



SUBMISSION

Financial Accountability Regime Proposed Regulator Rules

18 August 2023

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File: 2023/29

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General Manager

GCRA, APRA

Via email: FAR@apra.gov.au

18 Augst 2023

Dear [REDACTED]

Financial Accountability Regime – Proposed Regulator Rules

The Association of Superannuation Funds of Australia (ASFA) is pleased to provide this submission in response to the consultation on the Financial Accountability Regime - Proposed Regulator Rules.

ASFA is a non-profit, non-partisan 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 \$3.5 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 almost 90 per cent of the 17 million Australians with superannuation.

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

[REDACTED] Senior Policy Adviser on [REDACTED] or by email [REDACTED]

Yours sincerely

[REDACTED]

Director- Policy Operations, Member Engagement and External Relations

Potential Impact on Superannuation

ASFA is responding to this consultation on the basis that APRA and ASIC have indicated that the Proposed Regulator Rules for the ADI sector are likely to be similar for the superannuation sector.

Key Functions

ASFA are concerned that the key functions proposed by APRA and ASIC operate as an additional set of 20 accountabilities that overlap with the accountabilities already listed in the Financial Accountability Regime (FAR) Bill. The implementation of these changes will require superannuation funds to work with their Executives to determine accountability on the revised key functions, in addition to the accountabilities in the FAR Bill. ASFA recommends that there is consistency between the accountabilities listed in the FAR Bill and the proposed Regulator Rules to reduce the complexity that will result from mapping between the two requirements.

The proposed Regulator Rules in their current form will make the FAR process more complex as the key functions allow for multiple accountable persons, which is inconsistent with the guidance in the FAR Bill. If implemented as proposed, superannuation funds will have one set of accountabilities under the FAR Bill to allocate individual accountability and a second set of key functions that superannuation funds will need to view through a different lens. These accountabilities will need to be considered by the fund from the perspective of whether they can be verified from an evidence-based perspective for each accountable person, so clarity is key.

Further it appears that some of these accountabilities may also overlap. For example, hardship processes as a key function and client/member remediation programs under the FAR Bill (which also includes hardship arrangements). ASFA recommends a review of the accountabilities and key functions to ensure consistency and for the same principles to apply across the legislation and the proposed Regulator Rules.

ASFA welcomes the guidelines that have been provided in the proposed Regulator Rules, however, recommend the inclusion of practical examples for more clarity. ASFA also recommends additional clarity around the Regulators expectation as to the practical embedment of these specific key functions into the Accountability Statements for each accountable person.

Information

Some of the information being requested in the proposed Regulator Rules is in addition to the information that is required under the FAR regime. ASFA would like to understand the purpose and usage of this information and have assurance that sensitive information, such as an individual's date and country of birth will not be made publicly available and will be held securely.

Information about the exact date the person commenced their current reporting line or current position could be administratively burdensome to collect because it assumes reporting lines were established using a formal process with clear cut off dates (which may not always be true), and this will also require superannuation funds to go through historical records to verify this information. Given FAR will apply prospectively, it is not clear the value of the historical information. ASFA recommends existing accountable persons use the date of registration for these fields to reduce the administrative burden.