

Financial Sector (Collection of Data) (reporting standard) determination No. 2 of 2025

EXPLANATORY STATEMENT

Prepared by the Australian Prudential Regulation Authority (APRA)

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

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

On 6 January 2025, APRA made:

- (1) Financial Sector (Collection of Data) (reporting standard) determination No. 2 of 2025 which:
 - (i) determines a new *Reporting Standard SRS 340.0 RSE Licensee Financial Statements* (SRS 340.0).

The instrument commences at the start of the day after the day the instrument is registered on the Federal Register of Legislation.

1. Background

APRA is the prudential regulator for banking, insurance and superannuation entities, and collects financial sector data for its own uses and on behalf of the Reserve Bank of Australia and the Australian Bureau of Statistics.

SRS 340.0 sets out requirements for the provision of information to APRA relating to the audited financial statements and reports of a registrable superannuation entity (RSE) licensee. It states the specific data items each RSE licensee needs to submit, provides definitions and instructions on how to measure and report these items, and states timelines and quality requirements for providing the data to APRA.

. The reporting standard addresses critical data gaps in the previous reporting framework and will increase transparency in the superannuation industry.

2. Purpose and operation of the Legislative Instrument

The purpose of the instrument is to determine the new SRS 340.0, which requires RSE licensees to provide information to APRA about their audited financial statements and reports. This data is needed to strengthen supervision of the superannuation industry and to promote transparency and comparability within the superannuation industry.

Explanation of each provision in the instrument

Authority – paragraph 1

This paragraph outlines APRA's power to determine reporting standards that are required to be complied with by relevant financial sector entities under section 13 of the Act.

Purpose – paragraph 2

This paragraph explains the purpose of APRA's collection of information under the reporting standard. Information collected under this reporting standard will be used by APRA for the purpose of prudential supervision and publication. It may also be used by the Australian Securities and Investments Commission.

Application – paragraph 3

This provision states which financial sector entities must comply with the reporting standard as permitted by section 13 of the Act.

Commencement – paragraph 4

This provision states when the reporting standard commences.

Reporting periods – paragraph 5

Paragraph 13(2)(d) of the Act permits reporting standards determined by APRA to include matters related to the times as at which, or the periods to which, the information in reporting documents is to relate.

Paragraph 5 relies on this provision. Paragraph 5 specifies the reporting periods for which and the due dates by which RSE licensees are to provide the information required by the reporting standard.

Notices – paragraphs 6 – 8

Paragraphs 13(2)(d)-(f) of the Act permit reporting standards determined by APRA to include matters related to the times as at which, or the periods to which, the information in reporting documents is to relate, the giving of reporting documents to APRA, and when they should be provided, and the discretion of APRA, in particular cases, to vary reporting standards, including, but not limited to, the discretion to vary when entities are to provide documents.

Paragraph 6 provides for APRA to vary the reporting periods mentioned in paragraph 5 in writing, if, having regard to the particular circumstances of a financial sector entity, APRA considers it necessary or desirable to obtain information at a different frequency than stated in paragraph 5. Paragraph 7 also states that in the case of information provided in accordance with paragraph 6, the due date will be as stated on the written notice. Paragraph 8 states that APRA may grant an extension of a due date in writing.

Form and method of submission – paragraph 9

This provision specifies how information required by the reporting standard must be given to APRA as provided for in paragraph 13(2)(e) of the Act.

Quality control – paragraphs 10-11

Paragraph 10 states that information provided to APRA under this reporting standard must be the product of systems, processes and controls that have been reviewed and tested by the RSE auditor of the RSE, or defined benefit RSE to which the information relates.

Paragraph 11 states that information provided under this reporting standard must be subject to systems, processes and controls developed by the entity for the internal review and authorisation of that information.

Authorisation – paragraphs 12– 14

Paragraphs 12 – 14 state how information provided to APRA should be authenticated and who is authorised to provide information to APRA for a financial sector entity, and a requirement for RSE licensees to retain a copy of any information provided to APRA on their behalf.

Minor alterations to forms and instructions – paragraphs 15 – 16

Paragraph 15 states that APRA may vary the requirements of this reporting standard in relation to a financial sector entity in writing, as provided for in paragraph 13(2)(f) of the Act. Paragraph 16 states APRA must notify entities if it makes such a variation.

Interpretation – paragraphs 17 – 19

Paragraph 17 provides definitions of common terms used throughout the reporting standard. Paragraph 18 states that unless an instrument is not disallowable or a contrary intention appears, a reference to an Act, Regulation, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force or existing from time to time. Paragraph 19 outlines that where this Reporting Standard provides for APRA to exercise a power or discretion, the power or discretion is to be exercised in writing.

General instructions

The general instructions contain details on the data to be reported to APRA under this reporting standard. Information in the general instructions applies to all data items in this reporting standard. This information includes definitions of terms that relate to the data reported to APRA under this reporting standard, and instructions on how to interpret and complete the reporting tables.

