



27 January 2015

To all registrable superannuation entity (RSE) licensees

Consultation on superannuation data collection for the Australian Bureau of Statistics (ABS)

Introduction

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 of the Australian National Accounts and other statistics which are widely used in government economic policy and business decision making. In line with the Government's red tape reduction objective, the aim of collaboration between APRA and the ABS is to simplify business-to-government reporting in order to collect high quality data at the lowest possible compliance cost.

APRA released new reporting standards for the superannuation industry over the course of 2013 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. The ABS now proposes that this data collection take effect from 1 January 2016.

The proposed data collection will be administered by APRA for the purpose of collecting data which will satisfy the conceptual and definitional requirements of the ABS. The data will be collected using the Direct to APRA (D2A) reporting system, which is already used by RSE licensees to report data to APRA. D2A provides for secure electronic submissions to safeguard data being submitted, and the addition of validations and cross-checks allowing RSE licensees to correct data at the time of reporting, reducing the need for follow up queries.

The proposed data collection will also adhere to Standard Business Reporting (SBR) requirements. SBR is an Australian Government initiative that simplifies business-to-government reporting. In June 2010, the SBR program published the first taxonomies covering business reporting to the Australian Taxation Office, the Australian Securities and Investments Commission and the state & territory revenue offices. The SBR taxonomy covers all D2A reporting to APRA. The SBR taxonomy has been harmonised between government agencies, and contains clear descriptions of each data item collected through D2A. Reporting entities that use the taxonomy to map or tag their financial information can:

- streamline reporting processes, reduce data manipulation and reduce time to produce reports;
- improve reconciliation and movement analyses; and
- obtain better traceability, auditability and consistency.

Comment is now invited on the following proposed reporting standards (incorporating reporting forms and instructions), which are provided with this letter:

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

Reporting Standard SRS 110.1 Selected Disclosure of Investments (2005) (SRS 110.1) will remain in force until APRA implements the proposed ABS data collection.

The ABS has sought to balance its statistical requirements against the reporting burden the proposed data collection would place on industry. The ABS highlights 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 auditor;
- many SBR data items would be re-used in the proposed data collection;
- the proposed reporting standards have been designed to collect data that RSE licensees have available for existing reporting, without the need for significant system rework (as discussed in further detail below);
- 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) - a separate annual submission is not required; and
- data required under SRS 730.0 would be for each 12-month period ending 30 June - separate quarterly submissions would not be required.

Why are the proposed reporting standards needed?

The framework for ABS economic statistics centres around two international standards - the *System of National Accounts (SNA)* and the *Balance of Payments Manual (BPM)*. Both standards have been significantly revised in the past seven years. These revisions are part of an international response to a number of economic phenomena which have arisen or assumed greater importance as economies continue to develop in their complexity.

The proposed reporting standards are designed to comply with these revised international statistical standards by including detailed counterparty and asset class information, and adopting standard SNA and BPM definitions. The proposed reporting standards also are designed to make it easier in the future to adopt and implement changes to SNA and BPM.

The ABS will use data collected under the proposed reporting standards for measuring the contribution of pension funds and the superannuation industry to GDP, to national, sector and industry measures of income, savings and wealth and to indicators of financial exposure and risk. Further, the proposed standards facilitate the production of internationally comparable statistics on the performance of pension funds and superannuation.

The key ABS publications that incorporate APRA superannuation data are:

- *Australian System of National Accounts (cat. No. 5204.0)* - issued annually;
- *Australian National Accounts, Financial Accounts (cat. No. 5232.0)* - issued quarterly;
- *Australian National Accounts: National Income, Expenditure and Product (cat. No. 5206.0)* issued quarterly; and
- *Managed Funds, Australia (cat. No. 5655.0)* - issued quarterly.

Overview of the proposed reporting forms

Core principles

Under the SNA, the ABS presents financial statistics in a flow of funds or so-called “from whom to whom” format to measure the “stocks” and “flows” of financial assets and liabilities throughout the Australian economy and with the rest of the world. A flow of funds concept is designed to delineate both parties to a transaction, as well as the nature of the financial instrument transacted. This presentation structure requires a standard set of counterparties to be applied to a standard set of financial instruments. This requirement underpins the classifications and definitions applied throughout the four reporting standards proposed.

Reporting Standard SRS 720.0 ABS Statement of Financial Position

In order to conform with SNA definitions, the ABS needs access to data on the financial position of RSEs broken down in a particular way. Proposed SRS 720.0 is designed to collect a statement of financial position with assets broken down by SNA asset classes, residency and listing types. Proposed SRS 720.0 also requires values to be broken down in terms of amounts denominated in foreign currency and associated payments due in one year or less, where applicable. The breakdown in amounts denominated in foreign currency will allow the ABS to produce internationally comparable statistics on pension funds. International developments require the classification of debt instruments to be extended to include original and remaining term to maturity and the currency of denomination. The existing reporting forms do not have this level of detail.

Current data sets do not allow the ABS to compile standard SNA classifications of financial instruments and counterparties, or align publications with revised international standards of SNA and BPM. The proposed changes will enable the ABS to produce a coherent and detailed picture of the financial assets and liabilities of RSEs, and enable APRA to discontinue SRS 110.1.

For RSEs with investments entirely in indirect holdings, the burden of complying with proposed SRS 720.0 is expected to be minimal as significant parts of this form would only require the reporting of nil values.

