

Superannuation Data Transformation publications and confidentiality consultation

UNISUPER SUBMISSION

28 November 2023

About UniSuper

UniSuper began with a single, compelling idea: we can deliver better value. We're now one of Australia's largest super funds, with more than 620,000 members and over \$115 billion in funds under management.

We're passionate about securing the future of our members, sharing in a wealth of wisdom and collective know-how.

We empower our members to be confident about their future and make better financial decisions.

About this submission

UniSuper would welcome the opportunity to discuss the submission further and to provide additional information in respect of the comments made in this submission.

Should you have further queries, please contact [REDACTED] on [REDACTED] or

[REDACTED]

We welcome the opportunity to respond to APRA's consultation on proposals around the publication and confidentiality of certain data under reporting standards SRS 332.0 Expenses, SRS 550.0 Asset Allocation, SRS 605.0 RSE Structure and SRS 606.0 RSE Profile. While we broadly support these proposals, there are elements of the release that may create duplicated and conflicting reporting that could be confusing to members and other consumers of this data.

Publication of asset allocation data

We support APRA's proposal of publishing industry aggregate data for additional asset sectors. We also broadly support publishing this information at a fund level. However, we are concerned about making the detailed asset characteristic fields non confidential. There are too many divisions of this data, particularly for Unlisted Infrastructure, that may only relate to a handful of investments. Disclosing the market values of these categories could inadvertently publish sensitive market information, such as the market values of unlisted holdings. This would lead to similar issues to those identified as part of the Portfolio Holdings Disclosure consultation. We would propose, instead, publishing unlisted values only at the asset class sector level to avoid the disclosure of sensitive market information or only publishing these only for unlisted assets where funds have at least 5 assets contained within the section. Further, the publication of this data should be aligned with the existing timelines of the Portfolio Holdings Disclosure (PHD) requirements.

We do not support publishing the additional asset characteristic data at the option level. Again, as for some smaller options with limited unlisted holdings, this could similarly inadvertently publish sensitive market value information. This would be more prevalent as the outputs could be linked by option to Portfolio Holdings disclosure.

It is also worth noting that the rules for completing PHD are different to the rules used in our APRA reporting, creating duplicate reporting with different outputs. For example, PHD reporting does not include look through for investments held by non-associate entities). This could create confusion for members and other consumers of the data without the presence of an explanation as to why these separate disclosures could be different. This also increases the administrative burden on both funds and custodians as they are required to review and publish multiple sets of outputs from the same source with small differences. We recommend aligning these new disclosures to existing disclosures.

Publication of profit payments

We support APRA's proposal to publish the total expense margin contribution to related service providers profit by service provider at the fund level. However, this should be done differently for profit to member funds. We are concerned that disclosing a 'profit' which never leaves the entity and is retained in reserves and/or retained earnings, would create confusion and possibly create the illusion that profit for member funds are not retaining all the 'profit' they and their group entities have earned. We suggest that in these instances the output should be renamed to 'surplus' to better reflect the position.

Publication of total expenses with the name of each service provider

We support APRA's proposal to increase the transparency of reporting on the payment types suggested. We note, however, there is overlap with reporting already completed as part of funds Annual Member Meetings (AMM). Further, this new reporting will be required on a different basis, notably for marketing and sponsorship expenditures. For example, SRF 332 Expenses is completed on an accounting basis and aligns with SRF 330 Statement of Financial Performance reporting as well as Profit and Loss reporting within Financial Statements. However, the AMM reporting is completed on a payments basis, rather than using the accounting concept of accruals.

It is also worth noting that this information is already made public, in both AMM reporting and the financial statements. Further, the financial statements of the Fund (as well as the trustee) are required to be made public via a fund's website.

We are also concerned that the disclosure of expense categories where they relate to a single service provider. This would release sensitive costing information which may not be in members best interests as this could affect our ability to negotiate with service providers and achieve commercially advantageous terms. We would encourage APRA to work with funds to understand which expense categories would not release any commercially sensitive information.

We recommend using existing reporting wherever possible to prevent confusion for members and other consumers of this data, while also reducing the administrative burden on funds of producing and reviewing multiple sets of similar data, all of which carries an increased cost component.

We would also suggest that along with any APRA public released, APRA provides a detailed explanation as to why certain outputs will be different to other reporting. Given the proposed publication would release duplicated outputs, we would be comfortable to provide a matrix at a later date to detail where existing reporting and data is already published for some of the elements proposed.