



RESPONSE PAPER

Superannuation Data Transformation Project Phase 2

August 2022

Disclaimer Text

While APRA endeavours to ensure the quality of this publication, it does not accept any responsibility for the accuracy, completeness or currency of the material included in this publication and will not be liable for any loss or damage arising out of any use of, or reliance on, this publication.

© Australian Prudential Regulation Authority (APRA)

This work is licensed under the Creative Commons Attribution 3.0 Australia Licence (CCBY 3.0). This licence allows you to copy, distribute and adapt this work, provided you attribute the work and do not suggest that APRA endorses you or your work. To view a full copy of the terms of this licence, visit <https://creativecommons.org/licenses/by/3.0/au/>

Superannuation Data Transformation Phase 2 Response Paper

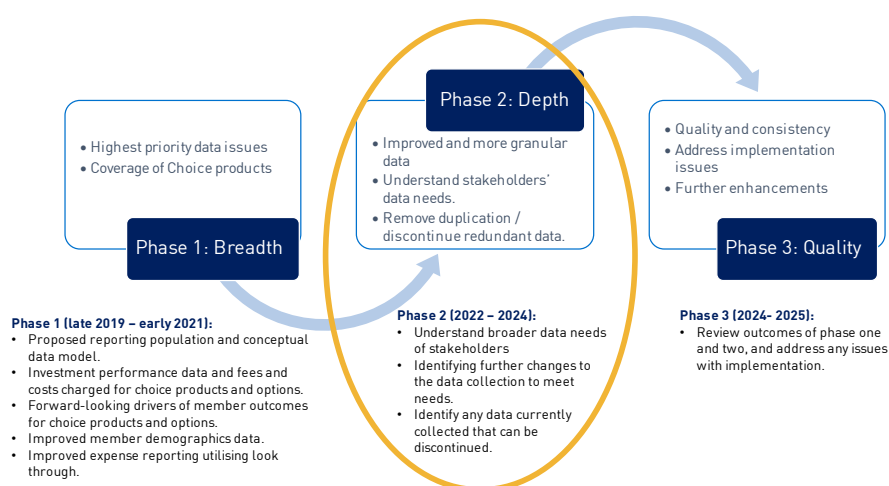
APRA is undertaking the Superannuation Data Transformation (SDT) project to collect accurate and comparable data on the superannuation industry to enable appropriate regulatory oversight, transparency and accountability for registrable superannuation entity (RSE) licensees. The SDT project aims to drive better industry practices and improve member outcomes by significantly enhancing the comparability and consistency of reported data. The SDT project will improve the:

- Suite of superannuation data that supports APRA’s prudential supervision;
- Ability of industry to assess and compare their operations, performance and outcomes for superannuation members; and
- Ability of other stakeholders in the superannuation industry (such as other regulators and policy makers) to make informed, data-enabled decisions.

APRA intends to use the additional data collected through the expanded reporting standards to strengthen its prudential oversight of the superannuation industry by gaining deeper insight into RSE licensee’s business operations. This will in turn support the work APRA is doing to improve outcomes for members and increase its supervisory intensity where RSE licensees are underperforming or where improvements in practices are needed.

On 7 November 2019, APRA released a Discussion Paper launching the SDT. As the SDT is a multi-year project that is broad in scope, APRA divided the work into three phases:

Figure 1. Super Data Transformation: Three Phases



Having completed Phase 1, APRA released a Discussion Paper on Phase 2 of the SDT (‘Phase 2 Discussion Paper’) in April 2022 to provide an opportunity for feedback on Phase 2’s

proposed scope, approach and timetable for introducing further enhancements to APRA's superannuation data collections.

The scope of Phase 2 includes:

- Understanding the broader data needs of stakeholders and identifying further changes to the existing data collections to meet these needs;
- Reviewing all superannuation reporting standards on Direct to APRA (D2A) against these needs, including enhancements and redesign (if needed) of reporting standards to be collected through APRA Connect; and
- Discontinuing redundant data or collections.

