

Financial Sector (Collection of Data) (reporting standard) determination Nos. 3 to 36 of 2018

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 March 2018, APRA made the following determinations (the instruments):

1. Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2018 which:
 - (i) revokes *Reporting Standard ARS 113.0 Foundation Internal Ratings-based (FIRB) Approach to Credit Risk* (existing ARS 113.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 113.0 Foundation Internal Ratings-based (FIRB) Approach to Credit Risk* (ARS 113.0);
2. Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2018 which:
 - (i) revokes *Reporting Standard ARS 113.1 Advanced Internal Ratings-based (AIRB) Approach to Credit Risk* (existing ARS 113.1) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 113.1 Advanced Internal Ratings-based (AIRB) Approach to Credit Risk* (ARS 113.1);
3. Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2018 which:
 - (i) revokes *Reporting Standard ARS 113.2 Internal Ratings-based (IRB) Approach to Credit Risk – Specialised Lending Supervisory Slotting* (existing ARS 113.2) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 6 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 113.2 Internal Ratings-based (IRB)*

Approach to Credit Risk – Specialised Lending Supervisory Slotting (ARS 113.2);

4. Financial Sector (Collection of Data) (reporting standard) determination No. 6 of 2018 which:
 - (i) revokes *Reporting Standard ARS 113.3 Internal Ratings-based (IRB) Approach to Credit Risk – Retail* (existing ARS 113.3) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 7 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 113.3 Internal Ratings-based (IRB) Approach to Credit Risk – Retail* (ARS 113.3);
5. Financial Sector (Collection of Data) (reporting standard) determination No. 7 of 2018 which:
 - (i) revokes *Reporting Standard ARS 115.0 Advanced Measurement Approaches (AMA) to Operational Risk* (existing ARS 115.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 115.0 Advanced Measurement Approaches (AMA) to Operational Risk* (ARS 115.0);
6. Financial Sector (Collection of Data) (reporting standard) determination No. 8 of 2018 which:
 - (i) revokes *Reporting Standard ARS 118.0 Off-balance Sheet Business* (existing ARS 118.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2008); and
 - (ii) determines *Reporting Standard ARS 118.0 Off-balance Sheet Business* (ARS 118.0);
7. Financial Sector (Collection of Data) (reporting standard) determination No. 9 of 2018 which:
 - (i) revokes *Reporting Standard ARS 220.0 Impaired Facilities* (existing ARS 220.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 19 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 220.0 Impaired Facilities* (ARS 220.0);
8. Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2018, which:
 - (i) revokes *Reporting Standard ARS 220.3 Prescribed Provisioning* (existing ARS 220.3) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 20 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 220.3 Prescribed Provisioning* (ARS 220.3);

9. Financial Sector (Collection of Data) (reporting standard) No. 11 of 2018 which:
 - (i) revokes *Reporting Standard ARS 220.5 Movements in Provisions for Impairment* (existing ARS 220.5) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 21 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 220.5 Movements in Provisions for Impairment* (ARS 220.5);
10. Financial Sector (Collection of Data) (reporting standard) determination No. 12 of 2018 which:
 - (i) revokes *Reporting Standard ARS 222.0 Exposures to Related Entities* (existing ARS 222.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 23 of 2008);
 - (ii) and determines a new *Reporting Standard ARS 222.0 Exposures to Related Entities* (ARS 222.0);
11. Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2018 which:
 - (i) revokes *Reporting Standard ARS 230.0 Commercial Property* (existing ARS 230.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 24 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 230.0 Commercial Property* (ARS 230.0);
12. Financial Sector (Collection of Data) (reporting standard) determination No. 14 of 2018 which:
 - (i) revokes *Reporting Standard ARS 320.0 Statement of Financial Position (Domestic Books)* (existing ARS 320.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 320.0 Statement of Financial Position (Domestic Books)* (ARS 320.0);
13. Financial Sector (Collection of Data) (reporting standard) determination No. 15 of 2018 which:
 - (i) revokes *Reporting Standard ARS 320.1 Debt Securities Held* (existing ARS 320.1) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 31 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 320.1 Debt Securities Held* (ARS 320.1);
14. Financial Sector (Collection of Data) (reporting standard) determination No. 16 of 2018 which:

