

Submission reference: 2015/11

17 April 2015

CONSULTATION ON UPDATE ON REGULATORY COSTS SAVINGS – FEBRUARY 2015

In our submission, ASFA welcomed APRA's consideration of potential ideas where costs could be saved by APRA and industry alike, and encouraged APRA to complete its review and to implement appropriate changes in a timely manner.

In particular, ASFA's submission expressed strong support for APRA proposals to:

- undertake a review of the clarity of APRA's requirements for superannuation trustee boards
- review audit requirements
- consider exemptions from the offshoring consultation requirements (*Prudential Standard CPS 231 Outsourcing*) in relation to investment management agreements with offshore investment managers
- consider the need for further guidance in relation to the Operational Risk Financial Requirement, as well as a possible materiality threshold.

ASFA also identified need to consider reforms in relation to the APRA reporting framework for superannuation funds, including:

- reducing the frequency of some reporting and providing trustees with a longer period for lodgement of quarterly returns
- reviewing APRA's practices and procedures for generating validations and queries on prudential returns
- improving consistency of APRA reporting with accounting standards and other agency reporting
- upgrading the Direct to APRA (D2A) lodgement system as a matter of priority
- deferring and re-consulting on returns in relation to select investment options.

ASFA's submission also identified a number of additional proposals for further cost saving options, including:

- The provision of an allowance to report transaction types on the basis of a reasonable estimate, or by apportioning member-level data, on SRF 330 *Statement of Financial Performance*
- A review of the entire framework of reporting obligations and notifications required in respect of defined benefit funds, with a view to assessing whether the cost of compliance is balanced with its prudential supervisory objectives.