Phase 3 'Quality', the final stage of the SDT will review the outcomes from Phase 1 and 2 and make any further adjustments or enhancements needed to ensure the collection framework meets its' intended purpose.

As signalled in APRA's Direction for Data Collections Discussion paper¹, APRA intends to administer richer, more flexible data collections to inform decision-making across all APRA-regulated industries.

The SDT will implement superannuation industry reporting on cross-industry topics of non-financial risk, climate change financial risks and remuneration, and the Financial Accountability Regime (FAR), consistent with the Directions for Data Collections discussion paper.

Consultation on Phase 2 of the SDT commenced with the release of the Phase 2 Discussion Paper in April 2022. Over the consultation period, APRA held three roundtables with RSE licensees and other superannuation industry stakeholders. Consultation closed on 12 May 2022, with eight written submissions received in response to the proposals [Phase 2 Depth | APRA](#).

Submissions consistently indicated a broad level of support for APRA's aim to enhance the superannuation data collection and transition the remaining data collection to APRA Connect. The key areas of stakeholder feedback were:

- the proposed sequencing of topics;
- timing of consultation and implementation; and
- the use of pilot data.

Stakeholders also requested that APRA provide further details on the data to be included under each topic, as well as clear articulation of the objectives associated with each aspect of the collection, to assist industry in planning and identifying further specific feedback.

¹ [Direction for data collections](#)

Key feedback

APRA proposed to consult on the Phase 2 of the SDT project from September 2022 to June 2023 through a combination of informal engagement (via topic focused industry working groups) and three formal consultation periods.

Industry stakeholders noted that the proposed timeline for consultation was ambitious, with relatively short time periods between consultations. RSE licensees noted that extending the overall timeline and covering the topics across four releases with less overlap would support more effective engagement during consultation. In particular, stakeholders:

- noted that key resources at RSE licensees and service providers have limited capacity to engage in peak reporting times, particularly over the financial year end period when there are existing reporting obligations and year-end reporting. Stakeholders suggested that consultation should be limited at these times to enable strong industry engagement;
- recommended that APRA consider providing additional time prior to commencing Phase 2, as entities are still working on the implementation of initial reporting under the Phase 1 staged implementation; and
- suggested a lead time of around 12 months from finalisation of reporting standards to the first due date to ensure sufficient time and capacity to develop robust reporting solutions and deliver quality reporting.

Stakeholders supported the proposed approach to prioritising and limiting the scope of pilot data where needed, noting that the compilation of pilot data in Phase 1 created significant burden on RSE licensees. As outlined in the Phase 2 Discussion Paper, APRA intends to utilise pilot data where the degree of change from existing (pre-SDT) collections is medium or high, and will consider the appropriate approach to coverage and use of sample data in each case, following the principles outlined in the Phase 2 Discussion Paper.

Stakeholders strongly supported a desire to reduce duplicate reporting across government agencies, and outlined the need to ensure, at a minimum, alignment of the reporting taxonomy.

Sequencing of consultation topics

While there was limited feedback on APRA's proposed high-level scope, stakeholders did suggest reviewing the proposed sequencing of consultation topics to:

- bring forward aspects of Phase 3 (Quality), to address the reporting clarifications and minor amendments to Phase 1 reporting standards before commencing consultation on Phase 2. This would remove the need for best endeavours reporting, and enable RSE licensees to embed their reporting processes and ensure quality reporting, enabling publication and broader industry use of this data to commence²;

² Best endeavours reporting currently applies for some data items and classifications under *Reporting Standard 332.0 Expenses* (SRS 332.0) and *Reporting Standard 550.0 Asset Allocation* (SRS 550.0)

- prioritise the discontinuation of redundant and overlapping pre-SDT collections to minimise duplicate collections and to decommission the legacy reporting standards as soon as possible.

In response, APRA will bring forward some aspects of Phase 3 that relate to Phase 1 reporting standards, with consultation on Phase 1 minor amendments to be completed by year end 2022.

