



Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2018

Reporting Standard ARS 332.0 Statement of Economic Activity

Financial Sector (Collection of Data) Act 2001

I, Alison Bliss, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) and subsection 33(3) of the *Acts Interpretation Act 1901*:

- (a) REVOKE Financial Sector (Collection of Data) (reporting standard) determination No. 48 of 2008, including *Reporting Standard ARS 332.0 Statement of Economic Activity* made under that Determination; and
- (b) DETERMINE *Reporting Standard ARS 332.0 Statement of Economic Activity*, in the form set out in the Schedule, which applies to the financial sector entities to the extent provided in paragraph 3 of the reporting standard.

Under section 15 of the Act, I DECLARE that the reporting standard shall begin to apply to those financial sector entities, and the revoked reporting standard shall cease to apply, on 1 April 2018.

This instrument commences on 1 April 2018.

Dated: 21 March 2018

[Signed]

Alison Bliss
General Manager
Data Analytics Division

Interpretation

In this Determination:

APRA means the Australian Prudential Regulation Authority.

financial sector entity has the meaning given by section 5 of the Act.

Schedule

Reporting Standard ARS 332.0 Statement of Economic Activity comprises the document commencing on the following page.



Reporting Standard ARS 332.0

Statement of Economic Activity

Objective of this Reporting Standard

This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001* and outlines the overall requirements for the provision of information to APRA relating to an authorised deposit-taking institution's statement of economic activity. It should be read in conjunction with *Reporting Form ARF 332.0 Statement of Economic Activity* and the associated instructions (all of which are attached and form part of this Reporting Standard).

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2. Data collected in *Reporting Form ARF 332.0 Statement of Economic Activity* (ARF 332.0) is used by APRA for the purpose of prudential supervision. It may also be used by the Reserve Bank of Australia (RBA) and the Australian Bureau of Statistics (ABS).

Application and commencement

3. This Reporting Standard applies to all authorised deposit-taking institutions (ADIs).
4. This Reporting Standard commences on 1 April 2018.

Information required

5. An ADI that is:
 - (a) an Australian-owned bank or foreign subsidiary bank;
 - (b) a locally-incorporated other ADI; or

- (c) a branch of a foreign bank

must provide APRA with the information required by ARF 332.0 on a domestic books basis for each reporting period.

- 6. An ADI that is:

- (a) a credit union;
- (b) a building society; or
- (c) Cairns Penny Savings & Loans Limited

must provide APRA with the information required by ARF 332.0 on a licensed ADI basis for each reporting period.

Form and method of submission

- 7. The information required by this Reporting Standard must be given to APRA in electronic format, using the 'Direct to APRA' application or by a method notified by APRA, in writing, prior to submission.

Note: the Direct to APRA application software (also known as D2A) may be obtained from APRA.

Reporting periods and due dates

- 8. Subject to paragraph 9, an ADI to which this Reporting Standard applies must provide the information required by this Reporting Standard for each financial year (within the meaning of the *Corporations Act 2001*) of the ADI.
- 9. APRA may, by notice in writing, change the reporting periods, or specified reporting periods, for a particular ADI, to require it to provide the information required by this Reporting Standard more frequently, or less frequently, having regard to:
 - (a) the particular circumstances of the ADI;
 - (b) the extent to which the information is required for the purposes of the prudential supervision of the ADI; and
 - (c) the requirements of the RBA or the ABS.
- 10. The information required by this Reporting Standard must be provided to APRA by 40 business days after the end of the reporting period to which it relates.
- 11. APRA may grant an ADI an extension of a due date in writing, in which case the new due date for the provision of the information will be the date on the notice of extension.

Quality control

12. All information provided by an ADI under this Reporting Standard must be subject to processes and controls developed by the ADI for the internal review and authorisation of that information. These systems, processes and controls are to assure the completeness and reliability of the information provided.

Authorisation

13. When an officer of an ADI submits information under this Reporting Standard using the D2A application, or other method notified by APRA, it will be necessary for the officer to digitally sign the relevant information using a digital certificate acceptable to APRA.

Minor alterations to forms and instructions

14. APRA may make minor variations to:
 - (a) a form that is part of this Reporting Standard, and the instructions to such a form, to correct technical, programming or logical errors, inconsistencies or anomalies; or
 - (b) the instructions to a form, to clarify their application to the formwithout changing any substantive requirement in the form or instructions.
15. If APRA makes such a variation it must notify in writing each ADI that is required to report under this Reporting Standard.

