

# SUBMISSION

## Submission to APRA — Consultation on APRA's Superannuation Data Transformation

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23 January 2020

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23 January 2020

Dear Sir/Madam,

**Discussion Paper: Superannuation Data Transformation Phase 1  
Topic Paper 1 – RSE Structure and Profile**

The Association of Superannuation Funds of Australia (ASFA) is writing to you in response to your consultation on APRA's Superannuation Data Transformation Project (Project), specifically the *Discussion Paper: Superannuation Data Transformation Phase 1* (Discussion Paper) and *Topic Paper 1 – RSE Structure and Profile* (Topic Paper 1), released on 7 November 2019.

This submission also touches on some aspects of *Topic Paper 2 – Performance* and *Topic Paper 3 – Member Accounts*, released on 19 December 2019, that have been raised by our members.

**ABOUT ASFA**

ASFA is a nonprofit, non-political 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 \$2.9 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 over 90 per cent of the 16 million Australians with superannuation.

**GENERAL COMMENTS**

ASFA supports the collection by APRA of comprehensive data with respect to the superannuation industry, to aid transparency and visibility over the sector and to enhance the consistency and comparability of data.

We appreciate the opportunity for some of the industry to participate in informal consultation meetings and the APRA industry roundtables, on the Discussion Paper and Topic Papers 1, 2 and 3, that were held on 13 and 14 January 2020.

**Importance of accurate, consistent outcomes**

It is imperative that the data collected is consistent, appropriate and meaningful – that it is 'fit for purpose' – to ensure APRA is aware of any potential issues with respect to specific data items, the data is not misinterpreted and any analysis produced is accurate.

We are concerned there is not a framework in place to achieve this.

In order to effectively manage the risks associated with such a complex project it is essential that APRA establish an appropriate program framework, structure, methodology and process.

Given APRA has a parallel New Data Collection project, to replace Direct to APRA (D2A), it is even more important that an appropriate framework and structure is put in place.

This framework should include, among other things, an appropriate governance structure; identification of the purpose(s) for which the data will be used and an appropriate process for consultation.

As it is estimated the costs to the industry of this project will run into some hundreds of millions of dollars, ultimately borne by members, it is critical that APRA puts in place an appropriate governance structure.

The consultation process should incorporate the provision of feedback and guidance from APRA after each round of consultation, prior to the scheduling of the next round of consultation and data requests.

ASFA would be willing to assist in facilitating comprehensive, representative and effective consultation to ensure the outcomes from the data standards are appropriate.

### **Time for industry to implement**

The proposed time frame for superannuation providers to report does not provide sufficient time to

- consult and finalise the reporting standards to ensure the standards are robust and useable
- build a strategic, automated, solution, rather than be forced to rely on a tactical, manual, solution.

This will serve to materially increase the risk of the project, including incorrect or inaccurate reporting, as well as superannuation providers' costs of compliance.

The project should allow an appropriate timeframe, of at least 12 months, between the finalisation of the reporting standards and the first reporting date to enable superannuation providers to adopt a strategic approach to implementation.

### **Common standards / centralised reporting / information sharing – avoiding duplication of data reporting**

We have significant concerns about the inefficiency of reporting data to different agencies in different formats, including where data being reported is available from another source and duplicate data being required to be reported.

APRA should, in conjunction with other government agencies, work to minimise data reporting processes and develop common data standards, taxonomies and definitions. A single approach to standards would serve to reduce costs for agencies and the industry alike.

Further to this, APRA should explore the possibility of data reporting being centralised into one or two agencies. APRA could become the collator of (other than personal) data and provide access to other agencies, while personal data would continue to be reported to the ATO but be made accessible, on a de-identified basis, to other agencies.

APRA should access data that superannuation providers, and others, report to other government agencies rather than require providers to have to report, or re-report, this data. This includes member data reported to the ATO and investment performance data reported to ASIC or available from third party vendors such as Morningstar.

The permanent superannuation data working group, of which APRA is a member, was established to:

- identify ways to improve consistency and scope of data collection and release across the system
- evaluate the costs and benefits of reporting changes
- identify areas where legislative change may be necessary to support better data collection.

We note that APRA also is a member of the Standard Business Reporting (SBR) Steering Group.

SuperStream is the best and most successful example of SBR standards.

With strong capability within the ATO and industry in co designing, developing, deploying and operating SBR standards there is a real opportunity for APRA to leverage this capability to align its reporting standards with the SBR framework, including its data governance framework, and support the government's objective to reduce the reporting burden on business.

Similarly the Office of the National Data Commissioner is progressing data reform legislation (DATA) which will provide government agencies with alternative authorisation to share public sector data to accredited entities; provide an alternative avenue for government to share data and allow agencies to continue to use existing avenues to share when preferred.

In light of the pending DATA legislation APRA should work to reach an agreement with other government agencies, in particular the ATO, ASIC, DHS and DSS, to share information and data.

#### **Definition of 'superannuation product' – threshold issue**

Reporting at 'superannuation product' level is the fundamental building block of the proposed data reporting standards.

The Glossary indicates that a 'superannuation product' means a class of beneficial interest in a regulated superannuation fund, however, there is not sufficient guidance as to how a 'class of beneficial interest' in a fund is to be identified.

A significant proportion of the industry have systems designed and built around 'accounts', not a 'product', except as necessary to distinguish between accounts in accumulation / accrual phase and pension / payment phase and to recognise Transition to Retirement Income Streams.

It is critical that a clear, appropriate, definition of 'superannuation product' is developed and guidance provided to the industry. Without this, the data provided with respect to Topic 2 (Performance) will not be able to be compared.

APRA should reconsider their approach to defining how MySuper, and 'superannuation products' more broadly, are required to be structured as part of the proposed data collection. We would welcome the opportunity to liaise with APRA on viable alternatives that more accurately reflect how superannuation providers structure their products and would be more efficient to implement.

#### **Confidentiality of data**

APRA has indicated it requires certain employer-sponsored, or white-labelled, tailored arrangements be reported as separate superannuation products or investments menus where fees and costs structures for these arrangements or plans vary from the standard fees and costs charged.

Due to the commercial sensitivity of this information, and the fact that this information is not of general relevance (as only employees are eligible), details about the fee arrangements for these products should be kept confidential by APRA. Providers have suggested that a data field be added – 'confidential' – to enable providers to indicate where they are required to report data to APRA but would like the confidentiality of that data to be maintained.

### **Need for communication and disclosure of information and guidance materials**

As demonstrated in the APRA industry roundtables on 13 and 14 January 2020, and the number and nature of issues identified by our member organisations (contained in the Annexure), there is an urgent need for APRA to provide clarification and guidance to the industry to ensure all superannuation providers are aware of, and understand, what will be required.

Given that superannuation providers will be designing and developing their solutions, including analysing the requirements and determining functional and technical specifications for system and process changes, it is imperative this occurs as soon as possible.

### **SPECIFIC COMMENTS – FEEDBACK FROM MEMBER ORGANISATIONS**

ASFA has received questions, issues and comments from various member organisations with respect to the Discussion Paper and Topic Paper 1, as well as some preliminary feedback on Topic Papers 2 and 3.

Given that Topic Papers 2 and 3 were not released until 19 December 2019, just prior to the break for Christmas / New Year / summer holidays, the subject matter experts in many member organisations have been unavailable, or had little time, to consider these topic papers. As a result this feedback is preliminary, limited and not exhaustive.

All but a few of these items were raised prior to the two APRA industry roundtables held on 13 and 14 January 2020.

The questions, issues and comments received from our member organisations are listed in the annexure to this submission.

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If you have any queries or comments in relation to the content of our submission, please contact me on (03) 9225 4021 or by email to [fgalbraith@superannuation.asn.au](mailto:fgalbraith@superannuation.asn.au).

Yours sincerely

Fiona Galbraith  
Director, Policy

## **GENERAL COMMENTS**

### **1. IMPORTANCE OF DUE PROCESS, CONSULTATION AND APPROPRIATE TIMELINES**

This proposed superannuation data transformation is a complex, important and substantial project.

In developing the requirements of a project of such scope and scale it is paramount that an appropriate program framework, structure, process and methodology is followed to ensure the quality and integrity of the project outcomes, to manage risk and to ensure there are no unintended consequences.

Given APRA has a parallel, delayed project to replace Direct to APRA (D2A) with APRA's New Data Collection Solution, Project Athena, it is even more important that an appropriate framework and structure is put in place. APRA should seek to avoid imposing on superannuation providers, when building a solution for the Superannuation Data Transformation Project, avoidable duplication of effort.

The project framework should include, among other things, an appropriate governance structure, identification of the purpose(s) for which the data will be used, and a process to ensure adequate consultation takes place.

It is estimated the costs to the industry of this project - to design, build, test, implement and operationalise a solution to meet APRA's requirements - will run into some hundreds of millions of dollars, that ultimately is borne by members. Accordingly, it is critical that APRA puts in place an appropriate governance structure.

This structure could include a reference / steering group, comprised of industry practitioners, other agencies and relevant experts, and a technical working group, comprised of technical experts, that can work to assist APRA to achieve a fit-for-purpose solution utilising relevant industry standards.

The SuperStream governance structure has proven to be a success, allowing the ATO to utilise the expertise of industry practitioners in designing, building, testing, implementing and operationalising data reporting.

Consultation with the industry will identify, and assist with resolving, issues that ultimately will improve the quality and usability of the data reported. This will serve to ensure that any insights gained through analysis of the data will be as accurate and reliable as possible, which in turn will benefit APRA, the industry and especially members.

Determining and finalising the requirements and specifications for a project of this scope, scale and complexity ideally should be an iterative, incremental process, with the learnings from each stage of consultation informing the next. One of the key outcomes of such a process should be agreed requirements, including a clearly defined and specified taxonomy, with as much commonality with existing taxonomies as possible.

The timeframe of the project should be such that it enables adequate time to consult and finalise the reporting standards, to ensure the standards are robust and useable. The consultation process should allow sufficient time for stakeholders to be able to engage with the detail of what is being proposed and provide considered feedback.

