

6 May 2013

Mr Neil Grummitt
General Manager, Policy Development
Policy, Research and Statistics
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

Email: superannuation.policy@apra.gov.au

Dear Mr Grummitt,

Re: Superannuation reporting form SRF 711.0 SuperStream data collection

In this submission, the Australian Institute of Superannuation Trustees (AIST) makes various comments in relation to the SuperStream Benchmarking Measures issued for public consultation on 23 April 2013. AIST makes no claim for confidentiality.

AIST is an independent, not-for-profit professional body whose mission is to protect the interests of Australia's \$500 billion not-for-profit superannuation sector. AIST's members are the trustee directors and staff of industry, corporate and public-sector superannuation funds, who manage the superannuation accounts of two-thirds of the Australian workforce.

Rollover processing

- **Manual handling**

We note that the form is designed to collect data from the first quarter of 2013-2014 and that initial reporting in the first one or two quarters will capture the transition to use of the data and payment standard. Therefore, the initial manual handling reports may tend to report on the prevalence of "pre-data standard" processes while the subsequent reports may tend to report on errors. The underlying reason for manual processing cannot be discerned by the form.

- **Exceptions**

It is unclear how Exceptions are to be counted. If the one transaction requires resolution with sender on two instances and then resolved through a Straight Through transaction on the third attempt, is each attempt recorded as a separate transaction or as just one transaction? If each attempt is recorded as separate transaction, how will the transactions be reconciled with item

1.8 on SRF 330? If it is recorded as the one transaction, is it to be recorded as the ultimately successful Straight Through transaction, or as the initial exception that needed to be resolved .

- **Average cost of transaction processing**

The instructions for item 3 do not provide guidance to trustees. Funds and administrators use various methodologies to for apportionment of transaction costs across their businesses.

For funds which outsource their administration services, the cost of member administration may be on a per-member-per-week basis, and may not include a separate fee for processing rollovers. Similarly, the fee for a member may be differentiated on the basis of whether a member is active (ie, receiving contributions) or inactive. Therefore, while there may be an activity based fee, it may be binary, and may have no regard to level of activity.

As it is the RSE Licensee rather an outsourced administrator that has responsibility for completing the form, *prima facie* the average cost of rollover and contribution transactions processed straight through (as there is no separate fee) may be zero – but then so will be the differentiated cost of manual processing.

If it is the intention of the form to require a recalculation of administration costs based on the underlying costs of transactions, even though these may be invisible to RSE Licensees, this will require significant additional guidance. If this is to be the basis, AIST suggests that this question be referred initially to the SNAC so that accounting firms can engage with APRA about an appropriate measure, and that this then be the subject of wider consultation with the superannuation industry.

- **Active employers**

There is no standard definition of an active employer. AIST suggests that an arbitrary definition be provided in the form. For example, an active employer could be an employer that has made any contribution on behalf of a member of a fund in the preceeding 24 months.

If you have any further questions regarding this submission, please contact David Haynes, Executive Manager, Policy & Research on 03 8677 3803 or at dhaynes@aist.asn.au .

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Garcia', written over a light blue horizontal line.

Tom Garcia
Chief Executive Officer