

30 May 2014

Mr Neil Grummitt
General Manager, Policy Development
Policy, Statistics and International Division
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

Email: riskmanagement@apra.gov.au

Dear Mr Grummitt,

Re: Matters relating to risk management

The 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 funds who manage the superannuation accounts of nearly two-thirds of the Australian work force.

As the principal advocate and peak representative body for the \$600 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST provides professional training, consulting services and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.

AIST wishes to comment on the letter dated 8 May 2014 from Charles Littrell to the CEOs of ADIs, general insurers and life companies. Although superannuation trustees were not amongst the entities to whom this letter was addressed, we believe that it is appropriate that some of the approaches explained in this letter be extended to *Prudential Standard SPS 220: Risk Management*.

We believe that APRA's approach with regards to the use of the word 'ensure' is sensible, and recommend that SPS 220 would also benefit from the inclusion of the definition explained in the letter.

AIST also agrees with APRA regarding the appropriateness of the concept of materiality with respect to risk management declarations. We recommend that the proposed additional text contained at Attachment A to the letter form the basis of this.

We know that our members too would be heartened to have this greater clarity around these two issues. In the interests of consistency across the APRA regulated industries, we submit that an extension of the proposed approach into the superannuation space, in this case, is entirely appropriate.

If you have any further questions regarding this submission, please contact Eva Scheerlinck, Executive Manager, Leadership and Governance on [redacted] or at [redacted]

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Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Garcia', is written over a light blue horizontal line.

Tom Garcia
Chief Executive Officer