Consultation should include face to face meetings, such as the APRA industry roundtables held on 13 and 14 January 2020, which enable stakeholders to ask questions, raise issues and make observations.

ASFA would be willing to assist in facilitating comprehensive, representative and effective consultation to ensure the outcomes from the data standards project are appropriate.

## **1.1 Timing – release of Topic Paper 1 and submission of pilot data**

APRA has indicated that the reporting standards were to be finalised by April / May 2020. Topic Paper 1 (RSE Profile and Structure) was not released until 7 November 2019.

The pilot data request was for providers to submit to APRA pilot data for Topic Paper 1, as at 30 November 2019, by 17 January 2020, based on the draft reporting standards.

The timeframe for providing the data required was challenging for a number of reasons.

### **1.1.1 Availability of data**

The numerical data required was:

- number of member accounts
- total value of member benefits

per

- product
- investment menu; and
- investment option.

This information generally is not stored in reporting systems, nor is it stored in the required structure within registry systems.

This means some funds needed to

- collate this data manually
- using bespoke data queries
- from multiple registry systems

to provide the information required.

### **1.1.2 Need for manual collation**

The data requested was as at 30 November 2019.

This means trustees had only have five working weeks, over the Christmas / New Year period, in which to

- collate the product structures
- manually enter product / menu / option attributes
- produce bespoke data queries; and
- validate and reconcile the data

before submitting it to APRA.

This challenge was exacerbated when providers offer a variety of superannuation products within their RSEs, which can include retail, corporate, platform and defined benefit superannuation products.

The platform products are where most of the complexity lies – some providers offer hundreds of investment options on each of their platforms, including term deposits and managed portfolios. With multiple platforms in the same RSE this amounted to a significantly large volume of data required to be collated and verified without the benefit of controls that an automated system provides.

One large provider had between eight and fifteen full time equivalent (FTE) resources working to complete the pilot data request exercise. Depending on the scope and size of the remaining six topic papers it is anticipated a similar level of resources may be required to respond to these topic papers by the deadlines.

### **1.2 Timing – Topic Papers 2 and 3 informal data request**

We note with some concern that – prior to industry feedback on the Discussion Paper and Topic Paper 1 being appropriately considered by APRA and its views communicated – providers have received informal data requests with respect to the new Topic Paper 2 and 3 forms.

### **1.3 Timing – initial statutory reporting**

The initial statutory reporting currently is scheduled to occur between August and September 2020, based on 30 June 2020 data.

The proposed time frame for superannuation providers to report does not provide sufficient time to

- consult and finalise the reporting standards to ensure the standards are robust and useable
- build a strategic, automated, solution, rather than be forced to rely on a tactical, manual, solution.

Automating this process – to be able to produce this reporting on a regular basis – would require considerable time and effort and it will not be possible to develop an automated solution in the proposed timeframe. Accordingly, the manual efforts of the data pilot will need to be repeated, which will increase the risk of incorrect or inaccurate reporting, as well as providers' compliance costs.

To give some idea of the cost impacts – the original APRA reporting requirements, introduced by the Stronger Super regime, cost one provider \$40 million in total and took 4 years to implement.

More time to implement would enable providers to build a strategic solution, rather than being forced to rely on a tactical solution.

Providers need sufficient time, after all of APRA's requirements have been finalised, to analyse what is needed to satisfy the requirements; determine the functional and technical specifications for system and process / procedure changes; develop and test solutions, and finally to 'go live' through a release into production database(s) during a designated, and often relatively infrequent, 'release window'. This is considered the minimum standard for effective project management – a truncated timeframe that does not permit adherence to this tried and trusted process will add considerable risk as well as increase costs, which ultimately are paid by fund members.

APRA should allow an appropriate timeframe, of at least 12 months, between the finalisation of the reporting standards and the first reporting date to enable superannuation providers to adopt a strategic approach to implementation.

#### **Recommendations**

- 1 APRA should develop an appropriate framework, structure, process and methodology to develop and finalise the data requirements and taxonomy. The project framework should include an appropriate governance structure, identification of the purpose(s) for which the data will be used, and a process to ensure adequate consultation.
- 2 ASFA would be willing to assist in facilitating comprehensive, representative and effective consultation to ensure the outcomes from the data standards are appropriate.
- 3 APRA should allow an appropriate timeframe, of at least 12 months, between the finalisation of the reporting standards and the first reporting date to enable superannuation providers to adopt a strategic approach to implementation.

## **2. COMMON STANDARDS / CENTRALISED REPORTING / INFORMATION SHARING – AVOIDING DUPLICATION OF DATA REPORTING**

We have significant concerns about the inefficiency of reporting data to different agencies in different formats, including data being reported where it is available from another source and duplicate data being required to be reported.

APRA should, in conjunction with other government agencies, work to minimise data reporting processes and develop common data standards, taxonomies and definitions. A single approach to standards would serve to reduce costs for agencies and the industry alike.

Further to this, APRA should explore the possibility of data reporting being centralised into one or two agencies. APRA could become the collator of (other than personal) data and provide access to other agencies, while personal data would continue to be reported to the ATO but be made accessible, on a de-identified basis, to other agencies.

APRA should access data that superannuation providers, and others, report to other government agencies rather than require providers to have to report, or re-report, this data. This includes member data reported to the ATO and investment performance data reported to ASIC or available from third party vendors such as Morningstar.

In our view APRA should, in conjunction with other government agencies such as the Australian Taxation Office (ATO), the Australian Securities and Investments Commission (ASIC), the Department of Human Services (DHS) and the Department of Social Services (DSS)

- develop common industry standards
- explore the possibility of data reporting being centralised into one or two agencies
- access data that superannuation providers, and others, report to other government agencies.

### ***2.1 Duplication of processes reporting to different government agencies***

APRA should, in conjunction with other government agencies, work to minimise data reporting processes and develop common data standards, taxonomies and definitions.

An example of duplication of process is the DHS and its requirement for a separate process for superannuation provider to report income stream payments data.

There is a need for a combined data standard across all government agencies, and a minimisation / consolidation of data reporting processes. A single approach to standards would serve to reduce costs for agencies and the industry alike.

### ***2.2 Potential for centralised reporting***

APRA should explore the possibility of data reporting being centralised into one or two agencies. APRA could become the collector / collator of (other than personal) data and provide access to other agencies, while personal data would continue to be reported to the ATO but be made accessible, on a de-identified basis, to APRA and other agencies.

Agencies such as ASIC, DHS and DSS could become agreed users of data and there could be agreed, common data standards. A single approach to standards would serve to reduce costs for agencies and the industry alike and would decrease the need for agencies to issue notices.

### **2.3 Access data already reported to government agencies or readily available from third parties**

Funds already report, or will be reporting, a significant number of member data items to other government agencies, whilst investment data may be available from alternate sources.

#### **2.3.1 Member data**

By way of example where information sharing could be utilised, a significant number of the details requested under the membership breakdown tab are reported by providers to the ATO through its regular 'event based reporting' – Member Account Attribute Service (MAAS) and Member Account Transaction Service (MATS) reporting. Many of the member level data items proposed to be reported to APRA are already reported to the ATO through MAAS and MATS reporting.

APRA regulated funds are required to report

- account 'opening and closing'
- contributions received
- annual balance.

The development of MAAS and MATS reporting represented a \$150 million investment by the industry and the data reported should be considered by other agencies – including APRA – as a rich source of information that could go a long way towards meeting the needs of APRA, at least in the short term.

As opposed to requiring funds to incur considerable expense to report the same or similar data, in a different format, APRA should access member level data from the ATO.

Industry would be happy to work with APRA and the ATO to explore the opportunity for APRA to use information reported via MAAS and MATS to reduce the reporting burden on superannuation providers and enable them to focus on reporting the remaining required data.

#### **2.3.2 Investment performance data**

From a platform perspective, many of the metrics proposed under

- 'components of net return'
- 'long term performance and objectives'

would need to be sourced by superannuation funds from external investment managers.

This creates an issue with respect to meeting statutory deadlines, as it can take some time for external investment managers to report the data through to the superannuation providers.

Sourcing this data on a quarterly basis would exacerbate these timing issues.

Some providers have expressed major concerns with respect to 705.0 and 705.1 as they relate to Wrap products and the externally manufactured investment options and have questioned the relevance of collecting performance data in relation to these options, given:

- ASIC will be collecting the same data under its recurrent data collection
- there is likely to be a considerable number of repeats across the industry, as many superannuation providers will report the same investment options.

Simplifying reporting by having ASIC collect this information from the source (external fund managers) and APRA accessing this information would greatly reduce the reporting burden on superannuation funds that offer these styles of products. Many superannuation funds would be reporting the same information for the same managed funds (i.e. where the same managed investment is offered on different superannuation platforms) thereby duplicating effort.

Some providers, in relation to the pilot data requests 705 / 705.1, based on preliminary work have determined they would need to work very closely with Morningstar (third party provider) to meet the requirements for performance reporting.

As an alternative to superannuation providers reporting this data to APRA, it should access managed investment schemes data from ASIC, or from vendors such as Morningstar.

## **2.4 Recent recommendations in support of information sharing / more efficient data reporting**

Both the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* (Royal Commission) and the Productivity Commission have made recommendations in support of increased information sharing between agencies, in particular APRA and ASIC, and more efficient data reporting.

### **2.4.1 Royal Commission**

Section 6.4 of the Final Report of the Royal Commission was with respect to **Information Sharing**.

Recommendation 6.9 of the Royal Commission Final Report was as follows:

#### **Recommendation 6.9 – Statutory obligation to co-operate**

*The law should be amended to oblige each of APRA and ASIC to:*

- *co-operate with the other;*
- **share information to the maximum extent practicable; and**
  - *notify the other whenever it forms the belief that a breach in respect of which the other has enforcement responsibility may have occurred (**emphasis added**).*

The government's response to recommendation 6.9 was:

*The Government agrees to **remove barriers to information sharing between the regulators** and require APRA and ASIC to co-operate, **share information** and notify each other of relevant breaches or suspected breaches, as appropriate. Improvements to informal and formal communication, co-operation and collaboration between the two regulators are critical. This should include **efficiently sharing information** and intelligence and working together on enforcement and investigation activities (**emphasis added**).*

### **2.4.2 Productivity Commission**

The Productivity Commission's *Inquiry into Superannuation: Assessing Efficiency and Competitiveness Final Report* contained a section **Collect Better Data**.

