

Response to Submissions

Superannuation data collection for the Australian Bureau of Statistics

15 December 2015

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Preamble

In 2013, the Australian Prudential Regulation Authority (APRA) released a suite of new reporting standards for the superannuation industry to support implementation of the Stronger Super reforms and update APRA's reporting requirements for prudential purposes. The *Response to Submissions: Reporting standards for superannuation*, released by APRA on 28 March 2013, advised that the Australian Bureau of Statistics (ABS) and APRA would conduct further consultation on additional data to be collected under reporting standards that are primarily for use by the ABS.

On 27 January 2015, the ABS and APRA released a letter, 'Consultation on superannuation data collection for the Australian Bureau of Statistics (ABS)', and four draft superannuation reporting standards:

- Draft Reporting Standard SRS 720.0 ABS *Statement of Financial Position*;
- Draft Reporting Standard SRS 721.0 ABS *Securities Subject to Repurchase and Resale and Stock Lending and Borrowing*;
- Draft Reporting Standard SRS 722.0 ABS *Derivatives Schedule*; and
- Draft Reporting Standard SRS 730.0 ABS *Income and Expenditure (SRS 730.0)*.

Following preliminary feedback, the ABS released a letter on 1 April 2015, 'Changes to proposed reporting standards', in which the ABS set out proposed changes to the draft reporting standards.

On 31 July 2015, the ABS and APRA released a third letter, 'Consultation on proposed changes to superannuation reporting standards for the purposes of the Australian Bureau of Statistics', accompanied by a proposed revised draft *Reporting Standard SRS 330.0 Statement of Financial Performance (SRS 330.0)*. This supplementary consultation responded to industry submissions and proposed the addition of seven items to SRS 330.0 and the corresponding withdrawal of SRS 730.0 from the proposed ABS collection.

This paper outlines the response to the key issues raised in submissions through this third consultation and outlines the final reporting requirements. Final versions of the reporting standards (incorporating the reporting forms and instructions) are released with this paper.

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Glossary

Term	Definition
AASB	Australian Accounting Standards Board, an Australian Government agency under the <i>Australian Securities and Investments Commission Act 2001</i> responsible for setting accounting standards in Australia
ABS	Australian Bureau of Statistics
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
Australian National Accounts	a systematic statistical framework for summarising and analysing economic events and the wealth of an economy, and its components. The principal economic events recorded are production, income, consumption, and accumulation of wealth. A major aggregate produced is the measure of Gross Domestic Product
Australian Registered Scheme Number	a nine digit number issued to Australian managed investment schemes by the Australian Securities and Investments Commission
BPM	Balance of Payments Manual, the standard framework for statistics on the transactions and positions between an economy and the rest of the world
GDP	Gross Domestic Product, a fundamental measure of economic growth in Australia. It is the market value of goods and services produced in Australia within a given period after deducting the costs of goods and services used up in the process of production, but before deducting allowances for the consumption of fixed capital
January 2015 consultation package	Letter, ' <i>Consultation on superannuation data collection for the Australian Bureau of Statistics (ABS)</i> ' and draft reporting standards issued on 27 January 2015
April 2015 letter	Letter, 'Changes to proposed reporting standards' issued on 1 April 2015

Term	Definition
July 2015 letter	Letter, 'Consultation on proposed changes to superannuation reporting standards for the purposes of the Australian Bureau of Statistics' and draft <i>Reporting Standard SRS 330.0 Statement of Financial Performance</i> issued on 31 July 2015
RSE	registrable superannuation entity as defined in s. 10(1) of the SIS Act
RSE licensee	a constitutional corporation, body corporate, or group of individual trustees, that holds an RSE licence granted under s. 29D of the SIS Act
SIS Act	<i>Superannuation Industry (Supervision) Act 1993</i>
SNA	System of National Accounts, a conceptual framework that serves as the international standard for the national accounts
SPS 310	<i>Prudential Standard SPS 310 Audit and Related Matters</i>
SRS 100.0 (revoked)	<i>Reporting Standard SRS 100.0 Statement of Financial Performance (revoked)</i>
SRS 330.0	<i>Reporting Standard SRS 330.0 Statement of Financial Performance</i>
SRS 720.0	<i>Reporting Standard SRS 720.0 ABS Statement of Financial Position</i>
SRS 721.0	<i>Reporting Standard SRS 721.0 ABS Securities Subject to Repurchase and Resale and Stock Lending and Borrowing</i>
SRS 722.0	<i>Reporting Standard SRS 722.0 ABS Derivatives Schedule</i>
SRS 730.0	<i>Reporting Standard SRS 730.0 ABS Income and Expenditure</i>
Stronger Super	Government's response to the Review (December 2010) and additional information pack (September 2011)
the Review	<i>Review into the Efficiency, Governance, Structure and Operation of Australia's Superannuation System</i>

Executive summary

In line with the Government's red tape reduction objective, APRA and the ABS collaborate to simplify business-to-government reporting in order to collect high quality data without unnecessary reporting burden on industry. In APRA's role of a national statistical agency for the financial sector, APRA collects data on behalf of other government agencies, including the ABS. APRA collects data via the Direct to APRA system (DZA) to allow industry to satisfy reporting requirements via a single reporting interface.

