

SUBMISSION

Submission to the
Department of Home
Affairs — Protecting
Critical Infrastructure
and Systems of
National Significance

15 September 2020

**The Association of Superannuation
Funds of Australia Limited**
Level 11, 77 Castlereagh Street
Sydney NSW 2000

PO Box 1485
Sydney NSW 2001

T +61 2 9264 9300
1800 812 798 (outside Sydney)

F 1300 926 484

W www.superannuation.asn.au

ABN 29 002 786 290 CAN 002 786 290

File: 2020/24

The Manager
Critical Infrastructure Centre
Department of Home Affairs
GPO Box 241
MELBOURNE VIC 3001
AUSTRALIA

Via email: ci.reforms@homeaffairs.gov.au

15 September 2020

Dear Sir/Madam

Protecting Critical Infrastructure and Systems of National Significance

The Association of Superannuation Funds of Australia (ASFA) is writing to you in response to the Government's consultation on *Protecting Critical Infrastructure and Systems of National Significance*.

About ASFA

ASFA is a non-profit, 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 \$2.7 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 is broadly supportive of any measures that will protect essential services through enhancing the security and resilience of critical infrastructure and is of the view that the superannuation industry, or at least a number of its functions such as payments to members and its role as an asset owner either directly or indirectly of critical infrastructure, is an essential service and a critical risk of national importance if subject to threats, such as cyber-attack.

However it must be recognised that superannuation is already a heavily regulated and closely supervised industry with a number of regulations already covering the area of security and resilience. These include CPS 231 *Outsourcing*, CPS 232 *Business Continuity Management* and CPS 234 *Information Security* which are enforced by the Australian Prudential Regulation Authority (APRA). These prudential standards impose significant obligations on trustees to protect the security and continuity of their business operations. We acknowledge that it is the Government's intention to avoid or minimise duplication with these and other

existing regulations in delivering the critical infrastructure security reforms but it will require careful attention to accomplish this.

ASFA would also like to highlight that the business model of superannuation funds is substantially different from that of banks and insurers with there being varying degrees of insourcing and outsourcing of its basic activities such as administration, investment management, insurance and claims management services, and custodial services. Any regime designed to bolster security and resilience would need to take account of these different models, the role of the various providers in the business models and the range of risks that are relevant.

ASFA notes that the consultation paper puts forward three new proposals for critical infrastructure sectors – a positive security obligation, enhanced cyber-security obligations, and a role for Government assistance or intervention to help businesses respond to cyber-attacks - however it is not clear how these will apply to the superannuation industry or how they will interact with existing regulations.

Given this uncertainty ASFA considers that it would be beneficial to bring together representatives of the superannuation industry, the relevant regulators and the Critical Infrastructure Centre to discuss the particular features of the superannuation industry and existing regulation to ensure that the aims of the critical infrastructure reforms can be achieved in a rigorous manner, to mitigate cyber risks and to enable swift action in response to threats, and delivered in a way which avoids regulatory duplication and other inefficiencies. ASFA would be happy to find suitable industry representatives to attend such a meeting and facilitate if that would assist.

If you have any queries or comments in relation to the content of our submission, please contact Byron Addison, Senior Policy Adviser on (02) 8079 0834 or at baddison@superannuation.asn or me on (02) 8079 0808 or by email at gmccrea@superannuation.asn.au.

Yours sincerely

Glen McCrea

Chief Policy Officer and Deputy Chief Executive Officer