Discussion Paper
Superannuation reporting standards
28 April 2015
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Preamble

Between 2013 and 2015, APRA released a suite of 38 final reporting standards applying to the superannuation industry. The reporting standards support APRA’s prudential supervision of RSE licensees, update APRA’s reporting requirements, which had remained unchanged since their introduction in 2004, and support implementation of the Stronger Super reforms.

Since that time, APRA has publicly released 95 frequently asked questions (FAQs) relating to reporting, which are available on the APRA website. APRA considers that a number of the matters covered in FAQs should be included in the reporting standards on an ongoing basis.

In response to recent developments and further feedback of a more substantive nature on a number of the reporting standards, APRA is revising 31 of the 38 reporting standards, with five released for consultation as the proposed changes are material. Minor amendments are being made to the remaining 26 reporting standards to incorporate material already released by APRA as FAQs; these 26 reporting standards are being released as final standards.

APRA invites comments on the proposals in this paper and the five draft revised reporting standards. Written submissions on this paper should be forwarded by 19 June 2015, preferably by email, to:

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SYDNEY NSW 2001
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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.
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## Glossary

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<td>AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors</td>
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<tr>
<td>ABS</td>
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<td>Corporations Regulations</td>
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<td>FAQ</td>
<td>frequently asked question</td>
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<td>FSCOD Act</td>
<td>Financial Sector (Collection of Data) Act 2001</td>
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<td>OTC derivative</td>
<td>over-the-counter derivative</td>
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<tr>
<td>PDS</td>
<td>Product Disclosure Statement</td>
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<tr>
<td>RSE</td>
<td>registrable superannuation entity as defined in s. 10(1) of the SIS Act</td>
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<tr>
<td>RSE licensee</td>
<td>a constitutional corporation, body corporate, or group of individual trustees, that holds an RSE licence granted under s. 29D of the SIS Act</td>
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<td>SBR</td>
<td>Standard Business Reporting</td>
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<td>SIS Act</td>
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<td>SPS 310</td>
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<td>Stronger Super</td>
<td>Government’s response to the Review into the Efficiency, Governance, Structure and Operation of Australia’s Superannuation System (December 2010) and additional information pack (September 2011)</td>
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Summary of treatment of reporting standards

This discussion paper sets out proposed amendments to 31 of the 38 current superannuation reporting standards. For ease of reference, the treatment of each reporting standard is outlined in the table below.

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<thead>
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<th>Commencement date</th>
<th>Chapter</th>
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<tr>
<td>SRS 330.1 Statement of Financial Performance (changes to be confirmed as part of reporting requirements for the Australian Bureau of Statistics)</td>
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<td>SRS 330.2 Statement of Financial Performance</td>
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<td>SRS 530.0 Investments</td>
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<td>SRS 531.0 Investments Flows</td>
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<td>SRS 534.0 Derivative Financial Instruments</td>
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<td>Fees Disclosed</td>
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Executive summary

APRA requires the industries it regulates to report comprehensive statistical data on a regular basis and publishes key information from these data collections. The objective of these data collections and publications is to support APRA’s prudential supervision and provide appropriate transparency and disclosure in relation to the operations of the industries it regulates. Data is also collected for other Australian Government agencies and publication purposes.

Between 2013 and 2015, APRA released a suite of 38 final reporting standards applying to the superannuation industry. Since that time, APRA has publicly released 95 frequently asked questions (FAQs) relating to reporting, which are available on the APRA website. APRA considers that a number of the matters raised by industry participants and covered in FAQs should be included in the reporting standards on an ongoing basis. Accordingly, APRA has amended 26 reporting standards to incorporate material covered in the FAQs. These changes are summarised in Chapter 4 of this paper.

Additionally, in response to recent developments and the more substantive feedback provided by industry, APRA is seeking further industry submissions on proposed amendments to five reporting standards. Whilst detail on the proposed amendments to the reporting standards is discussed in Chapters 2 and 3 of this paper, the key proposed amendments to the reporting requirements are:

- deferring Reporting Standard SRS 702.1 Investment Performance until the choice product dashboard obligations have been finalised;
- amending Reporting Standard SRS 702.0 Investment Performance and Reporting Standard SRS 703.0 Fees Disclosed to support alignment between the information RSE licensees are required to disclose in Product Disclosure Statements and the information required to be reported under APRA’s reporting standards;
- changing the ‘large exposure threshold’ under Reporting Standard SRS 532.0 Investment Exposure Concentration to one percent of total investments rather than one percent of total assets of the RSE;
- clarifying that intermediate accounts in wrap or platform arrangements are to be considered select investment options for the purposes of reporting to APRA and that members’ benefit flows under Reporting Standard SRS 533.1 Asset Allocation and Members’ Benefits Flows can be reported in the context of transaction or ‘intermediate’ accounts, rather than being reported for each individual investment option on a platform. This proposal is designed to better reflect how platform products are managed in practice; and
- amending the information reported under Reporting Standard SRS 534.0 Derivative Financial Instruments relating to derivatives.

Finally, in January 2015, the Australian Bureau of Statistics (ABS) and APRA released for consultation proposed reporting standards relating to additional data to be collected primarily for the purposes of the ABS. As previously communicated to the superannuation industry, the ABS and APRA are seeking further feedback from industry about the most efficient way to collect certain data items, including whether they should be moved from reporting standards determined specifically for the purposes of collecting data for the ABS to elsewhere in the reporting collection. The three reporting standards under consideration are Reporting Standard SRS 320.0 Statement of Financial Position, Reporting Standard SRS 330.0 Statement of Financial Performance and Reporting Standard SRS 330.1 Statement of Financial Performance. Amended versions of these reporting standards will be released in due course, most likely as part of the final package of reporting standards for ABS purposes.
Chapter 1 — Introduction

1.1 Background

APRA requires the institutions it regulates to report comprehensive statistical data on a regular basis. APRA uses this data for prudential purposes, shares data with other Australian Government agencies for their purposes, and publishes selected information from the data collected. The objective of these data collections and publications is to support APRA’s prudential supervision and to provide appropriate transparency and disclosure in relation to the operations of the industries it regulates. Achievement of these objectives benefits all industry stakeholders.

Between 2013 and 2015, APRA released a suite of 38 reporting standards that currently apply to the superannuation industry. The reporting standards support APRA’s prudential supervision of RSE licensees and their business operations, update APRA’s reporting requirements, which had remained unchanged since their introduction in 2004, and support implementation of the Stronger Super reforms. These standards also collect data for the Australian Securities and Investments Commission (ASIC) and the Australian Bureau of Statistics (ABS).