- (i) revokes *Reporting Standard ARS 320.2 Equity Securities Held* (existing ARS 320.2) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 32 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 320.2 Equity Securities Held* (ARS 320.2);
- 15. Financial Sector (Collection of Data) (reporting standard) determination No. 17 of 2018 which:
 - (i) revokes *Reporting Standard ARS 320.3 Debt Securities on Issue* (existing ARS 320.3) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 33 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 320.3 Debt Securities on Issue* (ARS 320.3);
- 16. Financial Sector (Collection of Data) (reporting standard) determination No. 18 of 2018 which:
 - (i) revokes *Reporting Standard ARS 320.4 Bill Acceptances and Endorsements* (existing ARS 320.4) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 34 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 320.4 Bill Acceptances and Endorsements* (ARS 320.4);
- 17. Financial Sector (Collection of Data) (reporting standard) determination No. 19 of 2018 which:
 - (i) revokes *Reporting Standard ARS 320.5 Securities Subject to Repurchase and Resale and Stock Lending and Borrowing* (existing ARS 320.5) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 35 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 320.5 Securities Subject to Repurchase and Resale and Stock Lending and Borrowing* (ARS 320.5);
- 18. Financial Sector (Collection of Data) (reporting standard) determination No. 20 of 2018 which:
 - (i) revokes *Reporting Standard ARS 320.8 Housing Loan Reconciliation* (existing ARS 320.8) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 59 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 320.8 Housing Loan Reconciliation* (ARS 320.8);
- 19. Financial Sector (Collection of Data) (reporting standard) determination No. 21 of 2018 which:
 - (i) revokes *Reporting Standard ARS 320.9 Intra-Group Receivables and Payables*

- (existing ARS 320.9) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 37 of 2008); and
- (ii) determines a new *Reporting Standard ARS 320.9 Intra-Group Receivables and Payables* (ARS 320.9);
20. Financial Sector (Collection of Data) (reporting standard) determination No. 22 of 2018 which:
- (i) revokes *Reporting Standard ARS 322.0 Statement of Financial Position (Consolidated)* (existing ARS 322.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 39 of 2008); and
- (ii) determines a new *Reporting Standard ARS 322.0 Statement of Financial Position (Consolidated)* (ARS 322.0);
21. Financial Sector (Collection of Data) (reporting standard) determination No. 23 of 2018 which:
- (i) revokes *Reporting Standard ARS 323.0 Statement of Financial Position (Licensed ADI)* (existing ARS 323.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 40 of 2008); and
- (ii) determines a new *Reporting Standard ARS 323.0 Statement of Financial Position (Licensed ADI)* (ARS 323.0);
22. Financial Sector (Collection of Data) (reporting standard) determination No. 24 of 2018 which:
- (i) revokes *Reporting Standard ARS 325.0 International Operations* (existing ARS 325.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 41 of 2008); and
- (ii) determines a new *Reporting Standard ARS 325.0 International Operations* (ARS 325.0);
23. Financial Sector (Collection of Data) (reporting standard) determination No. 25 of 2018 which:
- (i) revokes *Reporting Standard ARS 330.0 Statement of Financial Performance* (existing ARS 330.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 43 of 2008); and
- (ii) determines a new *Reporting Standard ARS 330.0 Statement of Financial Performance* (ARS 330.0);
24. Financial Sector (Collection of Data) (reporting standard) determination No. 26 of 2018 which:
- (i) revokes *Reporting Standard ARS 330.1 Interest Income and Interest Expense* (existing ARS 330.1) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 44 of 2008); and

