



16 September 2014

Neil Grummitt
General Manager
Policy, Statistics and International
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001
Email: superannuation.policy@apra.gov.au

All correspondence
and payments to:

Melbourne
Locked Bag 999
Carlton South
VIC 3053

www.cbussuper.com.au

Phone: 1300 361 784
Fax: 1300 361 794

Dear Mr Grummitt,

Re: Discussion Paper - Reporting standards for select investment options

Thank you for the opportunity to provide a response to the Discussion Paper – Reporting standards for select investment options.

We recognise that there will be further outcomes from the Australian Government following its discussion paper on “Better regulation and governance, enhanced transparency and improved competition in superannuation” and that these may impact the reporting standards for select investment options.

Cbus is a \$28 billion, all profit to members, industry superannuation fund for those in the Australian construction, building and allied industries.

Cbus comments

1. Definition of Select investment option (Section 2.4)

Cbus notes that APRA has defined a select investment option as being 5% or more of the Fund or \$50 million. Cbus offers members several diversified options, including the Growth (Cbus MySuper) option and a cash option. As at end July 2014 the assets under management for each option were:

Investment Option – Superannuation Accumulation	Assets Under Management \$ million	% of Fund
Cash Savings	419.7	1.5%
Conservative	612.3	2.2%
Growth (Cbus MySuper)	24,576.8	88.4%
High Growth	1,086.3	3.9%
Investment Option – Income Stream		
Cash Savings	65.1	0.2%
Conservative	352.9	1.3%
Conservative Growth (Default)	99.2	0.4%
Growth	437.1	1.6%
High Growth	37.1	0.1%



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In addition, a member direct option (Cbus Self Managed) commenced on 8 September 2014.

Under the current drafting, given the \$50 million threshold, Cbus would be required to report on nearly all investment options, with the exception of the (recently launched) member direct option and the Income Stream High Growth option. There are no administration savings for the Fund, and we will be reporting on 5 options that have less than 2% of the Fund's assets under management.

We would suggest a higher threshold to reflect materiality. This would have the benefit of reducing ongoing reporting compliance costs.

2. Exclusion of some member direct investments

APRA could consider clarifying reporting requirements for Member direct investment into assets such as listed shares and term deposit agreements with banks.

We would suggest that these types of investment are excluded from reporting under the APRA reporting framework. For example, when members on a member direct platform invest directly in a listed share such as BHP Billiton, this does not require reporting if the aggregated allocation across members on a member direct platform is greater than \$50,000 (or 5% of the fund). However, investment in a managed fund on a platform could be reported should it reach the required threshold.

Additionally, Cbus seeks additional guidance from APRA in relation to reporting costs and fees for member direct style options.

3. Implementation timeframe

Given the close timing between final standards release and first reporting period (for the 30 September 2015 quarter), an extension would be appreciated. Preferably a further six months.

We trust that the comments provided are useful, if there are any questions relating to this letter, please contact me.

Sincerely,

Kerry Lindupp
Investment Manager, Communications

Phone



Email