1.2 Recent developments

Since the release of the reporting standards, as the superannuation industry and other stakeholders have turned their attention to implementing the new reporting framework, APRA has continued to receive feedback on a range of implementation issues. There have also been a number of developments in the superannuation regulatory framework that affect the data that RSE licensees must report to APRA.

This discussion paper outlines these developments and APRA’s proposed response to them. Chapter 2 explains the proposed changes to certain reporting standards to better align them with fees and costs disclosure requirements in the Corporations Regulations 2001 (Corporations Regulations), which were recently modified by ASIC class order 14/1252. Chapter 3 outlines proposed changes to investments-related reporting standards to respond to industry feedback received since their commencement. Chapter 4 outlines minor revisions to 26 reporting standards to reflect clarification and guidance issued by APRA in frequently asked questions (FAQs) throughout 2013 and 2014.

1.2.1 Consultation on data for the purposes of the Australian Bureau of Statistics

The ABS uses superannuation data submitted to APRA for the compilation of the Australian National Accounts and other statistics which are widely used in government economic policy and business decision making.

In January 2015, the ABS and APRA released proposed reporting standards relating to additional data to be collected primarily for the purposes of the ABS. Consultation on these draft standards closed on 17 April 2015.

The ABS is currently considering the submissions received with a view to identifying where the reporting obligations for RSE licensees might need to be adjusted. As previously communicated to the superannuation industry, the ABS and APRA are seeking further feedback from industry about the most efficient way to collect certain data items, including whether they should be moved from reporting standards determined specifically for the purposes of collecting data for the ABS to elsewhere in the reporting collection. The reporting standards under consideration are:

- Reporting Standard SRS 320.0 Statement of Financial Position (SRS 320.0);
- Reporting Standard SRS 330.0 Statement of Financial Performance (SRS 330.0); and

As these reporting standards were the subject of clarification via FAQs, APRA intends to update them to incorporate the FAQ material. The minor
changes that APRA intends to make to these three reporting standards are outlined below. RSE licensees are encouraged to continue to report in line with the relevant FAQs until such time as the final versions of these three reporting standards are released.

Amended versions of these reporting standards will be released in due course. If additional material changes are proposed to be made to these reporting standards, the ABS and APRA will undertake further consultation prior to the requirements being finalised.

1.2.1.1 Reporting Standard SRS 320.0 Statement of Financial Position

APRA requires RSE licensees to report directly held derivative assets and derivative liabilities in accordance with Australian Accounting Standards, specifically Australian Accounting Standard 25 Financial Reporting by Superannuation Plans (AAS 25).

AAS 25 requires RSEs to measure assets at ‘net market values’ and immediately recognise changes in net market values as revenues for the reporting period. These requirements override the requirements in other accounting standards in respect of recognising and measuring assets, including AASB 132 Financial Instruments: Disclosure and Presentation (AASB 132) and AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) in respect of financial assets. However, AAS 25 does not contain recognition and measurement requirements for financial liabilities held by RSEs, which includes hedging instruments and derivatives that have liability balances.

In circumstances when a particular transaction or event is not specifically addressed by AAS 25, the accounting policy or policies applied to that transaction or event are determined by applying AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (AASB 108). AASB 108 requires the RSE licensee to follow the hierarchy of guidance, which leads to the application of accounting policies AASB 132 and AASB 139 for hedging instruments and derivatives that have liability balances.

For the avoidance of doubt about the application of AASB 132 and AASB 139 in conjunction with AAS 25, APRA intends to SRS 320.0 to include the following reference in items 4 and 14:


The instructions for items 4 and 14 will also to be amended to clarify that:

- derivative assets (or derivative liabilities) must equal the gross market value of derivative assets (or derivative liabilities) minus accounting standards offsets.

SRS 320.0 will also be updated to clarify that only self-insurance liabilities are to be reported in item 18 and that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards.

APRA encourages RSE licensees with questions about reporting in alignment with AASB 132 and AASB 139 under SRS 320.0 to contact APRA at statistics@apra.gov.au.

Note that the Australian Accounting Standards Board has released AASB 1056 Superannuation Entities (AASB 1056), which will take effect on 1 July 2016. AASB 1056 will require a derivative reporting approach that is based on the requirements in AASB 132.

1.2.1.2 Reporting Standard SRS 330.0 Statement of Financial Performance

SRS 330.0 will be updated to clarify that all definitions of benefit payments and lump sum benefit payments include reference to the

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1 Where ‘gross market value of derivative assets’ is defined as ‘a derivative asset that is valued at gross market value in accordance with Australian Accounting Standards’ and ‘gross market value of derivative liabilities’ is defined as ‘a derivative liability that is valued at gross market value in accordance with Australian Accounting Standards’.
inclusion of any insurance claim proceeds. SRS 330.0 will also reflect a minor adjustment to the definition of benefit payments to clarify that it includes insurance claims benefits or proceeds first credited to member accounts and then disbursed with members’ benefits to the member or beneficiary and rectify a minor error in item 21.

1.2.1.3 Reporting Standard SRS 330.1 Statement of Financial Performance

SRS 330.1 will be updated to clarify the fair and reasonable allocation requirements under s. 99E of the Superannuation Industry (Supervision) Act 1993 (SIS Act) do not apply to item 8 and that item 1 is to be reported net of taxes and items 1.1, 1.2 and 1.3 are to be reported gross of taxes.

1.2.2 Choice product dashboard

In November 2013, the Government released a consultation paper: Better regulation and governance, enhanced transparency and improved competition in superannuation. As part of this consultation, the Government sought feedback on requirements in relation to the choice product dashboard.

The Government has not yet finalised and announced its policy position on the choice product dashboard requirements.

To better integrate the choice product dashboard requirements into APRA’s reporting framework, APRA will consider collecting information on investment performance for select investment options, as well as a breakdown of administration, advice and other fees, costs and taxes, in conjunction with the choice product dashboard requirements.

As a result, APRA has deferred the collection of investment performance, fees and costs data on Reporting Standard 702.1 Investment Performance (SRS 702.1) so it can be considered during the development of the choice product dashboard obligations.

Reporting Standard SRS 701.0 Product Dashboard (SRS 701.0) and SRS 702.1 will therefore be developed and consulted on in alignment with the Government’s policy and any further Government consultation on these requirements.

1.3 Proposed changes to superannuation reporting standards

To respond to recent developments and industry feedback, APRA is amending 31 reporting standards.

APRA is seeking industry submissions on proposed amendments to five reporting standards where more material changes are proposed. The proposed amendments to these reporting standards and proposed commencement dates are discussed in Chapters 2 and 3.