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

Proposed SRS 721.0 captures details of the exposure of RSEs to commitments to repurchase assets, and requires financial data to be aligned to SNA. This includes 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, as well as counterparty information.

RSEs which do not hold securities subject to repurchase and resale would populate this form largely with nil values.

Reporting Standard SRS 722.0 ABS Derivatives Schedule

Some derivative information, relating to derivative assets and liabilities, is currently collected under *Reporting Standard SRS 320.0 Statement of Financial Position*, with further detail to be collected on *Reporting Standard SRS 534.0 Derivative Financial Instruments* in due course. To meet SNA requirements, more detailed counterparty information is required to compile statistics for ABS publications.

Proposed SRS 722.0 captures detail regarding the derivative counterparty on securities held by each RSE. This detail will enable a comprehensive overview of the net asset and net liability positions of RSEs.

Under proposed SRS 722.0, the value of derivatives will be collected in accordance with the methodology required for the compilation of ABS publications, which differs from accounting standards. The ABS requires each RSE to report derivatives in a net asset position separately from derivatives in a net liability position.

For those RSEs which make little or no use of derivatives, the burden of complying with proposed SRS 722.0 is not expected to be significant as they will populate this form largely with nil values.

Reporting Standard SRS 730.0 ABS Income and Expenditure

Prior to July 2013, the ABS sourced income and expenditure data for RSEs from *Reporting Standard SRS 100.0 Statement of Financial Performance (2005)* (SRS 100.0). Under SRS 100.0, specific financial information resulting from the operations of the RSE was collected: namely, the investment operations and membership activity as represented by contributions, rollovers, investments, expenses and benefit payments.

Under proposed SRS 730.0:

- income and expense flows would be reported on an annual basis for each 12-month period ending 30 June;
- income and expenses would be disaggregated to identify flows attributable to defined benefit policyholders and non-resident policyholders; and
- additional detail would be reported for residual flow categories.

A key feature of proposed SRS 730.0 is additional information on the sources of change in the liability for defined benefit members' benefits. This is associated with an SNA requirement for specific information on the actuarial changes in this liability, including current and past service increases, changes in scheme structure and changes in actuarial assumptions.

Proposed SRS 730.0 will require new information about defined benefit members and non-resident members. This will ensure ABS statistics remain compliant with international statistical standards and obligations.

Next steps

The ABS seeks comments on the proposed reporting standards and encourages stakeholders to provide information to assist understanding the level of system or other changes that may be required to provide the proposed data. The ABS requests that comments made in submissions are as specific as possible, to the extent of identifying specific data item(s) or instruction(s) wherever relevant.

In order to perform a comprehensive cost-benefit analysis, the ABS requests respondents to provide an assessment of the impact of the proposed changes. Such assessment should specifically include marginal compliance costs RSE licensees are likely to face in:

- (a) initially implementing or changing systems and processes to report under the proposed standards; and
- (b) reporting under the proposed standards on an ongoing basis.

Subject to consideration of responses to this consultation letter, final reporting standards are expected to be released by 31 July 2015, with the new reporting requirements to commence from 1 January 2016. For the quarterly reporting standards, the first reporting due dates under these arrangements would be 28 April 2016 for the quarter ended 31 March 2016. For the annual reporting standard (SRS 730.0) the first reporting due date under these arrangements would be 30 September 2016 for the 12 months to 30 June 2016.

APRA is coordinating this consultation on behalf of the ABS. Accordingly, written submissions on proposed SRS 720.0, SRS 721.0, SRS 722.0 and SRS 730.0 should be forwarded to superannuation.policy@apra.gov.au by 17 April 2015 and addressed to:

Pat Brennan
General Manager, Policy Development
Policy, Statistics and International Division
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

Technical enquiries on proposed SRS 720.0, SRS 721.0, SRS 722.0 and SRS 730.0 should be forwarded to cathy.bates@abs.gov.au by 17 April 2015 and addressed to:

Cathy Bates
Director, Financial Statistics Section
Macroeconomic Indicators Branch
Australian Bureau of Statistics
GPO Box 796
Sydney NSW 2001

This consultation package is available on the APRA website here:

<http://www.apra.gov.au/Super/Pages/superannuation-consultation-packages.aspx>

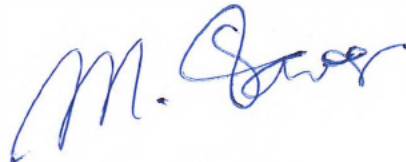
and on the ABS website here:

<http://abs.gov.au/ausstats/abs@.nsf/mf/5655.0.55.003>

Yours sincerely



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Important disclosure notice - publication of submissions

All information in submissions will be made available to the public on the APRA website unless a respondent expressly requests that all or part of the submission is to remain in confidence. Automatically generated confidentiality statements in emails do not suffice for this purpose.

Respondents who would like part of their submission to remain in confidence should provide this information marked as confidential in a separate attachment.

Submissions may be the subject of a request for access made under the Freedom of Information Act 1982 (FOIA). APRA will determine such requests, if any, in accordance with the provisions of the FOIA.

Information in the submission about any APRA regulated entity which is not in the public domain and which is identified as confidential will be protected by section 56 of the Australian Prudential Regulation Authority Act 1998 and therefore will ordinarily be exempt from production under the FOIA.