



Australian Government
Department of Agriculture
and Water Resources



APRA

DISCUSSION PAPER

Agricultural lending data collection

March 2017

Disclaimer and Copyright

While APRA endeavours to ensure the quality of this publication, it does not accept any responsibility for the accuracy, completeness or currency of the material included in this publication and will not be liable for any loss or damage arising out of any use of, or reliance on, this publication.

© Australian Prudential Regulation Authority (APRA)

This work is licensed under the Creative Commons Attribution 3.0 Australia Licence (CCBY 3.0). This licence allows you to copy, distribute and adapt this work, provided you attribute the work and do not suggest that APRA endorses you or your work. To view a full copy of the terms of this licence, visit <https://creativecommons.org/licenses/by/3.0/au/>

Contents

Contents	3
Preamble	4
Glossary	5
Chapter 1 – Introduction	6
Purpose of the agricultural lending data (ALD) collection	6
Collection authority	6
Structure of this paper	6
Chapter 2 – Proposed data collection	7
Industry classification	7
Reporting coverage, frequency and timing	7
Confidentiality and publication of data	8
Chapter 3 – Proposed implementation timeline	9
First ALD collection timeframe	9
Voluntary collection for prior year agricultural lending	9
Chapter 4 – Request for feedback and cost-benefit information	10
Costs	10
XBRL and SBR	10
Benefits	10

Preamble

The *Financial Sector (Collection of Data) Act 2001* (FSCODA) provides the Australian Prudential Regulation Authority (APRA) with the authority to collect information from financial sector entities, allowing it to fulfil its role as national statistical agency for the financial sector.

In this role, APRA proposes to collect data from Authorised Deposit-taking Institutions (ADIs) and Registered Financial Corporations (RFCs) on behalf of the Department of Agriculture and Water Resources (DAWR), which the Government intends to be prescribed as a financial sector agency to facilitate the administration of the proposed collection.

The availability of high quality and relevant data on agricultural lending will allow for a clear presentation of facts and contribute to informed public debate on lending to the agricultural industry. The data will also be used to provide accurate and detailed agricultural lending data to assist the Australian Government better target its support for farmers and assist in developing and implementing assistance measures for individuals and communities.

Accordingly, APRA is releasing for consultation a package on the proposed collection, including the proposed form and reporting instructions. The proposed collection, named the Agricultural Lending Data (ALD) collection, has already been subject to informal discussion with representatives of the financial sector and incorporates feedback received.

APRA invites comments on the proposals in this discussion paper from industry and other interested parties. Written submissions on this paper should be forwarded to APRA by 28 April 2017, preferably by email, to:

Manager, Standard Data Collections
statistics@apra.gov.au
Australian Prudential Regulation Authority
GPO Box 9836
Sydney NSW 2001

Important

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 financial sector entity (as defined in FSCODA) or any APRA regulated entity that is not in the public domain and that is identified as confidential will be protected by section 56 of the *Australian Prudential Regulation Authority Act 1998* (APRA Act) and therefore will ordinarily be exempt from production under the FOIA.

Glossary

ADI	Authorised Deposit-taking Institution
ALD	Agricultural Lending Data
ANZSIC	Australian and New Zealand Standard Industrial Classification
APRA	Australian Prudential Regulation Authority
APRA Act	<i>Australian Prudential Regulation Authority Act 1998</i>
DAWR	Department of Agriculture and Water Resources
FDM	Farm Debt Mediation
FHA	Farm Household Allowance
FSCODA	<i>Financial Sector (Collection of Data) Act 2001</i>
RFC	Registered Financial Corporation
RFCS	Rural Financial Counselling Service

Chapter 1 – Introduction

Purpose of the agricultural lending data (ALD) collection

The paper outlines a proposed agricultural lending data collection to be administered on behalf of the DAWR by APRA in its role as a national statistical agency for the financial sector.

To date, there has been a lack of reliable statistical information on lending to the agricultural sector. Publication of industry-level statistics on agricultural lending will allow stakeholders - such as governments, financial institutions, peak industry and farming organisations - to effectively discuss and debate the state of agricultural lending, as well as the nature and causes of debt stress, and how measures provided by all parties can be best targeted to assist farmers.

More accurate and detailed agricultural lending data will assist the Australian Government to better target its assistance measures for farmers, such as concessional loans, the Rural Financial Counselling Service (RFCS), and a nationally consistent Farm Debt Mediation (FDM) scheme (currently under development).

It may also assist with developing and implementing individual and community assistance measures, such as mental health and social support measures, community development measures (such as infrastructure building), and income support measures such as the Farm Household Allowance (FHA).

Collection authority

Under the FSCODA, APRA has the authority to collect data for a number of purposes, including to assist another financial sector agency to perform its functions or exercise its powers.

The Government intends prescribing the DAWR as a financial sector agency to facilitate APRA's administration of the proposed collection.

Structure of this paper

Chapter 2 summarises the proposed new data collection and publication of data from the collection.

Chapter 3 covers the proposed implementation timeline.

Chapter 4 requests that ADIs, RFCs and other interested parties submit cost-benefit information.

Chapter 2 – Proposed data collection

The proposed ALD collection consists of one form, *ARF 750.0 DAWR Agricultural Lending* (ARF 750.0). The proposed form collects data on a set of measures relating to agricultural lending by state or territory and by 15 industry classifications. These measures include:

- total balance outstanding on loans and leases;
- total facility limits on loans and leases;
- total balance outstanding on loans and leases more than 90-days past due;
- number of business entities with a balance outstanding for loans and leases; and
- number of business entities with a balance outstanding that is more than 90-days past due.