This Phase 1 minor amendments consultation will include seeking feedback on:

- making clarifications needed to end best endeavours reporting for expenses and asset allocation to reduce burden and ensure data can be sourced and incorporated into reporting processes;
- seeking further information about the relationships between fee and cost arrangements and products;
- consideration of adjusting the timing of reporting due dates³; and
- consideration of adjusting the trigger for reporting updates to reduce the frequency of ad-hoc submissions⁴.

APRA welcomes feedback on any other areas of minor amendments to Phase 1 reporting standards to be considered as a priority in the Phase 1 minor amendments consultation.⁵

As a result of the prioritisation of Phase 1 minor amendments, informal engagement on Phase 2 will begin in September, with the first formal consultation on Phase 2 reporting standards to be delayed to February 2023.

APRA has also reviewed the sequencing to prioritise migration of pre-SDT reporting standards and to meet APRA's commitment that the superannuation industry will not have to report on D2A by 2025.⁶

Under Phase 1, where new reporting standards duplicate data that is already collected, APRA proposed a period of parallel reporting to enable APRA to assess the quality of reporting under the new framework. Once APRA assesses the quality as sufficient, APRA proposed to grant exemptions from reporting these data items under existing reporting standards or, where relevant, discontinuing collection under an existing reporting standard. Industry stakeholders requested that APRA provide an update in regard to this approach and noted a preference for discontinuing entire reporting standards as soon as possible. The list of pre-

³ Industry feedback has highlighted that the timing of reporting on investment objectives performance and investments data sourced from third party providers is challenging within the current 28-day timeframe.

⁴ Some RSE licensees make frequent changes which trigger a requirement for ad-hoc updates to reporting within 28 days, resulting in multiple submissions per quarter.

⁵ APRA has been engaging with industry on the enhancements to SRS 332.0 and SRS 550.0.

⁶ To enable a period of parallel reporting with the equivalent pre-SDT standard while meeting APRA's commitment for the superannuation industry to no longer report on D2A by 2025, APRA will propose that the first reporting period for new reporting standards with pre-SDT equivalent reporting is on or before 30 June 2024.

SDT reporting standards which have data overlap with Phase 1, and the next steps for these is provided in Attachment A.

When sequencing topics, APRA has further prioritised redesign and implementation of pre-SDT reporting standards where Phase 1 reporting standards capture only part of data to enable the entire reporting standard to be decommissioned.

Consultation timeline

In response to feedback, APRA will now consult over four releases (rather than three), with the overall consultation timeline extended from 9 months (ending in June 2023) to 14 months (ending in April 2024).

Phase 2 Releases	Consultation Topics	Formal Consultation Period
1	RSE licensee profile RSE profile Investments	March 2023 to April 2023
2	RSE licensee operations Governance Financial data Non-financial risk	May 2023 to June 2023
3	Membership Insurance Defined benefits	October 2023 to December 2023
4	Disclosure Retirement income strategy	March 2024 to April 2024

A detailed consultation timeline, including planned formal and informal consultation, is provided in Attachment B.

Implementation timeline

Stakeholders suggested a lead time of around 12 months from finalisation of reporting standards to the first due date to ensure sufficient time and capacity to develop robust reporting solutions and deliver quality reporting.

APRA will release final reporting standards together with the response to each topic's consultation. In response to this feedback, APRA has allowed for 12 months for industry to implement the new reporting requirements before the first due date in the adjusted timetable. Further detail is provided in Attachment C.

Collection objectives

APRA proposed to consult on a wide range of topics in Phase 2 of the SDT project. Submissions were supportive of both the proposed topics to be included in Phase 2 and the decommissioning of reporting through D2A by 2025.

Stakeholders noted that more detail on the data and objectives under of each of the Phase 2 topics would enable RSE licensees to better plan for engagement and delivery.

