

**Financial Sector (Collection of Data) (reporting standard) determination Nos. 25 and 27 to 41 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 30 July 2021, APRA made the following determinations (the instruments):

- (1) Financial Sector (Collection of Data) (reporting standard) determination No. 25 of 2021 which:
  - (i) revokes *Reporting Standard ARS 720.0 ABS/RBA Statement of Financial Position* (ARS 720.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 2 of 2019; and
  - (ii) determines a new version of ARS 720.0;
- (2) Financial Sector (Collection of Data) (reporting standard) determination No. 27 of 2021 which:
  - (i) revokes *Reporting Standard ARS 720.2 ABS/RBA Deposits* (ARS 720.2) made under Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2019; and
  - (ii) determines a new version of ARS 720.2;
- (3) Financial Sector (Collection of Data) (reporting standard) determination No. 28 of 2021 which:
  - (i) revokes *Reporting Standard ARS 720.3 ABS/RBA Intra-group Assets and Liabilities* (ARS 720.3) made under Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2019; and
  - (ii) determines a new version of ARS 720.3;

- (4) Financial Sector (Collection of Data) (reporting standard) determination No. 29 of 2021 which:
- (i) revokes *Reporting Standard ARS 720.4 ABS/RBA Debt Securities Held* (ARS 720.4) made under Financial Sector (Collection of Data) (reporting standard) determination No. 6 of 2019; and
  - (ii) determines a new version of ARS 720.4;
- (5) Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2021 which:
- (i) revokes *Reporting Standard ARS 720.5 ABS/RBA ABS/RBA Equity Securities Held* (ARS 720.5) made under Financial Sector (Collection of Data) (reporting standard) determination No. 7 of 2019; and
  - (ii) determines a new version of ARS 720.5;
- (6) Financial Sector (Collection of Data) (reporting standard) determination No. 31 of 2021 which:
- (i) revokes *Reporting Standard ARS 720.6 ABS/RBA Securities on Issue* (ARS 720.6) made under Financial Sector (Collection of Data) (reporting standard) determination No. 8 of 2019; and
  - (ii) determines a new version of ARS 720.6;
- (7) Financial Sector (Collection of Data) (reporting standard) determination No. 32 of 2021 which:
- (i) revokes *Reporting Standard ARS 721.0 ABS/RBA Repurchase Agreements and Securities Lending* (ARS 721.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 18 of 2019; and
  - (ii) determines a new version of ARS 721.0;
- (8) Financial Sector (Collection of Data) (reporting standard) determination No. 33 of 2021 which:
- (i) revokes *Reporting Standard ARS 730.0 ABS/RBA Statement of Financial Performance* (ARS 730.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 20 of 2019; and
  - (ii) determines a new version of ARS 730.0;
- (9) Financial Sector (Collection of Data) (reporting standard) determination No. 34 of 2021 which:
- (i) revokes *Reporting Standard ARS 741.0 ABS/RBA Business Finance* (ARS 741.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2019; and

- (ii) determines a new version of ARS 741.0;
- (10) Financial Sector (Collection of Data) (reporting standard) determination No. 35 of 2021 which:
  - (i) revokes *Reporting Standard ARS 742.0 ABS/RBA Business Credit Stocks, Flows and Interest Rates* (ARS 742.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 11 of 2019; and
  - (ii) determines a new version of ARS 742.0;
- (11) Financial Sector (Collection of Data) (reporting standard) determination No. 36 of 2021 which:
  - (i) revokes *Reporting Standard ARS 743.0 ABS/RBA Housing Finance* (ARS 743.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 12 of 2019; and
  - (ii) determines a new version of ARS 743.0;
- (12) Financial Sector (Collection of Data) (reporting standard) determination No. 37 of 2021 which:
  - (i) revokes *Reporting Standard ARS 744.0 ABS/RBA Housing Credit Stocks, Flows and Interest Rates* (ARS 744.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2019; and
  - (ii) determines a new version of ARS 744.0;
- (13) Financial Sector (Collection of Data) (reporting standard) determination No. 38 of 2021 which:
  - (i) revokes *Reporting Standard ARS 745.0 ABS/RBA Personal Finance* (ARS 745.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 14 of 2019; and
  - (ii) determines a new version of ARS 745.0;
- (14) Financial Sector (Collection of Data) (reporting standard) determination No. 39 of 2021 which:
  - (i) revokes *Reporting Standard ARS 746.0 ABS/RBA Personal Credit Stocks, Flows and Interest Rates* (ARS 746.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 15 of 2019; and
  - (ii) determines a new version of ARS 746.0;
- (15) Financial Sector (Collection of Data) (reporting standard) determination No. 40 of 2021 which:

