

## **DTF's submission to APRA's review of economic and finance statistics**

**The Department of Treasury and Finance (DTF) welcomes the Australian Prudential Regulation Authority's (APRA) review of Economic and Financial Statistics.**

DTF is a user of this economic and financial data for a number of purposes including policy analysis and macroeconomic forecasting. DTF agrees that the data collection should meet the needs of key stakeholders while not imposing unnecessary burdens on reporting institutions.

**DTF broadly agrees with the issues and limitations identified in the discussion paper.**

The forms on which APRA collects data have not been comprehensively reviewed or materially updated since the early 2000s and may not have kept pace with an evolving financial sector and changes in data priorities. DTF agrees that while some data are no longer required and can be removed from the collection, certain key data should be kept. But new priority areas have emerged with gaps in data availability.

**DTF specifically welcomes the proposal of new state-level data on investor loans which will improve the Department's ability to undertake policy analysis and macroeconomic forecasts.**

Housing activity and construction is an important driver of Victoria's economy and the government's revenue. The proposed improvements to the collection of data on housing loans to investors and owner-occupiers at the State-level will increase DTF's ability to understand the market and undertake policy analysis. For example, DTF was unable to break down the impact of APRA's recent decision to limit the growth in investor loans on the Victorian market because state-level data on investor loans is not available.

**DTF advocates that APRA reconsider the proposed discontinuation of state level data on first home buyer commitments and dwelling finance commitments by purpose (ABS 5609.0, Tables 9a, 10a and 10b).**

DTF finds this data useful to estimate activity related to new and established dwellings and to assess and monitor how housing related policies such as the foreign stamp duty surcharge and first home buyer stamp duty exemptions can impact the market. DTF advocates for retaining these particular data.

**In addition to the proposed new data at the state-level, DTF would welcome and would advocate for additional state-level breakdowns in key areas.**

Australia's economy is diverse. For example, a large portion of Western Australia's economy is mining related whereas Victoria's has a more diversified service oriented economy. Because of this diversity, state breakdowns not only allow state-based analysis but will also improve the understanding and analysis of users utilising data on national aggregates.

### *Housing*

The housing market is a key driver of growth in Victoria and an important area of policy consideration. Recently, key areas of policy and research interest have included investors and non-resident investors, and the impact of policy initiatives including the non-resident stamp duty

surcharge and the absentee-landlord land tax. To comprehensively analyse these issues, it is important to have a state breakdown of ***Non-resident lending and loans serviced by foreign sourced income, non-resident lending and first time buyer lending by purpose type (investor/owner occupier).***

Data on *offset account balances* can provide information on households financial stress and households ability to respond to an economic shock or rise in interest rates. A single national measure combines diverse state markets into a single average which makes analysis at the state-level difficult. This is especially so in the case of a two-speed economy where household economic behaviour which would differ markedly between states. DTF would welcome additional state level detail on ***offset accounts, redraw accounts and other excess repayments.***

### *Business investment*

Victoria is a non-mining state and with non-residential construction comprising a large part of business investment in Victoria. A significant portion of this is being driven by foreign demand. Understanding changes to financing activity and foreign demand in the construction industry provides insight to policy makers and allows proper policy design and evaluation. The inclusion of state breakdowns for ***loans by 1-digit ANZSIC 2006 industry division, with finer breakdowns for the Construction Division and the Financial and Insurance Services Division*** and ***non-resident and intra-group lending*** will help Victoria in the regard.