

20 April 2018

Sean Carmody, EGM Risk & Data Analytics

Dear Mr Carmody

## Response to APRA Consultation - A New Data Collection Solution

Thank you for the opportunity to provide commentary on APRA's development of *A New Data Collection Solution*.

### About SuperChoice

**SuperChoice** is Australia's largest provider of Digital Platform eBusiness and payment services to the Superannuation industry in Australia by both volume and value.

SuperChoice provides e-commerce services to over 100,000 employers and hundreds of clients including large superannuation funds (QSuper, AMP, SunCorp), insurers (TAL, Zurich), banks (ANZ, CBA) and payroll providers (Xero, MYOB), and in 2016 and 2017, won several awards for Architecture Excellence. It also brings extensive experience in working with government agencies, service users, integrators, service providers and financial institutions to ensure a complete and coherent end-to end solution.

SuperChoice provides the following services:

- Superannuation Clearing House
  - o Data and payment processing
- SuperStream
  - o Gateway operator (send and receive ebMS AS4 messaging)
  - o Rollover messaging (XBRL)
  - o Contribution messaging (XBRL)
  - o SBR2 web services (SuperTICK/EmployerTICK; Fund validation Services, Super Match)
- Single Touch Payroll
  - o Pay event messaging (XML)
  - o SBR2 messaging provider

SuperChoice currently processes in excess of 50 million SuperStream transactions annually (with the ramp up of Single Touch Payroll it is anticipate this will increase beyond 100 million transactions per year) and we process in excess of \$35 Billion through our systems.

SuperChoice has significant experience and expertise as a provider of electronic messaging solutions that use XBRL/XML file format and ebms AS4 (SBR2) messaging channel.

We provide industry leadership on electronic messaging through our role as a Board member of Australian Business Software Industry Association (ABSIA) and Gateway Network Governance Board (GNGB). We are also active participants in various ATO forums (DSP Architectural Reference Group, Digital identity working

group, STP Design, Readiness, Technical working groups, SuperStream technical working group) and meet regularly with other government agencies (Treasury, DTA).

## Questions for stakeholder feedback

### 1 What design features and functions in the new system would benefit your organisation

Alignment with the SBR framework will align the APRA data collection approach with existing requirements. We support the adoption of open standards vs proprietary software.

To this end, SuperChoice operates an ebms AS4 (SBR2) gateway. We are a key provider of e-commerce messaging services to a large number of existing superannuation funds, insurers and ADIs.

We are experienced in the development and delivery of XBRL and XML file formats. It should be noted that our experience with XBRL requires greater development effort than XML but does enable a more embedded reporting outcome.

If the number of software developers expected to deliver XBRL forms is limited we would endorse this approach. If, however, APRA anticipate a larger number of software developers will be engaged in the delivery of the new reporting solution we would note that the majority of software developers can more easily deliver XML files.

### 2 How can APRA best ensure these benefits are delivered?

Learn from other large scale SBR implementations – SuperStream and Single Touch Payroll.

APRA will need to develop a robust consultation framework that actively engages industry on the program outcomes and objectives - what data needs to be collected to deliver on these outcomes/objectives; what is the source of the data; what frequency of data is required, is the data already submitted to other government agencies.

A key goal for APRA should be aiming to remove as much of the complexity from reporting when implementing a new data collection solution. What is the end-user experience that APRA is wanting to have delivered? Specify what this looks like (ie reporting from source software via API data extract) and drive software developers to deliver this outcome.

Harmonisation of data or reuse of existing reporting should be a key component of this program – identify where there are genuine gaps in data that are reported. It goes without saying that terminology should be aligned with existing SBR taxonomy.

APRA should support all testing associated with the implementation of new data collection solutions. If there are new data reports to be submitted by software – verify the XML file formats and make sure the data contained in the files is conformant. Successful software should be granted an *'APRA assessed compliance certificate'* meaning they can be marketed as compliant software

APRA should encourage software developers to partner with messaging specialists in delivering this outcome. The costs associated with developing SBR2 messaging framework can be substantially (\$500,000 per year +) to develop solution, meet all the security requirements, certification audit etc. And ultimately

there is no commercial advantage in delivering a SBR2 messaging channel – every provider needs to interact with APRA using the same format.

We have seen with SuperStream and Single Touch Payroll, software developers being encouraged to develop SBR2 messaging capability that do not have the capacity to deliver the technical solution, a vast enough client base to pass on messaging costs or the commercial clout to absorb the cost. Without a doubt this aspect has created the most ‘noise in the system’ as developers work through the technical documentation and come to the realisation that it is more complex and costly than they have been advised. And unfortunately, many months are taken to reach this position.

We would also advise that transitional arrangements to the new system are key. Manage take-up amongst providers to mitigate risk with system failure (simple roll-back) but also to build confidence (internally and externally).

