

Financial Sector (Collection of Data) (reporting standard) determination Nos. 23 and 24 of 2021

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.

Subsection 15(1) of the Act provides that APRA may declare a day on and after which the reporting standards are to apply.

On 16 June 2021, APRA made the following determinations (the instruments):

- (1) Financial Sector (Collection of Data) (reporting standard) determination No. 23 of 2021 which:
 - (i) revokes *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* (ARS 701.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 29 of 2019; and
 - (ii) determines a new version of ARS 701.0;
- (2) Financial Sector (Collection of Data) (reporting standard) determination No. 24 of 2021 which:
 - (i) revokes *Reporting Standard RRS 710.0 ABS/RBA Audit Requirements for Registered Financial Corporations - EFS collection* (RRS 710.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 22 of 2019; and
 - (ii) determines a new version of RRS 710.0.

The instruments commence on 1 July 2021.

1. Background

The economic and financial statistics (EFS) collection – previously the Domestic Books collection – is a series of reporting requirements administered on behalf of the Australian Bureau of Statistics (ABS) and the Reserve Bank of Australia (RBA) (collectively, the agencies) by APRA in its role as national statistical agency for the

financial sector. The collection focuses on the Australian (domestic) operations and activities of authorised deposit-taking institutions (ADIs) and Registered Financial Corporations (RFCs).

The data collected from ADIs and RFCs in the EFS data collection are used by the ABS and the RBA to compile and publish key macroeconomic indicators for Australia and are also used for analysis and policy purposes by the RBA. Data collected on the EFS forms are also used by APRA for prudential supervision and other purposes. Aggregated data are used by other economic policy makers and to meet Australia's international reporting obligations.

The EFS data are therefore a vital input for measuring and assessing both activity and risks in the financial sector and for the Australian economy more broadly. The data are also an input to global assessments of economic and financial activity and risks. The provision of relevant, timely and high quality EFS data will ensure that policy decisions are made using the best available information.

2. Purpose and operation of the instruments

The purpose of the instruments is to revoke the existing ARS 701.0 and RRS 710.0 and replace them with new versions.

ARS 701.0 provides definitions of key terms and concepts used throughout the EFS collection. The new version of ARS 701.0 contains updated definitions and concepts used in the EFS collection that were previously issued as guidance by APRA.

RRS 710.0 establishes requirements for a RFC to ensure that APRA, the RBA and the ABS have access to the provision of independent advice on the information and internal controls of RFCs' EFS data. The new version of RRS 710.0 contains changes to allow RFCs to align their audits of EFS data with their financial year end.

Where the instruments refer to an Act, Regulation, Prudential Standard, Reporting Standard, Australian Accounting Standard or Auditing Standard, this is a reference to the document as it exists from time to time, and which is available on the Federal Register of Legislation at www.legislation.gov.au.

3. Consultation

APRA consulted publicly on the proposed amendments to ARS 701.0 and RRS 710.0 from August 2020 to September 2020 as part of a broader consultation on proposed changes to the EFS reporting standards.¹ A total of seven submissions were received in response to APRA's consultation.

In November 2020, APRA released a response letter *Response to submissions: Proposed changes to modernised Economic and Financial Statistics (EFS) reporting*

¹ [Proposed changes to modernised Economic and Financial Statistics \(EFS\) reporting standards and guidance | APRA <https://www.apra.gov.au/proposed-changes-to-modernised-economic-and-financial-statistics-efs-reporting-standards-and-0>](https://www.apra.gov.au/proposed-changes-to-modernised-economic-and-financial-statistics-efs-reporting-standards-and-0).

*standards and guidance*². APRA included further guidance and clarification in the reporting instructions and reporting practice guide as a result of consultation.

4. Regulation Impact Statement

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

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.

² [Response to submissions: Proposed changes to modernised Economic and Financial Statistics \(EFS\) reporting standards and guidance | APRA <https://www.apra.gov.au/response-to-submissions-proposed-changes-to-modernised-economic-and-financial-statistics-efs>](https://www.apra.gov.au/response-to-submissions-proposed-changes-to-modernised-economic-and-financial-statistics-efs).

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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The 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

The purpose of the instruments is to revoke existing versions of *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* (ARS 701.0) and *Reporting Standard RRS 710.0 ABS/RBA Audit Requirements for Registered Financial Corporations – EFS collection* (RRS 710.0) and determine new versions of ARS 701.0 and RRS 710.0.

ARS 701.0 provides definitions of key terms and concepts used throughout the Economic and Financial Statistics (EFS) collection. The EFS collection sets out requirements for authorised deposit-taking institutions and registered financial corporations to report key data to APRA on their domestic operations.

RRS 710.0 sets out requirements for a Registered Financial Corporations (RFCs) to ensure that APRA, the RBA and the ABS have access to the provision of independent advice on the information and internal controls of RFCs' EFS data.

Human rights implications

APRA has assessed the instruments and is of the view that the instruments 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

The legislative instruments are compatible with human rights as the instruments do not raise any human rights issues.