APRA expects that these proposed amendments will significantly reduce the complexity of complying with both APRA’s reporting obligations and ASIC’s disclosure-related obligations, and will reduce the costs associated with reporting data to APRA. As part of this consultation, APRA is seeking feedback on the impact of the proposals. More detail on the cost-benefit analysis information requested is provided in Chapter 5.

Minor amendments are reflected in a further 26 reporting standards to incorporate material already released by APRA as FAQs. These amendments are outlined in Chapter 4. As these amendments have previously been communicated to industry through FAQs and/or are of a minor nature, APRA is issuing these reporting standards as final with a commencement date of 1 July 2015. This means that most RSE licensees will be required to comply with these revised reporting standards in respect of reporting periods ending on

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3 Note that ASIC has recently further deferred the commencement of the choice product dashboard requirements to 1 July 2016; refer to ASIC Corporations (Amendment No. 2) Instrument 2015, which amends ASIC Class Orders [CO 13/1534] and [CO 14/443].
or after 30 September 2015. APRA notes that many RSE licensees have been reporting in line with these FAQs for some time. The relevant FAQs will be archived on the APRA website before the end of June 2015.

APRA encourages RSE licensees to continue to report to APRA in accordance with the FAQs and the revised reporting standards in respect of the June 2015 quarter and the year ended June 2015. APRA will take a facilitative approach to compliance with the amendments in 26 reporting standards which are released as final for the remainder of 2015.

Where RSE licensees have specific concerns about the reporting collection, particularly where these concerns relate to changes outlined in this paper, RSE licensees are encouraged to contact APRA via email at statistics@apra.gov.au.

1.4 Confidentiality and publication of data

Section 57 of the Australian Prudential Regulation Authority Act 1998 permits APRA to make a determination that data provided in a particular reporting document, which has been submitted in accordance with a reporting standard made under the Financial Sector (Collection of Data) Act 2001 (FSCOD Act), is non-confidential. This allows the information to be published without breaching section 56 of the APRA Act.

APRA will consult separately on the confidentiality and publication of data to be submitted under the five draft reporting standards discussed in Chapters 2 and 3. APRA does not intend to consult further on the publication of data that is collected under the 26 reporting standards that are the subject of minor revisions as discussed in Chapter 4.

1.5 Audit requirements

APRA sets out requirements for auditing information in specific reporting standards in Prudential Standard SPS 310 Audit and Related Matters (SPS 310), with only a small number of annual reporting requirements required to be subject to audit. Obligations in all other reporting standards not listed in SPS 310 must form part of the RSE auditor’s review of the RSE licensee’s internal processes required by paragraph 19(b)(ii) of SPS 310.

APRA does not propose any change to the audit obligations for RSE licensees at this time.

1.6 Reporting timeframes

Some RSE licensees and superannuation service providers continue to indicate that they will be unable to submit quarterly information to APRA within 28 calendar days from 1 July 2015. Recent submissions to APRA on a range of reporting-related matters have requested that APRA extend the current transition reporting due date of 35 calendar days to mitigate this likely inability to report accurate data in a timely manner. Industry has suggested that further transition relief is necessary in light of the proposed data collection for the purposes of the ABS (proposed to commence in 2016) and the additional forms to be submitted under the select investment option reporting standards applying from 1 July 2015.

The 28 calendar day reporting due date for superannuation was introduced in July 2013. On 23 March 2014, APRA provided a temporary extension for the superannuation industry until reporting periods on or after 1 July 2015. This allowed RSE licensees further time to put in place the necessary systems, procedures and controls to ensure they are able to report reliable data.

Requiring the lodgement of data within 28 calendar days of the end of the quarter balances the needs of those submitting the data and those of data users. Both APRA and the ABS have requirements for the use of this data within specific timeframe. Further, feedback from the APRA Stakeholders Survey, which includes responses from industry, strongly suggests that APRA’s publications should be produced earlier than APRA’s current release schedule.

APRA is progressively implementing a 28 calendar day due date across the quarterly data collections for all APRA-regulated industries (most quarterly collections are currently due 20 business days after quarter-end). This is being done when new data collections are implemented or when it is opportune to update existing data collections. For
example, the liquidity data collection for authorised deposit-taking institutions that commenced from December 2014 is due 28 calendar days after the quarter-end. Private health insurers, following 1 July 2015 when regulation and supervision of these entities is intended to pass to APRA, will continue to report quarterly data within 28 calendar days of the end of the reporting period.

In light of the ongoing feedback from the superannuation industry, APRA has decided to extend transitional relief for a further two years. This extended period allows for changes outlined in this consultation package to be embedded. As a result, RSE licensees will be permitted to submit quarterly data within 35 calendar days (rather than 28 calendar days) until 30 June 2017. This is reflected in the draft and final reporting standards which are released with this discussion paper. Note that the transitional relief will also apply to data required to be submitted under SRS 320.0 and SRS 330.0 on a quarterly basis.

Accordingly, APRA does not intend to extend the transition relief beyond 1 July 2017 as a transition period of four years will have been provided. Quarterly data will therefore be required to be submitted within 28 calendar days for all periods ending on or after 1 July 2017.

Where an RSE licensee considers that it cannot meet the lodgement timeframe, it should contact APRA Statistics. Any request for an extension should identify the specific items that cannot be reported by the required date. Such requests will be considered according to the RSE licensee’s specific circumstances.

### 1.7 Reading the reporting standards

Chapters 2 and 3 discuss the proposed amendments to the reporting standards. The draft reporting standards provided with this paper should be read in conjunction with the material in the relevant chapter.

The forms are provided in MS Word format in a layout similar to the D2A reporting forms. Cells that are shaded grey indicate that a data item will be calculated by D2A and will not require a number to be entered by the RSE licensee. Dropdown boxes indicate that the number of lines in a table will be determined by the reporting entity. This differs from other tables which have a predetermined number of rows.