Interpretation

16. In this Reporting Standard:

AASB has the meaning in section 9 of the *Corporations Act 2001*.

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

Australian-owned bank means a locally incorporated ADI that assumes or uses the word 'bank' in relation to its banking business and is not a foreign subsidiary bank.

branch of a foreign bank means a 'foreign ADI' as defined in section 5 of the *Banking Act 1959*.

building society means a locally incorporated ADI that assumes or uses the expression 'building society' in relation to its banking business.

business days means ordinary business days, exclusive of Saturdays, Sundays and public holidays.

class of ADI means each of the following:

- (i) Australian-owned bank;
- (ii) foreign subsidiary bank;
- (iii) branch of a foreign bank;
- (iv) building society;
- (v) credit union; and
- (vi) other ADI.

credit union means a locally incorporated ADI that assumes or uses the expression 'credit union' in relation to its banking business and includes Cairns Penny Savings & Loans Limited.

due date means the relevant due date under paragraph 10 or, if applicable, paragraph 11.

foreign ADI has the meaning in section 5 of the *Banking Act 1959*.

foreign subsidiary bank means a locally incorporated ADI in which a bank that is not locally incorporated has a stake of more than 15 per cent.

locally incorporated means incorporated in Australia or in a State or Territory of Australia, by or under a Commonwealth, State or territory law.

other ADI means an ADI that is not an Australian-owned bank, a branch of a foreign bank, a building society, a credit union or a foreign subsidiary bank but does not include Cairns Penny Savings & Loans Limited.

reporting period means a period mentioned in paragraph 8 or, if applicable, paragraph 9.

stake means a stake determined under the *Financial Sector (Shareholdings) Act 1998*, as if the only associates that were taken into account under paragraph (b) of subclause 10(1) of the Schedule to that Act were those set out in paragraphs (h), (j) and (l) of subclause 4(1).

17. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force from time to time.

ARF 332.0: Statement of Economic Activity

Australian Business Number

Institution Name

Reporting Period

Scale Factor

Millions to one decimal place for banks
Whole dollars no decimal place for other ADIs

Reporting Consolidation

Domestic Books or Licensed ADI

PART A: SELECTED EXPENSES

Postage, mailing and courier expenses	
Telecommunication charges	
Insurance premiums other than workers' compensation	
Legal expenses	
Audit and other accounting services	
Advertising	
<i>of which:</i>	
<i>Payments to agencies</i>	
<i>Payments made directly to radio or television</i>	
<i>Payments made directly to the press</i>	
<i>Other advertising expenses</i>	
Paper, printing and stationery	
Data processing services provided by other businesses	
Staff training services	
Travel, accommodation and entertainment	
Other management and administrative expenses	
Cleaning services provided by other businesses	
Other commission expenses	
Other contract expenses	
Royalty expenses	
Computer software expensed	
Computer equipment expensed	
Land tax	
Land rates	
Electricity and gas charges	
Water charges	
Repairs and maintenance	
TOTAL	

PART B: EMPLOYEES

Number of persons working for this business during the last pay period in the financial year of the reporting ADI

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PART C: CAPITAL EXPENDITURE

Road vehicles

Computer software capitalised

Computers and computer peripherals capitalised

Electronic and electrical machinery

Communications equipment

Other plant and equipment

Land

Buildings and structures

Intangible assets

TOTAL

of which: Capitalised work done by own employees - Wages and salaries

of which: Capitalised work done by own employees - Other

PART D: DISPOSAL OF ASSETS

Plant, machinery and equipment

Land

Buildings and structures

Intangible assets

Reporting Form ARF 332.0

Statement of Economic Activity

Instruction Guide

General directions and notes

Reporting entity

This form is to be completed by all Australian-owned banks, foreign subsidiary banks, branches of foreign banks and other authorised deposit-taking institutions (ADIs) on a Domestic books basis.

The Domestic books of the Australian-owned banks, foreign subsidiary banks and branches of foreign banks relates to the Australian books of the Australian ADI and has the following scope:

- is an unconsolidated report of the Australian licensed ADI's operations/transactions that are booked inside Australia;
- exclude offshore branches of the Australian licensed ADI from this reporting unit;
- exclude offshore banking units based overseas from this reporting unit;
- do not consolidate Australian and offshore controlled entities or associated entities that are not ADIs;
- include Australian based offshore banking units of the licensed ADI; and
- include transactions with non-residents recorded on Australian books.