As outlined in the [SDT Project Phase 1 Response Paper](#), the overall objective of APRA's SDT project is to drive better industry practices and improve member outcomes by significantly enhancing the comparability and consistency of reported data. This overarching objective is the foundation for each of the topic specific objectives. Similar to the approach in Phase 1, APRA will provide more detail on the objectives in the consultation for each topic following informal engagement. APRA has provided more detail in Attachment D on the objective and purpose of each of the proposed topics.

Next steps

APRA recognises that implementing new data collections with the necessary controls and assurance around data quality requires adequate time to plan and execute and that the impact on RSE licensees' business operations will vary. APRA will continue to provide opportunities for RSE licensees to engage throughout the consultation and implementation process, including through roundtables, webinars, and topic focused working groups. APRA will commence a range of engagement forums for Phase 2, including:

- An SDT strategic stakeholder forum to enable ongoing strategic engagement, at a senior management level, on issues impacting the industry throughout the project. APRA encourages RSE licensees to nominate senior decision-makers to participate in this forum; and
- Industry working groups on each topic to enable the ongoing operational engagement on detailed proposals throughout the project.

Stakeholders can express interest in participating in any of these forums by emailing Superdatatransformation@APRA.gov.au.

Consultation on minor amendments to Phase 1 reporting standards will be released in September 2022.

APRA will begin informal consultation, via the industry working groups, on all topics from October 2022, with an initial focus on topics to be covered under release 1 and 2.

APRA will continue to work with industry, via the industry working groups, to support implementation through the development of reporting guidance and worked examples for complex new reporting concepts as part of the finalisation of the reporting standards.

APRA will continue to collaborate with peer agencies on collective data requirements to reduce individual agency requests. This includes engagement with the Australian Securities

and Investments Commission (ASIC), the ABS, the Australian Tax Office (ATO) and the Commonwealth Treasury.

APRA will also continue to work with RSE licensees and industry stakeholders on the requirements of the expanded superannuation data collection to ensure that the superannuation data collection meets APRA and stakeholder objectives.

Attachment A: Pre-SDT Reporting Standards (overlap with Phase 1)

In Attachment A of the Phase 2 Discussion Paper, APRA outlined 14 reporting standards that it proposed to consider discontinuation, for all or parts of the reporting form. This attachment provides an update on next steps in respect of those 14 reporting standards. For the remaining 25 pre-SDT reporting standards, APRA will not make any updates until the equivalent reporting is considered as part of Phase 2 scope.

Reporting Standard	Phase 1 overlap	Next Steps
SRS 001.0 Profile and Structure (Baseline)	SRF 605.0	Must remain active until all D2A reporting is ceased.
SRS 601.0 Profile and Structure	SRF 605.0	Exempt reporting under items 5 and 6 of SRS 601.0 from 30 September 2022.
SRS 530.0 Investments	SRS 550.0 Asset Allocation – SRF 550.1	Under the staged implementation of Phase 1, the first submissions under SRF 550.1 were due by 28 July 2022. APRA is currently assessing the quality of reporting under the new framework. If the quality is sufficient, APRA anticipates that reporting period ending 30 September 2022 will be the last reporting period for SRS 530.0.
SRS 532.0 Investment Exposure Concentration	SRF 550.1	To be migrated under Topic: Investments
SRS 533.0 Asset Allocation	SRS 550.0 Asset Allocation – SRF 550.0	APRA proposes to continue collecting SRS 533.0, which is utilised for the annual performance test ⁷ (Performance Test) for MySuper products, until the review of the Your Future, Your Super ⁸ (YFYS) reforms is complete.
SRS 533.1 Asset Allocation and	SRS 550.0 Asset Allocation - SRF 550.0	The period ending 30 June 2022 will be the last reporting period for SRS 533.1.