### 1.8 Process and timetable

The key milestones in APRA’s implementation of the reporting standards covered by this paper are:

<table>
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<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>28 April - 19 June 2015</td>
<td>Consultation on proposed changes to five reporting standards</td>
</tr>
<tr>
<td>30 June 2015</td>
<td>Commencement of SRS 001.0, SRS 601.0 and SRS 700.0</td>
</tr>
<tr>
<td>1 July 2015</td>
<td>Commencement of reporting standards listed in Chapter 4</td>
</tr>
<tr>
<td>July 2015</td>
<td>Release of updated SRS 532.0, SRS 533.1, SRS 534.0, SRS 702.0 and SRS 703.0</td>
</tr>
<tr>
<td>1 January 2016</td>
<td>Commencement of updated SRS 532.0, SRS 533.1, SRS 534.0, SRS 702.0 and SRS 703.0</td>
</tr>
</tbody>
</table>

4 Note that Reporting Standard SRS 001.0 Profile and Structure (Baseline), Reporting Standard SRS 601.0 Profile and Structure (RSE) and Reporting Standard SRS 700.0 Product Dashboard require the reporting of information as at 30 June each year. As this information is “point in time” information and is necessary for the appropriate allocation of reporting forms to APRA, this data must be submitted at the end of the 2014-2015 year of income, rather than deferring commencement to 30 June 2016.
Chapter 2 — Disclosure-related reporting

APRA collects information about the disclosure material prepared by RSE licensees in Product Disclosure Statements (PDSs) for both APRA’s and ASIC’s purposes, with much of the disclosure-related data seeking to capture information otherwise produced to meet the disclosure requirements set out in the Corporations Regulations. Investment performance of MySuper products is also collected for prudential supervision and publication purposes.

2.1 Application of s. 29QC

Section 29QC of the SIS Act imposes consistency requirements between APRA’s reporting standards and the information given by RSE licensees, including under disclosure requirements in the Corporations Act 2001 (Corporations Act) and the Corporations Regulations, as administered by ASIC. The s. 29QC requirement is intended to improve the comparability of information about superannuation products regardless of where and how that information is accessed.

Section 29QC was originally intended to take effect on 1 July 2013; ASIC, however, deferred its commencement by making class order 14/541 to enable further consultation on the application of this provision.5

During consultation in late 2014 and early 2015, ASIC proposed to limit the scope and application of s. 29QC to past investment performance and is currently considering the final form of the requirements. When considering the proposals in Chapter 2, industry is invited to comment on any issues arising from the application of s. 29QC to the calculation methodology in Reporting Standard SRS 702.0 Investment Performance (SRS 702.0).

2.2 Consistency of reporting on indirect costs

APRA’s reporting standards relating to disclosure material, Reporting Standard SRS 700.0 Product Dashboard (SRS 700.0), SRS 702.0 and Reporting Standard SRS 703.0 Fees Disclosed (SRS 703.0) are intended to require the reporting of fees and costs on the same basis as they are disclosed in the PDS for a MySuper product, or in other public material such as a MySuper product dashboard.

In December 2014, ASIC issued class order 14/1252 which modifies the Corporations Regulations to clarify the fee disclosure requirements applying to superannuation products.6 This class order takes effect from 1 January 2016. The changes to the Corporations Regulations as a result of class order 14/1252 clarify the indirect costs that need to be disclosed in the PDS for each superannuation product.

To achieve this outcome, ASIC has clarified when an investment by an RSE licensee should be considered to be an ‘investment in an interposed vehicle’ and thus have its costs included in the indirect costs calculation for the superannuation product. This calculation includes costs beyond the first non-associated entity based on what is known by the RSE licensee, or on a reasonable estimate. The fee and costs disclosure requirements, as clarified by class order 14/1252, differ from APRA’s reporting requirements which require entities to report costs on a ‘look through’ basis, where reporting entities are required under the FSCOD Act to look through to the first non-associated entity.

APRA therefore proposes to amend SRS 702.0 and SRS 703.0 to ensure alignment between the information RSE licensees are required to disclose

in PDSs and the information required to be reported under APRA’s reporting standards.7

2.3 Reporting Standard SRS 702.0 Investment Performance

2.3.1 Existing requirements

SRS 702.0 was introduced in late 2013 to capture information about the investment performance of MySuper products and each lifecycle stage of MySuper products.

SRS 702.0 captures the net investment return and net return as well as fees, costs and taxes that contribute to these returns. The net return calculation is required for a range of purposes, including APRA’s prudential supervision and publications and for inclusion on the MySuper product dashboard.

The net return calculation in SRS 702.0 reflects not only fees charged in relation to MySuper products but also indirect costs that affect the ultimate return to members. To support comprehensive reporting of indirect costs, currently SRS 702.0 requires the reporting of investment, administration and advice costs on a look through basis.

2.3.2 Proposed requirements

APRA proposes to amend SRS 702.0 to ensure that data reported to APRA is consistent with information required to be disclosed by the Corporations Regulations (as modified by class order 14/1252).

To this end, the reporting of data which forms part of the ‘indirect cost ratio’ will no longer be required to be reported on APRA’s ‘look through basis’ but instead will be reported on the same basis as the disclosure of the indirect cost ratio in the PDS.

However, to ensure visibility of all costs that affect the net return to members, RSE licensees will be required to report all other costs incurred by the MySuper product that are not otherwise captured as part of the indirect cost ratio. This will require reporting of a small number of items under SRS 702.0 on an APRA-look through basis.

At present, ‘total investment costs’ is derived within SRS 702.0 based on other information provided. Whilst APRA will continue to collect ‘total investment costs’ under SRS 702.0, draft SRS 702.0 proposes to now require this figure to be calculated by RSE licensees using the information they are required to know through the combination of the Corporations Regulations (as modified by class order 14/1252) and RSE licensees’ compliance with look through reporting requirements. APRA’s view is that this methodology will support the full and accurate disclosure of all investment related reporting costs under SRS 702.0.

APRA also proposes to require RSE licensees to calculate and report the net return rather than APRA deriving the net return from other items on SRS 702.0. This amendment is expected to support the provision of more complete data by aligning the net return data reported under SRS 702.0 with the actual returns disclosed to members. As a result, fees, costs and taxes reported under SRS 702.0 will better reflect the actual amounts that form the basis of the net return calculation.

2.4 Reporting Standard SRS 703.0 Fees Disclosed

2.4.1 Existing requirements

SRS 703.0 collects information about fees and costs which are disclosed in a PDS for each MySuper product. This includes all permissible fees charged to MySuper members, the indirect cost ratio, as well as insurance premiums disclosed. At present, certain items on SRS 703.0 are required to be reported on an APRA-look through basis.

2.4.2 Proposed requirements

Class order 14/1252 modifies the Corporations Regulations in respect of the fees and costs that must be disclosed in the PDS for a superannuation

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7 SRS 700.0 does not require amendment to reflect Class Order 14/1252, but is being updated to incorporate relevant FAQs; refer to Chapter 4 for further information.
product. Given that SRS 703.0 collects only data reported in the PDS, APRA proposes to amend SRS 703.0 to remove all references to look through reporting, thereby directly aligning APRA’s reporting requirements with information reported to members in PDSs.