This form should be completed by Credit Unions, Building Societies, and Cairns Penny Savings & Loans Limited on a licensed ADI basis.

Licensed ADI

This refers to the operations of the reporting ADI on a stand-alone basis.

Securitisation deconsolidation principle

Except as otherwise specified in these instructions, the following applies:

1. Where an ADI (or a member of its Level 2 consolidated group) participates in a securitisation that meets APRA's operational requirements for regulatory capital relief under *Prudential Standard APS 120 Securitisation* (APS 120):
 - (a) special purpose vehicles (SPVs) holding securitised assets may be treated as non-consolidated independent third parties for regulatory reporting

purposes, irrespective of whether the SPVs (or their assets) are consolidated for accounting purposes;

- (b) the assets, liabilities, revenues and expenses of the relevant SPVs may be excluded from the ADI's reported amounts in APRA's regulatory reporting returns; and
 - (c) the underlying exposures (i.e. the pool) under such a securitisation may be excluded from the calculation of the ADI's regulatory capital (refer to APS 120). However, the ADI must still hold regulatory capital for the securitisation exposures¹ that it retains or acquires and such exposures are to be reported in *Reporting Form ARF 120.1 Securitisation – Regulatory Capital*. The risk-weighted assets (RWA) relating to such securitisation exposures must also be reported in *Reporting Form ARF 110.0.1 Capital Adequacy (Level 1)* and *Reporting Form ARF 110.0.2 Capital Adequacy (Level 2)*.
2. Where an ADI (or a member of its Level 2 consolidated group) participates in a securitisation that does not meet APRA's operational requirements for regulatory capital relief under APS 120, or the ADI undertakes a funding-only securitisation or synthetic securitisation, such exposures are to be reported as on-balance sheet assets in APRA's regulatory reporting returns. In addition, these exposures must also be reported as a part of the ADI's total securitised assets within *Reporting Form ARF 120.2 Securitisation – Supplementary Items*.

Reporting period

This form is to be completed on a financial year-to-date basis. The financial information requested in this form is for the twelve month period ending on the last day of the financial year of the reporting ADI. Please note that Part B should be reported for the last pay period in the financial year of the reporting ADI.

All ADIs should submit the completed form to APRA within 40 business days of the end of the financial year of the ADI.

Unit of measurement

Amounts denominated in foreign currency are to be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates* (AASB 121).

The general requirements of AASB 121 for translation are:

- 1. foreign currency monetary items outstanding at the reporting date must be translated at the spot rate at the reporting date;²

¹ Securitisation exposures are defined in accordance with APS 120.

² Monetary items are defined to mean units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. Spot rate means the exchange rate for immediate delivery.

2. foreign currency non-monetary items that are measured at historical cost in a foreign currency must be translated using the exchange rate at the date of the transaction;³
3. foreign currency non-monetary items that are measured at fair value will be translated at the exchange rate at the date when fair value was determined.

Transactions arising under foreign currency derivative contracts at the reporting date must be prepared in accordance with *AASB 139 Financial Instruments: Recognition and Measurement* (AASB 139). However, those foreign currency derivatives that are not within the scope of AASB 139 (e.g. some foreign currency derivatives that are embedded in other contracts) remain within the scope of AASB 121.

For APRA purposes equity items must be translated using the foreign currency exchange rate at the date of investment or acquisition. Post-acquisition changes in equity are required to be translated on the date of the movement.

As foreign currency derivatives are measured at fair value, the currency derivative contracts are translated at the spot rate at the reporting date.

Exchange differences should be recognised in profit and loss in the period which they arise. For foreign currency derivatives, the exchange differences would be recognised immediately in profit and loss if the hedging instrument is a fair value hedge. For derivatives used in a cash flow hedge, the exchange differences should be recognised directly in equity.

The ineffective portion of the exchange differences in all hedges would be recognised in profit and loss; and

4. translation of financial reports of foreign operations.

A foreign operation is defined in AASB 121 as meaning an entity that is a subsidiary, associate, joint venture or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.

Exchange differences relating to foreign currency monetary items that form part of the net investment of an entity in a foreign operation, must be recognised as a separate component of equity.

Translation of financial reports should otherwise follow the requirements in AASB 121.