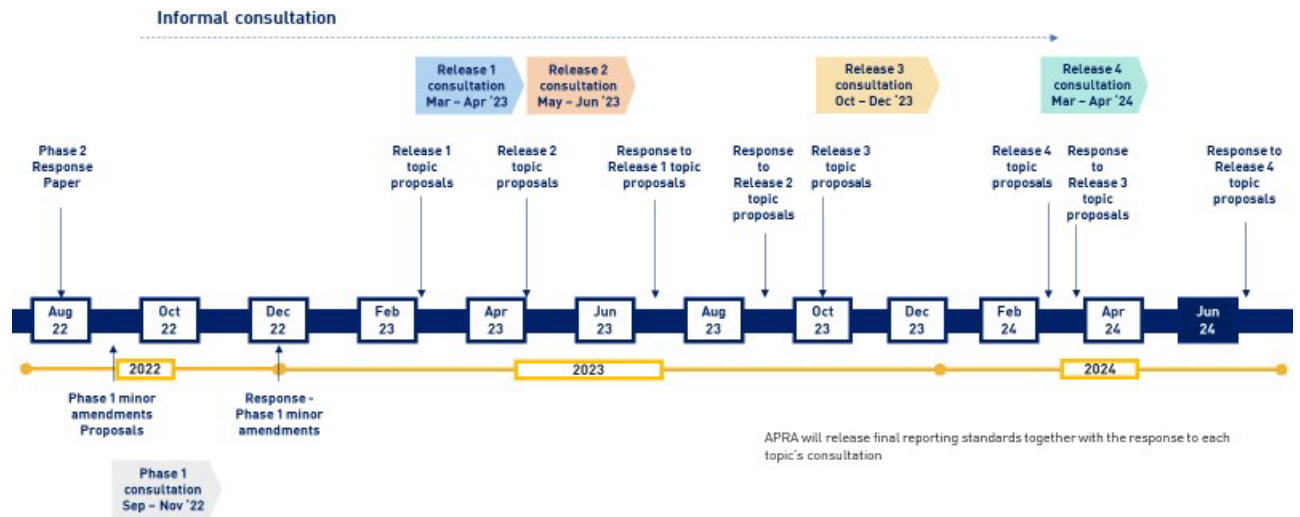
⁷ The Government's YFYS reforms came into effect on 1 July 2021. Under the YFYS reforms, APRA is currently required to conduct an annual performance test for MySuper products.

⁸ On 7 July 2022, the Government announced a review of the YFYS reforms and a deferral of the performance test extension beyond MySuper products for 12 months.

Reporting Standard	Phase 1 overlap	Next Steps
Member Benefit Flows	The coverage of data collection in SRS 550.0 is extended to all Choice investment options (which includes all select investment options)	
SRS 534.0 Derivative Financial Instruments	SRS 550.0 Asset Allocation – SRF 550.2	Under the staged implementation of Phase 1, the first submissions under SRF 550.2 were due by 28 July 2022. APRA will assess the quality of reporting under the new framework, and if quality is sufficient, anticipates that the period ending 30 June 2022 will be the last reporting period for SRS 534.0.
SRS 702.0 Fees Disclosed	SRS 705.0 Investment Performance and Objectives	APRA proposes to continue collecting SRS 702.0, which is utilised for the annual performance test (Performance Test) for MySuper products, until the review of the Your Future, Your Super (YFYS) reforms is complete.
SRS 703.0 Fees Disclosed	SRS 706.0 Fees and Costs SRS 706.0 replaces Sections 1 to 5 of SRS 703.0 Section 6 of SRS 703.0 is replaced by SRS 251.0	The period ending 30 June 2022 will be the last annual reporting period under SRS 703.0. Any updates to fees up to and including 1 October 2022 will need to be submitted via an ad-hoc submission under SRS 703.0.
SRS 331.0 Services	SRS 332.0 Expenses	To be migrated under Topic: RSE Operations
SRS 250.0 Acquired Insurance	SRS 251.0 Insurance SRS 251.0 collects all the data collected in SRS 250.0 and collects additional data points on a more granular basis.	The period ending 30 June 2022 will be the last reporting period for SRS 250.0.
SRS 610.0 Membership Profile	SRS 611.0 Member Accounts There is a partial overlap between SRS 610.0 and SRS 611.0. The following sections are not yet covered in any new reporting standards: SRS 610.0 Section 2 (Member Account Type), Section 3 (Member Account Phase), Section 4 (Existence of TFN) and 6 (Pension benefit payments member accounts segmented by	APRA will exempt entities from reporting under section 1, 5 and 7 from 30 September 2022. APRA will prioritise the membership topic in Phase 2 to enable the discontinuation of SRS 610.0

