SRS 330.1), Reporting Standard SRS 330.2 Statement of Financial Performance (SRS 330.2), Reporting Standard SRS 610.0 Membership Profile (SRS 610.0), Reporting Standard SRS 610.1 Changes in Membership Profile (SRS 610.1), Reporting Standard SRS 720.0 ABS Statement of Financial Position (SRS 720.0) and Reporting Standard SRS 800.0 Financial Statements (SRS 800.0)**

These Legislative Instruments are 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 Instruments**

The purpose of making these legislative instruments is to make minor revisions to SRS 330.0, SRS 330.1, SRS 330.2, SRS 610.0, SRS 610.1, SRS 720.0 and SRS 800.0 to amend the existing reporting requirements to ensure consistency with the introduction of the Government's 2016/17 Budget measures. The reporting standards require the reporting of superannuation fund data on an aggregated basis and do not require the reporting of any personal information.

#### **Human rights implications**

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

#### **Conclusion**

These Legislative Instruments are compatible with human rights as they do not raise any human rights issues.