The Australian Bureau of Statistics (ABS) uses superannuation data submitted to the Australian Prudential Regulation Authority (APRA) under the *Financial Sector (Collection of Data) Act 2001* for the compilation and publication of the Australian National Accounts and other statistics which are widely used in government economic policy and business decision making.

The framework for ABS economic statistics centres on key international standards, which have been revised in recent years. The reporting standards included in this package are designed to comply with these revised international statistical standards.

On 27 January 2015, the ABS and APRA released a consultation package comprising a letter, 'Consultation on superannuation data collection for the Australian Bureau of Statistics (ABS)', and four draft superannuation reporting standards designed to satisfy the conceptual and definitional requirements of the ABS.

To assist the clarity of feedback from submissions, the ABS and APRA facilitated public roundtables with industry representatives during February 2015.

As a result of issues raised by industry at the roundtables, the ABS released, on 1 April 2015, a letter, 'Changes to proposed reporting standards', to supplement the January 2015 consultation package. In this April 2015 letter, the ABS set out proposed changes to the draft reporting standards and requested additional feedback on these proposed changes.

The January 2015 consultation closed on 17 April 2015 and eleven submissions were received. In submissions, respondents included consideration of the proposed changes outlined in the April 2015 letter.

Submissions on the January 2015 consultation package raised a number of concerns regarding the proposed data collection requirements. The major areas that attracted comment were the commencement date of the proposed reporting standards, reporting due dates for quarterly reporting, potential duplication of data compared to APRA's existing reporting collection and the difficulty in providing a number of the proposed items.

Following consideration of these submissions, the ABS and APRA agreed to defer the commencement date of the reporting standards to 1 July 2016 and to provide an extension for quarterly reporting for a transitional period so that the due date for quarterly reporting is 35 days after the end of the quarter for reporting periods ending before 1 July 2017.

The ABS and APRA held further discussions with industry representatives to clarify issues concerning apparent duplication of data items and the difficulty in providing some of the proposed items. Issues raised chiefly concerned the level of detail of data to be collected and areas requiring clarification in the reporting instructions.

As a result of concerns raised, the ABS and APRA released an additional letter on 31 July 2015, 'Consultation on proposed changes to superannuation reporting standards for the purposes of the Australian Bureau of Statistics', which proposed changes to *Reporting Standard SRS 330.0 Statement of Financial Performance (SRS 330.0)* and the corresponding withdrawal of SRS 730.0 from the proposed ABS collection.

As a result of the consultation with industry, the proposed SRS 720.0, SRS 721.0 and SRS 722.0 have been revised, the proposed SRS 730.0 has been withdrawn and seven data items originally

proposed on SRS 730.0 have been added to SRS 330.0.

The final decision regarding the reporting standards has been made with a view to reducing complexity and overall burden on RSE licensees, as well as meeting the reporting needs of the ABS. This has been achieved by:

- a reduction in the total number of forms to be submitted through the removal of SRS 730.0 and addition of seven data items to SRS 330.0;
- a reduction in the total number of data items to be reported through the removal of a number of data items from SRS 720.0, SRS 721.0 and SRS 722.0; and
- better alignment of reporting concepts and frequency with the APRA reporting collection.

In addition, the reporting instructions have been revised to improve clarity. In combination, these revisions to the reporting standards will significantly reduce the burden on industry in reporting essential data required for measuring the contribution of the superannuation industry to Gross Domestic Product (GDP) and household income, savings and wealth measures.

The ABS data collection will be administered by APRA. The data will be collected using the Direct to APRA (D2A) reporting system, which is also used by RSE licensees to report to APRA.

Details of the issues raised regarding each reporting standard are outlined in the respective chapters of this paper, together with the response from the ABS and APRA.

Details regarding all consultation undertaken are available on the APRA website at: <http://www.apra.gov.au/Super/Pages/Superannuation-data-collection-for-the-Australian-Bureau-of-Statistics.aspx>.

Chapter 1 – Introduction

1.1 Background

In addition to APRA's prudential supervision role, APRA collects data for other Australian Government agencies, including the Australian Bureau of Statistics (ABS), which uses these data for statistical purposes. These statistical purposes include compiling and publishing the Australian National Accounts and other statistics collections which are widely used in government economic policy and business decision making.

The framework for ABS economic statistics centres on two key international standards, the *System of National Accounts* (SNA) and the *Balance of Payments Manual* (BPM), both of which have been significantly revised in the last seven years.