Reporting Standard	Phase 1 overlap	Next Steps
	age, gender and income stream).	
SRS 610.2 Membership Profile	<p>SRS 611.0 Member Accounts</p> <p>There is partial overlap of SRS 610.2 between SRS 611.0, SRS 251.0, and SRS 606.0.</p> <p>SRS 610.2 Sections 1 - 4 and part of Section 6 are not yet covered in any new reporting standards.</p>	<p>APRA will exempt entities from reporting under section 5 and 7 from 30 September 2022.</p> <p>APRA will prioritise the membership topic in release 2 to enable the discontinuation of SRS 610.2</p>
SRS 410.0 Accrued Default Amounts	n/a	No longer in use as all accrued default amounts have transitioned to MySuper products.

Attachment B: Phase 2 Industry Consultation Timeline



Attachment C: Detailed Implementation Timeline

Release 1 (Reporting standards finalised in July 2023)

Frequency	Data type	First reporting period	First due date ⁹
Quarterly	Point in time data (stock)	30 June 2024	28 July 2024
Annual	Point in time data (stock)	30 June 2024	28 October 2024
Quarterly	Over period data (flow)	30 September 2024	28 October 2024
Annual	Over period data (flow)	30 June 2024	28 October 2024

Release 2 (Reporting standards finalised in October 2023)

Frequency	Data type	First reporting period	First due date ⁹
Quarterly	Point in time data (stock)	30 June 2024	28 October 2024
Annual	Point in time data (stock)	30 June 2024	28 October 2024
Quarterly	Over period data (flow)	30 September 2024	28 October 2024
Annual	Over period data (flow)	30 June 2024	28 October 2024

⁹ Indicative due dates for the first reporting period.

Release 3 (Reporting standards finalised in March 2024)

Frequency	Data type	First reporting period	First due date ¹⁰
Quarterly	Point in time data (stock)	30 June 2024	28 March 2025
Annual	Point in time data (stock)	30 June 2024	28 March 2025
Quarterly	Over period data (flow)	30 September 2024	28 March 2025
Annual	Over period data (flow)	30 June 2024	28 March 2025

Release 4 (Reporting standards finalised in July 2024)

Frequency	Data type	First reporting period	First due date ¹⁰
Quarterly	Point in time data (stock)	30 June 2024	28 July 2025
Annual	Point in time data (stock)	30 June 2024	28 October 2025
Quarterly	Over period data (flow)	30 September 2025	28 October 2025
Annual	Over period data (flow)	30 June 2025	28 October 2025

¹⁰ Indicative due dates for the first reporting period.

Attachment D: Phase 2 topic objectives

Release	Topic	Sub-topic	APRA's objective
1	RSE licensee profile	RSE licensee	Understand the RSE licensees' business model, including the structure of the business.
		RSE profile	Understand the complexity of the business model, including the structure of the business (such as distributions channels, defined benefit sub funds, employer sponsors) to support the assessment of RSE sustainability and strategy. For pooled superannuation trusts, understand the business model, including the investors.
		Complex product features (including lifecycle factors and annuities)	Understand the characteristics of complex products to facilitate assessment of member outcomes and performance of RSE licensees.
	Investments	Investment governance	Understand investment governance practices and support assessment against <i>Prudential Standard SPS 530 Investment Governance</i> .
		Investment exposures	Understand RSEs total exposure to specific investments, countries, and investment risk (including liquidity risk).
		Investment strategy	Provide insights into superannuation fund investment strategy, risks and performance to enhance the assessment of member outcomes.
2	RSE licensee operations	RSE Fees collected	Understand the impact of fees and expenses as drivers of member outcomes through identifying how expenses are funded (together with use of reserves). Assess whether fees collected are used for the disclosed purpose to ensure member equity. Understand the frequency and total cost incurred for member-based activity fees.