- (ii) determines a new *Reporting Standard ARS 330.1 Interest Income and Interest Expense* (ARS 330.1);
- 25. Financial Sector (Collection of Data) (reporting standard) determination No. 27 of 2018 which:
 - (i) revokes *Reporting Standard ARS 330.2 Other Operating Income* (existing ARS 330.2) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 45 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 330.2 Other Operating Income* (ARS 330.2);
- 26. Financial Sector (Collection of Data) (reporting standard) determination No. 28 of 2018 which:
 - (i) revokes *Reporting Standard ARS 330.3 Other Operating Expenses* (existing ARS 330.3) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 46 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 330.3 Other Operating Expenses* (ARS 330.3);
- 27. Financial Sector (Collection of Data) (reporting standard) determination No. 29 of 2018 which:
 - (i) revokes *Reporting Standard ARS 331.0 Selected Revenues and Expenses* (existing ARS 331.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 47 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 331.0 Selected Revenues and Expenses* (ARS 331.0);
- 28. Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2018 which:
 - (i) revokes *Reporting Standard ARS 332.0 Statement of Economic Activity* (existing ARS 332.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 48 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 332.0 Statement of Economic Activity* (ARS 332.0);
- 29. Financial Sector (Collection of Data) (reporting standard) determination No. 31 of 2018 which:
 - (i) revokes *Reporting Standard ARS 391.0 Commercial Finance* (existing ARS 391.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 49 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 391.0 Commercial Finance* (ARS 391.0);

30. Financial Sector (Collection of Data) (reporting standard) determination No. 32 of 2018 which:
- (i) revokes *Reporting Standard ARS 392.0 Housing Finance* (existing ARS 392.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 50 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 392.0 Housing Finance* (ARS 392.0);
31. Financial Sector (Collection of Data) (reporting standard) determination No. 33 of 2018 which:
- (i) revokes *Reporting Standard ARS 393.0 Lease Finance* (existing ARS 393.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 51 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 393.0 Lease Finance* (ARS 393.0);
32. Financial Sector (Collection of Data) (reporting standard) determination No. 34 of 2018 which:
- (i) revokes *Reporting Standard ARS 394.0 Personal Finance* (existing ARS 394.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 52 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 394.0 Personal Finance* (ARS 394.0);
33. Financial Sector (Collection of Data) (reporting standard) determination No. 35 of 2018 which:
- (i) revokes *Reporting Standard ARS 395.0 Business Finance Statistics* (existing ARS 395.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 53 of 2008); and
 - (ii) determines a new *Reporting Standard ARS 395.0 Business Finance Statistics* (ARS 395.0);
34. Financial Sector (Collection of Data) (reporting standard) determination No. 36 of 2018 which:
- (i) revokes *Reporting Standard RRS 320.0 Statement of Financial Position* (existing RRS 320.0) (as determined by Financial Sector (Collection of Data) (reporting standard) determination No. 55 of 2008); and
 - (ii) determines a new *Reporting Standard RRS 320.0 Statement of Financial Position* (RRS 320.0).

The instruments commence on 1 April 2018.

1. Background

Financial Sector (Collection of Data) (reporting standard) determination Nos. 3 to 19 and 21 to 36 of 2018

In 2008, APRA introduced new reporting requirements for authorised deposit-taking institutions (ADIs) as part of its implementation of a revised prudential framework based on the Basel Committee's measures known as Basel II (the Framework) in Australia. As a result of the implementation, a number of consequential amendments to reporting standards were also made. The new and amended reporting standards were determined under:

- (i) *Financial Sector (Collection of Data) (reporting standard) determination Nos. 3-7 of 2008;*
- (ii) *Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2008;*
- (iii) *Financial Sector (Collection of Data) (reporting standard) determination Nos. 19-21 of 2008;*
- (iv) *Financial Sector (Collection of Data) (reporting standard) determination Nos. 23-24 of 2008;*
- (v) *Financial Sector (Collection of Data) (reporting standard) determination Nos. 30-35 of 2008;*
- (vi) *Financial Sector (Collection of Data) (reporting standard) determination No. 37 of 2008;*
- (vii) *Financial Sector (Collection of Data) (reporting standard) determination Nos. 39-41 of 2008;*
- (viii) *Financial Sector (Collection of Data) (reporting standard) determination Nos. 43-53 of 2008; and*
- (ix) *Financial Sector (Collection of Data) (reporting standard) determination No. 55 of 2008;*

The reporting standards created under these determinations would have sunsetted on 1 April 2018 by operation of subsection 50(1) of the *Legislation Act 2003*.

