

AIST

16 May 2022

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Dear Ms. Bliss,

APRA Discussion Paper: Superannuation Data Transformation Project – Phase 2

Brief

AIST supports the scope for Phase 2 and the exploration of new and better approaches to data reporting that meets the needs of APRA and other stakeholders, however:

- Phase 2 should commence in October 2022.
 - There should be a 6-month interval between each of the three proposed Releases.
 - AIST proposes alternate implementation effective dates for reporting related to Phase 2.
 - The scope and details for each proposed topic should be clarified as soon as possible.
 - The forms and parts of forms proposed to be discontinued should be part of the Release 1 consultations, with priority given to the discontinuance of overlapping and duplicated Investment, Membership and Retirement Outcomes items.
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About AIST

Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public sector superannuation funds.

As the principal advocate and peak representative body for the \$1.7 trillion profit-to-members superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST advocates for financial wellbeing in retirement for all Australians regardless of gender, culture, education, or socio-economic background. Through leadership and excellence, AIST supports profit-to-member funds to achieve member-first outcomes and fairness across the retirement system.

Submission

AIST thanks APRA for the opportunity to comment on Phase 2 and notes our appreciation for the nature and extent of APRA's consultations on data reporting issues and the accessibility of APRA personnel in workshops and direct discussions.

Page | 2

Early engagement and co-design with the superannuation industry helps APRA meet its objectives while assisting to assist funds to minimise compliance costs.

In Phase 2, as with earlier data reporting projects, early clarity on requirements, consultation aimed at minimising rework and the specific objective of avoiding unintended consequences are all practical steps that facilitate implementation.

Therefore, it is imperative that APRA work with the superannuation industry to identify time-critical components, and those that can be potentially deferred.

AIST recommends transitional windows for implementation to allow the industry to align these changes with other related internal changes (such as IT release schedules) to minimise cost.

Alternate timeline proposed

AIST supports the scope for Phase 2 and the exploration of new and better approaches to data reporting that meets the needs of APRA and other stakeholders.

AIST supports the discontinuation of redundant data collections and the eventual decommissioning of D2A for the superannuation industry.

However, while AIST supports APRA's staggered approach to the proposed Phase 2 releases, we submit that the proposed timings are overly ambitious and lacking in detail.

It is imperative that APRA work the superannuation industry to identify time-critical components, and those that can be delayed if necessary.

AIST recommends transitional windows for implementation to allow the industry to align these changes with other related internal changes to increase efficiency and minimise cost.

In the table below, AIST proposes an alternate timetable for each of the proposed Releases and the associated implementation effective dates. We suggest that AIST convene a further workshop with industry to discuss this proposal, and AIST would also welcome the opportunity to discuss with APRA.

The additional time proposed will also have the benefit for both APRA and the superannuation industry of providing additional time to respond to APRA pilot collections.

	APRA proposed Phase 2 releases	AIST alternate timing proposal for releases	AIST proposed alternate implementation effective date
Phase 2 response	June-September 2022	June to September 2022	
Release 1	September-November 2022	October 2022 to March 2023	1 July 2023 - quarter forms first submission for quarter ending 30 Sep 2023, annual forms for year ending 30 June 2024
Release 2	November-February 2023	March to August 2023	1 July 2024 - quarter forms first submission for quarter ending 30 Sep 2024, annual forms for year ending 30 June 2025
Release 3	March-June 2023	August 2023 to January 2024	1 July 2024 - quarter forms first submission for quarter ending 30 Sep 2024, annual forms for year ending 30 June 2025

AIST was a strong supporter of the timing proposed and implemented for Phase 1, especially in relation to the extension of reporting to Choice super products. This reporting was critical to the implementation of performance assessment and the production of superannuation product heatmaps.

The schedule for Phase 2, while important, is not so time-critical, and so the focus can be on the establishment of the optimal schedule.

Justification for alternate timeline

The implementation of Phase 1 remains uncompleted. Historical insurance data is still to be submitted at the end of May, and issues being addressed by the APRA industry focus groups on Asset Allocation and Fund Expenses remain unresolved.

