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General Manager
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Australian Prudential Regulation Authority
Via email: superdatatransformation@apra.gov.au

2 December 2022

Dear Sir/Madam,

Sub: Comments on the proposals for minor amendments to SDT Phase 1 reporting

RegCentric is pleased to provide feedback to APRA's consultation on Superannuation Data Transformation Minor Amendments.

RegCentric specialises in transformation in Regulatory Reporting, Finance and Risk in the Australian financial services industry. RegCentric supports a growing number of Australian financial services organisations adhere to their regulatory compliance obligations whilst driving strategic transformation. We help them leverage technology and data management best practices to drive operational efficiencies across Risk, Finance and Compliance departments. We differentiate ourselves by combining deep domain expertise in APRA regulation with technical know-how and a hands-on approach.

RegCentric welcomes APRA's Superannuation Data Transformation to enhance industry transparency and accountability by upgrading the breadth, depth and quality of its superannuation data collection.

RegCentric would like to provide feedback as a software provider as well as a consulting services provider on the proposed minor amendments to SDT Phase 1 reporting on the following items:

1. Impact on Reporting Technology Solution

We provide the leading regulatory reporting software (Reg360) to the superannuation industry. Reg360 provides all APRA regulated entities a means to automate the regulatory reporting preparation process thereby reducing risk, time and effort in preparing the returns. Within Reg360, entities can integrate and curate datasets, allocate the data to the proper form, apply all APRA-prescribed validation checks, and review and approve the forms prior to submission.

We note the amendments to the reporting requirements include updated definitions, restructured characteristics, revised tables and new data requirements. These changes will have a significant impact on the business logic used to group data sets as well as the logic on how the validation rules are built. Amendments to certain forms, such as SRF 605.0 RSE Structure, will affect validation rules for this form, but also for a host of other forms that require cross-validation against it.

The deadline to adhere to the new changes by June 2023 will be challenging as entities and technology vendors have yet to form a detailed view on the impact the changes have on their reporting processes and solutions. We recommend that the final reporting standards, updated taxonomy artefacts, and validation rules be released as soon as possible to allow the industry time to update and test their processes prior to the deadline.

2. SRS 605.0 RSE Structure and SRS 706.0 Fees and Costs Disclosed

We note the importance of structural reporting requirements in SRS 605.0 and SRS 706.0, with significant flow-on effect to other reporting requirements and tables in SDT Phase 1 and potentially SDT Phase 2.

We believe further detailed consultation with the superannuation industry will deliver a better outcome. By sharing some of the challenges faced with the existing reporting structure, we can co-design the best solution.

3. SRS 332.0 Expenses

a. Rationalisation and restructure of expense group types and expense types

We note that the proposed amendments are fundamental in nature and will require a redesign of much of the existing process. To ensure that the industry has adequate time to prepare, these amendments need to be finalised as quickly as possible.

b. Service Provider Type

We note the proposed new column (4) 'Service Provider Type' in Table 1, with definitions of service provider types provided in SRS 101.0.

We recommend further clarity be provided to the industry (via worked examples or scenarios) on the difference between service provider types 'Other Service Provider' and 'Other Payee' and on how to interpret the various definitions of and references to 'materiality' (see also feedback at ref c. below).

c. Materiality threshold

We note the new materiality threshold introduced and believe that this will provide some relief in the costly and time-consuming form preparation process.

We recommend that further clarity be provided to the industry (via worked examples or scenarios) on how to interpret and apply the various definitions of and references to 'materiality':

- i. Service Provider Type 'Material Service Provider' in Table 1, with reference to SPS 231 para 9 in the respective definition; and
- ii. Payment SPS 515 Materiality Indicator in Table 2, with reference to SPS 515.

4. SPS 310 Audit and Related Matters

We note that APRA's latest letters (dated 9 June 2022 and 10 December 2021) on proposed amendments to SPS 310 include audit scopes for SRS 332.0, SRS 550.0, SRS 705.0, SRS 705.1 and SRS 706.0.

In light of these proposed amendments, we recommend holding another consultation on proposed changes to SPS 310. We recommend collaborating with the industry as well as other stakeholders (including auditors) to discuss whether any consequential amendments are needed.

5. Working together

As the amount of change coupled with the complexity planned for the next few years is significant, how we work together will significantly influence the effectiveness of SDT Phase 2 reporting, the cost of the implementation and whether tactical or strategic solutions can be implemented.

The superannuation data system is complex with many stakeholders involved including custodians, software providers, registry system providers, trustees, so the following attributes will result in the best outcome for the entire superannuation ecosystem and APRA:

- project management
- commitment to deadlines
- strong change management
- clear communication
- frequent engagement
- timely support and guidance
- sufficient time to build strategic solutions
- flexible approaches (to deadlines and data)
- additional operational and implementation support

We thank APRA for the opportunity to lodge this submission and would welcome further discussion on our feedback. Please don't hesitate to contact [REDACTED]

Yours Faithfully

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