Financial Sector (Collection of Data) (reporting standard) determination No. 20 of 2018

From 30 September 2008, APRA began collecting housing loan reconciliation data under *Reporting Standard ARS 320.8 Housing Loan Reconciliation (ARS 320.8)* from ADIs with total housing loan assets greater than \$1 billion. This reporting standard was determined under *Financial Sector (Collection of Data) (reporting standard) determination No. 59 of 2008* and was not created as part of the implementation of the Basel II framework in Australia. The data provide a greater understanding of housing lending activities and household balance sheets. The information is used primarily by the RBA in monetary policy setting. A secondary use is to provide greater granularity to APRA's analysis of credit risk.

This reporting standard would have sunsetted on 1 October 2018 by operation of subsection 50(1) of the Legislation Act 2003.

ARS 320.8 will be discontinued in 2019, with some data items moved to the *Reporting Standard ARS 223.0 Residential Mortgage Lending* and other data items moved to the new EFS Reporting Standard *ARS 743.0 ABS/RBA Housing Finance*.

2. Purpose and operation of the instruments

The purpose and operation of the determinations is to allow the above reporting standards to continue in their current form without any significant changes. The due dates, data required and the application of the reporting standards have not changed, although redundant references to specialised credit card institutions have been removed.

In the reporting standards, unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force from time to time. The reporting standards also make reference to *Prudential Practice Guide APG 113 Internal Ratings-based Approach to Credit Risk* dated January 2013¹, *Australian and New Zealand Standard Industrial Classifications – Australian Bureau of Statistics publication (Catalogue No. 1292.0) – February 2006*,² International Financial Reporting Standards, being standards set by the International Accounting Standards Board, as in force at 1 April 2018³ and *International Organisation for Standardization (ISO) ISO 4217:2015 Currency names and code elements*⁴.

3. Consultation

Remaking the reporting standards continues existing reporting requirements, pending replacement by the EFS collection or as part of the Basel 3b work. In consultation on the EFS collection, APRA informed affected ADIs and RFCs that existing reporting requirements are expected to continue until the new EFS reporting standards take effect. The key users of these data, the ABS and RBA, have been consulted on the need to remake these standards and ensure no break in statistical series.

The reporting standards were due to sunset 1 April 2018. Due to the short timeframe, APRA considered that conducting extensive additional consultation was not feasible.

4. Regulation Impact Statement

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

¹ <http://www.apra.gov.au/adi/PrudentialFramework/Pages/authorised-deposit-taking-institutions-ppts.aspx>

² <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1292.0>

³ <http://www.ifrs.org/issued-standards/list-of-standards/>

⁴ <https://www.iso.org/iso-4217-currency-codes.html>

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*

Financial Sector (Collection of Data) (reporting standard) determination Nos. 3 to 36 of 2018

These Legislative Instruments are compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* (HRPS Act).

Overview of the Legislative Instruments

These legislative instruments remake those reporting standards, applying to Authorised Deposit-taking Institutions, which are due to sunset on 1 April 2018 and 1 October 2018. The data collected under these reporting standards is used by APRA for the purposes of monitoring capital adequacy and supervisory analysis. The data collected under these reporting standards is also used by the Reserve Bank of Australia and the Australian Bureau of Statistics to assist them with their functions.

These legislative instruments also remake the reporting standard, applying to Registered Financial Corporations, which is due to sunset on 1 April 2018. The data collected under this reporting standard is used by the Reserve Bank of Australia and the Australian Bureau of Statistics to assist them with their functions. APRA collects the data on behalf of these agencies.

No personal information is collected by APRA under these reporting standards. Consequently, APRA is of the view that these legislative instruments do not raise any human rights issues.

Human rights implications

APRA has assessed the instruments and is of the view that they do 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 instruments are compatible with human rights.

Conclusion

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