

Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2025

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.

Subsection 15(1) of the Act provides that APRA may declare a day on and after which the reporting standards are to apply.

On 6 March 2025, APRA made:

- (1) Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2025 which:
 - (i) revokes *Reporting Standard GRS 116.1 Probable Maximum Loss for LMIs* made under Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2014; and
 - (ii) determines a new *Reporting Standard GRS 116.1 Probable Maximum Loss for LMIs* (GRS 116.1).

The instrument commences at the start of the day after the day it is registered on the Federal Register of Legislation.

1. Background

APRA is the prudential regulator for banking, insurance and superannuation entities, and collects financial sector data for prudential supervision and on behalf of the Reserve Bank of Australia and the Australian Bureau of Statistics.

GRS 116.1 sets out the requirements for lenders mortgage insurers (LMIs) to report information to APRA relating to their Probable Maximum Loss and Insurance Concentration Risk Charge. It states the specific data items LMIs need to submit, provides definitions and instructions on how to measure and report these items, and states timelines and quality requirements for providing the data to APRA.

GRS 116.1 was last determined by APRA in 2014 to clarify that it only applies to LMIs, as defined previously in *Prudential Standard GPS 001 Definitions* and now defined in *Prudential Standard CPS 001 Definitions* which commenced 1 October 2024.

2. Purpose and operation of the instrument

The purpose of the instrument is to revoke the existing *Reporting Standard GRS 116.1 Probable Maximum Loss for LMIs* and replace it with a new version. Information collected in this Reporting Standard is used by APRA for the purpose of prudential supervision including assessing compliance with the capital standards.

The new version of GRS 116.1 contains minor changes to use the drafting style employed currently for APRA's reporting standards, such as formatting to improve readability and accessibility, update the method of submission, make minor definitional changes and update the commencement date. The changes to GRS 116.1 do not alter the existing reporting obligations or interests of LMIs. The due dates, data required, and the application of the reporting standards have not changed.

Remaking GRS 116.1 will ensure that APRA continues to receive data required to supervise LMIs' capital adequacy.

The new reporting standard applies to reporting periods ending on or after 1 April 2025.

Explanation of each provision in the instrument

Authority – paragraph 1

This paragraph outlines APRA's power to determine reporting standards that are required to be complied with by financial sector entities under paragraph 13(1)(a) of the Act.

Purpose – paragraph 2

This paragraph explains the purpose of APRA's collection of information under the reporting standard. Information collected under this reporting standard will be used by APRA for the purpose of prudential supervision including assessing compliance with capital standards.

Application and commencement – paragraph 3

This provision states which financial sector entities must comply with the reporting standard as permitted by section 13 of the Act, and when the reporting standard begins to apply to these financial sector entities as provided for in section 15 of the Act.

Information required – paragraph 4

This provision states what information financial sector entities must provide to APRA for each reporting period as permitted by paragraphs 13(2)(a) and (b) of the Act.

Method of submission – paragraph 5

This provision specifies how information required by the reporting standard must be given to APRA as permitted by paragraph 13(2)(e) of the Act.

Reporting periods and due dates – paragraphs 6-8

Paragraphs 13(2)(d)-(f) of the Act permits reporting standards determined by APRA to include matters related to the times as at which, or the periods to which, the information in reporting documents is to relate, the giving of reporting documents to APRA, and when they should be provided, and the discretion of APRA, in particular cases, to vary reporting standards,

including, but not limited to, the discretion to vary when entities are to provide documents. Paragraph (13)(2)(bb) of the Act permits reporting standards determined by APRA to include matters related to the auditing of reporting documents.

Paragraphs 6-8 rely on these provisions. Paragraph 6 states that insurers are to provide the information required by this reporting standard in respect of each quarter based on the financial year of the insurer and in respect of each financial year of the insurer. It also outlines which information provided under this reporting standard must be audited, and what audit certification must include, in accordance with the *Insurance Act 1973*. Paragraph 7 provides for APRA to vary the reporting periods mentioned in paragraph 6 in writing, if, having regard to the particular circumstances of an insurer, APRA considers it necessary or desirable to obtain information at a different frequency than stated in paragraph 6. Paragraph 8 specifies the due dates for provision of information to APRA as stated in *Reporting Standard GRS 001 Reporting Requirements*. Paragraph 8 also states that in the case of information provided in accordance with paragraph 7, the due date will be as stated on the written notice.

Quality control – paragraphs 9-10

Paragraphs 9-10 state that information provided under this reporting standard must be the product of and subject to systems, processes and controls developed by the entity for the internal review and authorisation of that information and subject to review and testing by the insurer's Appointed Auditor.

Authorisation – paragraphs 11-13

Paragraphs 11-13 state how information provided to APRA should be authenticated and who is authorised to provide information to APRA for a financial sector entity, and a requirement to retain a copy of the information provided to APRA.

