



RESPONSE PAPER

Superannuation Data Transformation Project Phase 1

MARCH 2021

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Executive summary

Over the last decade, the superannuation industry has grown in size and importance to the Australian economy, with total assets of superannuation entities increasing from \$1.1 trillion to \$3 trillion. Australia's superannuation industry plays a critical role in the delivery of retirement incomes for Australians and, through its investment of superannuation assets, in the economy more broadly.

It is crucial that Registerable Superannuation Entity (RSE) licensees, regulators, members and other interested stakeholders have access to high quality, consistent data to assess industry performance and the outcomes being delivered for superannuation members.

APRA identified the need to address material gaps in coverage and improve the quality of the superannuation reporting framework and commenced the Superannuation Data Transformation (SDT) project in 2019. Extensive formal consultation, and substantial engagement with industry through a range of forums, was undertaken throughout 2020. APRA received written submissions on its proposals and extensive feedback through these forums.

Stakeholder feedback on the changes to the data collections is broadly supportive, with stakeholders recognising the importance of addressing critical gaps in the current reporting framework. However, concerns were raised in relation to the implementation timeframe and costs, with the ability of industry to provide all of the proposed data for submission in September 2021 raised as a major concern. This concern also reflected stakeholders' views on the impact that the proposed increased granularity of the classifications for asset allocation and expenses will have on industry implementation timeframes.

Following consideration of industry feedback, APRA has:

- amended the implementation timeframe to allow a staged approach, under which submission to APRA of the highest priority data commences in 2021, and submission of the remainder of the data (full reporting) commences over 2022/23.
- reduced the level of granularity in the areas that are less critical at this time. This will provide RSE licensees with additional time to amend their systems and processes for compiling the required data.

The recent introduction of the *Treasury Laws Amendment (Your Future Your Super) Bill 2021* (YFYS Bill) signals the Government's intention to provide members with additional transparency on superannuation performance.¹ The measures in the YFYS Bill will rely (directly or indirectly) on APRA data, and further emphasise the importance of collecting more granular, consistent and high quality superannuation data.

¹ The Bill was introduced into Parliament on 17 February 2021

The enhanced data provided under the SDT project will support APRA's ongoing supervision activities that seek to ensure adequate focus by RSE licensees on improving member outcomes, and assist with implementation of the YFYS Bill measures.

APRA intends to publish enhanced data and insights across a range of measures and outcomes, and enable access to expanded data, for use by all industry stakeholders. This would enable enhanced transparency for stakeholders on areas of superannuation industry underperformance and where improvements in practices are needed.

This paper finalises APRA's response to the Phase 1 proposals and outlines APRA's response following consideration of the issues raised through the consultation process. Chapter 2 covers overarching areas of feedback raised through the consultation while subsequent chapters cover feedback on specific topic areas.

The final reporting standards for Phase 1 of the SDT project accompany this paper.

Chapter 1 – Background

Overview

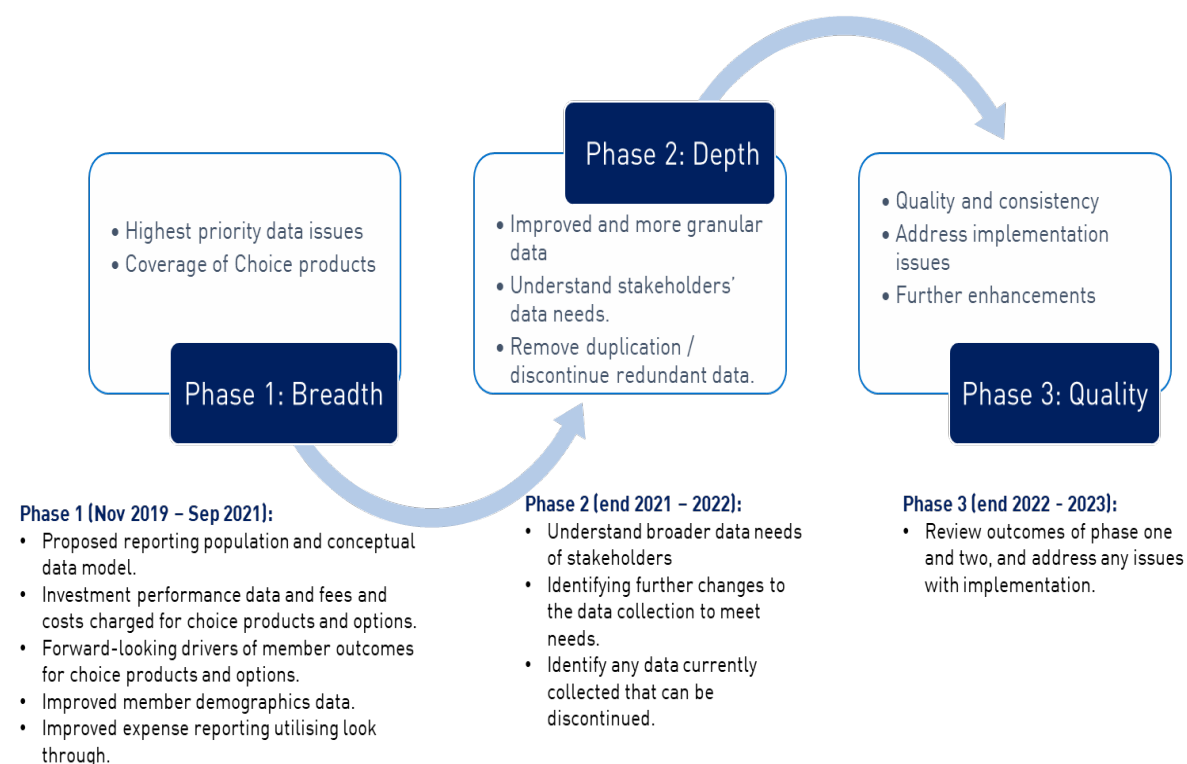
In November 2019, APRA launched the SDT project through the release of the “Phase 1: Superannuation Data Transformation” discussion paper. The discussion paper outlined APRA’s intention to undertake a significant programme of work to substantially increase the data available on the superannuation industry.

The objectives of the SDT project are to enable APRA to use improved data to inform its prudential supervision, gain deeper insight into RSE operations and strengthen its oversight of the industry. It will enable APRA to increase supervisory intensity on areas of the industry that are underperforming and hold these to account. The SDT also seeks to support Government policy making and oversight of the superannuation industry by other government agencies, and provide additional transparency for all stakeholders on the outcomes being delivered for superannuation members.

Phase 1 of the SDT addresses critical data gaps in the current reporting framework and the highest priority areas impacting member outcomes including: the expansion of the data collection to include all products and investment options; and improved data in relation to insurance arrangements, expenses, member demographics and asset allocation classifications.

Consultation process

As the SDT is a multi-year project that is broad in scope, APRA has divided the work into three phases:



Consultation on the Phase 1 topics was undertaken in three stages over 2019 and 2020:

- On 7 November 2019, APRA released a discussion paper launching Phase 1 of the SDT project and a consultation package that covered the topic RSE Structure and Profile. The discussion paper set out the approach to consulting on seven topic areas, the proposed reporting standards and a template for the collection of pilot data.
- On 19 December 2019, APRA released a second consultation package that covered the topics of Performance and Member Accounts.
- On 28 August 2020, after a pause in the planned consultation timeline to allow industry to focus efforts on responding to the COVID-19 pandemic, APRA published the final consultation package covering the topics of Asset Allocation, Insurance arrangements, Fees and Costs and Expenses.

APRA held a number of roundtable consultation sessions and working group meetings with industry, and informal meetings with RSE licensees, and released frequently asked questions (FAQs) and worked examples to address and provide clarification on issues raised by industry stakeholders.

