

**Financial Sector (Collection of Data) (reporting standard) determinations No. 12 to 15 of 2014**

**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 2 June 2014, APRA made the following determinations (the instruments):

- (1) Financial Sector (Collection of Data) (reporting standard) determination No. 12 of 2014 which:
  - (i) revokes *Reporting Standard SRS 330.1 Statement of Financial Performance* made under Financial Sector (Collection of Data) (reporting standard) determination No. 73 of 2013; and
  - (ii) determines *Reporting Standard SRS 330.1 Statement of Financial Performance* (SRS 330.1);
- (2) Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2014 which:
  - (i) revokes *Reporting Standard SRS 330.2 Statement of Financial Performance* made under Financial Sector (Collection of Data) (reporting standard) determination No. 74 of 2013; and
  - (ii) determines *Reporting Standard SRS 330.2 Statement of Financial Performance* (SRS 330.2);
- (3) Financial Sector (Collection of Data) (reporting standard) determination No. 14 of 2014 which:
  - (i) revokes *Reporting Standard SRS 800.0 Financial Statements* made under Financial Sector (Collection of Data) (reporting standard) determination No. 94 of 2013; and
  - (ii) determines *Reporting Standard SRS 800.0 Financial Statements* (SRS 800.0); and

- (4) Financial Sector (Collection of Data) (reporting standard) determination No. 15 of 2014 which:
- (i) revokes *Reporting Standard SRS 801.0 Investments and Investment Flows* made under Financial Sector (Collection of Data) (reporting standard) determination No. 95 of 2013; and
  - (ii) determines *Reporting Standard SRS 801.0 Investments and Investment Flows* (SRS 801.0).

SRS 330.2, SRS 800.0 and SRS 801.0 commence on 30 June 2014 and apply to reporting periods ending on or after that date. SRS 330.1 commences on 1 July 2014 and applies to reporting periods ending on or after that date.

## **1. Background**

APRA is empowered to make reporting standards under the Act, which require regulated institutions, including RSE licensees, to submit specified data through various reporting forms. Data from these forms are used internally to assist APRA's supervisory functions and by other agencies such as the Australian Bureau of Statistics and the Australian Securities and Investments Commission. APRA also collates and publishes statistical information and analysis using data from these reporting forms.

In 2013, APRA released a suite of 37 final reporting standards applying to the superannuation industry.

Since the commencement of the new reporting requirements, APRA has received industry feedback on some of these obligations, seeking clarification and guidance on interpretation. As a result, APRA has publicly released a number of frequently asked questions (FAQs) on the APRA website to provide timely guidance for RSE licensees to ensure the submission of high quality data to APRA.

A number of matters raised by industry stakeholders and which are covered in FAQs are those that APRA considers necessary to include in the reporting standards, forms and instructions on an ongoing basis.

On 25 March 2014, APRA released revised versions of six quarterly reporting standards which APRA had identified as requiring minor amendment, largely with respect to the reporting instructions. These minor amendments somewhat simplified the superannuation industry's reporting obligations, but did not impose any new obligations.

Following this, APRA has identified four annual reporting standards which would benefit from minor amendment, largely with respect to the reporting instructions. Where appropriate, these amendments bring about consistency with the six quarterly reporting standards mentioned above.

## **2. Purpose and operation of the instruments**

The purpose of making the instruments is to amend four annual reporting standards to ensure that all relevant information relating to compliance with the reporting

requirements is available in one, consolidated location. APRA has incorporated the materials from the FAQs, as well as a small number of other minor corrections, into the reporting standards, forms and instructions. This requires revoking the four old annual reporting standards and replacing them with new versions that reflect the minor amendments.

The types of changes that APRA has made include: correction of paragraph references, provision of additional examples for reporting data, clarification of instructions for when updated information needs to be reported to APRA and minor changes to definitions to ensure that they reflect recognized industry terminology and practice. Details of the changes to the four annual reporting standards are outlined below:

*(1) Reporting Standard SRS 330.1 Statement of Financial Performance*

- Removal of references to select investment options, pending re-consultation;
- Clarity about the treatment of lump sum benefit payments and insurance related inflows;
- Confirmation that investment income and investment expenses should be reported on a gross basis; and
- Clarification that operating income is to include rebates on fees charged to members and additional detail for reporting on insurance related inflows and fee rebates.

*(2) Reporting Standard SRS 330.2 Statement of Financial Performance*

- Clarity about the treatment of lump sum benefit payments and insurance related inflows;
- Confirmation that investment income and investment expenses should be reported on a gross basis; and
- Clarification that operating income is to include rebates on fees charged to members and additional detail for reporting on insurance related inflows and fee rebates.

*(3) Reporting Standard SRS 800.0 Financial Statements*

- Additional detail about how to report members' benefits for members with defined benefit and defined contribution interests;
- Confirmation that investment income and investment expenses should be reported on a gross basis;
- Clarity about the treatment of lump sum benefit payments and insurance related inflows; and

- Clarification that operating income is to include rebates on fees charged to members and additional detail for reporting on insurance related inflows and fee rebates.

*(4) Reporting Standard SRS 801.0 Investments and Investment Flows*

- The addition of a new investment vehicle type ‘life company other’, for consistency with amendments made in March 2014 to *Reporting Standard SRS 530.1 Investments and Investment Flows* (SRS 530.1) and *Reporting Standard SRS 533.0 Asset Allocation* (SRS 533.0);
- Additional detail on look-through reporting requirements, and definition of equity investments and asset and investment vehicle domicile;
- Clarification of requirements to report currency hedged investments and indirectly held assets exposed to derivatives contracts; and
- Rewording of the definition of ‘life company guaranteed’ and ‘life company investment linked’ and inclusion of the definition of ‘life company other’, for consistency with amendments made in March 2014 to SRS 530.1 and SRS 533.0.

### **3. Consultation**

APRA undertook extensive consultations on the development of the 37 reporting standards, including SRS 330.1, SRS 330.2, SRS 800.0 and SRS 801.0, which were determined in 2013.

The substance of these changes, which do not substantially alter existing arrangements, has been previously communicated to industry via the FAQs on APRA’s website.

### **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.

## **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) determinations Nos. 12 to 15 of 2014**

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

#### **Overview of the legislative instruments**

The purpose of making these legislative instruments is to revoke existing reporting standards and remake reporting standards to make minor and machinery amendments to the reporting requirements in relation to RSE licensees.

#### **Human rights implications**

APRA has assessed the instruments against the international instruments listed in section 3 of the HRPS Act and determined that only Article 17 of the International Covenant on Civil and Political Rights (ICCPR) is conceivably potentially of relevance to the legislative instruments.

Article 17 of the ICCPR prohibits the arbitrary or unlawful interference with a person's privacy, family, home and correspondence, and attacks on reputation. Article 17 is exclusively concerned with prohibiting interference with the privacy and/or reputation of individual persons. It does not extend to the privacy and/or reputation of corporate entities.

The majority of information collected will be about the profile and structure, financial performance and investments of each RSE licensee's business operations but will not involve the collection of information directly relating to individual persons.

Consequently the instrument 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 instrument is compatible with human rights.

#### **Conclusion**

Financial Sector (Collection of Data) (reporting standard) determinations Nos. 12 to 15 of 2014 are compatible with human rights because the instruments do not limit human rights or otherwise raise any human rights issues.