In addition, the proposed form includes information on agricultural lending by state or territory, including:

- number of new instances of farm debt mediations;
- number of new farm foreclosures; and
- total balance outstanding on loans and leases for any new farm foreclosures that occurred in the reporting period.

Industry classification

The proposed form includes collecting certain data categorised into 15 industry classifications. These industry categories consist of one or more four digit 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) classes. For example, the industry classification 'Sheep and sheep-beef' consists of ANZSIC 2006 classes 0141 and 0144. A list of these classifications and associated classes are included in the instructions for ARF 750.0.

Reporting coverage, frequency and timing

Under the proposed ALD collection:

- all ADIs will be required to report on ARF 750.0 on an annual basis, for the 30 June reporting period; and
- RFCs with assets greater than or equal to \$50 million will be required to report on ARF 750.0 on an annual basis, for the 30 June reporting period.
- RFCs with assets below \$50 million will not be required to report.

ADIs and RFCs required to submit the proposed form will need to do so by 30 September each year.

Confidentiality and publication of data

Data from this collection will be protected under the secrecy provisions of section 56 of the APRA Act. The APRA Act allows the release of protected data under certain circumstances, such as the disclosure of protected information to financial sector agencies (within which the Government intends to include the DAWR¹). The secrecy provisions of section 56 will continue to apply to any such disclosure of protected information to financial sector agencies.

APRA and the DAWR do not intend to publish entity-level data, and will apply confidentiality protection measures to ensure that confidential information relating to an individual institution cannot be identified in any industry-level statistical releases.

Data collected by APRA under the ALD collection will be provided to the DAWR for their purposes, which are outlined in Chapter 1. The DAWR intends to publish certain data as aggregated industry-level statistics on agricultural lending to promote a common understanding of agricultural lending and contribute to informed public debate. Stakeholders will be consulted at a later date on any proposed statistics utilising data from the ALD collection.

¹ including the Australian Bureau of Agricultural and Resource Economics and Sciences

Chapter 3 – Proposed implementation timeline

First ALD collection timeframe

In order to meet the policy needs of the DAWR for data on agricultural lending, and reflecting informal discussions that have occurred with some members of the financial sector on the feasibility of such a collection, it is proposed that the first ALD collection be for the period ending 30 June 2017. It is proposed that the first returns would be due on 30 September 2017, subject to the necessary amendments being made to APRA's collection authority as noted in Chapter 1.

Voluntary collection for prior year agricultural lending

The DAWR is asking ADIs and RFCs to report voluntarily on the proposed ARF 750.0 for the 30 June 2016 reporting period. The data provided on a voluntary basis will bring some of the expected benefits of the collection forward by providing the DAWR with a greater understanding of agricultural lending, and participation by entities is encouraged.

APRA has made an Excel template available containing the proposed form:

http://www.apra.gov.au/CrossIndustry/Consultations/Documents/ARF_750_Form_Excel.xlsx

This form can be completed and sent to statistics@apra.gov.au by 23 May 2017. Any questions or issues that arise during completion of the voluntary collection can also be sent to this address.

Entities are encouraged to begin producing voluntary data during the consultation period for the proposed collection. Experience in producing this data may provide feedback on the proposed collection that can be considered as part of the consultation.

Data provided on a voluntary basis by reporting institutions will be subject to the secrecy provisions of the APRA Act as outlined in Chapter 2.

Chapter 4 – Request for feedback and cost-benefit information

The agencies welcome feedback on the proposals in this discussion paper, including the design of the proposed reporting form, instructions included in the draft reporting standard, and the proposed implementation timeline.

In addition, in order to perform a cost-benefit analysis, APRA welcomes information from interested parties on the financial impact of the proposed collection outlined in this discussion paper.

Costs

The DAWR and APRA seek feedback on the implementation and ongoing costs of reporting under the proposed collection, and whether these costs are expected to increase or decrease over time. The agencies also seek specific feedback on any barriers or associated costs to implementing the changes within the proposed timeframes.

Respondents may also wish to indicate whether there are any particular reporting requirements relating to the proposed ALD collection that could be improved or removed to reduce compliance costs, or if there are particular data items which are more or less difficult to provide.

Feedback on expected costs, upfront and ongoing, incurred under the proposed collection can be provided to APRA using the template for costings available on the APRA website at:

<http://www.apra.gov.au/CrossIndustry/Consultations/Documents/Template-for-cost-analysis-2017.xlsx>

XBRL and SBR

The proposed data collection will utilise XBRL (eXtensible Business Reporting Language) and the Standard Business Reporting (SBR) taxonomy, to reduce reporting burden. Entities that use XBRL and the SBR taxonomy to map or tag their financial information can streamline their reporting processes and reduce the manual intervention required.

Benefits

As outlined in Chapter 1, the proposed collection will bring a number of important benefits:

- Accurate and detailed agricultural lending data will assist the Australian Government to better target its assistance measures for farmers and communities.
- Public communication of agricultural lending data will allow stakeholders to effectively discuss and debate issues related to lending to the agricultural sector.



Australian Government
**Department of Agriculture
and Water Resources**



APRA