Overall, APRA received 35 written submissions on the consultation packages and over 300 submissions of pilot data. These have been valuable in assessing whether the data will meet the objectives of the SDT project, and highlighting the practical issues that RSE licensees may experience in reporting and where additional guidance or improvements to definitions may be required.

APRA provided revised drafts of the reporting standards to members of the consultation working groups on 21 December 2020 to provide visibility of refinements to the data collection and identification of any remaining issues at that time.

This paper finalises APRA's response to the Phase 1 proposals and outlines APRA's response following consideration of the issues raised through the consultation process. Chapter 2 covers overarching areas of feedback raised through the consultation while subsequent chapters cover feedback on specific topic areas.

The final reporting standards² for Phase 1 of the SDT project accompany this paper.

² <https://www.apra.gov.au/consultation-on-apras-superannuation-data-transformation>

Chapter 2 – Overarching issues

Collection implementation timetable

APRA proposal

APRA proposed the first reporting period to be the period ending 30 June 2020, with data due for submission by 30 September 2020. Due to a pause in the SDT project in 2020 in response to Covid-19, APRA proposed to delay commencement until the reporting period ending 30 June 2021, with the first data to be submitted by 30 September 2021.

Comments received

Stakeholders supported the need to enhance the superannuation data collection as soon as possible. However, most stakeholders considered the proposed timeline for the new collections with data for the first reporting period to be submitted in September 2021 to be challenging. Stakeholders indicated that implementation of the new data collection involved significant technology and system effort and cost, primarily due to the volume of new data items and increased level of granularity of the data to be submitted. Stakeholders noted that they would expect a time period of 12-18 months for the implementation of a regulatory reporting change of the size and scale of Phase 1 of the SDT project.

APRA response

While acknowledging the stakeholder feedback, APRA's view is that it is vitally important to fill the critical gaps in the current reporting framework. This is needed to ensure that the highest priority data required to support APRA's supervision of the industry, and meet the needs of the Government, other government agencies and wider stakeholders, is collected and able to be used as soon as possible.

However, APRA recognises that some of the data being sought in Phase 1 of the SDT project could be progressed on a slower timeline or deferred to a later time or phase of the project, and will adopt a staged implementation timetable to reflect this.

Staged implementation of new superannuation reporting standards

APRA has been working closely with industry, through the industry bodies, to develop a staged approach to implementation of the Phase 1 reporting standards.

To provide early visibility to industry and assist with the planning and commencement of work required to implement the reporting standards, APRA provided updated draft reporting standards and details of the staged implementation approach to the industry bodies in late December 2020.

APRA has subsequently made some revisions to these draft reporting standards in a number of areas following consideration of further industry feedback. APRA has also identified the need to collect historical data for Strategic Asset Allocation under the relevant reporting standard. These changes are outlined in Appendix A.

APRA has adopted a staged implementation approach in four key areas. The details of each of these transitional arrangements is set out in Appendix B:

1. Temporary (one year) reduced coverage of products, investment menus and investment options for reporting on Performance, Asset Allocation and Fees and Costs
2. Temporary (one year) application of a materiality threshold for expense reporting
3. Delay (one year) for reporting on (whole-of-RSE) investments and currency exposure
4. Two-year transition arrangement for reporting on asset allocation characteristics

The final versions of the reporting standards also include a small number of additional changes to reflect this staged implementation approach.

Aside from these changes, the first reporting period remains as the period ending 30 June 2021. The due date for the submission of data for this first reporting period will be 30 September 2021. A summary of the timing and frequency of the new data collections is provided in Appendix C.

Granularity of the new reporting standards

APRA proposal

APRA proposed increased granularity in a number of areas in the new reporting standards.

Comments received

Stakeholders raised concerns regarding the cost and complexity associated with implementing the level of granularity being sought in the new data collections, and with providing the granular data on an ongoing basis. Stakeholders also noted that these costs would ultimately be borne by members.

APRA response

APRA has considered the feedback received from industry with respect to the increased granularity and ongoing reporting burden, including costs, of the new reporting standards when compared to the existing data framework. As part of APRA's data strategy, APRA is changing the approach to the way we source data, moving from forms that contain the answers to specific questions to data sets that can be used for a variety of purposes. This change in approach is based on a desire to improve data-enabled decision making and reduce the need for ad-hoc data requests, which by extension is expected to reduce future reporting effort and costs for reporting entities. In weighing up the additional effort and costs of the new reporting standards against the objectives of the collection, APRA considers that the approach to granularity is appropriate. As noted in Chapter 1, the enhanced data is needed to enable APRA to gain deeper insight into RSE operations and strengthen its oversight of the industry, support Government policy making and oversight of the superannuation industry by other government agencies, and to seek to provide additional transparency for all stakeholders on the outcomes being delivered for superannuation members.

Duplication of reporting requirements

APRA proposal

APRA proposed that, to the extent that new reporting standards duplicate data that is already collected, APRA will consider granting exemptions from reporting these data items under existing reporting standards or, where relevant, discontinuing collection under an existing reporting standard.

Comments received

When considering the substance of the new collections and the current reporting framework stakeholders noted that there was a material overlap between them and supported APRA's proposed approach to address this.

APRA response

APRA recognises there is a degree of overlap between data to be collected through the new reporting standards and data collected under existing reporting standards. Due to the importance of the enhanced data collection, however, current reporting requirements will continue for an initial parallel collection period, primarily to enable APRA to assess data quality for the new collections. Once appropriate quality of reporting under the new framework is achieved, APRA will provide exemptions from reporting obligations and/or revoke reporting standards which require the same data that is to be submitted under the new data collection.

Data collection method

APRA proposal

APRA's new data collection solution, APRA Connect, will be implemented in September 2021. On 18 December 2020, APRA confirmed that RSE licensees will submit data to APRA under the new superannuation reporting standards via APRA Connect. The existing superannuation collection will continue to be reported in Direct to APRA in the interim.

Comments received

While stakeholders are supportive of APRA's decision to move to the new data collection platform there is a high level of concern regarding the delivery of APRA Connect in sufficient time for effective implementation of the new system and the new data collections. Stakeholders are concerned that the tight timelines coupled with the additional, and more granular, data collection require significant resources and technology build to prepare for the first submission of data in September 2021.

APRA response

APRA is committed to delivering APRA Connect to enable the efficient collection of the new superannuation data.

To assist entities in their transition, a test environment will be available from the end of June 2021 on a permanent basis. APRA will also be conducting a pilot in the external test environment in April/May 2021 for a small number of superannuation entities.

APRA will continue to work with industry on the implementation of APRA Connect and will be running a series of workshops to support industry on the implementation of the superannuation collection throughout 2021.

Format of APRA reporting standards

To accommodate tables with many columns, the reporting standards now list each column in the table vertically (going down the page).

Definitions for all data items have been centralised in one reporting standard, “Superannuation Reporting Standard SRS 101.0 Definitions for Superannuation Data Collections” (SRS 101.0). Centralisation of data definitions will provide consistency in definitions across all current and future reporting standards as well as reducing administrative burden associated with any future changes to data items.

These two changes align to APRA’s new data collections for other regulated industries and improve the usability and flexibility of the reporting standards.

Confidentiality and Publication of Data

APRA proposal

APRA proposes to determine that all data collected under the proposed reporting standards is non-confidential. Data which APRA determines to be non-confidential can, when published, identify individual entities but will not breach the privacy of individual members.

Comments received

Confidentiality of data was a common theme throughout the consultation engagements, with stakeholders generally comfortable with providing confidential data to APRA. However, stakeholders raised concerns in relation to the potential commercial detriment that may occur if APRA were to make some of the data publicly available. Commercial detriment was of a particular concern for stakeholders in the areas of asset allocation (at a granular level), expense reporting, fees and costs, and tailored fee arrangements. Stakeholders noted in some areas the potential for commercial detriment would not be in the best interests of members.