1.2 Proposed data collection

The ABS is seeking to implement new reporting standards designed to comply with the revised SNA and BPM by:

- including detailed counterparty and asset class information;
- adopting standard SNA and BPM definitions; and
- facilitating the adoption of future changes to SNA and BPM requirements.

The ABS will use data collected under the reporting standards to measure the contribution of the superannuation industry to GDP, and to measures of income, savings and wealth by national sector, such as households. Further, the reporting standards will facilitate the production of internationally comparable statistics on the performance of the superannuation industry.

In order to conform to SNA definitions, the ABS requires the reporting of data on the financial position of registrable superannuation entities (RSEs) to be broken down in a particular way. Data currently reported to APRA under the existing reporting standards does not enable the ABS to compile standard SNA classifications of financial

instruments and counterparties, or align publications with revised international standards of SNA and BPM.

1.3 Consultation approach

On 27 January 2015, the ABS and APRA released a consultation package incorporating four draft superannuation reporting standards:

- Draft *Reporting Standard SRS 720.0 ABS Statement of Financial Position* (SRS 720.0);
- Draft *Reporting Standard SRS 721.0 ABS Securities Subject to Repurchase and Resale and Stock Lending and Borrowing* (SRS 721.0);
- Draft *Reporting Standard SRS 722.0 ABS Derivatives Schedule* (SRS 722.0); and
- Draft *Reporting Standard SRS 730.0 ABS Income and Expenditure* (SRS 730.0).

The ABS sought to balance its statistical requirements against the reporting burden the proposed data collection would impose on industry, highlighting that:

- an RSE would only need to report if it had total assets equal to or greater than \$200 million at the end of the most recent complete year of income at the time of reporting;
- the information provided would not require review and testing by the RSE's auditor;
- many Standard Business Reporting data items would be re-used in the proposed data collection;
- the proposed reporting standards were designed to collect data that RSE licensees would have available for existing reporting, without the need for significant system rework;
- data required under proposed SRS 720.0, SRS 721.0 and SRS 722.0 would be reported for each calendar quarter only (i.e. each 31

March, 30 June, 30 September and 31 December); and

- data required under SRS 730.0 would be reported only for each 12 month period ending 30 June.

On 1 April 2015, following industry roundtables held in February 2015, the ABS released a further letter, 'Changes to proposed reporting standards', proposing further changes to the draft reporting standards. The key revisions to the initial proposals included:

- alignment of the proposed requirements with existing APRA reporting standards so the standards applied only to assets directly held by the RSE;
- alignment of the reporting periods with the RSE's year-of-income accounting periods and that the valuation principles specifically reference the Australian Accounting Standards;
- that column 3 of the proposed SRS 730.0 (which required a disaggregation of the data attributed to non-resident members) be removed from SRS 730.0 and that an additional item (requiring an estimate of the proportion of non-resident members and members' benefits) be added to the proposed SRS 720.0; and
- that a significant number of items on the proposed SRS 730.0 be relocated to *Reporting Standard SRS 330.0 Statement of Financial Performance* (SRS 330.0) and a small number of items on the proposed SRS 730.0 be relocated to elsewhere in the reporting collection.

On 31 July 2015, the ABS and APRA released a third letter, 'Consultation on proposed changes to superannuation reporting standards for the purposes of the Australian Bureau of Statistics', accompanied by a revised draft SRS 330.0. This

letter proposed that seven data items be added to SRS 330.0 for the purposes of the ABS, and that SRS 730.0 be withdrawn from the proposed ABS collection.

1.4 Submissions received

The ABS and APRA received eleven submissions on the January 2015 consultation package. In their submissions, respondents included consideration of the proposed changes outlined in the April 2015 letter.

The submissions recognised that the ABS is required to collect the proposed statistical data. Concerns were expressed, however, regarding the difficulties in providing some of the data requested, the extensive level of data requested and the potential duplication with some of the data already collected in APRA's existing reporting collection.

In response to the supplementary consultation on SRS 330.0 and the proposed withdrawal of SRS 730.0, the ABS and APRA received four submissions. These submissions were supportive of the proposal to withdraw SRS 730.0 and to include seven additional data items on SRS 330.0 but sought clarification on a number of matters.

Chapter 2 discusses general matters that affect the three new reporting standards, Chapter 3 covers SRS 720.0, Chapter 4 covers SRS 721.0, Chapter 5 covers SRS 722.0, and Chapter 6 covers revised SRS 330.0 (and the removal of SRS 730.0).

APRA will determine final versions of SRS 720.0, SRS 721.0, SRS 722.0 and SRS 330.0 (as released with this paper) before the end of December 2015. The reporting standards will commence for reporting periods ending on or after 1 July 2016.

