

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. 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.

4. 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.