APRA response

APRA’s objective across all regulated industries is to maximise the amount of data that is determined as non-confidential and released publicly to enable improved industry transparency and drive better outcomes for members. Determining the new superannuation data to be non-confidential will increase industry transparency, enabling meaningful insights and comparisons as well as fostering confidence in the industry and its performance in delivering to its members.

However, APRA recognises that there may be situations where further consideration is required with regards to the confidentiality of a number of the data items being collected. APRA will undertake a separate consultation in late 2021 on proposals for publication of data reported under these reporting standards, including consulting on the confidentiality of the specific data items to be made public.

Chapter 3 – RSE Structure and Profile

Reporting Standards

“Superannuation Reporting Standard SRS 605.0 RSE Structure” (SRS 605.0)

“Superannuation Reporting Standard SRS 606.0 RSE Profile” (SRS 606.0)

Objective

Over the last decade the superannuation industry has grown in size and in significance to all working Australians, particularly as they plan for and prepare to enter retirement. This growth has highlighted the need for all stakeholders to have an improved understanding of the superannuation landscape and the drivers of member outcomes. These reporting standards will support the collection of more granular and meaningful data through a foundational framework capturing the structure of each RSE, and the products and investment options they offer.

APRA will establish the population of superannuation products, investment menus and investment options on which the new data collection is based through SRS 605.0. APRA will introduce reporting on the relationships between these superannuation products, investment menus and investment options including the number of members and member assets in SRS 606.0.

Comments received

Stakeholders supported the need to have a comprehensive and common understanding of the structure of the superannuation industry and of the relationships that exist between superannuation products, investment menus and investment options.

Stakeholders indicated that there are some significant challenges in defining products in the context of superannuation, noting different interpretations of the definition of a product across the industry. Stakeholders highlighted the need for the reporting structure to be clear to enable appropriate comparisons to be made.

Stakeholders recognised the intended purpose of the investment menu layer. However, some stakeholders considered that it would add complexity and increase reporting burden while providing detail relevant to only a limited segment of the industry.

A small number of stakeholders also questioned the lack of flexibility in relation to the use of unique identifiers, and sought flexibility where investment option names and identifiers may change for legitimate administrative reasons.

APRA response

APRA acknowledges the consistent feedback on the definitional issues in relation to superannuation products. While some definitional issues can only be addressed through legislation, the reporting framework provides clarity on how superannuation products should be defined for APRA reporting purposes. APRA considers that the classification system is

sufficiently flexible to allow alignment with other definitions that may arise, for example through allowing combinations of data from the APRA-defined superannuation product, investment menu and investment option.

To improve clarity of reporting data at the product level, APRA has added the MySuper Authorisation identifier to Table 1 of SRF 605.0. This identifier is issued to RSE licensees by APRA and its inclusion in this table will ensure that MySuper products are consistently reported as 'superannuation products' and are not incorrectly reported only at the investment option level.

Regarding the creation of an investment menu layer, APRA considers this new layer necessary in order to capture fee structures that are present in some parts of the industry. For example, some distribution models impose additional fees on members in order for the member to gain access to particular investment options. For data consistency purposes, this new level of reporting must be in place for all entities.

In relation to identifiers for each superannuation product, investment menu and investment option, for consistency in the data being reported, once set each identifier must not be changed over its life however the name may be changed if required.

As outlined in Chapter 2, for one year APRA is allowing reduced coverage of products, investment menus and investment options for reporting of data for Performance, Asset Allocation and Fees and Costs. All products, investment menus and investment options must be reported on SRS 605.0 and SRS 606.0 and this data will assist in identifying which products are excluded from the initial reporting.

Summary of changes

APRA has revised SRS 605.0 as follows:

- addition of the MySuper authorisation identifier – to ensure that MySuper products can be consistently identified;
- lifecycle triggers, being: age, balance, contribution rate, salary, gender and time until retirement. APRA will continue to collect detailed MySuper lifecycle data through "Superannuation Reporting Standard 700.0 Product Dashboard"; and
- a fees and costs arrangements table – this table has been added to support data collected under "SRS 705.0 Components of Net Return" (SRS 705.0), "SRS 705.1 Investment Performance" (SRS 705.1) and "SRS 706.0 Fees and Costs Disclosed" (SRS 706.0).

APRA has not made any significant changes to SRS 606.0.

Chapter 4 - Performance

Reporting Standards

“Superannuation Reporting Standard SRS 705.0 Components of Net Return” (SRS 705.0)

“Superannuation Reporting Standard SRS 705.1 Investment Performance” (SRS 705.1)

Objective

Recent prudential and legislative changes governing the superannuation industry such as “Prudential Standard SPS 515 Strategic Planning and Member Outcomes” (SPS 515) and the YFYS bill have underlined the importance of having sufficiently granular, comparable and consistent data on outcomes provided to members and the elements that drive those outcomes.

APRA is therefore expanding the reporting of performance data to all products, investment menus and investment options and enhancing the data currently collected for MySuper products in SRS 705.0 and SRS 705.1.

Comments received

Stakeholders considered the enhancements to the performance data collection to be important, however concerns were raised around the availability of the proposed data. While some RSE licensees are already producing this data internally, other RSE licensees will be required to implement material changes to their processes in order to meet the requirements of the new reporting standards.

The requirement to provide 10 years of historical data for SRS 705.1 was met with mixed responses. Some stakeholders suggested that the provision of historical data was a simple process, while others indicated that added complexity in sourcing the data will arise where data gaps exist. For example: the structure of an RSE may change significantly following a merger, and would have a flow on impact on the post-merger performance data that will need to be appropriately considered.

Stakeholders also raised concern that the quarterly cycle of reporting of return objectives and benchmarks may lead to timing issues, as updated data may not be available within the required timeframes.

Some stakeholders raised concern with the proposed calculation of the volatility measure, which is based on weekly data under draft SRS 705.1. These stakeholders suggested that the measure be based on monthly data so that it would align with practices already in place within the industry.

The expansion of the data collection to include platform products received mixed feedback. Platform providers raised concerns around the timing of the collection and were concerned about the amount of data that would be required, noting they do not currently have the required data. However, other stakeholders supported the position that platform providers

should be included in the data collection to support assessment of member outcomes across all superannuation products and investment options.

APRA response

APRA recognises that some RSE licensees will need to improve their practices and processes to meet the new requirements. However APRA considers that RSE licensees should have access to the data being sought in order to appropriately assess their performance and the outcomes they are providing for their members.

The requirement to provide 10 years of historical data is an important element of the initial data collection as it will provide time series data required to appropriately consider performance across the industry. A staged implementation approach also applies to reporting for the historical data. APRA recognises that some RSE licensees, as a result of structural changes, may find it hard to provide the required data for the full 10 year period. In such cases, RSE licensees should contact APRA to discuss their proposed approach well ahead of the submission due date.

Where updated data for some return objectives or benchmarks may not be available within required timeframes, RSE licensees should also discuss these limitations and their proposed approach with APRA well ahead of the submission due date.

APRA has revised the volatility measure to accommodate situations in which the unit price or crediting rate is struck less frequently than weekly. While some RSE licensees may have data available on a more frequent basis, for the purpose of comparability APRA reporting based on weekly data should cover the majority of investment options and provide a sufficiently accurate measure of volatility for APRA's purposes. Monthly data should only be used to determine volatility when it is not possible to use weekly data and any such cases should be discussed with APRA. The volatility figure calculated based on either weekly or monthly data will need to be reported on an annualised basis.

To facilitate improved transparency and the assessment of performance and member outcomes across the entire APRA-regulated superannuation industry, it is necessary to also include investment options offered through platforms. APRA expects that RSE licensees should have access to the data that is required to be reported for their own purposes in understanding and assessing the investment options they are making available to their members. As such, data submission will be required within the same timeframes across all products and options.