Specific instructions

³ Examples of non-monetary items include amounts prepaid for goods and services (e.g. prepaid rent); goodwill; intangible assets; physical assets; and provisions that are to be settled by the delivery of a non-monetary asset.

The items listed under Include and Exclude are examples and should not be taken as a complete list of items to be included or excluded.

Part A: Selected expenses

Postage, mailing and courier expenses

Expenses incurred for the picking up, transport, and delivery (domestic or international) of addressed or unaddressed mail, packages and parcels.

Include:

- postage stamps;
- mailbox rental services;
- customised express pick up and delivery services; and
- messenger services.

Exclude:

- storage (where this expense can be distinguished from courier expenses).

Telecommunication charges

Telecommunication services are all payments (of a non-capital nature) for telecommunication services which engage wire, cable or radio transmission.

Include:

- telephone charges;
- facsimile charges;
- internet charges; and
- cost of leased lines for computers and internet services.

Exclude:

- installation costs.

Insurance premiums other than workers' compensation

Include:

- optional third party and comprehensive motor vehicle insurance premiums;
- fire, general, accident and public liability premiums; and
- professional indemnity insurance premiums.

Exclude:

- workers' compensation insurance premiums/levies (report to Workers' compensation premiums/costs in *ARF 331.0 Selected Revenues and Expenses* (ARF 331.0)); and
- compulsory third party motor vehicle insurance premiums.

Legal expenses

Legal expenses are fees incurred when a business secures the services of a legal representative, or requires legal representation, or seeks professional advice on legal matters.

Audit and other accounting services

Audit and other accounting expenses are the costs incurred for the professional advice and skills of an auditor or accountant.

Include:

- cost of producing annual or sub-annual financial reports;
- preparing other financial accounts;
- auditing services; and
- carrying out other accounting services.

Advertising expenses

Advertising expenses are the costs incurred by a business for promotional and publicity campaigns aimed at bringing the activities of the business to the attention of consumers for the purpose of increasing sales.

Exclude:

- in-house costs (e.g. wages and salaries of own advertising staff); and
- sponsorship expenses.

Paper, printing and stationery

Paper, printing and stationery expenses are costs incurred for office supplies and printing carried out by or for the business.

Include:

- all office stationery; and
- production of financial reports, etc.

Data processing services provided by other businesses

Payments for data processing services provided by other businesses. Data processing services relate to the transformation of data into a suitable output.

Include:

- expenses incurred for data entry and manipulation services.

Staff training services

Staff training expenses are payments to consultants, institutions or other businesses for the provision of staff training and education services.

Include:

- training costs relating to all workers employed in this business (e.g. working proprietors and partners, contract/agency staff);
- all fees paid to consultants and institutions for designing, conducting, evaluating or providing facilities for training courses; and
- conference registration fees.

Exclude:

- informal on-the-job training;
- wages and salaries of this business' trainers and trainees for the time spent providing and receiving training (reported as Salaries and wages on ARF 331.0);
- accommodation, meals and drinks (include in the data item "Travel, accommodation and entertainment");
- stationery (include in the data item "Paper, printing and stationery"); and
- venue hire.

Travel, accommodation and entertainment

Travelling expenses are costs incurred for transportation services relating to business activities which occur away from the normal place of business. These costs are only to be included if they are incurred in connection with business activities. Accommodation expenses are those costs incurred in providing accommodation to staff when business activities occur away from the normal place of business. Entertainment expenses are the costs incurred by a business for the provision of entertainment activities.

Other management and administrative expenses

Other management and administrative services expenses are payments to another business/consultant for providing administrative services or management expertise not elsewhere collected. e.g. services such as accounting or legal, could be carried out by the corporate office for the whole group, then costs distributed proportionally across the group. The individual business pays a fee to the head office for the service rendered but is unable to separately identify the individual components which constitute the fee.

Include:

- payments made to related or unrelated business for management and administrative services.

Exclude:

- payments for data processing services;
- payments for secretarial, word processing, typing and copying services;
- payments for staff training services; and
- paper, printing and stationery expenses.

Cleaning services provided by other businesses

Cleaning services expenses are incurred when the business' premises are cleaned by an external business.

Include:

- building cleaning;
- office cleaning;
- window cleaning;
- furniture cleaning; and
- removal of waste from inside to areas outside the office compounds.

