

SUBMISSION

Submission to APRA — Draft CPG 190 Financial Contingency Planning and CPG 900 Resolution Planning

6 December 2022

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General Manager, Policy
Policy and Advice Division
Australian Prudential Regulation Authority

Via email: policydevelopment@apra.gov.au

6 December 2022

Dear Sir/Madam,

Draft CPG 190 Financial Contingency Planning and CPG 900 Resolution Planning

The Association of Superannuation Funds of Australia (ASFA) is pleased to provide this submission in response to your consultation on the two draft cross-industry prudential guides (**Draft Guides**) *Draft CPG 190 Financial Contingency Planning (Draft CPG 190) and CPG 900 Resolution Planning (Draft CPG 900)*.

ABOUT ASFA

ASFA is a nonprofit, non-partisan 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 \$3.3 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 17 million Australians with superannuation.

COMMENTS

ASFA supports the objective of ensuring the good governance of superannuation funds and continuously improving financial contingency and resolution planning to ensure good outcomes for members.

ASFA and our member organisations support the intention and approach of the *Prudential Standard CPS 190 Recovery and Exit Planning (CPS 190)* and the draft *Prudential Standard CPS 900 Resolution Planning (Draft CPS 900)*, supported by the Draft CPG 190 and Draft CPG 900 once they are finalised.

ASFA member organisations have provided feedback that it has proven difficult to provide comments on the Draft Guides, particularly Draft CPG 900, as this is a new area of prudential supervision and Draft CPS 900 has not been finalised. This is especially the case as it is a cross-industry prudential guide, not superannuation specific, and accordingly it is more difficult to analyse and assess in detail.

Member organisations have observed that there is likely to be a lot of learning in this area over the next few years and that not all of the implications of the Draft Guides will be fully identified, appreciated or understood until after discussions between superannuation entities and APRA have taken place.

It was also observed that there are considerable interdependencies with the consultation on the Discussion Paper on '*Strengthening financial resilience in superannuation*' (**Discussion Paper**), which includes the proposal to replace *Prudential Standard SPS 114 Operational Risk Financial Requirement* with enhanced obligations for trustees. Member organisations have suggested that it is difficult for them to consider all the implications of Draft CPG 190 and Draft CPG 900 prior to the finalisation of the consultation on the Discussion Paper.

Finally, member organisations have assessed the work necessary to comply with the proposed new obligations under Draft CPG 190 and Draft CPG 900 is considerable, including performing comprehensive reviews of trustee and fund policies and of the trust deed and other governing rules. Given this, member organisations have asked that APRA is cognizant of the volume of work involved in trustees performing the various reviews of governance documentation, policies and processes, and in effecting the necessary amendments and approvals, expected of them during 2023 and 2024.

Should 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.

Yours sincerely

Fiona Galbraith
Director, Policy