As outlined in Chapter 2, APRA is adopting reduced coverage for one year in relation to the products and investment options for which RSE licensees must report performance data.³ The staged implementation approach will provide more time for RSE licensees to fully implement the new reporting standards, and is expected to reduce implementation burden and increase the quality of the first tranche of performance data submitted to APRA.

³ See Appendix B for details of the staged approach

Summary of changes

APRA has revised the reporting standards as follows:

SRS 705.0:

- a column has been added to capture the fees and costs arrangement identifier; and
- the inclusion of additional performance component types to align to the version of “Regulatory Guide 97 – Disclosing fees and costs in PDSs and periodic statements” (RG97) currently in use.

SRS 705.1:

- reporting of short-term investment horizons in Table 1 is allowed;
- a column has been added to capture the fees and costs arrangement identifier in Table 2; and
- the calculation of investment return volatility has been clarified where weekly returns are not available.

Chapter 5– Member Accounts

Reporting Standards

“Superannuation Reporting Standard 611.0 Member Accounts” (SRS 611.0).

Objective

To ensure that RSE licensees are meeting their fiduciary obligations under the legislated member outcomes assessment and in meeting the requirements of SPS 515, a sufficiently detailed understanding of membership composition is essential.

APRA is therefore enhancing the granularity and frequency of member segmentation data at the RSE level and MySuper product level in SRS 611.0.

Comments received

Stakeholders suggested that the data collection should leverage the data provided to other regulators. It was noted that the industry provides a considerable amount of demographic information to the Australian Taxation Office (ATO) via the Member Account Attribute Service (MAAS) and Member Account Transaction Service (MATS) which could be used for APRA’s purposes.

Stakeholders also noted that increased granularity and frequency of the data will result in increased costs.

It was also suggested that the inclusion of three different definitions and indicators for inactivity would likely lead to confusion and inconsistent data being provided to APRA and hence that a single definition of inactivity be adopted.

Stakeholders queried the reporting treatment for members with defined benefit and pension products as the member balance is not available quarterly and the proposed inactivity indicators are not applicable for these types of products.

Stakeholders also commented on the complexity of reporting both whole-of-RSE and MySuper product membership data in the same table.

APRA response

APRA considered the data provided under the existing ATO reporting (MAAS and MATS) in developing the SRS 611.0 proposals. However, MAAS and MATS reporting does not contain the data fields or the frequency of data required on account balance, sex and activity status that are essential to meet APRA’s requirements. APRA will continue to consider and review options for the collection of member-level reporting as part of Phase 2 of the SDT project.

APRA has adopted a 16-month inactive definition as the single measure of inactivity to ensure consistent reporting of data. RSE licensees may report ‘not applicable’ for the inactive account indicator for members in defined benefit and pension products.

As defined benefit members' benefits may not be updated with the same frequency as the reporting required under SRS 611.0, APRA has clarified that RSE licensees may use the members' benefits available from the latest actuarial valuation or other calculations supplied by the fund's actuary for this purpose.

APRA has separated the table on member accounts into two separate tables, one for the whole RSE and one for MySuper products.

Summary of changes

APRA has revised SRS 611.0 as follows:

- the reporting table has been split into two tables, one for the whole RSE and one for MySuper products;
- the 'Elected to receive insurance benefit' column and the 'Recent member interaction' column have been removed;
- the '16 month inactive' column has been renamed to 'Inactive account indicator' and updated to align with *subsection 68AAA (3) of the SIS Act*; and
- addition of a 'not applicable' option for the inactive account indicator.

Chapter 6– Expense Reporting

Reporting Standards

“Superannuation Reporting Standard 332.0 Expenses” (SRS 332.0)

Objective

As the superannuation industry matures, expectations for the robustness of the industry’s governance and transparency in relation to expenditure have lifted and has underlined the need for enhanced reporting of data on expenses. RSE licensees should be held to the high standards of accountability and transparency on how they spend members’ retirement savings as this expenditure directly impacts members’ retirement outcomes.

The reporting of more expansive and granular data⁴ on expenditure with consistent and informative categories through SRS 332.0 seeks to ensure this. It will also support focused supervisory intensity on areas of RSE expenditure that may be identified as potentially not in members’ best interests.

Comments received

Stakeholders raised concerns with the increase in granularity of expense data, with many noting that manual collation will be required in order to provide the expense data as current internal reporting systems are not designed to produce the data required under the new reporting standard. Stakeholders also indicated that RSE licensees with complex business structures may have additional issues to be addressed in adapting internal reporting systems given the inclusion of the look-through requirements.

In this context, stakeholders indicated that the proposals presented a significant burden, noting that potentially thousands of individual expense data items across multiple cost centres would need to be reviewed and categorised into the required format.

Stakeholders suggested a level of materiality to be applied to the required expense reporting, as it would ease initial and ongoing reporting obligations yet still provide an increase in the granularity of expense data provided from current reporting.

Stakeholders also noted the need for additional expense categories to ensure that the final expense reporting is comparable and to reduce the scope for inconsistent implementation across the industry.

⁴ The *Improving Accountability and Member Outcomes in Superannuation Measures No.2 Act 2017* (IAMOIS Act) amended APRA’s powers to collect RSE expenses data on a look-through basis, which will enable APRA to gain a more complete picture of expenses relating to the management and operations of RSE licensees and their RSEs.

APRA response

APRA acknowledges that there is a significant increase in the granularity of expense data required by the new collection. However, to support increased accountability and enable transparency and robust assessment of RSE expenditure practices, significant improvement in expense management and reporting is needed. APRA considers that the proposed level of granularity is required to ensure consistent and transparent reporting on expenses across the industry; facilitate a better understanding on how members retirement savings are being used; and hold RSE licensees to account, when RSE expenditure is identified that may not be consistent with their fiduciary obligations.

To facilitate management of the implementation of the enhanced reporting requirements, a materiality threshold will apply for the first year of reporting for expenses. For the year ending 30 June 2021, RSE Licensees will be required to individually report expenses that are 5 per cent or more of total expenses for each expense group type. Expenses below the threshold can be aggregated into an appropriate category; or where they are also less than \$10,000, classified as 'other'. Some expenses are excluded from the materiality threshold as they are considered to be of particular significance when considering RSE licensee expenditure and whether member retirement savings are being unduly eroded.⁵ Details of the staged approach are set out in Appendix B. The one-year transition period provides RSE licensees and their service providers additional time to build appropriate granularity into their data capture and submission processes.

Summary of changes

APRA has revised SRS 332.0 as follows:

- additional expense types have been included - depreciation and amortisation, tax, payments to industry bodies, general expenses for RSE licensee offices;
- the removal of the wages expense type (wages should be included in the appropriate expense type, e.g. call centre services should include the wages for these employees);
- the introduction of a new table to capture service providers to remove duplication in reporting; and
- the removal of the related party table. APRA identified through discussion with the working group and pilot data received that the data in the related party table will be provided where there has been a look through of the expense to the last related party in either Table 2: Administration and Other Expenses reporting or Table 3: Investment management.

⁵ No materiality threshold applies to: expenses classified by the RSE licensee as significant expenditure under SPS 515; payments to related parties; payments for the purposes of marketing; political donations; sponsorships relating to promoting the RSE; and payments to industry or trade associations.

Chapter 7– Asset Allocation

Reporting Standards

“Superannuation Reporting Standards 550.0 Asset allocation” (SRS 550.0), which includes three reporting forms:

- “Superannuation Reporting Form 550.0 Asset allocation” (SRF 550.0)
- “Superannuation Reporting Form 550.1 Investments and currency exposure” (SRF 550.1); and
- “Superannuation Reporting Form 550.2 Derivatives and counterparty exposure” (SRF 550.2).

Objective

To facilitate the assessment of investment performance and understanding of investment strategy and exposures to various asset classes, it is necessary to collect consistent and comparable asset allocation data for all investment options, and enhanced data on key investment exposures.