Chapter 2 – General issues raised in submissions

Submissions on the January 2015 consultation package raised a number of overarching issues that affected all three proposed ABS reporting standards.

2.1 Market value reporting

The ABS proposed that all items in the draft ABS reporting standards be reported in accordance with the Australian Accounting Standards unless otherwise specified.

Comments received

Submissions noted a preference for alignment of ABS data requirements with existing APRA and Australian Accounting Standards Board (AASB) standards.

ABS response

In the April 2015 letter, the ABS proposed it would improve alignment between the reporting basis of the proposed ABS reporting standards and the existing APRA reporting standards, with respect to valuation principles specifically referenced in the AASB.

During subsequent consultation with industry, the ABS determined that the interchangeability of the National Accounts requirement of ‘market value’ and ‘fair value’ (as defined in AASB), while valid in most cases of valuation of assets and liabilities, may not result in consistent values for all assets and liabilities. Specifically, the ABS determined that the AASB valuation reporting for derivatives and stock lending programs is not consistent with the valuation basis of market prices which is required for SNA reporting requirements.

The ABS confirms that it requires items to be reported on a market value basis, with no netting of disposal costs, in accordance with paragraph 2.60 of the International Standard, the System of National Accounts 2008 (2008 SNA).

SRS 720.0, SRS 721.0 and SRS 722.0 have been

amended to make it clear that all items must be reported in accordance with market values and without netting of disposal costs. Where market prices are not available, the instructions to the reporting standards make it clear that the data can be reported as careful estimates.

The ABS expects that requiring reporting in accordance with market values will provide clarity to RSE licensees and will require minimal additional burden as market prices are widely available and careful estimates will be accepted in the absence of market values.

2.2 Provision of careful estimates

The ABS proposed that data items may be reported as ‘careful estimates’ where accurate figures were not available to the RSE licensee.

Comments received

Submissions raised concerns regarding the definition of careful estimates, the application of audit requirements to these data items and how these were to be considered with regard to the entity’s risk management systems and the requirements of *Prudential Standard SPS 220 Risk Management*.

ABS and APRA response

For ABS reporting purposes, if accurate figures are available, the RSE licensee is required to report these figures. If accurate figures are not available, an RSE licensee may report a careful estimate where that estimate is the product of systems, processes and controls developed by the RSE licensee for this purpose.

Data collected under SRS 720.0, SRS 721.0 and SRS 722.0 are used by the ABS to produce aggregate statistics and may be reported on a careful estimates basis.

SRS 330.0 is used by APRA for the purposes of prudential supervision and publication, and may also be used by the ABS. The addition of seven

specific data items for the purposes of the ABS now means that SRS 330.0 has differing audit assurance requirements. SRS 330.0 therefore clarifies that items reported solely for the purposes of the ABS can be reported on a careful estimates basis where accurate data is not available and an audit of these data items is not required.

All other data items reported on SRS 330.0 must continue to be audited in compliance with *Prudential Standard SPS 310 Audit and Related Matters* (SPS 310).

2.3 Commencement date

The ABS proposed that the three quarterly reporting standards (SRS 720.0, SRS 721.0 and SRS 722.0) would commence for reporting periods ending on or after 1 January 2016 on the basis that the final reporting standards were to have been released by 31 July 2015.

Comments received

Submissions noted that the proposed implementation timeframe would present challenges to RSE licensees in developing and implementing necessary reporting system changes. Submissions recommended a longer timeframe to ensure certainty and quality of data provided, with a timeframe of 12 months preferred.

ABS response

The ABS responded to this feedback by delaying the implementation of SRS 720.0, SRS 721.0 and SRS 722.0 until reporting periods ending on or after 1 July 2016. Reporting of revised SRS 330.0, incorporating the new ABS data requirements, will also commence for reporting periods commencing from 1 July 2016.

Whilst a 12 month implementation period after the finalisation of requirements is preferred by industry, the ABS considers that the significant reduction in data required to be reported means that a six month implementation timeframe will provide sufficient time for RSE licensees to be able to report accurate and timely data.

2.4 Reporting basis

The ABS initially proposed quarterly reporting under SRS 720.0, SRS 721.0 and SRS 722.0 on a discrete calendar quarter basis, i.e. for quarters ending 31 March, 30 June, 30 September and 31 December, irrespective of the entity's year of income. This differs from the reporting requirements for APRA's other quarterly reporting standards, including SRS 330.0, which are reported on a year-to-date basis with the reporting basis aligned with the RSE's year of income.

Comments received

Many submissions raised concerns regarding the lack of alignment with the current APRA reporting standards and the additional administrative costs arising from this approach.