Recommendation 27 of the Productivity Commission's Final Report was:

**RECOMMENDATION 27 SUPERANNUATION DATA WORKING GROUP**

*The Australian Government should establish a permanent superannuation data working group, comprised of APRA, ASIC, the ATO, the ABS, the Commonwealth Treasury and the new member advocacy body (with Treasury taking the lead). This group should:*

- *identify ways to **improve the consistency and scope of data collection and release** across the system, with a focus on member outcomes*
- ***evaluate the costs and benefits** of reporting changes, including strategies for implementation*
- *identify areas where **legislative or regulatory change may be necessary to support better data collection***
- *report annually to the Council of Financial Regulators on its progress, and on the data analytics capabilities of each regulator (**emphasis added**).*

**2.5 Government policy and current initiatives regarding data collaboration**

Similarly, there are a number of government policy initiatives to extend and enhance data collaboration between government agencies and others, reflecting a broader awareness of the increasing importance of collaborating with respect to data.

**2.5.1 Government's Standard Business Reporting (SBR) – 'Tell us once, share with many'**

Standard Business Reporting (SBR) is a standardised approach to online or digital record-keeping introduced by government in 2010 to simplify business reporting obligations.

The SBR website states as follows:

*'The ability of SBR standards to be applied to inter-governmental communication allows for 'tell us once, share with many' models of interaction. This approach significantly reduces the burden on business, automating the distribution of the same information to other relevant agencies'.*

We note that APRA is a member of the SBR Steering Group.

SuperStream is the best and most successful example of the deployment of SBR standards. The ATO co-designed with industry the electronic reporting and exchange of superannuation data to ensure it was effective, efficient and securely.

With strong capability within the ATO and industry in co-designing, developing, deploying and operating SBR standards there is a real opportunity to leverage this capability with respect to reporting data more generally. This would be consistent with the government's support of SBR standards in reducing the reporting burden on business.

We suggest APRA leverage this opportunity to

- align its reporting standards with the SBR framework, including its data governance framework
- liaise with other agencies to align data requirements, including definitions

to reduce reporting burden on superannuation providers.

**2.5.2 Data Integration Partnership for Australia**

The Data Integration Partnership for Australia (DIPA) is a three-year, \$130.8 million investment to maximise the use and value of the Government's data assets starting 1 July 2017. DIPA creates new insights into important and complex policy questions through data integration and analysis.

DIPA is a ‘whole-of-government’ collaboration of over 20 Commonwealth agencies, and is improving technical data infrastructure and data integration capabilities across the Australian Public Service. Important data assets such as in the health, education and social welfare sectors are being improved, allowing policy makers to gain insights that were not possible before.

Individual privacy and the security of sensitive data is preserved, as DIPA only provides access to controlled, de-identified, and confidentialised data for policy analysis and research purposes. DIPA is governed by agencies’ processes and legislation, including the *Privacy Act 1988*.

APRA should take the opportunity to advocate for an expansion of the Multi Agency Data Integration Project (MADIP), which was focused on social services, to support multi-agency collaboration with the ATO and ASIC. This would provide an opportunity for APRA to have increased access to quality, comprehensive data, sourced in a consistent, efficient and effective manner.

### 2.5.3 Office of the National Data Commissioner – new legislation

The Office of the National Data Commissioner (National Data Commissioner) has been exploring the opportunities for increased data sharing between government agencies.

The National Data Commissioner has engaged widely and consulted on potential options with respect to New Australian Government Data Sharing and Release (Data Reform), including consulting on an Issues Paper in July – August 2018, followed by a Discussion Paper in September/October 2019. It is proposing a framework that will set a new direction for how public sector data in Australia is used and reused, to unlock the potential of this data, building on the Government’s response to the recommendations made by the Productivity Commission’s *Data Availability and Use Inquiry*.

The National Data Commissioner will be progressing the Data Reform legislation, previously known as the Data Sharing and Release legislation, as the data availability and transparency legislation which, when it passes Parliament, will be known as the Data Availability and Transparency Act (DATA).

The new DATA legislation will:

- provide government agencies (Data Custodians) with an alternative authorisation to share public sector data to accredited entities such as government agencies, State and Territory authorities, and non-government entities such as universities
- take a ‘principles-based approach’ to safeguarding the sharing of public sector data
- empower the National Data Commissioner to develop requirements and guidance to support government agencies and Data Sharing Entities
- establish clear governance arrangements, including enforcement and accountability mechanisms
- provide an alternative avenue for government to share data where it is currently not possible or practical to do so, so long as safeguards are met
- will allow agencies to continue to use existing avenues to share when preferred.

The legislation is intended to have broad scope, applying broadly to all public sector data collected or generated by Commonwealth entities.

The initial focus of the legislation will be on the sharing of Commonwealth data, however, it will allow for participation by State and Territory agencies so Australia can move towards a consistent national data system over time.

The National Data Commissioner will collaborate with other agencies and regulators to ensure consistent approaches to data sharing across departments and all levels of government.

In light of the pending DATA legislation APRA should work to reach an agreement with other government agencies, in particular the ATO, ASIC, DHS and DSS, to share information.

#### **Recommendations**

- 4 APRA should, in conjunction with other government agencies, work to minimise data reporting processes and develop common data standards, taxonomies and definitions.
- 5 APRA should align its reporting standards with the Government's SBR framework.
- 6 APRA should explore the possibility of becoming the collector / collator of (other than personal) data and provide access to other agencies, while personal data would continue to be reported to the ATO but be made accessible, on a de-identified basis, to APRA and other agencies.
- 7 APRA should work to reach an agreement with other government agencies, in particular the ATO, ASIC, DHS and DSS, to share information.
- 8 APRA should access data that superannuation providers, and others, report to other government agencies, or is available from third parties. In particular, APRA should access
  - data reported via MAAS and MATS from the ATO
  - investment performance data from ASIC or from vendors such as Morningstar.
- 9 APRA should advocate for an expansion of the Multi Agency Data Integration Project (MADIP) to support multi-agency collaboration incorporating APRA, the ATO and ASIC.

### **3. DEFINITION OF 'SUPERANNUATION PRODUCT' – THRESHOLD ISSUE**

Reporting at 'superannuation product' level is the fundamental building block of the proposed data reporting standards.

The Glossary indicates that a 'superannuation product' means a class of beneficial interest in a regulated superannuation fund, however, there is not sufficient guidance as to how a 'class of beneficial interest' in a fund is to be identified.

A significant proportion of the industry have systems designed and built around 'accounts', not a 'product', except as necessary to distinguish between accounts in accumulation / accrual phase and pension / payment phase and to recognise Transition to Retirement Income Streams.

#### **2.2 Legislative definitions of 'superannuation product'**

A 'superannuation product' is not defined in the *Superannuation Industry (Supervision) (SIS) Act 1993* (SIS Act) other than the concept of a 'superannuation product' introduced with MySuper in 2012. Sub section 10(1) of the SIS Act indicates that a class of beneficial interest in a regulated superannuation fund is a choice product unless:

- (a) all the members of the fund who hold that class of beneficial interest in the fund are defined benefit members, or
- (b) that class of beneficial interest in the fund is a MySuper product.

There is a definition of 'superannuation product' in the *Corporations Act 2001* (Corporations Act), introduced as part of the Australian Financial Services Licensing (AFSL) regime in 2001. Under section 761A a 'superannuation product' is a financial product described in paragraph 764A(1)(g), where that paragraph defines a 'superannuation product' as a 'superannuation interest' within the meaning of the SIS Act.

A 'superannuation interest' under section 10 of the SIS Act is defined as a beneficial interest in a superannuation entity.

It appears as though the definition of 'superannuation product' in the Glossary may not be consistent with the definition of 'superannuation product' in the Corporations Act. Member statements are prepared using the Corporations Act definition of 'superannuation product' and the proposed format of the data being collected by APRA will not necessarily reflect the statements received by members.

### ***2.3 A member's beneficial interest in a fund***

A member's benefit within a fund is a bundle of entitlements based on the relevant fund's trust deed. The member's benefit under the trust deed is made up of a number of components that may not fall into a particular construct of a 'superannuation product' as contemplated under the proposed APRA data reporting standards.

A MySuper product may be a member's entire beneficial interest in the fund or it may be an investment option, depending on how the fund's MySuper product was authorized. A Choice product may involve multiple investment options within a 'superannuation product' or it may be an investment option, which may or may not incorporate a member's entire beneficial interest in the fund.

A defined benefit 'superannuation product' may include a variety of entitlements / sub-products.

Based on the Discussion Paper it appears APRA is trying to create a definition of 'superannuation product' for the purposes of the proposed APRA reporting standards based on a number of attributes / characteristics, however, 'superannuation products' identified on this basis may not reflect the true nature of a member's entitlement under the provisions of the fund's trust deed.

### ***2.4 Attributes / characteristics of a 'superannuation product'***

Some of the characteristics that APRA, such as how the member can access a product, do not of themselves define the entitlements of the members' benefits or a 'superannuation product' – two members may access the same 'superannuation product' in different ways and yet from the point of acquisition have identical entitlements under that 'superannuation product'.

Conversely, some attributes, such as the terms and conditions relating to contributions or benefit payments, are not considered in the determination of what is a 'superannuation product'.

### ***2.5 Possible end uses / purposes for collecting data at a 'superannuation product' level***

We believe that, inter alia, the data may be used to generate choice product heatmaps similar to the MySuper product heatmap recently released by APRA. In addition, we believe providers will be expected to produce choice product dashboards for their choice products.

The MySuper product dashboard and heatmap are possible because there is either a single investment option, or one of a series of lifecycle investment options, supporting the MySuper product.

The MySuper product dashboard assumes the representative member is holding only a MySuper product, so any administration fees charged are deducted solely from the MySuper product and not split across any other investment options. For the purposes of the MySuper product dashboard, the administration fees are not shown separately from the investment fee and costs and the member is unable to identify the components of the 'fees and other costs' without referencing the relevant PDS.

