

SUBMISSION

Submission to APRA — Consultation on APRA's Superannuation Data Transformation

Topic Paper 7 – Fees and
costs disclosed

13 November 2020

**The Association of Superannuation
Funds of Australia Limited**
Level 11, 77 Castlereagh Street
Sydney NSW 2000

PO Box 1485
Sydney NSW 2001

T +61 2 9264 9300
1800 812 798 (outside Sydney)

F 1300 926 484

W www.superannuation.asn.au

ABN 29 002 786 290 CAN 002 786 290

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General Manager
Data Analytics & Insights
Cross-Industry Insights and Data Division
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

Via email: [REDACTED]

13 November 2020

Dear Sir/Madam,

**Super Data Transformation project – Phase 1
Topic Paper 7 – Fees and costs disclosed**

The Association of Superannuation Funds of Australia (ASFA) is writing in response to your consultation on APRA's Superannuation Data Transformation Project (Project), specifically *Topic Paper 7 – Fees and costs disclosed*, released on Friday 28 August 2020.

ABOUT ASFA

ASFA is a nonprofit, non-political national organisation whose mission is to continuously improve the superannuation system, so all Australians can enjoy a comfortable and dignified retirement. We focus on the issues that affect the entire Australian superannuation system and its \$2.7 trillion in retirement savings. Our membership is across all parts of the industry, including corporate, public sector, industry and retail superannuation funds, and associated service providers, representing over 90 per cent of the 16 million Australians with superannuation.

GENERAL COMMENTS

ASFA supports the objective of APRA to enhance the consistency and comparability of superannuation data.

We appreciate the opportunity for the industry to participate in APRA's regular working group meetings on the Topic Papers and Draft Reporting Standards, and the release of FAQs.

All of our general comments made in our submission of 6 November 2020, with respect to *Topic Paper 4 – Expenses; Topic Paper 5 – Asset Allocation* and *Topic Paper 6 – Insurance*, are equally applicable with respect to this submission on Topic Paper 7.

SPECIFIC COMMENTS – FEEDBACK FROM MEMBER ORGANISATIONS

ASFA has received questions, issues and comments from various member organisations with respect to Topic Paper 7. These are listed in the annexure to this submission.

If you have any queries or comments in relation to the content of our submission, please contact me on

[Redacted]

Yours sincerely

[Redacted]

[Redacted]

Director, Policy

SPECIFIC COMMENTS – TECHNICAL ISSUES, QUESTIONS AND OBSERVATIONS RAISED BY MEMBER ORGANISATIONS/SUPERANNUATION PROVIDERS

	REF	DATA ELEMENT	REQUIREMENT	COMMENTS
PHASE 1 – TOPIC PAPER 7 – FEES AND COSTS DISCLOSED				
1.	2.1	<p>Fee disclosures</p> <p>MySuper Products</p> <p>Non-MySuper products</p>	<p>APRA proposes to align fee and cost reporting to the updated version of RG97. Key changes include capturing advice fees & costs under administration fees & costs and aligning categories of fees & costs. During the transition period to 30 September 2022 entities will also be able to indicate if they are reporting on a pre or post RG 97 implementation basis.</p> <p>APRA proposes to extend the reporting of fees, costs and taxes to choice products & options, capturing this data at each of the product, investment option or investment menu levels. These changes also propose to facilitate the reporting of fee tiers and contribution fees.</p>	<p>It is important that fee disclosures are appropriately disclosed as 'Pre or Post' RG97 implementation to ensure transparent comparisons are being made.</p> <p>Those funds that adhere to RG97 early should be compared with other funds that have done the same. i.e. comparing 'apples with apples and oranges with oranges', as this could have a negative or positive impact for funds on the heatmap and other reporting.</p> <p>It is important that consumers and others correctly understand the implications & can easily compare fee disclosures appropriately. If clear fee distinctions are not provided, consumers are likely to be misinformed.</p> <p>It is essential that whether a fund complies or does not comply with RG97 requirements during the transition period is adequately disclosed & communicated to consumers & the media.</p>
2.	2.2	Fee discounts and rebates	<p>APRA proposes that each discount arrangement scheme available for MySuper & choice products & options is reported.</p> <p>The number of employer sponsors, member accounts & customised features available to members will also be required to be reported.</p>	<p>The rebates that are legislated need to be taken into consideration. Confirmation as to whether the PYS scheme is included in the discount arrangement scheme would be appreciated.</p>

	REF	DATA ELEMENT	REQUIREMENT	COMMENTS
3.	4.0	Proposed non-confidentiality determination	<p>APRA's Superannuation Data Transformation project will lead to significant changes to reporting requirements.</p> <p>As a result of these changes, APRA needs to consider whether the data reported under the <i>Financial Sector (Collection of Data) Act 2001</i> should be determined to be non-confidential and publicly accessible.</p>	<p>ASFA member funds are concerned that APRA as the regulator would be determining what data they consider to be commercially sensitive, as they believe this to be beyond the scope of a regulator. APRA would, in effect, be making determinations with respect to commercially sensitive information without understanding the broader context of the organisation, and should not be making determinations as to confidentiality.</p>
4.	Specific Consultation Question 1		<p>What difficulties, if any, may be caused by reporting data items on draft SRS 706.0 that allows reporting on both a current and transitional RG97 implementation basis? How could this be mitigated?</p>	<p>Potentially there will be substantial difficulties in using data for comparative purposes during the transition period for RG97 as funds will be reporting based on different standards. This transparency issue can potentially be mitigated by ensuring funds adequately disclose & communicate whether their fee disclosure aligns with RG97, as failure to do so could inadvertently potentially advantage or disadvantage some Funds over other funds and mislead consumers.</p>
5.	Specific Consultation Question 3		<p>Are there any gaps or areas requiring further clarification?</p>	<p>If fund become RG97 compliant at different times, what are the flow on implications that potentially could affect heatmap results? APRA as the regulator is using the heatmap results to publicly rank fund performance & justify supervisory activities. Accordingly, it is essential that there are clear & appropriate disclosures as to whether or not funds comply with RG97 and these are communicated, which would facilitate comparisons to be made between funds that comply with RG97 and those that do not.</p>