APRA also proposes to make several minor revisions to the instructions to SRS 703.0. These amendments:

- clarify the meaning of ‘gross of tax obligations’ including reference to consistency with PDS disclosure requirements and that fees and costs are to be reported on a prospective basis;
- clarify the definition of ‘insurance fee’ and ‘investment fee’ (as including performance fees) and that all investment fee levels are to be reported in item 4, but only fee levels other than the highest administration fee are to be reported in item 3 (note that these amendments supersede the content of FAQ 90 on the APRA website); and
- reflect the Attorney-General’s Department 2013 guidelines on recognition of sex and gender (incorporated as extra drop down boxes in item 6).8

### 2.5 Proposed commencement

The effective date of class order 14/1252 is 1 January 2016.

APRA proposes to align the commencement of amended SRS 702.0 and amended SRS 703.0 with the effective date of the class order. As such, these two reporting standards are proposed to commence on 1 January 2016.

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Chapter 3 — Investment reporting

Information about investments is a central feature of APRA’s reporting framework, providing important detail about where and how the assets of an RSE are invested and an understanding of the return and risk characteristics of superannuation investments.

3.1 Reporting Standard SRS 532.0 Investment Exposure Concentration

3.1.1 Existing requirements

Under Reporting Standard SRS 532.0 Investment Exposure Concentration (SRS 532.0), RSE licensees are required to provide information on the large investment exposures within each asset class and comprehensive information on illiquid investments, unlisted investments and investments in overseas jurisdictions.

In providing this information, RSE licensees are required to look through associated investment vehicles to identify investments that are at least one per cent of the total assets of the RSE and then report the ultimate investment to APRA. Where the RSE licensee invests in an investment vehicle of a connected entity, any further investment vehicle in which this investment vehicle is invested must be reported. This process must continue until the first non-connected investment vehicle is reached, or the percentage of assets of the fund is less than the reporting threshold of one per cent.

For large exposures within each asset class, an investment that represents at least one per cent of the investments in that particular asset class must be reported to APRA.

3.1.2 Comments received

SRS 532.0 is required to be reported to APRA on a quarterly basis within 35 days of the end of the reporting period (this will move to 28 days from 1 July 2017).

Since SRS 532.0 commenced on 1 July 2014, industry has highlighted difficulties in obtaining timely access to sufficient information to accurately calculate the value of all RSE non-investment assets to enable ‘total assets’ of the RSE to be determined, to then be able to identify which investments must be reported under SRS 532.0. This is because the value of assets of the RSE is not calculated and reconciled until the midpoint between the reporting period end and the reporting due date, given that the assets of the RSE comprise total investments plus accounting assets (which are not generally immediately available at reporting period end). This means that in certain cases, RSE licensees cannot determine large exposure thresholds until close to the reporting due date, creating challenges for the timely submission of information under SRS 532.0.

3.1.3 Proposed requirements

In October 2014, APRA released FAQ 123 advising RSE licensees that APRA will accept an RSE licensee’s determination of the RSE-level large exposure threshold based on total investments rather than total assets of the RSE, noting that it would consider revising SRS 532.0 in this respect.

To address this issue on an ongoing basis, APRA proposes to amend the ‘large exposure threshold’ such that it reflects to one percent of total investments (as reported under Reporting Standard SRS 530.0 Investments (SRS 530.0) and Reporting Standard SRS 801.0 Investments and Investment Flows (SRS 801.0)) rather than one percent of total assets of the RSE. This amendment will allow for more timely determination of the basis on which large exposures are to be identified.

3.2 Reporting Standard SRS 533.1 Asset Allocation and Members Benefits Flows

3.2.1 Existing requirements

Reporting Standard SRS 533.1 Asset Allocation and Members’ Benefits Flows (SRS 533.1) sets out the requirements for the provision of information to APRA relating to the strategic and actual asset allocation and members’ benefits flows for select investment options.
3.2.2 Comments received

Since SRS 533.1 was released in its final form in January 2015, industry has sought clarification from APRA on the reporting required for cash accounts within wrap offerings which serve as transactional accounts.

Industry has advised that where a wrap or platform arrangement exists, members’ money flows through the cash account to get to the ultimate individual investment in an option on the platform. Every investment flow (including stock dividends, acquisitions, disposals, fees and other expenses) will pass through the cash account, which will affect the cash movement reported on SRS 533.1.

3.2.3 Proposed requirements

APRA’s view is that, for completeness, an investment option which acts as an intermediate account (which may or may not be a selectable investment option by a member) must be reported to APRA as a select investment option. This has been clarified in the reporting instructions.

APRA acknowledges that reporting member benefit flows for each individual select investment option on a wrap or platform arrangement, where member benefits flow entirely from an intermediate account (such as a cash transaction account), would result in substantial implementation costs to track member movements, as this information is not readily tracked in the format required by SRS 533.1.

APRA therefore proposes to amend SRS 533.1 so member flows do not have to be reported for a select investment option that is available only on a platform and where all flows into and out of that option are to an intermediate account. APRA seeks feedback on the amended wording, and also whether this approach should be extended to other structures across the industry.

SRS 533.1 has also been amended to include two new definitions, ‘APRA-look through basis’ and ‘effective exposure’, for reporting investments to APRA.

3.3 Reporting Standard SRS 534.0
Derivative Financial Instruments

As part of the new superannuation reporting requirements, APRA introduced Reporting Standard SRS 534.0 Derivative Financial Instruments (SRS 534.0), which expanded reporting requirements on derivatives to include directly held derivatives. The additional reporting requirements collect more information on the types of derivative instruments used and individual holdings of over-the-counter derivatives (OTC derivatives).

Since SRS 534.0 was released in 2013, APRA has received feedback that a number of data items on SRS 534.0 cannot be provided as the data is either not recorded or is recorded differently than required by SRS 534.0. Industry reported that leaving SRS 534.0 as originally made would force RSE licensees and third-party service providers to make unnecessary and costly changes to systems and processes to collect data solely for the purposes of reporting to APRA.

In light of the comments received, APRA wrote to RSE licensees in March 2015 to provide relief from the requirement to report SRS 534.0 for the year of income 2014/15 to enable further consultation on the standard. The proposed amendments to SRS 534.0 are outlined below.

3.3.1 Derivative contract types

3.3.1.1 Existing requirements

SRS 534.0 currently requires RSE licensees to report directly held derivative information in three categories: option contracts; forward, future and swap contracts; and other contracts.

3.3.1.2 Proposed requirements

To better understand the discrete risk characteristics of futures, forwards and swaps, APRA proposes to amend SRS 534.0 to require the

separate reporting of these contract types to allow monitoring of the risks associated with these instruments. Reporting of investments in futures, forwards and swaps will therefore be required to be reported separately in items 1 and 3 under SRS 534.0.

