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Streamlining FAR administration

The Super Members Council welcomes the opportunity to provide feedback on the proposed amendments to the administration of the Financial Accountability Regime (FAR).

Effective accountability frameworks are fundamental to maintain trust in the super system and support trustees to act in members' best financial interests. The FAR is a significant governance reform that extends across the financial services sector. It has applied to superannuation trustees since 15 March 2025, setting clear individual accountability for senior executives and for boards in their oversight roles. Accountable persons must be identified and registered, and their responsibilities documented. They must act with honesty, integrity, due skill, care and diligence, and take reasonable steps to prevent contraventions. Deferred remuneration and disqualification powers mean these obligations carry real consequences. For members, this means clear ownership of the decisions that affect their retirement savings, and a strong incentive for trustees to find and fix problems early. Super funds report that the regime is working well. It has formalised and brought greater discipline to the strong management accountability already embedded in profit-to-member funds, further sharpening the focus of boards and executives on who owns key risks and member outcomes.

Even new regimes need to be fine-tuned where implementation reveals unnecessary administrative requirements. The proposed changes are proportionate: they will reduce administrative burden without weakening the FAR's core accountability settings, allowing regulated entities to focus resources on governance, risk management, and member services.

Beyond these proposals, SMC encourages APRA and ASIC to undertake a broader post-implementation review now that the FAR is established across all regulated sectors. The review should target obligations that duplicate other requirements, generate frequent updates, or provide limited supervisory benefit.

About the Super Members Council

We are a strong voice advocating for the interests of more than 12.5 million Australians who have over $1.9 trillion in retirement savings managed by profit-to-member super funds. Our purpose is to protect and advance the interests of those millions of super fund members throughout their lives, advocating on their behalf to ensure super policy is stable, effective, and equitable. We produce rigorous research and analysis and work with Parliamentarians and policy makers across the full breadth of Parliament.

Removal of key functions from prescribed information

SMC supports removing key functions as prescribed information for inclusion in the FAR Register. Key functions duplicate information already captured through accountability statements, accountability maps and governance documentation, creating administration without a corresponding regulatory benefit. APRA and ASIC's guidance also identifies Primary Areas of Focus for enhanced accountable entities and their significant related entities. Although these overlap with key functions, they are not fully aligned, and maintaining parallel guidance on similar matters creates avoidable complexity.

In practice, regulated entities would no longer be required to identify and maintain in the Register the particular key functions allocated to each accountable person and update the Register when those allocations change. This does not remove the underlying accountability obligations, as entities would still need to identify their accountable persons and clearly document their responsibilities through accountability statements.

The proposed change therefore removes a reporting requirement that has limited supervisory value while preserving the information regulators require to oversee the regime effectively. Removing the prescribed key function construct would also provide greater flexibility where responsibility for a function is shared across several executives. This will allow entities to reflect the nuance of how the subject matter covered by a key function operates in practice, including where different accountable persons are responsible for different aspects across the value chain. Accountability statements and maps should continue to make each accountable person's responsibilities and relevant interfaces clear.

Accountability maps and reporting lines

SMC also supports the proposal to remove the expectation that accountability maps include reporting lines to accountable persons. While reporting lines may provide organisational context, we agree with APRA and ASIC that this information is not essential to understanding accountability allocations under the FAR. Reporting structures can change regularly and can therefore drive a significant volume of accountability map updates without materially improving regulators' understanding of who is accountable for particular responsibilities. For example, one SMC fund advised that between March 2025 and 30 September 2026 it will have notified the regulators of changes to reporting lines in its accountability map on 20 occasions. Removing reporting lines should reduce routine updates without diminishing accountability, provided the maps continue to identify accountable persons and their allocated responsibilities clearly. Entities can continue to retain current reporting-line information for internal reconciliation, including against accountable persons' reasonable steps, and provide it to the regulators on request.

Response to consultation questions

Will the proposed changes materially reduce the time and costs of FAR reporting obligations and ongoing compliance?

Yes. The proposals should reduce routine notifications and updates, particularly for entities experiencing frequent organisational or reporting-line changes, although the scale of savings will vary between entities.

Will the proposed changes weaken or otherwise affect accountability?

No. The proposals do not alter the substantive FAR obligations, the responsibilities of accountable persons, nor the requirement to maintain an effective accountability framework. Accountability will continue to be established through clear statements and maps rather than key function allocations in the Register or reporting lines.

Are there any unintended consequences of the proposed changes?

SMC has not identified material unintended consequences. APRA and ASIC should nevertheless monitor implementation to ensure that removing key functions and reporting lines does not create ambiguity where accountability is shared or interfaces between accountable persons are complex. Clear accountability statements and maps will be the main safeguard.

Are there any other areas APRA and ASIC could provide further clarity on or reduce regulatory burden?

APRA and ASIC should apply a broader "tell us once" principle to FAR administration by using common definitions and shared information wherever possible, so that a single lodgement can satisfy overlapping requirements. Information should be requested only where it provides clear supervisory benefit and is not already available to either regulator.

The review should also consider interactions between the FAR and APRA's prudential governance framework, including the Fit and Proper requirements under the proposed CPS 510 reforms, section 913BA Corporations Act reporting of fit and proper matters, and ASIC's responsible manager requirements. Although distinct, these frameworks cover many of the same senior appointments and involve overlapping governance, assessment and notification processes.

By way of example, an executive appointment can require joint registration with APRA and ASIC as an Accountable Person under the FAR at least 21 clear calendar days before commencement, separate notification to APRA of the appointment as a Responsible Person under SPS 520 within 14 days, and separate notification to ASIC of the appointment as a Responsible Manager under RG 105 within 10 business days. Each process requires a substantially similar assessment of the individual's suitability or fitness and propriety.

Where one executive replaces another, the corresponding appointment and cessation notifications, together with an updated FAR accountability map, can result in seven regulatory notifications for a single role change. APRA's proposed governance reforms are expected to address overlap between FAR and prudential responsible person requirements; however, the remaining overlap between FAR registration and ASIC's responsible manager requirements presents a further opportunity for streamlining. APRA and ASIC should identify opportunities to harmonise requirements and explain any necessary differences. SMC acknowledges that legislative changes may require Treasury's input and fall outside this consultation.

The review should also address sequencing. Current timeframes can require information to be lodged before fit and proper assessments, Board approvals and appointments are finalised. While pre-appointment FAR registration gives regulators advance visibility of accountability allocations, registration and notification deadlines should be assessed together to determine whether they remain fit for purpose across prudential and licensing regimes.

SMC would also welcome guidance on the sufficiency and documentation of reasonable steps and on assessing the materiality of a FAR breach.

We look forward to continuing to work with APRA and ASIC as the FAR regime matures.