Finally, we would expect that any implementation of a new data collection solution aligns with the requirements specified in the ATO’s Operational Framework that enforces various data safeguards across the SBR environment.

### 3 Would you change any of the design principles? Do any of the design principles raise key questions for your organisation?

The design principles are a fair reflection of how industry would like to see government plan new solutions.

Our only comments relate to the principle “Meet reporting requirements” – we would prefer that the commentary refers to ensure that APRA is able to access all data currently collected in via D2A. The current wording implies that all data must sent to APRA even if already submitted in other reports – I would hope part of the process is to assess opportunities to access data available through other parts of government (ie ATO).

### 4 Which use case(s) best reflect your organisation’s operations?

None of the above.

SuperChoice does not currently submit information to APRA.

### 5 What technical or organisational factors led you to adopt that use case

N/A

### 6 How challenging would your organisation find it to switch from D2A attribute codes to SBR?

SuperChoice currently is an SBR specialist messaging provider.

We would look to partner with software providers to map existing D2A codes to new reporting requirements under the SBR2 framework.

### 7 Would your organisation consider adopting a machine-to-machine submission facility

Yes. SuperChoice already operates API in SBR2 environment for both SuperChoice and Single Touch Payroll.

### 8 What are the most likely implementation challenges for your organisation?

Having sufficient development window to deliver new services requires a clear Roadmap with a 12 month lead time for implementation. The implementation pathway as it stands provides sufficient time to deliver. We would note though that APRA will need to be focussed in delivering all required documentation in 2018 (technical specifications, implementation guidance, testing requirements) to enable delivery in August/September 2019.

The other aspect will be costs associated with the introduction of the new data collection solution. Given APRA regulated entities already pay levy/fees to APRA there may be a push back with additional costs from implementing a new solution.

## 9 What information and support are required (and by when) for your organisation to commence transition from late 2019?

There is a lot of information required to be developed by APRA over coming months to support development.

Outcomes and objectives need to be structured to provide as much flexibility in how the data collection solution will operate.

What is the ongoing consultation framework? As a minimum we would expect working groups with industry representatives to work through Design requirements, Technical delivery and industry readiness.

Communication to key stakeholders outlining the new reporting requirements and highlighting that there is cost associated with moving to the new SBR reporting arrangements.

Data harmonisation needs to occur in conjunction with key stakeholders (ATO, industry representatives etc)

A Roadmap of all technical documentation (new data reporting requirements); testing and transitional arrangements.

## 10 What are the other industry changes which will directly impact your organisation's ability to address changes in how APRA collects data?

The implementation of the ATO's Operational Framework is key to how information is to be submitted to government and will set the direction for the new data collection solution interactions with APRA.

## 11 How would your organisation like to be engaged now and in the subsequent design and implementation stages?

SuperChoice would like to have a representative involved in attending Design, Technical forums. In the event that you are establishing a Steering Committee we would like to nominate as the messaging provider representative.

## 12 Where in your organisation do you believe the most significant change impacts will be felt from the replacement of D2A?

N/A.

13 How could APRA work with industry to lessen the burden of moving to the new system?  
Working with key partners to simplify implementation of any new solution is key. For example, mapping from current D2A solutions to the new solution can be managed by the provider with limited impact on the end user.

14 What are the current annual costs for your organisation in reporting data through D2A?  
N/A

15 What investment has your organisation made in integrating D2A with internal reporting systems?  
N/A

16 To reduce your implementation costs, would you consider partnering with a third-party provider that is servicing many entities in the industry or are you more likely to develop a bespoke solution in house?  
We 100% agree that partnering with a third-party makes sense.

Obtaining case studies from clients who have engaged third-parties to support STP and SuperStream may be of use in driving this outcome.

## SuperChoice commentary on a New Data Collection Solution

SuperChoice has the following comments after participating in the round table discussion for

- It is unclear if APRA intend to be a service provider (as is the case today) or a consumer of services.
- APRA needs to specify the governance model that will be adopted
- APRA need to demonstrate how they have incorporated the lessons from other similar projects into this program to improve its chances of success
- APRA talk about leveraging existing assets. What assets are being referred to?
- How are APRA going to balance the efficiency benefits of a single approach versus the resiliency of an interconnected network (eg risk managed amongst Gateway providers)
- Is there an opportunity for this project to achieve other aims? Promote new technologies? And to what extent should it?
- To what extent have APRA investigated overall regulatory reporting and the ability to streamline

I look forward to your consideration of the above thoughts and would welcome the opportunity to have a more in-depth conversation with you and your team.

Regards,

**Chris Denney**  
**Head of Government Engagement**  
**SuperChoice Services Pty Limited**