Where a member has made investment choices, a 'choice' member may be in one or more investment options (other than 100% in MySuper). Consideration will need to be given to precisely

- what is the choice product – is it each individual investment option selected by the member or all of the investment choices collectively?
- what is a 'representative member' for a choice product
- how a member in a particular product / investment option, be it a MySuper and / or choice product / investment option, can determine the 'fees and other costs' applicable to them when administration fees included in the relevant product dashboard are only applied to the member's account as a whole rather than at the 'superannuation product' level (double-counting).

Unless the above exercise is done carefully the information collected may not be 'fit-for-purpose' and may not provide meaningful data for any analysis or assessments to be made by end users.

## ***2.6 MySuper generally is an investment option not a product***

Despite being defined as a 'superannuation product' in the legislation, MySuper has been implemented by most superannuation funds as an investment option within a distinct superannuation product or products.

Based on the reporting structure proposed in Topic 1 (RSE Profile and Structure), a MySuper investment option would be required to be reported as part of a MySuper 'superannuation product', separately from the actual superannuation product under which it is offered. The MySuper product component of this reporting represents a theoretical concept and is not an accurate reflection of how an RSE's products actually are structured.

Furthermore, when reporting the unique combination of member accounts and benefits within this investment option, for each investment menu and superannuation product under proposed form 606.0 this will result in double counting. This may also occur in other proposed reporting forms.

APRA should reconsider their approach to defining how MySuper, and 'superannuation products' more broadly, are required to be structured as part of the proposed data collection.

We would welcome the opportunity to liaise with APRA on viable alternatives that more accurately reflect how superannuation providers structure their products and would be more efficient to implement.

### **Recommendations**

- 10 APRA should reconsider their approach to defining how MySuper, and 'superannuation products' more broadly, are required to be structured as part of the proposed data collection.
- 11 We welcome the opportunity to liaise with APRA on viable alternatives that more accurately reflect how superannuation providers structure their products and would be more efficient to implement.

#### 4. CONFIDENTIALITY OF DATA

APRA has indicated it requires certain employer-sponsored, or white-labelled, tailored arrangements (products / sub-plans / investment options) be reported as separate superannuation products or investments menus where fees and costs structures for these arrangements or plans vary from the standard fees and costs charged.

If each of these plans or arrangements is required to be reported as a separate 'superannuation product' or investment menu in proposed 605.0 and 606.0 then, due to the commercial sensitivity of this information, and the fact that this information is not of general relevance (as only employees are eligible), details about the fee arrangements for these products should be kept confidential by APRA.

Different pricing arrangements are typically negotiated on the basis of scale and the number of members within an employer sponsor or platform 'badged' arrangement, as well as additional services or features offered under the plan or arrangement. The disclosure of this pricing data may impact the sustainability of an RSE as well as negatively impact competition in these sectors of the superannuation market.

Furthermore, for certain investment options where data is sourced from external providers, superannuation funds may be constrained in their ability to report performance data under draft standards 705.0 and 705.1 as they may be in breach of their licence agreements.

Providers have suggested that a data field be added – 'confidential' – to enable providers to indicate where they would like APRA to maintain the confidentiality of a particular data item.

##### Recommendations

- 12 APRA should keep confidential data with respect to the fees and costs structures of certain employer-sponsored, or white-labelled, arrangements, due to the commercial sensitivity of this information.
- 13 APRA should add a data field to enable providers to indicate where they would like APRA to maintain the confidentiality of a particular data item.

#### 3 NEED FOR COMMUNICATION AND DISCLOSURE OF INFORMATION AND GUIDANCE MATERIALS

As demonstrated in the APRA industry roundtables on 13 and 14 January 2020, and the number and nature of issues identified by our member organisations (contained in the Annexure), there is an urgent need for APRA to provide clarification and guidance to the industry to ensure all superannuation providers are aware of, and understand, what will be required. This could take the form of amendments to the draft standards, FAQs and worked examples.

Given that superannuation providers will be designing and developing their solutions, including analysing the requirements and determining functional and technical specifications for system and process changes, it is imperative that clarification and guidance is provided as soon as possible.

##### Recommendations

- 14 APRA will need to provide clarification and guidance to the industry as soon as possible to ensure all superannuation providers are aware of, and understand, what will be required, given they have commenced the analysis to design and develop their solutions.

## SPECIFIC COMMENTS – TECHNICAL ISSUES, QUESTIONS AND OBSERVATIONS RAISED BY MEMBER ORGANISATIONS/SUPERANNUATION PROVIDERS

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
1.	General comments/questions	Need to report information twice	We understand there will be no changes to existing forms until Phase 2 of the data transformation. Q) Does this mean funds will be required to report the same information twice and/or in a different manner in the meantime (i.e. on both the existing & new form)?
2.	General comments/questions	10 years historical data	Providing 10 years of historical data may be challenging, particularly where there have been system migrations and/or Successor Fund Transfers within the last 10 years
3.	General comments/questions	Mergers	Some provider's funds are a result of the merger of 2 or more other funds. Q) Will the prior fund data be required?
4.	General comments/questions	Nature of form	Q) Can the form be interactive – i.e. if 'tier type' is 'flat', then no response would be required for the like of column P & Q? Otherwise we will end up with many rows of N/A. Similar to above, may be useful to include a column to indicate if fees are applied at fund/menu/option level, and make it interactive, so if 'fund level' is selected, information doesn't need to be replicated across all available menus and options.
5.	General comments/questions	Frequency	Providers have questioned the cost / benefit of producing quarterly data on membership breakdown. Half yearly or annually may be more appropriate.
6.	General comments/questions	Defined benefit	Q) Should each DB plan be considered a product? For each DB plan, this is likely to be displayed as 1 product; 1 investment menu & 1 investment option (there is no option for the member).Q) Is this what is expected?
7.	General comments/questions	Defined benefits Hybrid with accumulation accounts	Q) How are 'add-on accounts' for DB members to be treated? Q) Technically, in most cases, are they Choice products under SIS?
8.	General comments/questions	Business super	Q) Should each employer sponsor be considered a product? Or where there are variations to an investment menu for a particular employer sponsor (employer sponsor specific options available) should these be displayed as separate investment menus? (even though a majority of the investment options will be the same as the generic) For some providers the fee schedules agreed with the employer sponsors are confidential. The fee schedules do not form part of the PDS. Q) How will the providers maintain confidentiality?

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
9.	General comments/questions	Investment options Aggregation of Term Deposits	Currently each tranche of Term Deposits is reported as an investment option. Are these able to be aggregated by qualifiers other than issuer e.g. original term?
10.	General comments/questions	Member assets	Q) Can this be clarified please? For example – is it net investment assets of the option (unit price X units)? This would include DTL & derivatives in negative value (but would exclude fund level accruals and reserves).
11.	General comments/questions	Defined Benefit Member assets	Q) As this is required quarterly, is this the total value of the DB plan assets, which would include the surplus / deficit?
12.	General comments/questions	Next phases	Q) Would it be possible to be given some more detail on what is to come next, similar to the outlines provided for Tranche 2 of Phase 1? This will assist providers with the design of their strategic solutions
13.	General comments/questions	Zero balance accounts	Q) Will these be required to be reported? <i>We believe APRA has advised a member fund, in response to a query, that zero balance members should</i> <ul style="list-style-type: none"> <li>• <i>be included in the reporting at the fund and product levels; but</i></li> <li>• <i>not be counted in the option level reporting, as they do not have a balance in that option</i></li> </ul>
14.	General comments/questions	3.2 Investment Option name	<i>We believe APRA has advised a member fund, in response to a query, that a Lifecycle cohort approach should be applied to track each lifecycle stage and, subsequently for each release, the returns for each of these stages. This is in keeping with the MySuper Dashboard and how APRA has treated this in the HeatMap.</i>
15.	Each table	Member accounts	Table 1 requires funds to report the total number of member accounts held by the RSE. Each of the subsequent tables requires the number of member accounts to be reported for the investment menu / investment option. It is unclear from the form what validations APRA proposes to introduce for this form. The Glossary indicates the number of member accounts should be <i>‘the number of member accounts for the unique’</i> superannuation product number / investment menu / investment option. The Glossary then indicates a member account represents a distinct entry recorded in the register of member accounts (or other equivalent mechanism). As indicated above, a list is being established under SRF 605.0, item 1, of ‘APRA-form superannuation products’. This may or may not reflect the actual member interests in the superannuation fund. In many instances there may not be a distinct <i>‘member account’</i> for the product, as the member accounts usually reflect the members’ superannuation interests within the

