

## **Financial Sector (Collection of Data) determination Nos. 1 to 15 of 2016**

### **EXPLANATORY STATEMENT**

#### **Prepared by the Australian Prudential Regulation Authority (APRA)**

*Financial Sector (Collection of Data) Act 2001* (the Act), subsections 13(1) and 15(1)

*Acts Interpretation Act 1901*, subsection 33(3)

Under paragraph 13(1)(a) of the Act, APRA may, by writing, determine reporting standards 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.

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 19 July 2016, APRA made the following determinations (the instruments):

1. Financial Sector (Collection of Data) (reporting standard) determination No. 1 of 2016 which:
  - (i) revokes *Reporting Standard GRS 001 Reporting Requirements* made under Financial Sector (Collection of Data) (reporting standard) determination No. 1 of 2013; and
  - (ii) determines *Reporting Standard GRS 001 Reporting Requirements*;
2. Financial Sector (Collection of Data) (reporting standard) determination No. 2 of 2016 which:
  - (i) revokes *Reporting Standard GRS 110.1\_G Prescribed Capital Amount (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 27 of 2013; and
  - (ii) determines *Reporting Standard GRS 110.1\_G Prescribed Capital Amount*;
3. Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2016 which:
  - (i) revokes *Reporting Standard GRS 112.0\_G Determination of Capital Base (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 28 of 2013; and
  - (ii) determines *Reporting Standard GRS 112.0\_G Determination of Capital Base (Level 2 Insurance Group)*;

4. Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2016 which:
  - (i) revokes *Reporting Standard GRS 112.3\_G Related Party Exposures (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 29 of 2013; and
  - (ii) determines *Reporting Standard GRS 112.3\_G Related Party Exposures (Level 2 Insurance Group)*;
5. Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2016 which:
  - (i) revokes *Reporting Standard GRS 114.0\_G Asset Risk Charge (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2013; and
  - (ii) determines *Reporting Standard GRS 114.0\_G Asset Risk Charge (Level 2 Insurance Group)*;
6. Financial Sector (Collection of Data) (reporting standard) determination No. 6 of 2016 which:
  - (i) revokes *Reporting Standard GRS 114.1\_G Assets by Counterparty Grade (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 31 of 2013; and
  - (ii) determines *Reporting Standard GRS 114.1\_G Assets by Counterparty Grade (Level 2 Insurance Group)*;
7. Financial Sector (Collection of Data) (reporting standard) determination No. 7 of 2016 which:
  - (i) revokes *Reporting Standard GRS 114.3\_G Off-balance Sheet Business (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 32 of 2013; and
  - (ii) determines *Reporting Standard GRS 114.3\_G Off-balance Sheet Business (Level 2 Insurance Group)*;
8. Financial Sector (Collection of Data) (reporting standard) determination No. 8 of 2016 which:
  - (i) revokes *Reporting Standard GRS 115.0\_G Outstanding Claims Liabilities – Insurance Risk Charge (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 33 of 2013; and
  - (ii) determines *Reporting Standard GRS 115.0\_G Outstanding Claims Liabilities – Insurance Risk Charge (Level 2 Insurance Group)*;
9. Financial Sector (Collection of Data) (reporting standard) determination No. 9 of 2016 which:
  - (i) revokes *Reporting Standard GRS 115.1\_G Premiums Liabilities – Insurance Risk Charge (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 34 of 2013; and
  - (ii) determines *Reporting Standard GRS 115.1\_G Premiums Liabilities –*

*Insurance Risk Charge (Level 2 Insurance Group);*

10. Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2016 which:
  - (i) revokes *Reporting Standard GRS 116.0\_G Insurance Concentration Risk Charge (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 35 of 2013; and
  - (ii) determines *Reporting Standard GRS 116.0\_G Insurance Concentration Risk Charge (Level 2 Insurance Group)*;
11. Financial Sector (Collection of Data) (reporting standard) determination No. 11 of 2016 which:
  - (i) revokes *Reporting Standard GRS 117.0\_G Asset Concentration Risk Charge (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 36 of 2013; and
  - (ii) determines *Reporting Standard GRS 117.0\_G Asset Concentration Risk Charge (Level 2 Insurance Group)*;
12. Financial Sector (Collection of Data) (reporting standard) determination No. 12 of 2016 which:
  - (i) revokes *Reporting Standard GRS 118.0\_G Operational Risk Charge (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 37 of 2013; and
  - (ii) determines *Reporting Standard GRS 118.0\_G Operational Risk Charge (Level 2 Insurance Group)*;
13. Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2016 which:
  - (i) revokes *Reporting Standard GRS 300.0\_G Statement of Financial Position (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 38 of 2013; and
  - (ii) determines *Reporting Standard GRS 300.0\_G Statement of Financial Position (Level 2 Insurance Group)*;
14. Financial Sector (Collection of Data) (reporting standard) determination No. 14 of 2016 which:
  - (i) revokes *Reporting Standard GRS 302.0\_G Statement of Financial Position by Region (Level 2 Insurance Group)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 39 of 2013; and
  - (ii) determines *Reporting Standard GRS 302.0\_G Statement of Financial Position by Region (Level 2 Insurance Group)*; and
15. Financial Sector (Collection of Data) (reporting standard) determination No. 15 of 2016 which:
  - (i) revokes *Reporting Standard GRS 310.0\_G Income Statement (Level 2 Insurance Group)* made under Financial Sector (Collection of Data)

- (reporting standard) determination No. 40 of 2013; and
- (ii) determines *Reporting Standard GRS 310.0\_G Income Statement (Level 2 Insurance Group)*.