ABS response

In the April 2015 letter, the ABS responded to preliminary feedback about the lack of re-usability of data across both agencies' reporting requirements by proposing that the reporting basis be made consistent with APRA's reporting standards. This change means that the reporting periods for SRS 720.0, SRS 721.0 and SRS 722.0 are aligned with the RSE's year of income and APRA's quarterly reporting standards.

2.5 Reporting due dates

The ABS proposed that the due dates for proposed SRS 720.0, SRS 721.0 and SRS 722.0 align with the due dates applicable to the suite of APRA reporting standards. This meant that these reporting standards would, for reporting periods commencing from 1 July 2015, require submission within 28 calendar days after the end of the quarter.

Comments received

Submissions raised concerns regarding costs and work involved in meeting the new reporting requirements and pointed out that the current APRA reporting collection, introduced in 2013, had incorporated a transitional period for reporting due dates. Submissions indicated that industry would be able to adapt to the preferred 28 day

reporting period after a transitional period. The submissions raised concerns only in respect of the proposed quarterly reporting requirements.

ABS response

The ABS considers that a period of transition, as the industry embeds new reporting processes, is appropriate. As a result, the ABS has extended the due dates for reporting under SRS 720.0, SRS 721.0 and SRS 722.0 to 35 calendar days after the end of the quarter to which the information relates. This extension will cease to apply for all quarterly reporting periods commencing on or after 1 July 2017, consistent with the extension given for other APRA quarterly superannuation reporting.

2.6 Confidentiality and publication of data

The ABS uses superannuation data submitted to APRA for the compilation of the National Accounts and other statistics. The ABS incorporates APRA data in four main publications.¹

Comments received

Submissions raised concerns that the publication of data collected may be attributable to a specific RSE and may therefore breach member privacy.

ABS and APRA response

Data will be collected under SRS 330.0, SRS 720.0, SRS 721.0 and SRS 722.0 via APRA's D2A reporting system, already used by RSE licensees, which provides secure electronic submissions. This data will be used by the ABS to compile aggregate measures of the contribution of the superannuation industry to GDP, and measures of household income, savings and wealth.

The ABS can only publish data in a manner that is not likely to enable the identification of a particular person or organisation, and its long

¹ The ABS publications that incorporate APRA data are: *Australian National Accounts: National Income, Expenditure and Product (cat. No. 5206.0)*, *Australian System of National Accounts (cat. No. 5204.0)*, *Australian National Accounts, Finance and Wealth (cat. No. 5232.0)* and *Managed Funds, Australia (cat. No. 5655.0)*.

standing record for preserving the confidentiality of information provided to it is widely respected.

Data submitted to APRA under the *Financial Sector (Collection of Data) Act 2001* is protected under section 56 of the *Australian Prudential Regulation Authority Act 1998* unless, after considering representations from interested parties, APRA determines the data is not confidential. At present, APRA does not intend to publish information collected for the ABS under SRS 720.0, SRS 721.0 and SRS 722.0 and the additional data collected under SRS 330.0. APRA will consult further, consistent with its usual processes, if it seeks to propose publication of any data collected under SRS 720.0, SRS 721.0 and SRS 722.0 and/or any additional data collected under SRS 330.0.

2.7 Impact of section 29QC of the Superannuation Industry (Supervision) Act 1993

Section 29QC of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) requires an RSE licensee that is required to give APRA information under a reporting standard and also gives the same information to a person, for example, by publishing it on a website, to ensure that the information given to the other person is calculated in the same way as the information given to APRA.

Comments received

Submissions raised concerns regarding the impact of s. 29QC on the ABS data collection requirements and indicated a preference that the ABS data be excluded from the requirements of s. 29QC.

ABS response

As the ABS data is not collected for disclosure purposes, the ABS data collection will not be subject to s. 29QC. ASIC is responsible for administering s. 29QC of the SIS Act, and ASIC has advised that only data reported under reporting standards collected for the purpose of disclosure is subject to s. 29QC.

2.8 Cost/benefit impacts

The consultation process encouraged stakeholders to provide information on the level of system amendments or other changes that may be required to provide the proposed data. Respondents were also asked to perform an assessment of the impact of the proposed changes.

Comments received

Many submissions raised concerns that significant costs were expected to be associated with implementation of the proposed reporting requirements as the data required by the ABS is much more detailed than data reported for other purposes. The responses noted that they expected costs to increase in relation to additional general fund reporting, additional vendor costs for the ratings and issuer classifications data, and additional actuarial costs. The proposal for relocation of data items from one form to another was not viewed by respondents as significantly reducing burden.

Submissions recommended that a Regulation Impact Statement (RIS) be prepared to cover suggested changes and clearly outline the cost/benefit impacts arising from the reporting collection.

ABS response

Since the release of the January 2015 consultation package, the ABS and APRA have sought to minimise unnecessary reporting burden and cost implications arising from the proposed collection.