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES		
TAB	DATA ELEMENT	COMMENTS
		<p>relevant superannuation fund, which in turn generally reflects the position under the trust deed of the funds.</p> <p>Where a member’s account includes several products, the total number of accounts shown in SRF 606.0, item 5.2, will not agree to the total number of accounts in the subsequent forms. Similarly the number of accounts in the various investment menus may not agree to the number of accounts in each product / total number of member of accounts.</p> <p>For example, a member may have an account that consists of both a MySuper product and a Choice product. In this case, there would be:</p> <ul style="list-style-type: none"> <li>• One account added to the total number of accounts tally</li> <li>• One account added to the MySuper tally, and</li> <li>• One account added to the Choice tally.</li> </ul> <p>The instructions are unclear as to what is required when a member’s account is invested in more than one product. The treatment of such accounts should be clarified.</p>
16. SRF 606.0	1.1 – Superannuation Product Number (SPN)	<p>APRA is introducing a new identification concept for identifying products.</p> <p>As indicated above, we do not believe the APRA product definition is consistent with the <i>Corporations Act 2001</i> definition of a financial product, nor does it necessarily reflect the benefit obligations under a superannuation fund’s trust deed.</p> <p>As a result, the SPN used in the forms will be unique to APRA data reporting forms &amp; does not relate to products as identified under the <i>Corporations Act</i> or a fund’s trust deed.</p> <p>To avoid confusion, APRA needs to clearly identify in any publicly released information / data packs that</p> <ul style="list-style-type: none"> <li>• the SPN is an APRA-specific reference</li> <li>• it relates solely to the APRA data reporting forms</li> <li>• it cannot be used to identify a super product for any other purposes apart from identifying a MySuper product.</li> </ul>
17. SRF 606.0	1.1 – Changing the SPN	<p>APRA has requested the SPN does not change over the lifetime of the product.</p> <p>There may be a variety of reasons why a fund may change a product reference number, e.g. due to changes in the administration platform used by the fund.</p> <p>Ideally, the SPN should reflect the fund’s internal reference to that product to create better linkage &amp; mapping to the SPN.</p> <p>We believe there should be some scope to change the SPN on the APRA forms to assist with the collection of data, understanding of the products &amp; linkage to the administration systems of the funds.</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			If there is no scope to change a SPN on APRA forms, heritage mapping will be required to be maintained by funds to link their current day references to an otherwise out-of-date SPN, thereby increasing red-tape for funds.
18.	SRF 606.0	1.4 – Product type	<p>The drop-down options here reflect the ‘classes of beneficial interests’ envisaged in the SIS Act definition of superannuation product.</p> <p>‘Choice’ is the default product where the definitions of ‘<i>Defined Benefit</i>’ product or ‘<i>MySuper</i>’ product do not apply.</p> <p>A member provider has suggested that consideration could be given to adding ‘<i>Pension</i>’ as an option as they do not believe ‘<i>Choice</i>’ adequately describes a pension benefit.</p>
19.	SRF 606.0	1.5 – Product category	<p>The drop-down listing provided is confusing &amp; additional information should be provided to clarify the descriptors used.</p> <p>The focus of the current descriptors seems to be related solely to accumulation-style benefits &amp; does not take into account smaller employers within a large fund; pension benefits or defined benefits. In addition, no definition/instructions have been provided in the Glossary for ‘<i>Other</i>’ even though it is in the drop-down box menu.</p> <p>In addition to the descriptors listed, a member provider has suggested consideration could be given to creating further categories – by way of example APRA could consider:</p> <ul style="list-style-type: none"> <li>• MySuper – small employer</li> <li>• Non MySuper – employer arrangement</li> <li>• Pension</li> <li>• Defined benefit.</li> </ul> <p>Without the further categories being added into the drop-down menu the category ‘<i>Other</i>’ may be a significant pool.</p>
20.	SRF 605.0	1.6 – Product phase	<p>The drop-down listing only provides a single category for defined benefit products – ‘<i>Defined benefit – accumulation and retirement</i>’. The instructions indicate, where a defined benefit arrangement only provides accumulation or retirement benefits, ‘accumulation’ or ‘retirement’ options should be selected.</p> <p>Usually the terms ‘<i>accumulation</i>’ and ‘<i>retirement</i>’ reference account-based arrangements. A defined benefit is considered to ‘accrue’, not to ‘accumulate’.</p> <p>Given the nature of defined benefits we believe this is confusing. This descriptor can be read as referring to all defined benefit arrangements because the arrangement can be accrual / accumulation and/or a combination.</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES		
TAB	DATA ELEMENT	COMMENTS
		<p>If APRA is intending these descriptors relate only to the benefit combinations, there should be no reference to defined benefit in the labels.</p> <p>Otherwise, for clarity, we believe the following descriptors should also be included to avoid confusion:</p> <ul style="list-style-type: none"> <li>• Defined benefit – accrual / accumulation only, and</li> <li>• Defined benefit – pension only.</li> </ul>
21. SRF 605.0	1.7 – Access type (product)	<p>This item is confusing. Based on the Glossary, this refers to the <i>‘available access channels to the superannuation product’</i>.</p> <p>In superannuation ‘access’ usually refers to the member being able to have their benefit paid to them.</p> <p>Based on the drop-down menu, this item is referring to the method by which a person become a member of the product.</p> <p>For greater clarity, we suggest this item should be described as ‘Distribution type (product)’.</p> <p>The Glossary also does not indicate how this item should be answered in relation to closed products i.e. there is no indication of whether this item is looking for the current method, on which case this item should be left blank for closed products.</p> <p>There is an option ‘Any’ which indicates a combination of the above methods can be used to enter the product, however, a number of the other options include the word ‘only’. There needs to be greater clarity around the option ‘Any’ given the wording of the other items.</p> <p>The distinction between ‘<i>Personal/individual – no adviser required</i>’ &amp; ‘<i>Individuals – adviser required</i>’ is unclear in relation to the missing word ‘<i>Personal</i>’ from the second descriptor.</p> <p>For defined benefit products, it is unclear which of the employer arrangements should be selected.</p> <ul style="list-style-type: none"> <li>• The first option refers to the product <i>only</i> being a standard employer product <i>that can only be accessed by members through their employer</i></li> <li>• The second option refers to the product being tailored to a specific employer <i>that can only be accessed by members through their employer</i>.</li> </ul> <p>While the second limb is a more accurate descriptor of a defined benefit arrangement, arguably both apply and some providers may select the first option.</p> <p>The drop-down list does not use the words ‘<i>public offer</i>’/‘<i>limited public offer</i>’.</p> <p>The distribution model adopted by the fund does not, of itself, form part of a superannuation product in the ordinary sense &amp; seems to be an attribute APRA has attached to a product. We suggest this should not be used to identify a product.</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
22.	SRF 605.0	1.8 – Open to new employers	<p>This item is asking funds to indicate whether the product is open to new employers. The drop-down list for this item only provides for a ‘Yes/No’ response. A ‘Yes/No’ response is appropriate if an employer could have contributed to that product in the first instance, however, there are some products where a ‘Yes/No’ response may not be appropriate, such as pension products where employers have never been able to contribute to the product. In addition, further clarity is required in relation to what is meant by ‘open to new employers’. For example, is this referring to whether:</p> <ul style="list-style-type: none"> <li>• the product is open for new employer-sponsors to join; or</li> <li>• new employers being able to contribute to the fund regardless of whether they are contributing under an employer-sponsor arrangement? New employers may be able to contribute under a public offer arrangement where the interest / account is set up by a member directly with the fund.</li> </ul>
23.	SRF 605.0	1.10 – Open to the public	<p>The Glossary does not provide any guidance on what is meant by ‘public’ &amp; whether this is looking at whether the product is a public-offer product or a limited public-offer product. Additional guidance should be provided to clarify what is meant by this item.</p>
24.	SRF 605.0	1.11 – Inception date	<p>The Glossary indicates this refers to the first date it was possible for a member or prospective member to open an account in the product. This date is not the same as the ‘effective date’ which is the date referred to in the Baseline form – SRF 001.0.</p> <p>The Glossary does not provide any guidance on heritage issues. Heritage issues are important as many fund mergers are done on a successor fund transfer (SFT) basis which relates to the conditions upon which a transfer of the member benefits can occur without the members consent. For example, where a merger has occurred, one product may have been provided by the winding-up fund well before the merger into the continuing fund, which did not offer the same product on a stand-alone basis. Presumably, the inception date should be the date the merger occurred/the date the continuing fund took over the obligation for that product.</p> <p>There are also instances where SFTs have occurred where the trustee of the two superannuation funds involved is the same entity for both entities &amp; effectively the trustee has been responsible for the heritage product from when the product commenced in the winding-up fund. Consideration should be given to whether heritage inception dates should be included in the data.</p>
25.	SRF 605.0	1.12 – PDS URLs	<p>Details of the PDS URLs are to be shown. The Glossary does not provide any</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			<ul style="list-style-type: none"> <li>instructions on what to show where a product is referred to in more than one PDS or where more than one product is included in a single PDS</li> <li>guidance in relation to closed products or PDSs which are not available publicly.</li> </ul>
26.	SRF 605.0	1.13 – Date of PDS update	<p>While multiple PDS URLs can be included, only a single date can be included.</p> <p>There may be instances where the PDSs may be updated on different dates due to different changes being made to the relevant PDSs (e.g. due to insurance changes).</p> <p>There should be scope to enter multiple dates where multiple PDSs relate to a specific product. Alternatively, APRA needs to provide guidance for which date should be included in this item.</p>
27.	SRF 605.0	1.12 & 1.13 – Updates to PDSs	<p>The form requests data as at a point of time.</p> <p>Between that date &amp; the time of lodgement the PDSs may have been updated. Guidance should be provided regarding what action (if any) needs to be taken / advice given to APRA regarding the change.</p>
28.	SRF 605.0	1.14 – Updates to product dashboards	<p>The form requests data as at a point of time.</p> <p>Between that date &amp; the time of lodgement the product dashboards may have been updated. Guidance should be provided regarding what action (if any) needs to be taken / advice given to APRA regarding the change.</p>