3.3.2 Exposure reporting basis

3.3.2.1 Existing requirements

SRS 534.0 currently requires RSE licensees to report derivatives contracts with multiple exposures on a gross basis, reporting both the 'pay' and 'receive' legs of the contract separately in items 1 and 4.

3.3.2.2 Proposed requirements

Transactions arising from financial derivatives contracts are measured on a net settlements basis; that is, the value of cash receipts less cash payments on contracts with positive fair values and negative fair values is reported as a single amount. Many derivative contracts contain explicit net settlement provisions that clearly meet this form of net settlement.

Given that derivatives under netting agreements are traded, managed, cleared, valued and settled on a net basis, APRA proposes to amend SRS 534.0 to reflect a net settlement basis, rather than reporting each exposure in derivatives contracts for those with multiple exposures.

3.3.3 Derivative holding type

3.3.3.1 Existing requirements

Current SRS 534.0 requires RSE licensees to report whether the derivatives contracts have been either bought or sold by the RSE. For derivative contracts that involve multiple exposures, RSE licensees must separately report each exposure in items 1 and 4.

3.3.3.2 Proposed requirements

Amending SRS 534.0 so that it is completed on a net settlement basis means RSE licensees will no longer be able to report whether each separate leg of a multiple leg derivatives contract is 'bought' or 'sold'. APRA therefore proposes to change the holding type options for derivatives contracts to 'long' or 'short', which provides information on the RSE licensee's net long or net short positions for each derivative contract type and exposure type.\(^{10}\)

3.3.4 Purpose of derivative holdings

3.3.4.1 Existing requirements

SRS 534.0 currently requires RSE licensees to report information on the amount of derivatives held for portfolio rebalancing, gaining exposure to an asset class and other purposes. The aim of this data is to monitor the RSE licensee’s compliance with Prudential Standard SPS 530 Investment Governance and Prudential Standard SPS 220 Risk Management in relation to investment risk management.

3.3.4.2 Proposed requirements

Since SRS 534.0 was released, industry has advised that the purpose for which each of the derivative contracts is used is not readily available and/or not necessarily meaningful as contracts may be used for a range of purposes within an RSE licensee’s investment strategy. As this information is not captured, APRA proposes to remove the obligation to report derivative purpose under SRS 534.0.

3.3.5 Number of derivative contracts

3.3.5.1 Existing requirements

SRS 534.0 currently requires RSE licensees to report the number of derivative contracts for each derivative exposure type and derivative contract type.

3.3.5.2 Proposed requirements

To balance the need for detailed information about derivatives with an appropriate level of regular reporting, APRA proposes to remove the requirement for RSE licensees to report the

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\(^{10}\) Derivative exposure type: interest rate contract, foreign exchange contract, credit risk contract, equity contract, commodity contract.
number of contracts held for each derivative contract type.

3.3.6 Reporting about OTC derivatives

At the 2009 Group of 20 (G20) Pittsburgh Summit, in the aftermath of the global financial crisis, the Australian Government joined other jurisdictions in committing to substantial reforms to practices in OTC derivative markets.\(^\text{11}\) One of the recommendations made by the G20 was that all standardised OTC derivatives should be traded on exchanges or an electronic trading platform, where appropriate, and cleared through central counterparties.

In April 2014, the Council of Financial Regulators released a report recommending the Government also consider implementing a mandatory clearing obligation for OTC interest rate derivatives, denominated in the four major global currencies and the Australian dollar, for trades between internationally active dealers.\(^\text{12}\) Australian regulators do not believe it is appropriate to mandate central clearing for non-dealers at this time, but will continue to monitor how incentive-led migration to central clearing of OTC derivatives for non-dealers is progressing.

3.3.6.1 Existing requirements

Item 1 under SRS 534.0 currently requires RSE licensees to report derivative contracts as either exchange traded or OTC derivatives.

3.3.6.2 Proposed requirements

Given the above changes to OTC derivatives, APRA considers it appropriate for RSE licensees to distinguish between OTC derivatives cleared through a central counterparty and those that are negotiated bilaterally between counterparties and not cleared.

APRA therefore proposes to amend SRS 534.0 to enable RSE licensees to indicate whether investments in OTC derivatives are either cleared through a central counterparty or non-cleared through a central counterparty. Derivative types ‘OTC (Cleared)’ and ‘OTC (Not Cleared)’ have therefore been added to SRS 534.0.

3.3.7 Assets pledged to secure positions

When RSE licensees enter into OTC derivatives contracts, it is common for collateral to be pledged to secure a financial obligation. Under SRS 534.0, RSE licensees must report the value of all cash or assets pledged or lodged with an entity to support derivatives positions as collateral.

3.3.7.1 Comments received

APRA has received feedback that the increased level of granularity required by SRS 534.0 has created an issue for reporting collateral amounts used to secure derivative positions.

Under the terms of collateral management agreements, parties that trade privately negotiated OTC derivatives must adhere to the rules governing the mutual posting of collateral. It is industry practice that all counterparty collateral information is maintained on a net basis per counterparty. The requirement under SRS 534.0 to report ‘assets pledged to secure positions’ by OTC derivative contract type does not, therefore, align with industry practice.

3.3.7.2 Proposed requirements

APRA proposes to remove the requirement to report assets pledged to secure positions by contract type, and replace this obligation with a requirement to report ‘net collateral pledged to secure positions’.

APRA also proposes to amend SRS 534.0 so that RSE licensees will be required to report the net collateral pledged to secure OTC derivatives contracts for the ten largest counterparties by net exposure. If OTC derivatives contracts are not subject to the terms of a collateral netting agreement, and collateral is not netted by counterparty, RSE licensees will be required to report the collateral pledged to secure OTC derivatives contracts based on the principal amount.

\(^{11}\) Report from the FSB Chairman for the G20 Leader’s Summit, September 2013.

3.3.8 Derivative assets and liabilities

3.3.8.1 Existing requirements

SRS 534.0 currently requires RSE licensees to report directly held net derivative assets and net derivative liabilities in accordance with the Australian Accounting Standards. APRA also collects data on directly held net derivative assets and net derivative liabilities on SRS 320.0.

3.3.8.2 Proposed requirements

Given the duplication of reporting data across these two reporting standards, APRA proposes to remove the requirement for reporting of net derivative assets and net derivative liabilities on SRS 534.0. The details of directly held net derivative assets and net derivative liabilities will remain on SRS 320.0.

3.3.9 Movements in directly held derivatives

3.3.9.1 Existing requirements

SRS 534.0 currently requires RSE licensees to report directly held derivative information as: investment income; unrealised gains/losses; realised gains and losses; and total gains and losses. This information must be reported in accordance with the Australian Accounting Standards.