This has been achieved through withdrawal of the proposed SRS 730.0, removal of items requiring actuarial information, alignment of the new reporting standards with APRA reporting periods and due dates, and the delayed implementation of the commencement date. As a result of further consultation with industry, the ABS has revised SRS 720.0, SRS 721.0 and SRS 722.0 to clarify the valuation and terminology of data items as required for compilation of the Australian National Accounts, and has reduced the level of detail required to be reported.

These changes will result in a significant overall decrease in the reporting burden of the new reporting standards from the original proposals outlined in the January 2015 consultation package.

The burden arising from the addition of seven data items to SRS 330.0 is considered to be minor as the previous *Reporting Standard SRS 100.0 Statement of Financial Performance* (revoked), withdrawn in June 2013, included three of these additional data items (fees and commissions, property and maintenance costs and interest expenses).

Information pertaining to the proposed collection has been communicated with the Office of Best Practice Regulation (OBPR). The OBPR has confirmed with the ABS that a RIS is not required.

Chapter 3 – Reporting Standard SRS 720.0 ABS Statement of Financial Position

Specific issues raised about SRS 720.0 are outlined below.

3.1 Level of reporting detail

The ABS proposed, in order to conform to the Australian SNA definitions, that SRS 720.0 collect a statement of financial position with assets and liabilities broken down by SNA financial instruments and sectoral classifications (counterparties).

Comments received

Submissions raised concerns about the proposed level of detail required on Issuer Classification, Greenhouse Gas Emission Reduction Schemes and External Wholesale Trusts. Submissions identified difficulties in applying these classifications as a major obstacle to implementing the ABS collection.

ABS response

In light of the feedback received, the ABS has decided to remove a number of data items where industry has advised it is not possible to collect accurate data. These items include:

- selected data relating to liability for members' benefits of non-resident members;
- holdings of notes and coins denominated in a foreign currency or Australian dollars;
- data relating to Greenhouse Gas Emission Reduction Schemes;
- some of the more detailed "of which" splits or subcategories of data items;
- all sectoral (counterparty) classifications of Total investment income receivable;
- some aggregation of the sectoral (counterparty) classifications within resident

Deposits, Loans and placements, Short and Long-term debt securities and shares; and

- separate reporting of Total Reserves attributable to defined benefit members' benefits and defined contribution members' benefits and all subcategories of reserves.

To assist industry reporting of the sectoral counterparty details, especially in regard to short and long-term debt securities and shares, the ABS has made available a map of the ASX ticker symbols to the SNA sectoral counterparty classification with the release of this package. After the reporting standards are in effect, industry can request assistance in mapping debt security classifications to the appropriate sectoral SNA counterparty classifications.

Terminology relating to non-resident and resident assets and liabilities, loans and placements, short-term debt securities, long-term debt securities, shares and units in trusts has been amended to better define the ABS requirements across the majority of data items on the form.

3.2 Public offer status

For National Accounts compilation purposes, the ABS requires data that will best identify the public offer status of a trust. The ABS understands that, in the past, a retail trust was used as a proxy for a public offer trust. However, current industry terminology varies in relation to what is considered a wholesale trust or a retail trust.

In line with advice from industry and ASIC, the name of the relevant item in SRS 720.0 has been amended to better define the attributes of a wholesale and a retail trust. Items concerning wholesale trusts now reference the Australian Registered Scheme Number. From this information, the ABS expects to be able to determine the public offer status of these trusts. After the reporting standards are in effect,

industry can request assistance on how to classify wholesale trusts in accordance with the public and non-public offer classification required by the ABS.

3.3 Members' benefits

The collection of data on members' benefits has been amended to align with APRA's defined benefit liability reporting. The ABS requirement for quarterly data on the surplus/deficit in net assets for members' benefits on SRS 720.0 does not require additional quarterly actuarial valuations. Where more detailed data or more frequent reporting of data is required for SNA purposes, careful estimates will be accepted.

3.4 Repurchase agreements and stock lending

Following industry feedback on repurchase agreements and stock lending reporting, a further component has been added to other financial assets (including a breakdown of broad asset categories) for reporting of the investment of collateral received (excluding investment in reverse repurchase agreements) from the stock lending program. A further 'of which' component has also been added to total liabilities to isolate the difference in value between securities and stocks lent, and collateral received.

For statistical purposes, the ABS requires reporting of securities and stocks purchased and lent on a market value basis, which differs from the reporting basis required for the AASB (which requires reporting of the cash collateral received and paid for the securities). The instructions for SRS 720.0 have been amended to clarify that these items are to be reported on a market value basis.

The ABS expects that all the above changes to SRS 720.0, including the removal of more detailed sub-categories of data items, will significantly reduce the reporting burden on SRS 720.0.

Chapter 4 – Reporting Standard SRS 721.0 ABS Securities Subject to Repurchase and Resale and Stock Lending and Borrowing

Specific issues raised about SRS 721.0 are outlined below.