29.	SRF 605.0	1.16 – Minimum balance	<p>This definition in the Glossary is confusing.</p> <p>The definition indicates there is a minimum balance where there is a restriction requiring members to hold at least this balance in the superannuation product. This assumes there is a ‘one-for-one’ relationship between the product &amp; the investment menu or that there is no general minimum balance that applies to the product.</p> <p>Based on the nature of the product this may not be the case or there may be a more specific (and potentially higher) limit that applies to one / more investment menu / options available for that product.</p> <p>Many products do not have any entry restrictions at all &amp; prima facie the member can have any balance in the product. Some funds, however, may have minimum switching requirements for which there may be many reasons (e.g. to prevent member gaming the new PYS requirements).</p> <p>The definition indicates the minimum balance should be reported where there is a restriction requiring members to ‘hold’ at least this balance in the superannuation product. A minimum balance required to ‘hold’ a product is very different to a minimum balance required to ‘establish’ a product. A minimum balance required to ‘hold’ a product implies there is a minimum balance that must be satisfied to keep the product open (i.e. there is a compulsory closure balance).</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
30.	SRF 605.0	1.17 – End date	<p>The Glossary indicates this is the last date there were any member accounts or member assets in the product / investment menu / investment option.</p> <p><i>'Member assets'</i> is defined as being the assets available to pay member benefits, being the <i>'assets less reserves less liabilities excluding member benefits'</i>.</p> <p>Prima facie the above definition of <i>'member assets'</i> is reflecting the accounting standard AASB 1056 requirements relating to financial statement disclosures. However, AASB 1056 does not use the words <i>'member assets'</i>. At best, it equates to the wording <i>'Net assets available for member benefits'</i> which, under the accounting standard, represents the <i>'total assets of the fund'</i> less the <i>'total liabilities of the fund'</i> (but includes member benefit liabilities plus reserves).</p> <p>Generally, we would have expected this should be to <i>'member benefits liabilities'</i> rather than <i>'member assets'</i>.</p> <p>APRA should</p> <ul style="list-style-type: none"> <li>• confirm what is meant by <i>'member assets'</i>. Prima facie, the words <i>'member assets'</i> refers to any surplus held by / deficits of the fund plus the value of the member liabilities</li> <li>• clarify whether <ul style="list-style-type: none"> <li>○ surplus / deficits are to be considered as part of this definition</li> <li>○ it is envisaging a fund surplus / deficit is allocated to a product / investment menu / investment option level.</li> </ul> </li> </ul> <p>Any surpluses / deficits of the funds would not be considered to be member assets until such time as the trustee has made a decision regarding the allocation of the amounts. In addition, it is unlikely any surplus / deficit would be allocated down to investment menu / investment option level.</p> <p>The current definition of <i>'member assets'</i> would also required unallocated amounts to be deemed as being <i>'allocated'</i> to product / investment menu / investment option level. This should also be clarified.</p>
31.	SRF 605.0	2.1 – Investment Menu Number (IMN)	<p>APRA has requested that the IMN does not change over the lifetime of the product.</p> <p>There may be a variety of reasons why a fund may change an investment menu reference number, for example due to changes in the product name to which the IMN relates.</p> <p>We believe there should be some scope to change the IMN on the APRA forms to assist with the collection of data, understanding of the investment menus (which are being introduced for APRA purposes only) and the linkage of the investment menu to administration systems of the funds.</p> <p>This is particularly important given that, for many funds, the introduction of an investment menu is an artificial construct &amp; a requirement for APRA reporting standards only.</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			If there is no scope to change an IMN on the APRA forms, heritage mapping will be required to be maintained by funds to link their current day references to an otherwise out-of-date IMN, thereby increasing red-tape for funds.
32.	SRF 605.0	2.2 – Investment menu name	<p>The Glossary indicates the Investment menu name refers to the name of an investment menu which groups the investment options offered within a superannuation product that has a defined fee &amp; cost structure incurred by members in order to access those investment options.</p> <p>The instructions to the workbook indicate that <i>'where access to all investment options offered by the RSE is unencumbered and no differentiation exists between groups of investment options with respect to the descriptive fields queried for investment menus, entities should report a single investment menu'</i>.</p> <p>There would be very limited circumstances where the above would apply within a fund. For example, where funds provide pensions that qualify the underlying fund investments for a tax-exemption, the tax rate applying to the investment options will be different to other products. Based on the instructions, this would require separate investment menus to be established. It should be noted that, where a MySuper product is an investment option within a fund, this creates additional investment menu splits for the APRA form.</p> <p>In many funds, MySuper members may hold both a MySuper product / investment option and choice investment option(s). It is unclear how this should be shown in the investment menu profiles. This is because the APRA form concept of product does not reflect the actual products / sub-plan arrangements within the fund.</p>
33.	SRF 605.0	2.3 – Investment menu description	<p>The Glossary does not include any instructions on what descriptions should be used here.</p> <p>The instructions to the workbook indicate that <i>'where access to all investment options offered by the RSE is unencumbered and no differentiation exists between groups of investment options with respect to the descriptive fields queried for investment menus, entities should report a single investment menu'</i>.</p> <p>As indicated above, there would be very limited circumstances where the above would apply within a fund. For example, where funds provide pensions, the tax rate applying to unit prices / crediting rates for those investment options will be different to other options / products.</p> <p>Based on the instructions, this would require separate investment menus to be established. As a result, we do not believe the example provided in the instructions is useful given the number of investment menus that need to be identified based on item 2.2.</p> <p>The investment menu does not deal with defined benefit sub-plans well &amp; this needs to be considered in more detail.</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
34.	SRF 605.0	2.4 – Investment menu type	<p>The Glossary does not include a definition for ‘<i>Investment menu type</i>’, however, the definition of ‘<i>investment menu</i>’ includes some detail regarding the investment menu types. This should be split into a separate definition.</p> <p>The Glossary indicates there are three options available from which to select, however, the form includes a fourth option of ‘<i>Other</i>’. This inconsistency should be addressed.</p> <p>The Glossary wording indicates a generic investment menu is an investment menu that is not a platform or lifecycle option investment menu.</p> <p>There is no indication of what should be selected for a defined benefit fund.</p> <p>Q) How should DB members who have an add-on account be treated</p>
35.	SRF 605.0	2.5 – Inception date	<p>The Glossary indicates the inception date for an investment menu is the first date any investment options were available to be selected through the menu.</p> <p>APRA is introducing the concept of an investment menu as part of this reporting project &amp; technically the menus listed in this item did not exist prior to this project.</p> <p>The definition of ‘<i>inception date</i>’ for the purposes of investment menu does not include any reference to member accounts / member benefits so there is a disconnect to the definition of superannuation product.</p> <p>There may be instances where an investment menu is offered but it may be some time before a member invests via that investment menu.</p>
36.	SRF 605.0	2.6 – Open to new members	<p>On the face of it, this question is straight forward.</p> <p>For all products that are open to new members, the investment menus relating to those products would be open to new members. For all products that are closed to new members, the investment menus relating to those products would be closed to new members.</p> <p>There is no guidance, however, included in the Glossary with respect to the transfer of members between investment menus within a closed product. Technically these investment menus are closed to new members from outside the product.</p>
37.	SRF 605.0	2.7 – Minimum balance	<p>This definition included in the Glossary is confusing.</p> <p>The definition indicates there is a minimum balance where there is a restriction requiring members to hold at least this balance in the investment menu. This assumes there is a ‘one-for-one’ relationship between the product &amp; the investment menu / investment option or that there is no general minimum balance that applies to the investment menu but a more specific (and potentially higher limit) applies to one / more investment option available for that product / investment menu.</p> <p>It is anticipated that many investment menus will not have any entry restrictions at all &amp; prima facie the member can have any balance in the investment menu. However, some funds may have</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			<p>minimum switching requirements for many reasons (e.g. to prevent member gaming the new PYS requirements).</p> <p>The definition indicates the minimum balance should be reported where there is a restriction requiring members to hold at least this balance in the investment menu, however, a minimum balance required to <i>'hold'</i> an investment menu is very different to a minimum balance required to <i>'establish'</i> a product. A minimum balance required to hold a product implies there is a minimum balance that must be satisfied to keep the product open (i.e. there is a compulsory closure balance). Given the description of <i>'investment menu'</i>, a member cannot <i>'hold'</i> an investment menu, rather, the member <i>'uses'</i> an investment menu – either on an ongoing basis or commences to <i>'use'</i> an investment menu. The Glossary should be amended to reflect this.</p>
38.	SRF 605.0	2.8 – Investment cap	<p>The Glossary indicates the investment cap is the maximum percentage of an individual's member's assets permitted to be invested in the investment menu. Where there is no cap, this is to be left blank.</p> <p>The above definition refers to the concept of <i>'member's assets'</i>, however, the definition of this provided in the Glossary makes no sense in this context.</p> <p>The reference should be to the individual member's benefits, as it relates to the investment of the member benefits (not the assets supporting the member benefits or the surplus / deficit relating to a member benefits).</p>