APRA collects RSE-level realised and unrealised gains and losses and other investment income incurred from movements during the reporting period on SRS 330.0. These accounting items include the aggregated reporting period movements for directly held investments and derivatives and indirectly held investments and derivatives. Where an RSE licensee earns 'other investment income', including income from derivatives, details of all other investment income must be reported as separate line items on SRS 330.0.

3.3.9.2 Proposed requirements

Given the duplication of reporting data across SRS 330.0 and SRS 534.0, APRA proposes to remove the requirement for RSE licensees to report net derivative assets and net derivative liabilities on SRS 534.0. The details of realised and unrealised gains and losses and investment income for directly held derivatives will remain on SRS 330.0.

3.4 Proposed commencement

As the proposed amendments outlined in this chapter are either of a relatively minor nature (in respect of SRS 532.0 and SRS 533.1) or significantly reduce the reporting burden for RSE licensees (in respect of SRS 534.0), APRA proposes that these amended reporting standards commence on 1 January 2016.
Chapter 4 — Minor revisions

4.1 Nature of revisions

Since the commencement of the new reporting requirements, APRA has received industry feedback on some of these standards, as well as a large number of requests for clarification and guidance on interpretation. As a result APRA has publicly released 95 FAQs relating to reporting, which are available on the APRA website.

Whilst some FAQs provided only transition guidance, APRA considers that a number of the matters raised by industry participants and covered in FAQs should be reflected in the reporting standards on an ongoing basis. These minor amendments will simplify the superannuation industry’s reporting obligations and are expected to avoid unnecessary time and effort being spent on interpreting APRA’s reporting requirements, resulting in more efficient reporting processes.

APRA has identified 26 reporting standards which would benefit from minor amendment, with the majority of changes confined to the reporting instructions. The affected reporting standards, including details of the changes, are summarised below.

As the amendments have previously been communicated to industry through FAQs and/or are of a minor nature, APRA is issuing these reporting standards as final to commence on either 30 June 2015 or 1 July 2015 (as specified in this chapter). This means that most RSE licensees will need to comply with the revised reporting standards for reporting periods ending on or after 30 September 2015. The relevant FAQs will be archived on the APRA website before the end of June 2015 with a note to indicate that the content has been included in the relevant reporting standard.

4.2 Summary of amendments to reporting standards

Set out below are the 26 reporting standards for which minor revisions are proposed and a summary of the details of these revisions.

Reporting Standard SRS 001.0 Profile and Structure (Baseline)

- Commences 30 June 2015.
- Clarification of when SRS 001.0 must be used to notify APRA that a select investment option has ceased or changed.

Note that select investment options that were reported under previous versions of SRS 001.0 will be removed from APRA’s database (and will not be pre-filled in the new version of SRS 001.0). RSE licensees must report all details of their select investment options as per the new criteria in SRS 001.0. Select investment options that were previously reported on SRS 001.0, and still fall under the new criteria, may be reported with an ‘existing’ status.

Reporting Standard SRS 114.0 Operational Risk Financial Requirement

- Commences 1 July 2015.
- Additional guidance on what should be reported for the ORFR tolerance limit (i.e. the actual limit rather than the difference between the ORFR and the tolerance limit).

Reporting Standard SRS 160.0 Defined Benefit Matters

- Commences 1 July 2015.
- Clarification of the timing of reporting for item 1 to make it clear that it is to be reported at a consistent point in time.
- Further guidance on the reporting of vested benefits where options could be exercised by a member and on reporting of liabilities which cannot be practicably allocated to a member in item 6.
- Clarification that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards.
Reporting Standard SRS 160.1 Defined Benefit Member Flows

- Commences 1 July 2015.
- Further guidance on the reporting of vested benefits where options could be exercised by a member and on the definition of ‘Employer-sponsors on a contribution holiday’ (i.e. that it includes both full and partial contribution holidays).
- Clarification that item 3 be reported in respect of both defined benefit and defined contribution members’ benefits.
- Clarification that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards and clarification that all definitions of benefit payments and lump sum benefit payments include reference to the inclusion of any insurance claim proceeds.
- Minor adjustment to the definition of benefit payments to clarify that it includes insurance claims benefits or proceeds first credited to member accounts and then disbursed with members’ benefits to the member or beneficiary.

Reporting Standard SRS 161.0 Self-Insurance

- Commences 1 July 2015.
- Clarification that the form applies only for self-insurance arrangements and where ongoing risks are not self-insured but liability is retained for residual claims.
- Further guidance on how to report aggregate income protection (monthly) and where insurance is funded solely through reserves.

Reporting Standard SRS 250.0 Acquired Insurance

- Commences 1 July 2015.
- Clarification on how to report aggregate income protection cover (monthly) and the removal of a definition that is not required.

Reporting Standard SRS 320.1 Statement of Financial Position

- Commences 1 July 2015.
- Clarification regarding the apportionment in item 5 where members have both defined benefit and defined contribution benefits - entities are required to apportion these amounts and that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards.

Reporting Standard SRS 330.2 Statement of Financial Performance

- Commences 1 July 2015.
- Clarification that the fair and reasonable allocation requirements under s. 99E of the SIS Act do not apply to item 8 and that item 1 is to be reported net of taxes and items 1.1, 1.2 and 1.3 are to be reported gross of taxes.

Reporting Standard SRS 331.0 Services

- Commences 1 July 2015.
- Clarification that there is no materiality threshold for reporting in respect of services and that where a specific breakdown of services provided is not available, the entity would apportion expenses on a reasonable basis.

Reporting Standard SRS 410.0 Accrued Default Amounts

- Commences 1 July 2015.
- Clarification that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards.

Reporting Standard SRS 530.0 Investments

- Commences 1 July 2015.
- Inclusion of a new definition of ‘APRA-look through basis’ for reporting investments to APRA.
- Clarification that the asset allocation based on effective exposure is an acceptable asset apportionment basis for indirectly held investments.
• Inclusion of a new definition of ‘effective exposure’.

**Reporting Standard SRS 531.0 Investment Flows**

• Commences 1 July 2015.
• Inclusion of a new definition of ‘APRA-look through basis’ for reporting investments to APRA.
• Further clarification on APRA-look through reporting requirements for associated investment vehicles.

**Reporting Standard SRS 533.0 Asset Allocation**

• Commences 1 July 2015.
• Inclusion of a new definition of ‘APRA-look through basis’ for reporting investments to APRA.
• Clarification to allow reporting of dynamic asset allocation approaches in item 1.
• Clarification for reporting by RSE licensees that implement currency hedging at the option level or by international asset classes within the option.
• Inclusion of a new definition of ‘effective exposure’.