4.1 Complexity of reporting

Draft SRS 721.0 proposed to capture details of the exposure of RSEs to commitments to repurchase assets, and required financial data to be aligned to the SNA. This included reporting repurchase agreements on a non-look through basis, which shows the value of investment vehicle exposures but not specific data on their underlying assets, and counterparty information.

Comments received

Submissions raised concerns regarding the proposed level of detail sought for individual securities, the cost of providing these data and potential duplication with *Reporting Standard SRS 535.0 Securities Lending*. Submissions also raised concerns about reporting where the RSE licensee is not the principal in the agreement.

ABS response

The ABS understands that some securities contracts are held and maintained by custodians as agents acting on behalf of the RSE licensee under an agreement. The ABS's requirement for information regarding stock lending and repurchase agreements differs from APRA's data requirements, which are focused on individual superannuation funds and their specific counterparties. By contrast, the ABS is primarily concerned with aggregates for buyers, sellers and types of security.

The ABS and APRA expect that combining these requirements on one form (i.e. by combining SRS 721.0 with SRS 535.0) would significantly increase

the size of the SRS 535.0 form, thus increasing the reporting burden on industry and risking a reduction in the quality of data reported.

SRS 721.0 will therefore collect data from RSE licensees where they are the principal in the agreement. This will include all agreements entered into by an RSE licensee but will not include agreements initiated by custodians. The level of detail in the classifications of counterparty and security is therefore significantly reduced.

Specifically, SRS 721.0 will not collect:

- domicile of short and long-term debt securities;
- certain type of short and long-term debt securities dimensions;
- certain resident counterparty detail for short and long-term debt securities and shares;
- certain type of issuer of resident short and long-term debt securities dimensions including property and infrastructure trusts; and
- certain type of issuer of shares dimension.

As advised in Chapter 3 regarding SRS 720.0, the ABS will provide assistance in classifying these data items. SRS 721.0 is now more consistent with the requirements of SRS 720.0. As a result, the ABS expects that the reduction in the scope and number of data items will significantly reduce the reporting burden under SRS 721.0.

Chapter 5 – Reporting Standard SRS 722.0 ABS Derivatives Schedule

Specific issues raised about SRS 722.0 are outlined below.

5.1 Level of detail - clarification

The ABS requires each RSE to report derivatives in an asset position separately from derivatives in a liability position. Proposed SRS 722.0 therefore captured detail regarding the derivative counterparty on securities held by each RSE.

Comments received

Industry raised concerns regarding the proposed level of detail required for individual securities because counterparty characteristics frequently are not recorded. These data elements need to be attached to every security and counterparty, increasing costs significantly.

Submissions also noted the potential duplication with *Reporting Standard SRS 534.0 Derivative Financial Instruments* (SRS 534.0) and ASIC data on over-the-counter (OTC) derivatives and questioned the calculation of principal amount for an equity option.

ABS response

To compile the National Accounts under the SNA, the ABS requires the separation of derivatives in an asset position from derivatives in a liability position. SRS 722.0 has been revised to better align with SRS 534.0, with the main differences being the counterparty detail required by the ABS and the separate reporting of the asset position from the liability position.

The ABS requires aggregate data on all directly held derivative financial instruments, not only in respect of OTC traded derivatives, which is why ASIC data on OTC derivatives does not meet ABS

requirements. SRS 534.0 is an annual collection and as such does not meet ABS requirements for quarterly data. The principal amount for an equity option uses the same definition as under SRS 534.0 and is expected to be calculated using the same methodology as is used for SRS 534.0.

Changes made to SRS 722.0 include:

- separate reporting of contracts with a gross positive market value and contracts with a gross negative market value;
- incorporating non-residents and residents as a type of counterparty; and
- the number of counterparty types reduced from 17 to six. It is understood, from discussion with industry, that these six counterparty types are those most commonly dealt with by superannuation funds.

The ABS will provide general guidance to industry on the reporting of counterparties as required.

A new item 'Net transactions' has been added to capture 'movements' data, while the remainder of this form is based on 'period end reporting'. As not all market participants necessarily can report transactions and revaluations, the ABS has included the minimum detail required for the ABS to derive transactions.

The outcome of the above changes to SRS 722.0 is that it is more consistent with the existing APRA reporting standards, and the number of data items has been significantly reduced from that originally proposed.

Chapter 6 – Amendments to Reporting Standard SRS 330.0 Statement of Financial Performance

The ABS and APRA have reduced duplication and simplified reporting by withdrawing proposed SRS 730.0 and incorporating seven new data items under SRS 330.0.

Industry's primary concerns with the proposed SRS 730.0 were:

- potential duplication with existing SRS 330.0;
- difficulty in providing non-resident member flows and defined benefit member flows; and
- the proposed annual collection as at 30 June, when SRS 330.0 was collected based on the entity's year of income.