Release	Topic	Sub-topic	APRA's objective
		RSE indirect investment costs with service providers	Ensure transparency of investment management costs (in combination with investment expenses data) to enable consistent and comparable measurement of cost efficiency of RSEs and the superannuation industry.
		RSE wind up information	Track the initiation of and process leading to an RSE wind-up to assist with supervisory activities. Understand industry practices with regard to the process of winding up a fund. Capture information about when and how an entity has completed the wind-up process.
		Service providers	Understand the RSE licensees' business model, including reliance on outsourced providers. Together with expenses data, understand a complete picture of expenses and any other associated income to material outsourced service providers to support assessment of the implementation by RSE licensees of the business planning and expenditure management and oversight requirements in <i>Prudential Standard SPS 515 Strategic Planning and Member Outcomes</i> . Identify systematically important service providers to assess RSE and industry sustainability and resilience, in particular assessing implementation by entities of the operational resilience requirements in proposed <i>Prudential Standard CPS 230 Operational Risk</i> .
	Financial data	Financial statements	Understand the flow of monies within superannuation funds and system, including types and sources of member contributions to support the assessment of RSE sustainability and strategy.
		Use of reserves	Understand the purpose and usage that RSE licensees apply to reserves, and potential impacts on member equity, against the backdrop of member costs and expenses.

Release	Topic	Sub-topic	APRA's objective
	Non-financial risk	Financial resilience	Develop insights on sources of funding for RSE licensees, the use of the operational risk financial requirement (ORFR), reserving practices, protections afforded to trustees via insurance, provisioning for contingency expenditure items.
		Board governance	Understand board composition, governance, and remuneration to promote better practices, connecting entity outcomes to actions.
		Operational risk	Support consistent and comparable assessment of non-financial risk across the regulated industries, and assessment of the implementation by entities of the operational resilience requirements in proposed <i>Prudential Standard CPS 230 Operational Risk</i> .
		Technology resilience	In addition to the Operational risk objectives, support consistent and comparable assessment of technology resilience across the regulated industries, and assessment of entity implementation of <i>Prudential Standard CPS 234 Information Security</i> .
		Other non-financial risks including risk culture	Support consistent and comparable assessment of the management of non-financial risks through consolidated reporting from entities. Assessment of entity implementation of <i>Prudential Standard CPS 511 Remuneration</i> .
3	Membership	Member demographics	Understand the composition of RSE membership and member cohorts to support the assessment of RSE and industry sustainability and the impact of investment strategy, fee design and insurance design on member outcomes.
		Conditions of release	Understand drivers and trends in the conditions of release across RSE membership and member cohorts to support the assessment of RSE and industry sustainability.
		Member flows	Understand drivers of member flows and movements to support the assessment of

Release	Topic	Sub-topic	APRA's objective
			RSE and industry sustainability and analyse policy impacts.
	Defined Benefits	Defined benefit matters	Understand the funding position of defined benefits schemes, actuarial oversight and assumptions, employer sponsor support in line with actuarial recommendations and investments that underlie defined benefits.
	Insurance	Insurance strategy	To understand the design and management of insurance arrangements of RSEs and industry.
		Self-insurance	To understand the self-insurance arrangements of RSEs and industry.
4	Disclosure	Product Dashboard	Facilitate consistent and comparable reporting on Product Dashboards.
	Retirement income strategy	Retirement solutions	Understand retirement products and alignment with objectives of the retirement income covenant. Understand and enable assessment of any innovative retirement products.
		Retirement income strategy	Understand industry response to the retirement income strategy and impact for members Understand the management of longevity risk in of retirement outcomes.



APRA