

EXPLANATORY STATEMENT

STATUTORY RULES 1989 NO 357

Issued by the Authority of the Treasurer

The Banking Legislation Amendment Act 1989 which amends the Banking Act 1959, the Commonwealth Banks Act 1959 and the Reserve Bank Act 1959 is to commence on 28 December 1989.

Section 4 of the Acts Interpretation Act 1901 enables the making of regulations under a power contained in an Act to amend another Act before the amending Act comes into operations. Where a regulation is made by virtue of Section 4(1) it takes effect on the day on which the amending Act comes into operation.

The Banking Act 1959 as amended by the Banking Legislation Amendment Act 1989 includes a new Part VI which will provide for the collection and publication of information about banks to be determined by regulations. Previously the form, content and delivery of balance sheets, profit and loss statements, and other statements containing banking statistics were specified in detail in Part VI of, and the Second Schedule to, the Banking Act 1959. Accordingly, any alteration to the essential nature of these statistics could only be effected through a legislative amendment. It is preferable that the detailed arrangements for the collection

and publication of information about banks be determined in regulations since this permits such arrangements to be altered more readily to take account of the rapid pace of change in the structure of the financial system.

Banking (Statistics) Regulations have been made to establish three statistical forms relating to annual balance sheet results for each bank, an annual statement of profit and loss for each bank and information to be provided weekly concerning each banks assets and liabilities. These three new forms replace similar statutory forms contained in the repealed Second Schedule to the Banking Act 1959. The changes to the forms reflect the removal of the distinction between trading banks and savings banks by the Banking Legislation Amendment Bill 1989 and developments which have occurred in the financial sector since the statutory forms were initially introduced.

The new statement of assets and liabilities will be submitted on a weekly basis by each bank from 1 January 1990. It is not desirable, however, that a common date should be established for all banks for the submission of balance sheets and statements of profit and loss. The Reserve Bank has been given authority to determine the date of submission of balance sheets and statements of profit and loss for each bank. These dates correspond with the date on which each bank closes its accounts each year so that the burden placed on the banks in completing the statistical returns is minimised.

The Business Regulation and Review Unit has been consulted and has raised no objections to these Regulations.