Consistent and accurate data on strategic asset allocation is of increasing importance in undertaking performance benchmarking for various purposes.

APRA is therefore enhancing and expanding the existing collection of asset allocation data to capture all investment options through SRS 550.0. APRA will also enhance the data on key investment exposures of the RSE through SRF 550.

Comments received

Stakeholders were generally supportive of the objective of enhancing understanding of investment strategy and exposures and improving comparability and consistency of reporting in this important area. Stakeholders raised concerns, however, about the ability of RSE licensees to implement the proposed requirements, particularly where data is not currently captured and RSE licensees would need to rely on downstream providers to implement the new classifications and make technology and systems changes.

Materiality threshold for investment options

Comments received

A number of stakeholders suggested that either a materiality threshold, in the form of limiting the collection to Select Investment Options (SIO), or a staged approach be considered to help assist with implementation. Some stakeholders suggested retaining the current reporting framework with the new characteristics being progressed on a slower timeline to ensure the technology and system builds can be completed prior to commencement.

APRA response

To assist with RSE licensee's implementation timeframes, APRA is reducing the coverage of investment options required to be reported for SRF 550.0 for a one-year transitional period. Full reporting coverage of investment options will be required from 1 July 2022. A fundamental driver of the changes to APRA's asset allocation data collections is that the current data that is reported is insufficient to enable robust assessment of performance, risks and exposures. Retaining the current coverage and detail in the existing asset allocation framework ("Superannuation Reporting Form 533.0 Asset Allocation" (SRF 533.0)) would expand the data currently collected for MySuper products to all investment options but would not achieve the underlying objectives of the SDT project.

Strategic Asset Allocation

Comments received

While recognising the need to improve upon the current reporting of strategic asset allocation, stakeholders highlighted the challenges of achieving consistent reporting, particularly where RSE licensees do not use a traditional strategic asset allocation approach.

Stakeholders raised concerns that inconsistent classifications of strategic asset allocation will impact the use of this data, and reporting may be open to gaming or lead to inequitable performance benchmarking.

- Stakeholders highlighted comparison of actual allocation and strategic allocation as a key tool in identifying any areas of inconsistent reporting. Stakeholders suggested that APRA provide further clarity on the intended linkage of strategic and actual asset allocation data.
- Stakeholders suggested that the intent of taking a two-level approach to the collection of strategic asset allocation be clarified.
- Stakeholders provided specific feedback on the strategic sectors, with private debt and government bonds viewed as too granular, while growth and defensive alternatives viewed as too subjective.

Stakeholders highlighted that there may be a need to report historical strategic asset allocation data to ensure performance benchmarking reflects the revised categories over the whole period. Historical data will also be required for options which are not required to be reported under the current reporting framework to enable assessment of performance for appropriate time periods.

APRA response

APRA has streamlined and refined the approach for reporting strategic asset allocation. APRA considers that in circumstances where the asset classes used in the strategic asset allocation are kept at a high level, so as not to limit investment opportunities, it would improve comparability of data if RSE licensees provide the initial target asset allocation⁶ for a standard set of asset classes. This will provide visibility of differing approaches, for example

⁶ SPG 530 Investment Governance 41 b)

where one RSE licensee includes infrastructure as part of their allocation to alternatives, while others treat this as a separate asset class.

APRA acknowledges that although there is no standard set of asset classes to which the industry uniformly adheres, cash, fixed income (excluding credit), credit, listed equity, unlisted equity, infrastructure, property and alternative strategies are broadly accepted, with separate reporting for Australian and International allocations.

APRA has therefore revised the strategic asset sectors, combining the high level and low-level sectors into a single list, removing private debt and replacing government bonds with fixed income (excluding credit). RSE licensees have the option to report the more granular asset class categories in either the strategic sector or the strategic subsector. APRA has updated the reporting instructions to clarify that where the strategic sector is not at the most granular level of detail available, RSE licensees may report the target currently set to a more granular asset class as a subsector.

APRA has also revised the reporting standard to require reporting on 7 years of historical asset allocation. In line with the staged implementation approach for strategic asset allocation data, submission of historical data will also have reduced coverage for the first year. To allow RSE Licensees to focus on the quality of current data for the first submission, the due date for submission of the historical data required under the initial coverage is 28 February 2022. Details of the staged approach are set out in Appendix B.

Actual Asset Allocation

Comments received

While supporting the collection of more granular actual asset allocation data, stakeholders expressed concern regarding the additional burden that would be imposed as a result of the volume of data captured under the new collection. Some RSE licensees indicated a significant volume increase due to the number of option and product combinations, and the number of potential combinations of each asset class characteristic that exist.

It was noted that significant technology, resource and systems investment will be required to produce, manage and report data, and that there will be large cost implications for asset managers and RSE licensees to provide the required data. Stakeholders indicated that the lead time required to implement the collection (based on experience with other initiatives of similar size and complexity) would generally be at least 12 -18 months period.

A number of stakeholders suggested a phased approach be considered in the short term with the new characteristics being progressed on a slower timeline to ensure the technology and system builds can be completed prior to commencement.

Stakeholders also provided feedback on specific asset class definitions where ambiguity may result in otherwise identical investments being categorised differently by different entities.

APRA response

APRA has considered the feedback from industry on the implementation of the granular actual asset allocation data under SRS 550.0. Improving the granularity of asset allocation

data will assist APRA in understanding the investment risks and exposures for each investment option. It will also improve the comparability and consistency of asset allocation data, to better enable APRA to identify and monitor emerging investment trends and risks across the superannuation industry. Finally, it will provide APRA with visibility as to whether or not the assets actually held under reported asset sectors are broadly consistent with expectations based on the strategic asset allocation.

However, APRA has removed the requirement to report asset allocation for the combination of product, investment menu and investment option, instead limiting reporting to each investment option. This will reduce the complexity of reporting, while still enabling APRA to understand the risks and exposures that underlie each investment option in context of the strategy undertaken.

APRA recognises the challenges in implementing these classifications and has provided a transitional arrangement for reporting of the detailed actual asset class characteristics as are outlined in Chapter 2.

RSE licensees must report using a defined subset of characteristics for reporting periods ending onwards from 30 June 2021, with the option to use any additional characteristics where these are available.⁷ APRA considers that the subset of characteristics will inform APRA's understanding of key areas of inconsistency in risk within strategic sectors in the short term while allowing industry more time to implement the full classifications.

APRA has been working closely with ASIC on asset classes and characteristics to allow for alignment under any data collection for managed funds in the future. APRA will continue to work with industry on the implementation of asset class characteristics and will provide further guidance over the transition period, if needed, to facilitate consistent reporting.

Investments, currency exposure and derivatives

Comments received

Stakeholders provided feedback that the data for derivatives and counterparty exposure would also require time to implement and be a burden on internal resources.

APRA response

APRA has delayed the first mandatory reporting period for SRF 550.1 Investments and currency exposure and SRF 550.2 Derivatives and counterparties by one year from the reporting period ending 30 June 2021 to the reporting period ending 30 June 2022. This delay will provide more time for those RSE licensees that require it to obtain this data. The current reporting forms on investments and derivatives that RSE licensees submit to APRA, which

⁷ The defined subset of characteristics are all those characteristics for the Cash, Fixed Income and Alternatives asset class sectors, and the development stage for Property, Equity (unlisted) and Infrastructure asset class sectors. With the exception of the development stage, the majority of the remaining characteristics map to variables currently captured under SRF 530.0 or SRF 720.0, reducing implementation complexity.

these new reporting standards enhance and replace, will be retained to ensure coverage of these areas in the interim period.