- (i) revokes *Reporting Standard ARS 747.0 ABS/RBA Deposit Stocks, Flows and Interest Rates (ARS 747.0)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 16 of 2019; and
  - (ii) determines a new version of ARS 747.0;
- (16) Financial Sector (Collection of Data) (reporting standard) determination No. 41 of 2021 which:
- (i) revokes *Reporting Standard ARS 748.0 ABS/RBA Wholesale Funding Stocks, Flows and Interest Rates (ARS 748.0)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 17 of 2019; and
  - (ii) determines a new version of ARS 748.0;

The instruments commence upon registration on the Federal Register of Legislation.

## **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 instruments and replace them with new versions.

Each instrument revokes and determines a reporting standard that relates to the EFS collection, and requires an ADI or RFC to provide information to APRA about their businesses and activities. The reporting standards include a reporting form that an ADI or RFC must complete and submit to APRA, and instructions to completing the reporting form.

Specifically:

- ARS 720.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their financial position. This includes information on assets and liabilities.
- ARS 720.2 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their deposits.
- ARS 720.3 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their intra-group assets and liabilities.
- ARS 720.4 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their debt securities held.
- ARS 720.5 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their equity securities held.
- ARS 720.6 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their securities on issue.
- ARS 721.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their repurchase agreements and securities lending. This includes information relating to “repo stocks – repo characteristics”, “repo stocks – collateral characteristics”, and “reverse repo stocks – repo characteristics”.
- ARS 730.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their financial performance. This includes information on “interest income”, “interest expense” and “dividends”.
- ARS 741.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their provision of business finance. This includes information relating to “borrower-accepted commitments for business loans - by product”, “new borrower-accepted commitments for business loans - by purpose” and “new borrower-accepted commitments for business finance - by industry”.
- ARS 742.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their business credit stocks, flows, and interest rates. This includes information relating to “business finance outstanding”, “business finance funded in the month” and “business finance – by collateralisation”.
- ARS 743.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their provision of housing finance to households. This includes information relating to “new applications for housing loans”, “new borrower-accepted commitments for housing loans” and “new borrower-accepted commitments for housing loans to resident first-home buyers”.

- ARS 744.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their housing credit stocks, flows, and interest rates. This includes information relating to “housing loans outstanding”, “housing loans funded in the month” and “fixed interest rate housing loans to residents”.
- ARS 745.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their provision of personal finance to households. This includes information relating to “new borrower-accepted commitments for fixed-term personal loans and finance leases” and “borrower-accepted commitments for credit cards, margin lending and other revolving credit”.
- ARS 746.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their personal credit stocks, flows, and interest rates. This includes information relating to “personal finance outstanding”, “personal finance funded in the month” and “personal finance to residents funded in the month”.
- ARS 747.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their deposit stocks, flows, and interest rates. This includes information relating to “deposits outstanding”, “deposits outstanding to resident households” and “deposits outstanding to counterparties other than resident households”.
- ARS 748.0 outlines the requirements for the provision of information to APRA by ADIs and RFCs on their wholesale funding stocks, flows, and interest rates.