The April 2015 letter outlined proposed changes to SRS 730.0 to remove a significant number of data items.

The July 2015 letter then proposed withdrawing SRS 730.0 and including seven additional data items on SRS 330.0. The relocation of the data items to SRS 330.0 will require:

- data to be submitted quarterly and annually, whereas the proposed SRS 730.0 was only required to be submitted annually; and
- the forms to be completed by all RSEs, regardless of size, whereas the proposed SRS 730.0 was only to be submitted for RSEs with at least \$200 million in assets.

Whilst SRS 330.0 is subject to the audit requirements under SPS 310, an audit is not required for the seven additional items added to SRS 330.0.

The ABS and APRA expect that the seven data items added to SRS 330.0 will be available from the same sources as other data reported for SRS 330.0.

6.1 Defined benefit contributions

The proposed revisions to SRS 330.0 added a break-up of defined benefit contributions, so that

employer defined benefit contributions and member defined benefit contributions are reported separately. The ABS requires these items for National Accounts purposes.

Comments received

Submissions sought greater clarity regarding how to report member contributions in respect of a hybrid scheme.

ABS and APRA response

The ABS and APRA expect that member contributions into a hybrid scheme are reported separately so that member defined benefit contributions are included at item 1.3 and member accumulation contributions are included at item 1.1 (for employer contributions) and item 1.2 (for member contributions).

This reporting of contributions into a hybrid scheme is consistent with reporting under *Reporting Standard SRS 320.0 Statement of Financial Position*.

6.2 Fee and commission income

The proposed revisions to SRS 330.0 added a break-up of other investment income, with the inclusion of an additional 'of which' item for fee and commission income. The ABS requires this item for National Accounts purposes.

Comments received

Submissions sought greater clarity regarding the information to be provided, including possible overlap with reporting as part of operating income, and taking into account the work of ASIC.

ABS response

Given the definition of operating income includes fee and commission income, this item has been moved so that it is now an 'of which' item within operating income.

The instructions for this item have been clarified regarding the need to include scrip lending and underwriting activities as part of this item. The inclusion of scrip lending, underwriting activities and other fees and commissions were part of the previous SRS 100.0 (revoked).

The ABS requirement to collect fee and commission income is in accordance with the SNA and is independent of that required or determined by ASIC.

6.3 Property maintenance expenses

The proposed revisions to SRS 330.0 added a break-up of other investment expenses, so that property maintenance expenses and interest expenses are to be separately reported. The ABS requires these items for National Accounts purposes.

Comments received

Submissions sought greater clarity regarding the matters to be reported for property maintenance expenses, as the instructions appeared to indicate that reporting for this item may include expenses that would normally be outside the scope of property maintenance expenses.

ABS response

This data item captures property maintenance expenses only, and does not include expenses that are typically capitalised such as acquisition, sale and legal costs. The data to be reported for this item is expected to include all non-capitalised expenses relating to an investment in direct residential property including repairs and maintenance, ongoing running costs, and property management fees. The data item excludes acquisition, sale, stamp duty, valuation, legal costs, and other capitalised expenses.

6.4 Other operating expenses

The proposed revisions to SRS 330.0 added a break-up of other operating expenses, so that management fees (other than investment management) and staff salary costs (for employees

of the RSE) are to be separately reported. The ABS requires these items for National Accounts purposes.

Comments received

Submissions sought greater clarity on the definition of management fees (other than investment management fees) and how commissions and adviser service fees were to be reported given that commissions are reported at item 10.3 and advice expenses are reported at item 11.

Submissions raised concerns that the reporting of staff salary costs (for employees of the RSE) would not provide a complete picture of staff salary costs for all RSE licensees. This is because employees of 'not for profit' superannuation funds are typically employed by the RSE licensee while employees of retail superannuation funds are often employed by related entities of the RSE licensee.

ABS response

The name of the item for management fees (other than investment management) has been revised to other management fees (excluding investment management) to improve the clarity of the data to be reported. The definition has been revised so that it is clear that data to be reported for this item includes any other fees paid/payable by the RSE licensee for management services provided to the RSE, excluding investment management fees, investment consultant fees, custodian fees, administration fees, commissions, director/trustee expenses and advice expenses.

The name of the item for staff salary costs (for employees of the RSE) has been revised to staff salary costs (RSE employees only). For reporting of staff salary costs (RSE employees only), the ABS acknowledges that different employment arrangements within the superannuation industry may result in limited overall reporting of staff salary costs, however, reaffirms the need to collect this data.



Telephone
1300 55 88 49

Email
info@apra.gov.au

Website
www.apra.gov.au

Mail
GPO Box 9836
in all capital cities
(except Hobart and Darwin)