The instrument commences on 30 June 2016 and applies to reporting periods ending on and after that date. The instruments are being registered after this date; however, parent entities of Level 2 insurance groups will not be adversely impacted by this retrospective operation as APRA has removed the duplicate reporting requirement to reduce unnecessary reporting for the parent entities. No parent entity's rights will be adversely affected, nor will any liabilities be imposed by these instruments, as the time for lodging forms with APRA for the parent entities of Level 2 insurance groups will arise no earlier than three months after the June reporting period.

## **1. Background**

Until now, Level 2 insurance groups have provided two unaudited semi-annual returns and an audited annual return each financial year. The second unaudited semi-annual return was due one month prior to the audited annual return, and was used by APRA supervisors to review capital position and financial performance prior to submission of the audited return.

The due dates for audited annual return submission was made one month earlier for reporting periods after 1 January 2015, making it due on the same day as the unaudited second semi-annual return.

Consistent with APRA's commitment to look for opportunities to reduce compliance costs for business and the community, APRA has removed this duplicate reporting requirement to reduce unnecessary reporting for Level 2 insurance groups.

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

The purpose of the instrument is to remove the second semi-annual return for Level 2 insurance groups and reduce their reporting burden by amending the reporting standards.

## **3. Consultation**

In 2014, APRA undertook a project to identify opportunities for regulatory cost savings for industry. As part of the project, APRA undertook a structured consultation process with each APRA-regulated industry (via the relevant industry associations). Together, the membership of these industry associations represented all APRA-regulated industries. Submissions from industry bodies suggested that changes to the reporting framework could be made in areas where the frequency of reporting could be reduced.

In 2015, the duplicate reporting requirement represented by the unaudited Level 2 second semi-annual and audited Level 2 annual forms falling due on the same day was identified by industry participants and APRA as an opportunity for regulatory costs savings.

Removing the duplicate reporting and reducing the burden on industry is overall beneficial to industry and as it was resultant of earlier engagement with industry further consultation with industry was not considered necessary.

#### **4. Regulatory Impact Statement**

APRA has consulted with the Office of Best Practice Regulation (OBPR) and the OBPR has confirmed that the changes implemented by the instrument are of a minor nature. The OBPR has confirmed that a Regulatory Impact Statement (RIS) is not required.

#### **5. Statement of compatibility prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011***

A Statement of Compatibility with Human Rights is Appendix A to this Explanatory Statement.

### **Appendix 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 No. 1 to 15 of 2016**

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 Instruments**

These Legislative Instruments removes the requirement to report the second semi-annual return for Level 2 insurance groups in the following reporting standards:

- Reporting Standard GRS 110.1\_G Prescribed Capital Amount (Level 2 Insurance Group);
- Reporting Standard GRS 112.0\_G Determination of Capital Base (Level 2 Insurance Group);
- Reporting Standard GRS 112.3\_G Related Party Exposures (Level 2 Insurance Group);
- Reporting Standard GRS 114.0\_G Asset Risk Charge (Level 2 Insurance Group);

- Reporting Standard GRS 114.1\_G Assets by Counterparty Grade (Level 2 Insurance Group);
- Reporting Standard GRS 114.3\_G Off-balance Sheet Business (Level 2 Insurance Group);
- Reporting Standard GRS 115.0\_G Outstanding Claims Liabilities - Insurance Risk Charge (Level 2 Insurance Group);
- Reporting Standard GRS 115.1\_G Premiums Liabilities - Insurance Risk Charge (Level 2 Insurance Group);
- Reporting Standard GRS 116.0\_G Insurance Concentration Risk Charge (Level 2 Insurance Group);
- Reporting Standard GRS 117.0\_G Asset Concentration Risk Charge (Level 2 Insurance Group);
- Reporting Standard GRS 118.0\_G Operational Risk Charge (Level 2 Insurance Group);
- Reporting Standard GRS 300.0\_G Statement of Financial Position (Level 2 Insurance Group);
- Reporting Standard GRS 302.0\_G Statement of Financial Position by Region (Level 2 Insurance Group); and
- Reporting Standard GRS 310.0\_G Income Statement (Level 2 Insurance Group).

### **Human rights implications**

APRA has assessed the instruments and are 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 instruments are compatible with human rights.

### **Conclusion**

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