Variations – paragraph 14

Paragraph 14 states that APRA may vary the requirements of this reporting standard in relation to a financial sector entity in writing, as permitted by paragraph 13(2)(f) of the Act.

Transition – paragraph 15

Paragraphs 13(2)(d)-(e) of the Act provide for APRA to include matters relating to times and periods to which information in reporting documents is to relate, the provision of documents to APRA, and the time periods for provision of these documents to APRA. Paragraph 15 states that financial sector entities must report data under the reporting standard revoked in the determination making this reporting standard for reporting periods that ended before 1 April 2025.

Interpretation – paragraph 16

Paragraph 16 provides definitions of common terms used throughout this reporting standard.

General instructions

The general instructions contain details on the data to be reported to APRA under this reporting standard. Information in the general instructions applies to all data items in this reporting standard. This information includes definitions of terms that relate to the data reported to APRA under this reporting standard, and instructions on how to interpret the reporting tables.

Specific instructions

The specific instructions list the specific data items that must be reported to APRA and how financial sector entities should determine these items.

Documents incorporated by reference

Under paragraph 14(1)(a) of the *Legislation Act 2003*, the standard incorporates by reference as in force from time to time:

- Acts of Parliament;
- Prudential Standards determined by APRA under subsection 32(1) of the *Insurance Act 1973*; and
- Reporting Standards determined by APRA under subsection 13(1) of the Act.

These documents may be freely obtained at www.legislation.gov.au.

Exercise of discretion by APRA

There are a number of powers that may be exercised by APRA in reporting standards that involve an element of discretion and which may impact the interests of the entities to which the reporting standards apply. These decisions include APRA changing a reporting period or due date for an entity to provide information required by the instrument, and varying the reporting requirements of the reporting standard in relation to an insurer by written notice to that insurer.

The need to apply discretion is driven by entity specific issues and circumstances which are not adequately addressed by the generally applicable provisions of the reporting standards.

APRA will exercise the power to vary the reporting requirements in relation to an insurer if it is satisfied that this will achieve a better reporting or prudential outcome than if it remained in its original form. A change to a reporting period or due date might be determined on APRA's initiative taking into account APRA's assessment of whether existing data will be sufficient for APRA's prudential supervision purposes, or whether APRA will have the required data to assess an entity's capital adequacy by a particular date. Alternatively, a change to a reporting period or due date might be considered by APRA at the request of an entity, where the entity is able to demonstrate that it would not be appropriate or feasible to provide data for a particular reporting period or by a particular date.

APRA considers a wide range of factors when exercising its discretion under reporting standards, including the considerations set out in the Act and the *Australian Prudential Regulation Authority Act 1998*. Other considerations include limiting regulatory burden, or correcting errors or inconsistencies in the reporting standards.

The exercise of APRA's powers is governed by a robust decision-making framework which is documented in APRA's internal policies. This framework supports APRA in fulfilling its mandate by limiting decision-making to those senior APRA officers with the appropriate experience and skill to exercise prudential judgement. The framework also requires decision makers to seek advice from internal technical experts.

Review of decisions

Decisions made by APRA exercising the powers in reporting standards are not subject to merits review. APRA considers decisions made by APRA exercising discretions under its reporting standards should not be subject to merits review as they are financial decisions with a significant public interest element.

APRA's reporting standards collect financial data from regulated entities. This data contains critical indicators of a regulated entity's financial wellbeing. APRA relies heavily on this financial data to inform its supervisory actions towards its regulated entities. Without timely and complete data, APRA may miss indicators that an entity is taking on imprudent risk or is in distress. APRA's supervisory decisions may be jeopardised if its receipt of data is unreliable due to entities seeking merits review under its reporting standards.

3. Consultation

The substance of GRS 116.1 has already been consulted on with industry when originally determining the reporting standard (see the Explanatory Statement for the previous GRS 116.1). APRA is satisfied that further consultation is not necessary and not reasonably practicable to undertake for this instrument. The instrument does not alter the existing reporting obligations that are required to be complied with by LMIs and any changes to the instrument is minor and machinery in nature.

4. Regulation Impact Statement

The Office of Impact Analysis confirmed that a Regulation Impact Statement was not required.

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*

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This Legislative Instrument is 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 Instrument

The purpose of the Legislative Instrument is to revoke *Reporting Standard GRS 116.1 Probable Maximum Loss for LMIs* (GRS 116.1) made under Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2014 and replace it with a new *Reporting Standard GRS 116.1 Probable Maximum Loss for LMIs* before it is due to sunset on 1 April 2025.

Human rights implications

APRA has assessed the Legislative Instrument and is 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 Instrument is compatible with human rights.

Conclusion

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