Summary of changes

APRA has revised SRS 550.0 as follows:

SRF 550.0 Table 1 Strategic asset allocation:

- Product and investment menu columns have been removed;
- Strategic sectors (previously termed high-level strategic sector) and strategic subsector (previously termed low-level strategic sector) reporting consolidated into one table;
- International economy type column has been added;
- Strategic sectors and strategic subsector updated to list the combined sectors, with private debt and government bonds removed and fixed income (excluding credit) added;
- Requirements for reporting strategic subsector have been clarified.

SRF 550.0 Table 2 Actual asset allocation:

- Product and investment menu columns have been removed;
- Asset class sector has been added, and reporting instructions updated to clarify the intention for the asset class to map back to the strategic sector (including the listing type and domicile);
- Labels and definitions of characteristics 1, 2, and 3 have been updated in some instances for clarity.

SRF 550.1 Investments and currency exposure:

- Characteristics updated in line with the actual asset allocation characteristics

SRF 550.2 Derivatives and counterparty exposure has not been significantly revised.

Chapter 8 – Insurance Arrangements

Reporting Standards

“Superannuation Reporting Standard 251.0 Insurance” (SRS 251.0)

Objective

The importance of insurance through superannuation and its impact on member outcomes highlights the need for enhanced data to facilitate an improved understanding of the nature and value of these arrangements. Improved transparency of this data will also assist RSE licensees in considering appropriate outcomes for their members when entering into an insurance arrangement.

Through SRS 251.0 APRA will enhance the data available on insurance policies and their linkages to superannuation products, including claims experience and the choices members make in relation to insurance. APRA will also collect more granular data on default insurance arrangements in order to better understand the member experience across a range of circumstances.

Comments received

When considering the proposed data on insurance arrangements, stakeholders suggested that the data be sourced directly from insurers as this would reduce the reporting burden on RSE licensees. Noting its limitations, stakeholders also questioned whether APRA could rely on existing life insurance data provided to APRA from insurers.

Stakeholders also raised concerns regarding the increased amount of data being collected under the new reporting standard, noting that extending the scope of the collection to all group insurance arrangements would be burdensome, especially for RSEs with multiple corporate offerings with minimal variation between the offerings.

Consistent with the feedback received on the requirement to provide 10 years of historical investment performance data, a number of stakeholders suggested that the requirement of 10 years of historical claims and premiums data would involve significant burden, particularly where there have been RSE mergers.

Stakeholders sought clarification on the treatment of a number of specific scenarios under the collection, including reporting of default cover; the reporting of insurance clusters and which insurance arrangements may be aggregated; how members in default and choice insurance arrangements are to be reported; and areas of potential ambiguity in some definitions provided under SRS 101.0.

APRA response

Collecting SRS 251.0 data for RSE licensees from third parties, in this case insurance companies, would introduce unresolvable legal and technical complexities and hence is not a viable option. While insurers report some of the proposed data to APRA, this data is reported to APRA on an aggregate product basis for the insurer and not collected at the policy level.

The data has consistent definitions across the life and superannuation data collections to reduce the overall reporting burden for both industries. APRA also expects a prudent RSE licensee will need to have the data required to be reported to APRA for their own purposes, in order to adequately assess their performance in delivering insurance outcomes for their members.

APRA's view is that SRS 251.0 must include individual reporting of all group policies in order for member outcomes in insurance to be monitored in a meaningful way. The introduction of SRS 251.0 will ensure a common baseline of data is available to all RSE licensees to assess member outcomes in insurance in a consistent manner.

APRA has reduced the requirement for historical data from 10 years to 5 years. If an RSE licensee has specific concerns with providing 5 years of historical data, for example due to a successor fund transfer or merger, they should contact APRA for specific consideration of their circumstances.

APRA has also provided further clarification on specific areas of the data collection in the reporting instructions and definitions.

Summary of changes

APRA has revised SRS 251.0 as follows:

- additional guidance has been included on the reporting of insurance clusters and which insurance arrangements can be aggregated in reporting;
- columns have been added to report changes in the number of insured members over the period, including ceased and new business, in table 1 of SRF 250.1;
- instructions on the reporting of member insurance choice in table 2 of SRF 251.1 have been clarified;
- claims admitted and claims paid have been split into two tables for clarity of reporting on SRF 251.2; and
- some of the insurance definitions in SRS 101.0 have been reviewed and updated.

Chapter 9 – Fees and Costs Disclosed

Reporting Standards

“Superannuation Reporting Standard SRS 706.0 Fees and Costs Disclosed” (SRS 706.0)

Objective

Fees and costs have a significant impact on the retirement outcomes provided to members. As such, it is important that fees are appropriate and in line with costs incurred by RSE licensees. APRA’s MySuper Heatmap and other analysis indicates that there is scope for fees and costs to be reduced in some areas. More granular fees and costs data will enable RSE licensees and APRA to focus in on where change is most needed.

Through SRS 706.0 APRA will expand data on fees and costs to all products, investment menus and investment options.

Comments received

Stakeholders acknowledged the need to update fees and costs to align with the new requirements under RG97, as well as the need to expand reporting on fees and costs to products and options beyond MySuper. However, stakeholders expressed concern regarding reporting on fees and costs in the transition period for RG97. As RSE licensees may be reporting on a pre or post RG97 basis, respondents noted that inappropriate comparisons could provide misleading information for members and other stakeholders and could also open opportunities for gaming of reporting. Stakeholders also queried how APRA would use this data in its work on member outcomes in superannuation. Some stakeholders requested that the collection of fees and costs data be deferred until the end of the RG97 transition period in 2022.

Stakeholders also requested clarification on whether SRS 706.0 would require reporting for products accessible under platforms that do not require a Product Disclosure Statement (PDS) to be produced. The feedback noted that some changes to fees and costs are not required to be updated in the PDS and questioned whether reporting on SRS 706.0 should align with current member experience or what is produced in the PDS.

APRA response

APRA acknowledges that the RG97 transitional period will make the comparison of RSEs during this period more complex. Treatment of the RG97 transitional period will be considered when APRA uses data collected under SRS 706.0, including where APRA may use the data in publicly disclosed analytics and insights such as the superannuation heatmaps.

APRA has updated SRS 706.0 to clarify that reporting is to capture all fees and costs that would be charged to a member or would otherwise affect member balances. This includes both platform products and legacy products. Fees and costs that would appear in the PDS of a superannuation product or accessible via platforms (including those for Managed Investment Schemes) should also be included.

APRA has also clarified that RSE licensees must report updated information to APRA where changes to fees and costs result in members experiencing new, increased or decreased fees and costs, rather than relying on PDS updates as a trigger for reporting updates.

Full reporting of Fees and Costs Disclosed is not required until the due date for reporting periods ending 30 June 2022, to aid RSE licensees to focus on the reporting that is initially required to ensure consistent and quality data.

Summary of changes

APRA has revised SRS 706.0 as follows:

- the fees and costs arrangement table has been moved from SRS 706.0 to SRS 605.0, facilitating the use of fees and costs arrangement identifiers across the new data collection;
- clarification to instructions that reporting under SRS 706.0 is to capture all fees and costs that would be charged to a member or would otherwise affect member balances; and
- clarification of definitions provided under SRS 101.0.

Chapter 10 – Your Future Your Super Package

The Your Future Your Super package announced in the 2020-21 Federal Budget was introduced into Parliament on 17 February 2021 in the Treasury Laws Amendment (Your Future Your Super) Bill 2021 (YFYS Bill). The YFYS Bill contains four proposals: the single default account; addressing underperformance in superannuation; members best financial interests duty and the Your Future Your Super comparison tool. Three of these measures rely directly or indirectly on data reported to APRA, with some of this data to be collected via the new data collections.

Additional changes to the reporting standards

APRA has been considering the changes contained in the YFYS Bill, and the likely changes to the accompanying regulations, to determine whether any additional changes to the new data collections may be needed to facilitate implementation of the new legislative requirements that are proposed to commence on 1 July 2021.