Exclude:

- wages and salaries of own employees engaged in cleaning activities (reported as Salaries and wages on ARF 331.0);
- motor vehicle cleaning; and
- carpet, laundry and dry-cleaning.

Other commission expenses

Commission expenses are payments to other businesses and self-employed persons for work done or sales made on a commission basis. Amounts shown here are commission expenses not elsewhere included. Commission expenses should be initially recorded under any other relevant expense items.

Include:

- payments to other businesses and self-employed persons for work done or sales made on a commission basis;
- payments to persons paid by commission without a retainer; and
- investigation fees paid to non-employees (on commission).

Exclude:

- commissions paid to persons who receive a retainer;
- commissions paid to own employees;
- payments to consultants; and
- investigation fees if paid to own employees.

Other contract expenses

Contract expenses are payments to other businesses and self-employed persons for work done on a contract basis. Amounts shown here are contract expenses not elsewhere included. Contract expenses should be initially recorded under any other relevant expense items (e.g. contract expenses for repair and maintenance would be recorded under 'Equipment repair and maintenance expenses').

Include:

- payments to other businesses and self-employed persons for work done on a contract basis;
- contractors and subcontractors and their employees; and
- owner/drivers.

Royalty expenses

Royalties (other than royalties for natural resources) are payments made by one business or individual for the use of rights owned by another company/person. Do not deduct withholding tax.

Include:

- payments under licensing arrangements; and

- payments for royalties from intellectual property (e.g. patents, copyrights, etc.).

Exclude:

- expensed computer software licence fees (include in “Computer software expensed”); and
- capitalised computer software licence fees (include in “Capital expenditure”).

Computer software expensed

These items represent the cost of any computer software (including license fees) that has been charged to profit as an expense in the current accounting period.

Include:

- installation costs paid to external service providers;
- purchase costs; and
- expensed computer software licence fees.

Exclude:

- other licence fees and royalties (include in “Royalty expenses”);
- computer software capitalised (include in “Capital expenditure”); and
- software maintenance (include in “Equipment repair and maintenance expenses”).

Computer equipment expensed

These items represent the cost of any computer equipment that has been charged to profit as an expense in the current accounting period.

Water charges

Include:

- water rates and any excess water charges.

Repairs and maintenance

Include:

- computer software and hardware maintenance.

Exclude:

- wages and salaries of own employees (reported as Salaries and wages on ARF 331.0).

Part B: Employees

Number of persons working for this business during the last pay period in the financial year of the reporting ADI

Include:

- persons paid a retainer, wage or salary;
- working proprietors and partners;
- full-time and part-time employees;
- permanent, temporary and casual employees;
- managerial and executive employees;
- employees absent on paid or prepaid leave; and
- employees on workers' compensation who continue to be paid through the payroll.

Exclude:

- persons paid by commission only;
- non-salaried directors;
- self employed persons such as consultants and contractors; and
- volunteers.

Part C: Capital expenditure

Capital expenditure is the sum of outlays for the purchase of fixed tangible and/or intangible assets by the business during the reference period. Capital work done by own employees should be included in the appropriate capital expenditure item(s), and also separately identified in the data item "Of which Capitalised work done by own employees".

Include:

- all costs capitalised in this business' books (including legal fees, real estate transfer costs and assets acquired under finance leases);
- progress payments made to contractors for capital work done by them; and
- major improvements, alterations and additions to fixed assets.

Exclude:

- progress payments for plant, machinery and equipment being produced on order;
- payments for repair and maintenance of fixed assets;
- payments of fixed assets on rental or acquired through an operating lease; and
- interest paid.

Computer software capitalised

If software and hardware costs cannot be separated, include total in “Computers and computer peripherals capitalised”.

Include:

- capitalised computer software license fees;
- installation costs;
- purchase or development of large databases; and
- computer software developed in-house.

Exclude:

- computer software expensed (include in “Computer software expensed”); and
- software maintenance (include in “Repairs and maintenance”).

Intangible assets

Include:

- patents, licences and goodwill.

Exclude:

- capitalised computer software licence fees.

Capital expenditure - of which capitalised work done by own employees

Include:

- capitalised work done by own employees in developing computer software in-house.

Exclude:

- interest associated with the cost of the assets (reported as Interest Expenses on ARF 331.0); and
- payments made to other businesses for costs associated with the original acquisition of the assets (include in Capital expenditure).

Part D: Disposal of assets

Report the proceeds from sales of assets.