Specific instructions

The specific instructions list the specific data items that must be reported to APRA and how financial sector entities should determine these items.

Documents incorporated by reference

Under section 14(1)(a) of the *Legislation Act 2003*, the standard incorporates by reference as in force from time to time:

- Acts of Parliament and associated delegated legislation; and
- Australian Accounting Standards determined by the Australian Accounting Standards Board under section 334 of the *Corporations Act 2001* (Cth).

These documents may be freely obtained at www.legislation.gov.au (Acts of Parliament and associated delegated legislation), and <https://www.aasb.gov.au/pronouncements/accounting-standards/> (the Australian Accounting Standards). Under section 14(1)(b) of the *Legislation Act*, the standard incorporates the following documents from the time that the instrument commences:

- Prudential Standards determined by APRA under subsection 34C(1) of the *Superannuation Industry (Supervision Act) 1993* that relate to superannuation; and
- Reporting Standards determined by APRA under subsection 13(1) of the Act that relate to superannuation.

These documents may be freely obtained at www.legislation.gov.au.

Exercise of discretion by APRA

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 entities to which the reporting standards apply. These decisions include APRA changing a reporting period or due date for an entity to provide required information, or making minor variations to a reporting standard to correct certain errors, to correct inconsistencies or anomalies, or to provide clarification regarding the application of the reporting instructions.

The need to apply discretion is driven by entity specific issues and circumstances which are not adequately addressed by the generally applicable provisions of the reporting standards.

APRA will exercise the power to vary the reporting requirements in relation to a relevant entity if it is satisfied that this will achieve a better reporting or prudential outcome than if it remained in its original form. A change to a reporting period or due date might be determined on APRA's initiative taking into account APRA's assessment of whether existing data will be sufficient for APRA's prudential supervision purposes, or whether APRA will have the required data by a particular date. Alternatively, a change to a reporting period or due date might be considered by APRA at the request of an entity, where the entity is able to demonstrate that it would not be appropriate or feasible to provide data for a particular reporting period or by a particular date.

APRA considers a wide range of factors when exercising its discretion under reporting standards, including limiting regulatory burden, or correcting errors or inconsistencies in the reporting standards.

The exercise of APRA's powers is governed by a robust decision-making framework which is documented in APRA's internal policies. This framework supports APRA in fulfilling its mandate by limiting decision-making to APRA officers with the appropriate experience and skill to exercise prudential judgement.

Review of decisions

APRA considers that decisions made by APRA in 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. 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 entity 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.

3. Consultation

APRA conducted consultation for this instrument.

In November 2023, APRA released publicly, the consultation package on proposed changes to superannuation reporting to include proposals for RSE licensee financial statements reporting.

Nine submissions were received from RSE licensees and industry bodies in response to the consultation package.

In September 2024, APRA released a response to consultation, incorporating the feedback received from industry into the final version of the reporting standard.

APRA is satisfied the consultation was appropriate and reasonably practicable.

4. Regulation Impact Statement

The Office of Impact Analysis advised that a Regulatory Impact Statement was not required for the consultation relating to RSE licensee financial statements.

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.

6. Legislative instrument – disallowance and sunseting

The instrument is a legislative instrument for the purposes of the *Legislation Act 2003* (Legislation Act). In accordance with section 44 of the Legislation Act and item 3 in paragraphs 9 and item 6 in paragraph 11 of the *Legislation (Exemptions and Other Matters) Regulation 2015* (Legislation Regulation), the instrument is not subject to disallowance or sunseting under the Legislation Act on the grounds that the instrument relates to superannuation. The Explanatory Statement to the Legislation Regulation states:

“Item 3 is an instrument (other than regulations) relating to superannuation. This item preserves the exemption in item 39 of the table in subsection 44(2) of the Legislative Instruments Act. This exemption exists because exposure of superannuation instruments to disallowance would cause commercial uncertainty, as well as uncertainty for superannuation fund members and providers. These instruments are intended to have enduring operation and are not suitable for the disallowance process.”

“Item 6 is an instrument (other than a regulation) relating to superannuation. This item preserves the exemption in item 42 of the table in subsection 54(2) of the Legislative Instruments Act. Sunseting of instruments relating to superannuation could cause commercial uncertainty, as well as uncertainty for superannuation fund members and providers. These instruments are intended to have enduring operation and it would not be appropriate to subject them to sunseting.”

As detailed above, appropriate consultation with industry stakeholders occurred prior to the finalisation of the instrument. APRA conducts regular reviews on its reporting standards, which range from post-implementation reviews to targeted reviews of specific standards or aspects of standards.

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 instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* (HRPS Act).

Overview of the Legislative Instrument

The purpose of the Legislative Instrument is to make *Reporting Standard SRS 340.0 RSE Licensee Financial Statements*. This Legislative Instrument will enable APRA to collect certain information relating to the audited financial statements and reports of a registrable superannuation entity licensee.

Human rights implications

APRA has assessed the Legislative 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 Legislative Instrument is compatible with human rights.

Conclusion

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