APRA identified a small number of changes to the data collections, which were contained in reporting standards released on 20 December 2020.

These changes include an indicator for:

- Trustee Directed Products (TDPs) and
- Investment options closed to new members, including a requirement to provide a reason for the closure.

APRA has sought to ensure that sufficient data is available for investment options to enable APRA to undertake the YFYS performance assessment.

APRA does not anticipate further significant changes, although some changes may be required once the legislation and regulations are finalised. Depending on the nature of the changes, APRA may be able to reflect subsequent changes through guidance, rather than revised reporting standards.

Appendices

Appendix A: Changes to reporting standards since consultation

Reporting Standard	Section	Change
All	All	To accommodate tables with many columns, the reporting standards now list each column in the table vertically (going down the page).
All	All	Definitions for all data items have been centralised in one reporting standard, Superannuation Reporting Standard SRS 101.0 Definitions for Superannuation Data Collections (SRS 101.0).
SRS 605.0 RSE Structure	Instruction Guide	Clarification of the reporting of percentage figures*.
SRS 605.0 RSE Structure	SRF 605.0 Table 1, 2, 3 and 4	Minor wording changes in 'Description' columns*.
SRS 605.0 RSE Structure	SRF 605.0 Table 1	New column to collect the MySuper Identification Identifier for MySuper products.
SRS 605.0 RSE Structure	SRF 605.0 Table 2	New columns to capture variables affecting lifecycle options.
SRS 605.0 RSE Structure	SRF 605.0 Table 3	New column to identify Trustee Directed Products (TDPs).
SRS 605.0 RSE Structure	SRF 605.0 Table 3	New column to capture where options are closed as a result of non-performance.
SRS 605.0 RSE Structure	SRF 605.0 Table 4	New columns for 'Fees and Costs Arrangement Inception Date' and 'Fees and Costs Arrangement End Date'*.
SRS 606.0 RSE Profile	SRF 606.0 Table 4	Minor wording changes to clarify reporting instructions*.
SRS 606.0 RSE Profile	SRF 606.0 Table 4	Removal of the column 'ASIC Regulatory Guide 97 Version Type'*.
SRS 705.0 Components of Net Return	Instruction Guide	Minor wording changes to clarify the reporting of percentage figures*.

Reporting Standard	Section	Change
SRS 705.0 Components of Net Return	Instruction Guide	Minor wording changes to clarify reporting instructions*.
SRS 705.0 Components of Net Return	SRF 705.0 Table 1	Minor corrections to column numbering*.
SRS 705.0 Components of Net Return	SRF 705.0 Table 1	Minor wording changes to clarify reporting instructions in text at the introduction of the table*.
SRS 705.0 Components of Net Return	SRF 705.0 Table 1	Addition of a 'Gross Investment Return' option in the 'Performance Component Activity Type' column*.
SRS 705.0 Components of Net Return	SRF 705.0 Table 1	Minor wording changes to clarify reporting instructions in 'Description' items*.
SRS 705.0 Components of Net Return	SRF 705.0 Table 1	Adjusting valid values for 'Expense Or Benefit Transaction Percent' to 4 decimal places*.
SRS 705.1 Investment Performance and Objectives	Instruction Guide	Minor wording changes to clarify the reporting of percentage figures*.
SRS 705.1 Investment Performance and Objectives	SRF 705.1 Table 2	Minor wording changes to clarify reporting instructions in text at the introduction of the table*.
SRS 705.1 Investment Performance and Objectives	SRF 705.1 Table 2	Minor wording changes to clarify reporting instructions in 'Description' items*.
SRS 611.0 Member Accounts	SRF 611.0 Table 1	Split of Table 1 into two tables. Table 1 now captures data reported at the RSE level only and Table 2 now captures data reported for each MySuper product.
SRS 611.0 Member Accounts	SRF 611.0 Table 1 and 2	Minor wording changes to clarify reporting instructions in 'Description' items*.
SRS 332.0 Expenses	Instruction Guide	Minor wording changes to clarify the reporting of percentage figures*.

Reporting Standard	Section	Change
SRS 332.0 Expenses	SRF 332.0 Table 1	Minor wording changes to clarify reporting for 'Service Provider Shareholding Relationship Percent'.
SRS 332.0 Expenses	SRF 332.0 Table 2	Additional expense types to capture expenses identified through the consultation process.
SRS 332.0 Expenses	SRF 332.0 Table 2	Minor wording changes to clarify reporting for 'Service Arrangement Inclusions Exclusions Text'.
SRS 332.0 Expenses	SRF 332.0 Table 3	Removal of the 'Insourced and related party payments' table, as this is collected via Table 1 and Table 2 of SRF 332.0.
SRS 332.0 Expenses	SRF 332.0 Table 3	Minor wording changes to clarify reporting for 'Service Arrangement Inclusions Exclusions Text'.
SRS 251.0 Insurance	SRF 251.0 Table 1	Update of 'Insurance Cluster End Date' location from SRF 251.0 Table 2 into Table 1. This change facilitates the removal of SRF 251.0 Table 2 and the collection in SRF 251.0 Table 1 of group and individual insurance policies that are in force or have ceased.
SRS 251.0 Insurance	SRF 251.0 Table 1	Updates to instructions to facilitate the collection of insurance policies that are in force or have ceased.
SRS 251.0 Insurance	SRF 251.0 Table 1	Minor wording changes to clarify reporting of 'associate' for insurance arrangements with related parties.
SRS 251.0 Insurance	SRF 251.0 Table 1	Change to the column order, the item 'Insurance Cluster Start Date' has moved from column 9 to column 10.
SRS 251.0 Insurance	SRF 251.1 Table 1	New columns to capture stock and flow information for members with insurance.
SRS 251.0 Insurance	SRF 251.1 Table 2	Minor wording changes to clarify reporting of default and current level of cover columns.
SRS 251.0 Insurance	SRF 251.2 Table 1	Removal of bundled cover options from the 'Insurance Cover Type' item.
SRS 251.0 Insurance	SRF 251.2 Table 2	Split of claims admitted and claims paid into two separate tables. Claims admitted are collected on Table 2 and Claims paid are collected on Table 3.
SRS 251.0 Insurance	SRF 251.3 Table 2	Minor wording change for the 'field name' for column 3 ('Member Age Number').
SRS 251.0 Insurance	SRF 251.3 Table 2	Splitting the column 'Insurance Cover Default Level Amount' into distinct columns for life insurance, total and permanent disability and income protection.

Reporting Standard	Section	Change
SRS 251.0 Insurance	SRF 251.3 Table 2	Minor updates to column numbering*.
SRS 550.0 Asset Allocation	SRF 550.0 Table 1 and 2	Removal of product and investment menu columns*.
SRS 550.0 Asset Allocation	SRF 550.0 Table 1	Strategic sectors (previously termed high-level strategic sector) and strategic subsector (previously termed low-level strategic sector) reporting consolidated into one table*.
SRS 550.0 Asset Allocation	SRF 550.0 Table 1	New column for International economy type.
SRS 550.0 Asset Allocation	SRF 550.0 Table 1	Updates to options for Strategic sectors and strategic subsector to list the combined sectors, with private debt and government bonds removed and fixed income (excluding credit) added*.
SRS 550.0 Asset Allocation	SRF 550.0 Table 1	Updates to instructions to clarify requirements for reporting strategic subsector*.
SRS 550.0 Asset Allocation	SRF 550.0 Table 2	New columns for asset class sector, strategic sector listing type, domicile and international economy type. Updates to instructions to clarify the intention for the asset class to map back to the strategic sector (including the listing type and domicile*.
SRS 550.0 Asset Allocation	SRF 550.0 Table 2	Updates to labels and definitions of characteristics for clarity*.
SRS 550.0 Asset Allocation	SRF 550.1 Table 1	Updates to characteristics in line with the SRF 550.0 characteristics*.
SRS 550.0 Asset Allocation	Instruction Guide	Updated requirement for historical strategic asset allocation data*.

