

15 September 2014

Mr. Neil Grummitt
General Manager – Policy, Statistics and International
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

Dear Mr. Grummitt,

➔ Reporting standards for select investment options

CARE Super Pty Ltd, ABN 91 006 670 060, RSEL0000956 is the Trustee of CARE Super and the responsible entity for meeting the APRA reporting standards. We welcome the opportunity to provide feedback on draft changes to SRS 533.1 Asset Allocation and Members' Benefit Flows and SRS 702.1 Investment Performance. As part of developing the above reporting standards we note related changes to SRF 330.1 Statement of Financial performance and agree with these in the context of the overall changes to these forms.

Feedback pertaining to all forms

The Trustee continues to be concerned regarding the administrative burden placed on trustees by the extensive expansion in reporting. We estimate the overall impact of the full reporting suite to be the equivalent of one full-time employee after taking into account the data gathering, quality assurance and checking procedures required.

Further cost impacts have also occurred in relation to service provider data requirements as significant information and/or review is required from various external parties including the administrator, custodian and insurer. In addition, many of the forms are required to be audited by our external auditor. These additional costs are significant. As such, we urge APRA to consider the necessity of every data item requested.

Timing

Presently, the Government is in consultation prior to finalising the choice product dashboard requirements, which are closely linked to the select investment option data. Implementation of the dashboard requirements is a large scale project for funds and we would strongly urge APRA to allow sufficient lead time for these changes to be understood and implemented by the industry prior to requiring related reporting. Specifically:

- Choice dashboard implementation is costly and time-consuming and funds need time to bed this down prior to providing additional reporting.
- With a 1 July 2015 start date for this reporting, it seems impractical for APRA to finalise the reporting standards in February 2015 (expected date) with the possibility that APRA may then need to revise in line with the dashboard requirements. This is a time cost to APRA.
- It allows the opportunity for consistent reporting between public (dashboard) requirements and data provided to APRA which aids in transparency of the industry and also allows for cost effective implementation.
- Consistency between the choice dashboard and APRA reporting requirements reduces double handling, increased cost and margin for error that occurs if data needs to be manipulated to meet different data requirements or formats.

CARE Super Pty Ltd (Trustee) ABN 91 006 670 060 AFSL 235226 CARE Super (Fund) ABN 98 172 275 725
Registered Office Level 18, 31 Queen Street, Melbourne VIC 3000

All correspondence to T 03 8623 0700
PO Box 220 F 03 9629 7421
Collins Street West E admin@caresuper.com.au
Melbourne VIC 8007 W caresuper.com.au

New South Wales
T 02 8227 5000
F 02 9232 6376

Queensland
T 07 3831 1267
F 07 3831 1269

The industry can only be strengthened by the opportunity to properly bed down changes and ensure that they are meeting the desired regulatory outcomes. There is a danger of complexity and implementation error when timeframes do not allow for sufficient lead time.

We also recommend that APRA considers requiring these forms to be submitted on an annual basis only.

We do not believe that minor movements that occur on a quarterly basis (or seasonal fluctuations which occur in members' benefit flows) would significantly contribute in terms of transparency or prudential oversight. However, changes to benchmark asset allocation may be significant and APRA may like to consider requiring SRS 533.1 Asset Allocation to be reported on for any change to the benchmark asset allocation during the period in addition to annually.

Definition of select investment option

We support the amended definition which removes the inclusion of options underlying a reserve.

We do not support further carve outs to the definition. We anticipate that the proposed definition should allow APRA to gather data about investment options in which large amounts of member assets are invested and represent significant sums. Carve outs for particular types of fund design (such as platforms) allows the opportunity for funds to structure their investment offering to avoid having to provide select investment option reporting – this is contrary to the current approach of the industry and APRA to support transparency. Regardless of the platform, members' interests are served by having the same standards apply to all superannuation entities.

In addition, the proposed select investment option definition, and the reporting required of these options, ensures that non-MySuper funds are captured in APRA's reporting and prudential oversight regime in a manner that is commensurate with MySuper funds/options. It is imperative that consistency and comparability exist across all superannuation entities and investments options. This further assists transparency and ensures that members are not confronted by more complexity.

SRS 533.1 Asset Allocation and Members' Benefits Flows

The change outlined in the draft reporting standards, to aggregate investment movement information and members' benefit flows reporting is a welcome modification in terms of availability of data and information practicalities for funds and reduces the reporting complexity.

We do however have concerns that asset allocation data may be of limited value in relation to non-diversified (single asset class) select investment options. Although domicile and listed/unlisted information can be obtained in relation to these select investment options we feel the effort necessary to furnish this information in SRS 533.1 outweighs the breadth of the intelligence that can be obtained. For this reason we suggest either a carve-out in relation to single asset class select investment options or, as indicated above, APRA considers requiring this information on an annual basis only.

SRS 702.1 Investment Performance

We would like to see net return aligned with dashboard requirements for transparency and consistency within the industry. This aids understanding and more meaningful comparability between superannuation products.

Yours sincerely



Julie Lander
Chief Executive Officer