39.	SRF 605.0	2.9 – End date	<p>The Glossary indicates this is the last date there were any member accounts or member assets in the investment menu.</p> <p><i>'Member assets'</i> is defined as being the assets available to pay member benefits being the <i>'assets less reserves less liabilities excluding member benefits'</i>.</p> <p>Prima facie the above definition of <i>'member assets'</i> is reflecting the accounting standard AASB 1056 requirements relating to financial statement disclosures. However, AASB 1056 does not use the words <i>'member assets'</i>. At best, it equates to the wording <i>'Net assets available for member benefits'</i> which, under the accounting standard, represents the <i>'total assets of the fund'</i> less the <i>'total liabilities of the fund'</i> (but includes member benefit liabilities plus reserves).</p> <p>Generally, we would have expected this should be referring to member benefits liabilities rather than member assets.</p> <p>APRA should</p> <ul style="list-style-type: none"> <li>• confirm what is meant by <i>'member assets'</i>. Prima facie, the words <i>'member assets'</i> refers to any surplus held by / deficit of the fund plus the value of the member liabilities</li> <li>• clarify whether</li> </ul>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES		
TAB	DATA ELEMENT	COMMENTS
		<ul style="list-style-type: none"> <li>○ surplus / deficits are to be considered as part of this definition</li> <li>○ it is envisaging that a fund surplus / deficit is allocated to product / investment menu / investment option level.</li> </ul> <p>Any surpluses / deficits of the funds would not be considered to be member assets until such time as the trustee has made a decision regarding the allocation of the amounts. In addition, it is unlikely any surplus / deficit would be allocated down to investment menu / investment option level. The current definition of ‘<i>member assets</i>’ would also require unallocated amounts to be deemed as being ‘allocated’ to product / investment menu / investment option level. This should also be clarified.</p>
40. SRF 605.0	3.1 – Investment option Number (ION)	<p>APRA has requested the ION does not change over the lifetime of the product. There may be a variety of reasons why a fund may change an investment option reference number, for example, due to changes in the investment option name to which the ION relates. There should be some scope to change the ION on the APRA forms to assist with the collection of data, understanding of the investment options &amp; linkage of the investment option to administration systems of the funds.</p> <p>If there is no scope to change an ION on the APRA forms, heritage mapping will be required to be maintained by funds to link their current day references to an otherwise out-of-date ION, thereby increasing red-tape for funds.</p>
41. SRF 605.0	3.10 – Inception date	<p>The Glossary indicates the inception date is the first data the investment option was available through any investment menu within the RSE.</p> <p>As indicated above, APRA is introducing the concept of an ‘investment menu’ as part of this reporting project &amp; technically the menus listed in this item did not exist prior to this project. Technically, this means that investment options were not available via an investment menu until this project commenced.</p> <p>Most superannuation funds have been providing investment options for a significant period of time prior to the commencement of the investment menu concept.</p> <p>Some investment options have already been reported in SRF 001.0 where the investment option is a MySuper product or a select investment option. In that form, an ‘<i>effective date</i>’ is shown rather than an ‘<i>inception date</i>’.</p> <p>APRA should clarify whether these dates should be the same and if so, the same term should be used for the two forms.</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			<p>For a MySuper product the effective date shown at SRF 001.0, item 6.6, is the date on which the MySuper product was authorised by APRA. This is regardless of when the product was made available to members.</p> <p>For select investments, the effective date is shown at SRF 001.0, item 7.4, &amp; is the date on which the select investment option is made available to members, which may be reflected in the date the first PDS for the option was issued.</p>
42.	SRF 605.0	3.13 – Open to new members	<p>On the face of it, this question is straight forward.</p> <p>For all products which are open to new members, the investment options relating to those products would be open to new members. For all products which are closed to new members, the investment options relating to those products would be closed to new members.</p> <p>There is no guidance included in the Glossary, however, relating to the transfer of members between investment options within a closed product. Technically these investment options are closed to new members from outside the product but open to new members within those products.</p>
43.	SRF 605.0	3.16 – Minimum balance	<p>The Glossary indicates this means there is a restriction placed on investment forcing the member to hold at least a specific balance in the investment option.</p> <p>A minimum balance required to ‘hold’ an investment option is very different to a minimum balance required to ‘make an initial investment in’ an investment option. A minimum balance required to hold an investment option implies that there is a minimum balance that must be satisfied to keep the investment option open (i.e. there is a compulsory closure balance).</p>
44.	SRF 605.0	3.17 – End date	<p>The Glossary indicates this is the last date there were any member accounts or member assets in the product / investment menu / investment option.</p> <p><i>‘Member assets’</i> is defined as being the assets available to pay member benefits being the <i>‘assets less reserves less liabilities excluding member benefits’</i>.</p> <p>Prima facie the above definition of member assets is reflecting the accounting standard AASB 1056 requirements relating to financial statement disclosures. However, AASB 1056 does not use the words <i>‘member assets’</i>. At best, it equates to the wording <i>‘Net assets available for member benefits’</i> which, under the accounting standard, represents the <i>‘total assets of the fund’</i> less the <i>‘total liabilities of the fund’</i> (but includes member benefit liabilities plus reserves).</p> <p>Generally, we would have expected this should be referring to member benefits liabilities rather than member assets.</p> <p>APRA should</p> <ul style="list-style-type: none"> <li>confirm what is actually meant by <i>‘member assets’</i>. Prima facie, the words <i>‘member assets’</i> refers to any surplus held by the fund plus the value of the member liabilities.</li> </ul>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			<ul style="list-style-type: none"> <li>• clarify whether               <ul style="list-style-type: none"> <li>○ surplus /deficits are to be considered as part of this definition</li> <li>○ whether it is envisaging that a fund surplus / deficit is allocated to product / investment menu / investment option level.</li> </ul> </li> </ul> <p>Any surpluses / deficits of the funds would not be considered to be member assets until such time as the trustee has made a decision regarding the allocation of the amounts. In addition, it is unlikely that any surplus / deficit would be allocated down to investment menu / investment option level. The current definition of <i>'member assets'</i> would also require unallocated amounts to be deemed as being <i>'allocated'</i> to product / investment menu / investment option level. This should also be clarified.</p>
45.	SRF 605.0	7.5 – Member assets	<p>SRF 605.0 item 7.5 requires the value of member assets to be shown at investment option level. Based on the definition of <i>'member assets'</i> in the instructions, <i>'member assets'</i> is the assets available to pay member benefits, which is the assets less reserves less liabilities excluding member benefits.</p> <p>Prima facie, the above definition of member assets is reflecting the accounting standard AASB 1056 requirements relating to financial statement disclosures. However, AASB 1056 does not use the words <i>'member assets'</i>. At best it equates to the wording <i>'Net assets available for member benefits'</i> which under the accounting standard represents the <i>'total assets of the fund'</i> less the <i>'total liabilities of the fund'</i> (but includes member benefit liabilities plus reserves).</p> <p>APRA should</p> <ul style="list-style-type: none"> <li>• confirm what is actually meant by <i>'member assets'</i>. Prima facie the words <i>'member assets'</i> refers to any surplus held by / deficit of the fund plus the value of the member liabilities</li> <li>• clarify whether               <ul style="list-style-type: none"> <li>○ surplus / deficits are to be considered as part of this definition</li> <li>○ it is envisaging that a fund surplus / deficit is allocated to investment option level.</li> </ul> </li> </ul> <p>Any surpluses / deficits of the funds would not be considered to be <i>'member benefits'</i> in the ordinary course of events until such time as the trustee has made a decision regarding the allocation of the amounts. In addition, it is unlikely that any surplus / deficit would be allocated down to investment menu / investment option level.</p>
46.	SRF 606.1 – RSE Profile	Basis for preparation	<p>This form includes financial data but there are no instructions regarding how that data is to be prepared.</p> <p>Most (if not all) form instructions indicate all items in the relevant form are to be reported in accordance with the Australian Accounting Standards unless otherwise specified.</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			This requirement has not been included in this form which may affect how the values are measured. For consistency, there should be a reference to the Australian Accounting Standards to ensure greater consistency.
47.	SRF 606.1 – RSE Profile	Member assets	This is defined in the Glossary as being <i>‘the assets available to pay member benefits. This is assets less reserves less liabilities excluding member benefits’</i> . We do not believe this provides clarity regarding the data to be provided in relation to the value of the member benefits included in a product. The instructions do not indicate how the value of assets is to be determine (e.g. market value, net market value, cost, as per the accounting standards, etc).
48.	SRF 606.1 – RSE Profile	Vesting scale	Where a vesting scale exists within an account-based product, any surplus arising in those products as a result of a vesting scale could be reported in this form in a similar manner as the approach adopted by for defined benefit related products.
49.	SRF 606.1 – RSE Profile	Member benefits	It is unclear from the definition provided how the benefit should be measured as the Australian Accounting Standards (principally AASB 1056) do not define <i>‘member benefits’</i> . Rather the Australian Accounting Standard (principally AASB 1056) defines the term <i>‘member liabilities’</i> . The term used should be <i>‘member liabilities’</i> . This should be defined as the value of the member liabilities as calculated in accordance with the Australian Accounting Standards.
50.	SRF 606.1 – RSE Profile	Value of the defined benefit member accounts	There is no guidance in the form regarding how a defined benefit surplus / deficit is to be allocated to a defined benefit account. A defined benefit surplus / deficit represents the difference between the total assets supporting the defined benefit product & the members liabilities of that product. There are several types of defined benefit surpluses / deficits being: <ol style="list-style-type: none"> <li>1. the vested benefit surplus / deficit</li> <li>2. the total service liability surplus / deficit; and</li> <li>3. the accrued benefit (AASB 1056) surplus.</li> </ol>
51.	SRF 611 – General comments/questions	Pension accounts	Q) Will this be applied to pension accounts too? Q) Will this replace SRS 610 in its entirety? Some providers have products, especially in the WRAP space, that span Accumulation; Transition to Retirement & Retirement. The draft standard only allows the selection of 1 phase. Q) How should these be treated?

**PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES**

	TAB	DATA ELEMENT	COMMENTS																																																				
52.	SRF 611 – Item 1	<p>1.2 – Age 1.3 – Sex 1.8 – Member Accounts</p> <p>contrasted with</p> <p>1.1 – Superannuation Product Number 1.5 – 16 month inactive 1.6 – Elected to receive insurance benefit 1.7 – Recent member interaction</p> <p>One member per row OR One row per account</p>	<p>The columns 1.2 – Age; 1.3 – Sex &amp; 1.8 – Member Accounts, sound like the report is to be presented at member level (i.e. 1 member per row. Other fields like 1.1 – Superannuation product number; 1.5 – 16 month inactive; 1.6 – Elected to receive insurance benefit &amp; 1.7 – Recent member interaction makes it seem like the data should be presented as account level (i.e. 1 row for each account, so one member could be represented across multiple rows).</p> <p>A number of providers administer on the basis that the member has 1 client ID but within that client ID members can have multiple accounts from multiple products. By way of example:</p> <table border="1" data-bbox="936 496 1901 667"> <thead> <tr> <th>Client ID</th> <th>Account Number</th> <th>Product name</th> <th>Product Number</th> </tr> </thead> <tbody> <tr> <td>10001001</td> <td>9910000111</td> <td>Product A</td> <td>40000026</td> </tr> <tr> <td>10001001</td> <td>9910000112</td> <td>Product B</td> <td>40000021</td> </tr> <tr> <td>10001001</td> <td>9910000113</td> <td>Product C</td> <td>40000023</td> </tr> </tbody> </table> <p>Conversely a member could have multiple Client IDs with multiple accounts in each Client ID. By way of example:</p> <table border="1" data-bbox="936 740 1901 956"> <thead> <tr> <th>Client ID</th> <th>Account Number</th> <th>Product name</th> <th>Product Number</th> </tr> </thead> <tbody> <tr> <td>10001002</td> <td>9910000114</td> <td>Product A</td> <td>40000026</td> </tr> <tr> <td>10001002</td> <td>9910000115</td> <td>Product B</td> <td>40000021</td> </tr> <tr> <td>10001003</td> <td>9910000116</td> <td>Product C</td> <td>40000023</td> </tr> <tr> <td>10001003</td> <td>9910000117</td> <td>Product D</td> <td>40000022</td> </tr> </tbody> </table> <p>Alternatively, a member may have multiple Client IDs with only single accounts in each Client ID but in different products. By way of example:</p> <table border="1" data-bbox="936 1029 1921 1200"> <thead> <tr> <th>Client ID</th> <th>Account Number</th> <th>Product name</th> <th>Product Number</th> </tr> </thead> <tbody> <tr> <td>10001004</td> <td>9910000118</td> <td>Product A</td> <td>40000026</td> </tr> <tr> <td>10001005</td> <td>9910000119</td> <td>Product B</td> <td>40000001</td> </tr> <tr> <td>10001006</td> <td>9910000120</td> <td>Product C</td> <td>40000023</td> </tr> </tbody> </table> <p>Q) Could APRA clarify how it would like 611.0 to be presented – does it want the data to be presented at member level or account level? Things to consider include:</p> <ul style="list-style-type: none"> <li>• account level – certain fields (like 1.1, 1.5, 1.6 &amp; 1.7) could be different in different accounts</li> <li>• member level – providers would have to select only 1 product number which is not a correct view of that member</li> </ul>	Client ID	Account Number	Product name	Product Number	10001001	9910000111	Product A	40000026	10001001	9910000112	Product B	40000021	10001001	9910000113	Product C	40000023	Client ID	Account Number	Product name	Product Number	10001002	9910000114	Product A	40000026	10001002	9910000115	Product B	40000021	10001003	9910000116	Product C	40000023	10001003	9910000117	Product D	40000022	Client ID	Account Number	Product name	Product Number	10001004	9910000118	Product A	40000026	10001005	9910000119	Product B	40000001	10001006	9910000120	Product C	40000023
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PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			Q) Should the data be presented by product level for each member?
53.	Membership breakdown	Column B – Age	<p>While member age is information stored in registry systems &amp; data warehouses &amp; therefore is attainable, current systems are coded to report this in brackets &amp; as such system changes will be required to change this. This means this change may be more complicated &amp; costly than it may appear to be</p> <p>Removal of age bracket, hence the requirement to report on each age, is too detailed. If the current bracket is deemed too large, members have suggested perhaps reduce the size of the bracket. By way of example, for one provider the removal of the age brackets &amp; the addition of the 3 new data types increases the volume of data on this report from approximately 400 to potentially over 30,000 rows. Providers have queried whether this the desired outcome?</p>
54.	Membership breakdown	Members benefit bracket	<p>Balances for defined benefit interests &amp; certain retirement income stream products, such as fixed term or lifetime pensions, is only calculated annually</p> <p>For platforms, balances reported for all quarters other than the June quarter may not take into account all accrued earnings, tax adjustments etc</p>
55.	Membership breakdown	Item 1.5 16 months inactive Columns E to G	<p>Indication that this information is required to assess fund sustainability – providers have suggested that the impact of these reforms would be evident in the other data collected e.g. number of members; account balances; fees etc</p> <p>Q) Does APRA intend to update reporting standards to specifically assess impacts of all future legislative reforms at the fund or product level?</p> <p>The ATO could provide data to provide an understanding of the impact of the PYS/PMIF reforms at a fund &amp; industry level.</p> <p>Q) Could APRA consider whether any ATO data could be utilised to allow APRA to analyse the impacts of PYS and PMIF?</p> <p>Definition of inactivity needs to be clearly &amp; consistently defined across all regulatory reporting (ATO, APRA, ASIC)</p>
56.	Membership breakdown	Item 1.5 16 months inactive	<p>Q) Members have queried how to interpret this field &amp; have suggested as per below:</p> <ul style="list-style-type: none"> <li>• Pension accounts could all be answered ‘No’ due to their nature (generally) of having no insurance or contributions. Or do providers need to look at other pieces of legislation for pension accounts?</li> <li>• Accumulation accounts could be answered <ul style="list-style-type: none"> <li>○ ‘Yes’ – if no rollover in or contributions in last 16 months</li> <li>○ ‘No’ – if there has been rollover in or contributions in last 16 months.</li> </ul> </li> </ul> <p>Q) Is this correct?</p>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
57.	Membership breakdown	Item 1.6 Election to receive insurance benefit	Q) Could APRA explain the purpose of collecting this information i.e. how will this be used to assess and/or improve member outcomes? Q) Is this intended to collect new elections received for the quarter or all elections held at the end of the quarter? If the purpose of this collection is to provide a view of the impact of the PYS/PMIF changes, the ATO could provide information on the change in the number of members with insurance based on the insurance indicator in the MAAS record
58.	Membership breakdown	Item 1.6 Election to receive insurance benefit	Q) Is this to be taken literally as the definition is written? If so then should it be that <ul style="list-style-type: none"> <li>only those flagged as making a formal election will be marked 'Yes'.</li> <li>if a member has insurance &amp; has not lapsed yet, because they are active, this field would be answered 'No' as they have not had to make any formal election</li> </ul> Or should it be that <ul style="list-style-type: none"> <li>members with insurance who have not yet lapsed should be marked 'Yes' as well; and</li> <li>only those members who have lapsed &amp; have not made a formal election to retain insurance be marked 'No'?</li> </ul> Q) Pension members who do not have insurance will be marked 'No' – is this correct?
59.	Membership breakdown	Item 1.7 Recent member interaction	Q) Could APRA explain the types of member interaction to be considered for this data element? Q) Could APRA explain the purpose of collecting this information i.e. how will this be used to assess and/or improve member outcomes? Q) If this relates to inactive low balance accounts for unclaimed super purposes, would this not be a matter for the Commissioner of Taxation as part of the general administration of the <i>Superannuation (Unclaimed Money and Lost Members) Act 1999?</i> (section 40) Q) What is the definition of recent interaction <ul style="list-style-type: none"> <li>switch request?</li> <li>change of details request?</li> <li>telephone conversation?</li> </ul>
60.	Membership breakdown	Item 1.7 Recent member interaction	One member organisation has indicated that it is interpreting the recent member interaction as including the following: <ul style="list-style-type: none"> <li>last contribution date within last 16 months</li> <li>rollover in date within last 16 months</li> <li>last contact date within last 16 months</li> </ul>

PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES			
	TAB	DATA ELEMENT	COMMENTS
			<ul style="list-style-type: none"> <li>• ILBA exclusion – where an eligible exclusion to ILBA has been done in the last 16 months</li> <li>• last Insurance update / change date within last 16 months</li> <li>• last member investment update / change date within last 16 months</li> <li>• last update to binding beneficiary nomination within last 16 months</li> <li>• not flagged as ‘lost inactive’</li> <li>• account start date within last 16 months</li> <li>• pension accounts with lump sum withdrawal within last 16 months (if no other member contact)</li> </ul> <p>Q) The specific legislation referenced also refers specifically to ‘inactive low balance accounts’, so does that mean members who</p> <ul style="list-style-type: none"> <li>• are not low balance</li> <li>• are in pension phase</li> <li>• have not had any recent member interaction</li> </ul> <p>are to be answered ‘Yes’ in this field?</p>
61.	Membership breakdown	Defined benefit member benefits	<p>Defined Benefit accruals are only calculated annually</p> <p>Q) Is this what should be used &amp; only updated when the next annual is available?</p>
62.	SFR 705.0, Item 1	2.14	<p>2.14 says “Report as a percentage the percentage value (% of balance) of the <b>expense or benefit attributable to a member during the reporting period</b>”</p> <p>Q) Does the provider need to put a comment to show whether it is an expense or a benefit or will this be apparent to APRA through answering other fields in the SFR 705.0. Item 1 report?</p> <p>Q) If so then where should the provider add this comment?</p>
63.	SFR 705.0, Item 1	2.4 & 2.5	<p>Q) Do we include contribution tax that is paid to the government?</p> <p>Our thought is that we do not think so as it does not go to the fund directly.</p>
64.	SRF 705.0	After tax return	<p>Wrap products do not have an after tax performance / return amount by investment option. Wrap products generally are not a unit priced product (where tax forms part of the unit price). Instead, each member has an individual tax amount calculated every year and this tax amount is not specifically attributed to underlying investments held by the member.</p>
65.	Components of net return		<p>Q) Is APRA seeking disclosure of direct fees or also indirect fees? (i.e. fees included within unit prices or crediting rates)</p>
66.	Components of net return		<p>Platform providers will need to collect some of the investment information requested from external providers e.g. the underlying product issuer or a third party service provide such as Morningstar. This will increase the complexity &amp; extend the timeframe required to implement these changes.</p>

<b>PHASE 1 – TOPIC PAPERS 1, 2 AND 3 – SOME SPECIFIC ISSUES</b>			
	<b>TAB</b>	<b>DATA ELEMENT</b>	<b>COMMENTS</b>
67.	Components of net return		Data elements collected do not reflect any fee capping e.g. 3% fee cap on admin & investment fees for low balance accounts
68.	Components of net return	Columns K – Q	Q) Is APRA seeking the actual dollar amount or percentage charged for the quarter or the rate as disclosed in the PDS?
69.	Components of net return	L & O	Q) Assume these are at option level?
70.	Components of net return	Term deposits	Q) Can Term Deposits be excluded from this report? Currently each tranche of Term Deposit is reported as an investment option
71.	Long term performance & objectives	General	Generally benchmark data & long term performance measure will not change from Q to Q (hence the definition of long term).
72.	Long term performance & objectives	All fields	To ensure consistent reporting, it will be important to clearly define data elements e.g. ‘volatility of comparison return’ in T2 and ‘moving average return’ in T4 – average over how long?
73.	Long term performance & objectives		Q) Could APRA clarify how Term Deposits can be aggregated for reporting purposes?
74.	Long term performance & objectives	T1 and T2	Q) Could APRA confirm whether managed portfolios are to be reported at the managed portfolio level or if all underlying investments need to be reported on a look-through basis?
75.	Long term performance & objectives	T1, Return measurement	Q) We understand that return measurement needs to be reported for one & not all of the listed options – is this correct?
76.	Long term performance & objectives	T2, Duration	Q) Should this also include 7 years? We recommend having a line for each benchmark period rather than presenting each year horizontally across the page for each option
77.	Long term performance & objectives	705.1 T2 column G	Question on availability of benchmark data for certain benchmarks (especially investment in long term illiquid portfolio) to enable quarterly reporting (so meaningful ‘like to like’ comparison can be made)