**Reporting Standard SRS 540.0 Fees**

• Commences 1 July 2015.
• Inclusion of references to the SIS Act in relation to types of fees and that fees are to be reported gross of tax obligations.

**Reporting Standard SRS 601.0 Profile and Structure (RSE Licensee)**

• Commences 1 July 2015.
• Note that both the reporting form and instructions have been amended.
• Amendments to reflect the Attorney-General’s Department 2013 guidelines on recognition of sex and gender (extra drop down boxes in items 5 and 6).
• Clarification that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards.
• Clarification of the distinction between ‘taxed phase’ and ‘tax-free phase’, that all member accounts are to be reported in item 5 and the treatment of liabilities which cannot be practicably allocated to a member in item 5.

**Reporting Standard SRS 601.0 Profile and Structure (Baseline)**

• Commences 1 July 2015.
• Clarification that reporting of select investment options on SRS 601.0 should align with reporting on Reporting Standard SRS 001.0 Profile and Structure (Baseline).

**Reporting Standard SRS 602.0 Wind-up**

• Commences 1 July 2015.
• Amendment to references to the SIS Regulations requiring RSE licensees to notify APRA of their intent to wind up.

**Reporting Standard SRS 610.0 Membership Profile**

• Commences 1 July 2015.
• Note that both the reporting form and instructions have been amended.
• Amendments to reflect the Attorney-General’s Department 2013 guidelines on recognition of sex and gender (extra drop down boxes in items 5 and 6).
• Clarification that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards.
• Clarification that where directors are not remunerated directly for their roles but remuneration is paid by a sponsoring organisation, remuneration for services as a director would still be reported.

**Reporting Standard SRS 610.1 Changes in Membership Profile**

• Commences 1 July 2015.
• Clarification that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards.
**Reporting Standard SRS 610.2 Membership Profile**

- Commences 1 July 2015.
- Note that both the reporting form and instructions have been amended.
- Amendments to reflect the Attorney-General’s Department 2013 guidelines on recognition of sex and gender (extra drop down boxes in item 5).
- Clarification that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member liabilities’ in the Australian Accounting Standards.
- Clarification on the treatment of liabilities which cannot be practically allocated to a member in item 5 and the meaning of a direction for choice of investment option.

**Reporting Standard SRS 700.0 Product Dashboard**

- Commences 30 June 2015.
- Note that both the reporting form and instructions have been amended.
- Inclusion of a new definition of ‘APRA-look through basis’ for reporting investments to APRA.
- Amendments to reflect the Attorney-General’s Department 2013 guidelines on recognition of sex and gender (extra drop down boxes in item 5).
- Clarification of the meaning of ‘gross of tax obligations’ including reference to consistency with PDS disclosure requirements and that fees and costs reported in item 4 are prospective.

**Reporting Standard SRS 710.0 Conditions of Release**

- Commences 1 July 2015.
- Note that the reporting standard, form and instructions have been amended.
- Removal of incorrect reference to the data being collected for the ABS.
- Correction to list of conditions of release to read ‘Lost member who is found condition of release’; new tables to allow for the release of benefits which have already met a condition of release in the past and are classified as unrestricted non-preserved benefits.
- Clarification that all definitions of benefit payments and lump sum benefit payments include reference to the inclusion of any insurance claim proceeds.
- Minor adjustment to the definition of benefit payments to clarify that it includes insurance claims benefits or proceeds first credited to member accounts and then disbursed with members’ benefits to the member or beneficiary.

**Reporting Standard SRS 711.0 SuperStream Benchmarking Measures** (As advised in APRA’s letter of 22 December 2014)

- Commences 1 July 2015.
- Data in respect of rollover transactions will no longer be required to be reported.
- Contribution transactions will now only be collected in respect of active employers and contributions will be classified as processed via Channel A (fully SuperStream compliant transactions), Channel B (acceptable alternatives) and non-conforming channels per the Data & Payments Standards.
- Any reductions in cost arising from the SuperStream package of measures will be verified on an annual basis by collecting data on the actual costs of processing transactions under SRS 711.0.
- Data will be collected for a four year period from 1 July 2015 to 30 June 2019 rather than the original five year period commencing 1 July 2014.

Note that, since the final standard was issued on 22 December 2014, some minor cosmetic changes have been made to align the standard with D2A formatting.

**Reporting Standard SRS 800.0 Financial Statements**

- Commences 1 July 2015.
- Clarification that the definition of ‘defined benefit members benefits’ aligns with the definition of ‘defined benefit member benefits’.
liabilities’ in the Australian Accounting Standards.

**Reporting Standard SRS 801.0 Investments and Investment Flows**

- Commences 1 July 2015.
- Inclusion of a new definition of ‘APRA-look through basis’ for reporting investments to APRA.
- Clarification that the asset allocation based on effective exposure is an acceptable asset apportionment basis for indirectly held investments.
- Inclusion of a new definition of ‘effective exposure’.

**Reporting Standard SRS 802.0 Fund Profile**

- Commences 1 July 2015.
- Clarification on how to report aggregate income protection (monthly).
Chapter 5 — Cost-benefit analysis information

To improve the quality of regulation, the Australian Government requires all proposals to undergo a preliminary assessment to establish whether it is likely that there will be business compliance costs. Through that process, APRA assessed that compliance costs would not be expected to materially increase as a result of the proposals in this paper. The proposals presented in this paper are intended to make minor amendments to support the efficient and complete reporting of superannuation data. Notwithstanding this, if a respondent considers that compliance costs will change as a result of the proposals in this paper, APRA requests that they provide an assessment of the increase or decrease on compliance costs. Compliance costs are defined as direct costs to businesses of performing activities associated with complying with Government regulation.

Consistent with the Government’s requirement, APRA will use the methodology behind the Regulatory Burden Measurement Framework to assess any increase or decrease in compliance costs identified by respondents. This framework is designed to capture the relevant costs in a structured way, including a separate assessment of upfront costs and ongoing costs. It is available at: http://www.dpmc.gov.au/office-best-practice-regulation/publication/regulatory-burden-measurement-framework-guidance-note

Respondents are requested to use this methodology to estimate any increase or decrease in compliance costs to ensure that the data supplied to APRA can be aggregated and used in an industry-wide assessment. When submitting their cost assessment to APRA, respondents are asked to include any assumptions made and, where relevant, any limitations inherent in their assessment. Feedback should address the additional or reduced costs incurred as a result of complying with APRA’s requirements or expectations, not activities that institutions would undertake regardless of regulatory requirements in their ordinary course of business.