*Change made since the 21 December 2020 versions of the reporting standards.

Appendix B – Staged implementation approach

Temporary (one year) reduced coverage of product, investment menus and investment options

APRA has introduced temporary reduced coverage for the first year of data on products, investment menus and investment options reported on the following Superannuation Reporting Forms (SRF):

- “SRF 705.0 Components of Net Return” (SRF 705.0);
- “SRF 705.1 Investment Performance and Objectives” (SRF 705.1);
- “SRF 550.0 Asset Allocation” (SRF 550.0); and
- “SRF 706.0 Fees and Costs Disclosed” (SRF 706.0).

For the reporting periods ending from 30 June 2021 but before 30 June 2022, RSE licensees will be required to report only for those products and investment menus which have investment options that are Trustee Directed Products⁸ (TDP) or are MySuper products. For RSE licensees that are in a position to provide the full coverage of reporting earlier, they will be able to do so, however it is anticipated that this data would not be published externally.

For periods ending from 30 June 2022, RSE licensees must report data for all products, investment menus and investment options.

In line with the staged implementation approach for strategic asset allocation data, submission of historical data will also have reduced coverage for the first year.

- For investment options that are MySuper products or TDP: data for a period of 7 years (30 June 2014 to 31 March 2021) due on 28 February 2022; and
- For all other investment options: data for a period of 8 years (30 June 2014 to 31 March 2022) due on 28 July 2022.

Temporary (one year) application of a materiality threshold for expense reporting

APRA has introduced a temporary materiality threshold for the first submission to ease the implementation burden for industry. This transition period will allow RSE licensees a longer timeframe to put in place the appropriate processes to capture the expense classifications. This change impacts the following Superannuation Reporting Forms (SRF):

- “SRF 332.0 Expenses” (SRS 332.0).

For the reporting periods ending 30 June 2021, RSE Licensees are only required to individually report expenses paid to service providers that are greater than or equal to 5 per

⁸ APRA intends for TDP to have the same meaning as per the SIS Regulation. As at the release date of this response paper, the SIS regulations which will define a TDP are yet to be finalised. APRA will update SRS 101 with a definition for TDP with the appropriate reference once the regulations are determined. APRA expects that RSE Licensees will prepare for submission of data for all products, menus and investment options, and products and menus which have these investment options and not wait until the regulations are final to prepare the data.

cent of total expenses for the expense group type (with some specific exceptions).⁹ Expenses under this threshold can be aggregated for each expense type. In addition to this, for payments to a service provider of \$10,000 or less payments may be categorised as 'other' where the classification is not available.¹⁰ For RSE licensees that are in a position to provide the full reporting earlier, they will be able to do so, however it is anticipated that this data would not be published externally.

For the year ending 30 June 2022 onwards RSE licensees must report expense data with no materiality applied.

Delay (one year) for reporting on investments and currency exposure

APRA has delayed the first mandatory reporting period for the quarterly data collection on investments and currency exposure by one year from the reporting period ending 30 June 2021 to the reporting period ending 30 June 2022. This change impacts the following Superannuation Reporting Forms (SRF):

- "SRF 550.1 Investments and currency exposure" (SRF 550.1).; and
- "SRF 550.2 Derivatives and counterparty exposure" (SRF.550.2).

This delay will assist with the implementation burden and provide more time for those RSE licensees who need it to obtain this data.

For RSE licensees that are in a position to report this data earlier, they will be able to do so, however it is anticipated that this data would not be published externally.

The current reporting forms on investments and derivatives that RSE licensees submit to APRA which these new reporting standards enhance and replace, will be retained for a longer period to ensure coverage of these areas in the interim period.

Two-year transition arrangement for reporting on asset allocation characteristics

APRA has introduced a two-year transition arrangement for the classification of actual asset allocation characteristics. This delay will allow RSE licensees a longer timeframe to put in place the appropriate processes to capture the classifications. This change impacts the following Superannuation Reporting Forms (SRF):

- "SRF 550.0 Asset Allocation" (SRF 550.0); and
- "SRF 550.1 Investments and currency exposure" (SRF 550.1).

For the reporting periods ending from 30 June 2021 through to 31 March 2023 APRA will require RSE licensees to report asset allocation classifications for a subset of the detailed

⁹ No materiality threshold applies to expenses in the following: expenses classified by the RSE licensee as significant expenditure under SPS 515; payments to related parties; payments for the purposes of marketing; political donations; sponsorships relating to promoting the RSE; and payments to industry or trade associations.

¹⁰ So long as the total amount reported in the Expense group type 'Other' for this reason does not exceed 5 per cent of total expenses reported in Table 2.

asset class characteristics. For RSE licensees that are in a position to report this data earlier, they will be able to do so, however it is anticipated that this data would not be published externally.

APRA has updated SRS 550.0 to indicate which asset class characteristics are mandatory, including those which closely align to current reporting classifications. Further details on the transitional approach are in Chapter 7 Asset Allocation.

Appendix C: Timetable for new reporting standards and staged implementation

Reporting Standard	Reporting frequency	Staged Implementation	Historical collection
SRS 605.0 RSE Structure	Annual/Ad hoc	2021: None	No
SRS 606.0 RSE Profile	Quarterly	2021: None	No
SRS 611.0 Member Accounts	Quarterly	2021: None	No
SRS 705.0 Components of Net Return	Annual and Quarterly	2021: Report for investment options which are MySuper products or TDP and for product and menus which have these options. Other products, menus and investment options are optional. 2022: Report for all relevant products, investment menus and investment options.	No
SRS 705.1 Investment Performance and Objectives	Quarterly		Yes 10 years of historical data. MySuper and TDP: due 28 February 2022 Other products, menus and options: due 28 July 2022
SRS 332.0 Expenses	Annual	2021: 5% materiality threshold (with some exclusions) 2022: Full reporting with no materiality threshold.	No
SRS 550.0 Asset allocation	Quarterly	Yes (see below)	Yes (see below)
- SRF 550.0 Asset allocation	Quarterly	2021: Only report investment options which are MySuper products or TDP Table 2: full reporting of asset class	Yes Table 1: 7 years of historical data (each quarter from 30 June

		<p>characteristics is optional; a subset is mandatory.</p> <p>2022: Report for all investment options</p> <p>Table 2: full reporting of asset class characteristics is optional; a subset is mandatory.</p> <p>2023: Full reporting required.</p>	<p>2014 to 31 March: 2021] due 28 February 2022.</p> <p>MySuper and TDP: due 28 February 2022</p> <p>Other investment options: due 28 July 2022.</p>
- SRF 550.1 Investments and Currency Exposure	Quarterly	<p>2021: Optional reporting.</p> <p>2022: Reporting required.</p> <p>Table 1: full reporting of asset class characteristics is optional; a subset is mandatory.</p> <p>2023: Full reporting required.</p>	No
- SRF 550.2 Derivatives and Counterparties	Quarterly	<p>2021: Optional reporting.</p> <p>2022: Full reporting required.</p>	No
SRS 251.0 Insurance Arrangements	Annual/Ad hoc	Not applicable	Yes (see below)
- SRF 251.0 Insurance arrangements	Annual	Not applicable	No
- SRF 251.1 Insurance coverage	Annual	Not applicable	No

- SRF 251.2 Insurance payments	Annual	Not applicable	Yes 5 years of historical data (Years ending 30 June 2016-2020): due 30 September 2021.
- SRF 251.3 Insurance premiums	Annual/Ad hoc	Not applicable	No
SRS 706.0 Fees and Costs Disclosed	Annual/Ad hoc	2021: Only Report for investment options which are MySuper products or TDP and for products and menus which have these options. 2022: Report for all relevant products	No



 **APRA**