While APRA has informally indicated that these matters should be concluded by the end of June, this has not been formally confirmed. Phase 2 should not commence until Phase 1 is completed.

AIST is pleased that APRA has acknowledged industry challenges with capability over August and September, and its statement that *“APRA is planning not to issue any consultations for the superannuation industry from August to mid-September 2022 in order to allow industry to focus on the performance test, and to ensure industry are able to engage meaningfully in APRA’s consultations.”*

However, AIST submit that recognition of these issues and the conclusion of End Of Financial Year activities for most funds will compete for fund resources until the end September. Therefore, we suggest Phase 2 should commence in October.

Additionally, there are a range of other regulatory and accounting changes funds will have to comply with over the period of the Phase 2 releases. These should be considered in setting the schedule for Phase 2 releases.

- Audit requirements for the new forms (including liaison with fund auditors on audit requirements).
- Proposed ASIC financial statement changes contained in the *Treasury Laws Amendment (Streamlining and Improving Economic Outcomes for Australians) Bill 2022*. It is anticipated this legislation will be re-introduced following the forthcoming Federal Election.
- New sustainability reporting requirements (including in relation to climate change risks).¹

Suggested consultation arrangements for each Release

AIST suggests that the consultation arrangements for each Release be structured as follows:

Month 1: internal fund consideration of the topic paper, and informal engagement with APRA, and funds, third party providers and industry associations.

Month 2: formal consultation with APRA on the proposed requirements.

Months 3 & 4: preparation of response to APRA on the topic paper, development of requirements and preparation of data.

Month 5: consultant with APRA on the near-final requirements and resolution of identified issues.

Month 6: finalisation of submissions (including data).

Provide scope and details for each topic

AIST appreciates APRA will be providing details of each topic in the topic papers, but according to the discussion paper this will be after the timings for Phase 2 are settled.

APRA should release a further preliminary discussion paper providing more detail about the scope and content for each proposed topic.

The topics listed in the discussion paper are broad and lacking in detail and limit funds' ability to adequately consider and prepare for the changes.

¹ Details on the International Sustainability Standards Board requirements can be found at <https://www.ifrs.org/groups/international-sustainability-standards-board/> and the exposure draft can be found at <https://www.ifrs.org/news-and-events/news/2022/04/webinar-on-the-issbs-exposure-drafts/>

The Australian Accounting Standards Board has sought comments on these documents: <https://aasb.gov.au/news/aasb-ed-321-request-for-comment-on-draft-ifrs-s1-general-requirements-for-disclosure-of-sustainability-related-financial-information-and-draft-ifrs-s2-climate-related-disclosures/>

For example, in the context of data reporting, what does APRA mean when referring to addressing non-financial risks relating to board governance? This question can be reasonably posed in relation to many of the proposed sub-topics.

Use of “Including...” in relation to the topics adds confusion and uncertainty to the process. If the intention is to limit consideration to the identified sub-topics, the ‘including’ should be removed. If the intention is to canvas additional sub-topics, APRA should identify what these are specifically.

Sequencing

The forms and parts of forms proposed to be discontinued should be part of the Release 1 consultations, with priority given to the discontinuance of overlapping and duplicated Investment, Membership and Retirement Outcomes items.

Alignment with other reporting frameworks

In the March 2021 [Response Paper, Superannuation Data Transformation Project Phase 1:](#)

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.[p.18]

While alignment with other reporting frameworks is addressed in section 2.4 of the discussion paper, it is done so in less detail than in the March 2021 response paper and was limited to “exploring sharing member-level data with the ATO”.

AIST recommends a cross-agency project (involving at least ATO, APRA , Treasury and ASIC) be established to consider how the interests of members can be promoted by sharing member-level data, including through the expansion of MAAS and MATS and more comprehensive collection of insurance data.

This cross-agency project should be supported by community and industry consultation.

For further information regarding our submission, please contact [REDACTED]

Yours sincerely,

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