The new versions of the reporting standards contain changes that:

- consolidate guidance previously issued by APRA that clarified APRA’s expectations on how the reporting forms were to be completed; and
- ensure adequate coverage for APRA’s statistical publications. These changes include adding additional data items and lowering reporting thresholds where relevant.

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](http://www.legislation.gov.au).

ARS 721.0 refers to International Standards ISO 3166 and ISO 4217, which are issued by the International Organization for Standardization (ISO). These ISO standards are not intended to be incorporated in ARS 721.0 as the contents of the ISO standards are not relevant to understanding the terms of ARS 721.0

Financial sector entities are expected to report certain items with the ISO 3166 country code and the ISO 4217 currency code as matters of fact. Following the extensive consultation undertaken on the EFS collection, financial sector entities are

aware information relevant to the two-letter ISO 3166 country code and to the three-letter ISO 4217 currency code is widely available freely online.

The contents of ISO 3166 and the contents of ISO 4217 are not relevant to the understanding ARS 721.0. ARS 721.0 does not incorporate by reference the contents of ISO 3166 and the contents of ISO 4217.<sup>1</sup>

There are a number of powers that may be exercised by APRA in reporting standards that involve an element of discretion and which may impact the interests of the financial sector entity to which the reporting standard applies. These decisions include APRA refusing to change a reporting period or due date for an ADI to provide information required by each of the instruments. Decisions made by APRA exercising those powers are not subject to merits review.

APRA considers decisions made by APRA exercising discretions under its reporting standards should not be subject to merits review as they are financial decisions with a significant public interest element.

APRA's reporting standards collect financial data from regulated entities. This data contains critical indicators of a regulated entity's financial wellbeing, including data on an entity's assets, capital, liquidity, expenses and risk exposures. APRA relies heavily on this financial data to inform its supervisory actions towards its regulated entities. Without timely and complete data, APRA may miss indicators that an ADI is taking on imprudent risk or is in distress. APRA's supervisory decisions may be jeopardised if its receipt of data is unreliable due to entities seeking merits review under its reporting standards.

The data collected by APRA's reporting standards is also often used to compile key macroeconomic indicators for Australia. The Reserve Bank of Australia uses the data to compile and publish its monetary and credit aggregates. The Australian Bureau of Statistics uses the data to compile the national accounts. The data is also used to meet Australia's international reporting obligations.

Delays caused by an entity seeking merits review of APRA's decisions under one or more reporting standards could significantly compromise these publications. As the publications are done at an aggregate level, any lack of data from one entity caused by a merits review claim prevents the release of the entire publication.

### **3. Consultation**

APRA consulted publicly on the proposed amendments to the EFS reporting standards from August 2020 to September 2020<sup>2</sup>.

A total of seven submissions were received in response to APRA's consultation.

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<sup>1</sup> For more information:

- on ISO 3166 country codes visit <https://www.iso.org/iso-3166-country-codes.html>
- on ISO 4217 currency codes visit <https://www.iso.org/iso-4217-currency-codes.html>

<sup>2</sup> [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).

In November 2020, APRA released a response letter *Response to submissions: Proposed changes to modernised Economic and Financial Statistics (EFS) reporting standards and guidance*<sup>3</sup>. 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.

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<sup>3</sup> [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*

#### **Financial Sector (Collection of Data) (reporting standard) determination Nos. 25 and 27 to 41 of 2021**

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 the existing EFS reporting standards and replace them with versions that contain additional reporting guidance.

The legislative instruments determine reporting standards which apply to authorised deposit-taking institutions (ADIs) and registered financial corporations (RFCs).

The reporting standards set out requirements for ADIs and RFCs to report key data on their domestic operations. The data collected from ADIs and RFCs are used to compile key macroeconomic indicators for Australia published by the ABS and the RBA and are used for analysis and policy purposes by the RBA. Data collected on the EFS forms are also available to APRA and are 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.

#### **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.