

14 August 2015

Pat Brennan
General Manager Policy Development
Policy Statistics and International Division
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

Email: superannuation.policy@apra.gov.au

Dear Mr Brennan,

Re: Consultation on proposed changes to superannuation reporting standards for the purposes of the Australian Bureau of Statistics

The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public sector funds. As the principal advocate and peak representative body for the \$600 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research. AIST provides professional training, consulting services and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.

In brief:

AIST welcomes the inclusion of reporting items from SRS 730.0 into SRS 330.0, and the removal of SRS730.0. AIST strongly believes that the suite of ABS reporting forms needs to be finalised in tandem so that funds may more fully gauge implementation impacts. Implementation timeframes of at least 12 months from finalisation of reporting forms is needed.

AIST wishes to thank both APRA and the ABS for their ongoing consultation on superannuation data collection for the ABS, and is pleased to make this further submission. Continued consultation will help contribute to the production of better, and therefore more meaningful, data.

In making this submission, AIST refers to the 31 July 2015 letter issued to all registrable superannuation entity (RSE) licensees ('31 July letter'), and the draft Reporting Standard SRS 330.0 Statement of Financial performance (July 2015) ('draft SRS 330.0').

We note our continued support for superannuation funds providing data. We reaffirm our general comment from previous submissions that since the cost of data comes in effect from members' retirement savings, the following objectives are important:

- Clarity as to why the data is being reported;

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- What data is to be reported; and
- Efficiency of reporting.

With these objectives in mind, AIST **welcomes:**

- Removal of reporting items from draft SRS 730.0 and inclusion in draft SRS 330.0.
- Removal of reporting non-resident member flows (while noting these still remain in draft SRS 720.0).
- Removal of reporting detailed defined benefit member flows and changes in defined benefit liabilities.
- The withdrawal of SRS 730.0 from ABS collection.

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AIST notes that SRS 330.0 will be submitted by all RSEs, regardless of size.

AIST notes our **concerns:**

- A two week consultation period on such important matters is too brief.
- Given the timeframe, AIST is unable to substantively comment on the cost-benefit of the proposed changes, other than by commenting that there will be a high cost flowing from IT, process changes, and personnel costs.
- In the letter from the ABS of 1 April 2015, it was noted that a heat map or cross-reference document outlining data across APRA and ABS reporting and ASIC disclosure requirements would not be produced as the contents of that letter meant that a majority of the data items in common could now be eliminated. AIST still strongly believes that such a map is needed.
- The implementation timetable of 1 July 2016 is too brief. AIST believes a full 12 months is needed from finalisation and release of the forms. The 31 July letter notes that the final reporting standard is expected to be released by 31 December 2015.
- Other draft reporting forms such as SRS 720.0 ABS Statement of Financial Position remain unfinished, and AIST believes that all ABS reporting forms should be finalised in tandem.
- In its recent submission regarding section 29QC¹, AIST recommended that the section 29QC requirements be further delayed until 1 January 2016. AIST recommends that the impact of section 29QC on the requirements of ABS data reporting also be part of any further workshop consultation.

We now turn to the specifics of draft SRS 330.0.

Implementation timing needs to be longer

Draft SRS 330.0 notes that it would apply for reporting periods ending on or after 1 July 2016. AIST strongly believes that at least full 12 months is needed from finalisation and release of the forms. The 31 July letter notes the expectation that SRS 330.0 will be released by 31 December

¹ AIST, (2015). *ASIC Consultation Paper 227: Disclosure and reporting requirements for superannuation trustees: s29QC*, 16 March 2015. [online] AIST. Available at: <http://tinyurl.com/k789k4a> [Accessed 11.April. 2015].

2015, which would then only provide a 6 month window to implement. Given the impacts on IT, processes and personnel, AIST recommends that the implementation be from 1 July 2017.

Implementation needs to be based on suite of ABS reporting

The suite of ABS reporting requirements needs to be finalised for funds to efficiently identify IT, process and personnel impacts. AIST has provided comment on, for example, SRS 720.0², and believes that these forms should be finalised before implementation of any component.

'Careful estimate' and 'accurate information' should be defined

Paragraph 13 of draft SRS 330.0 refers to 'careful estimates' being reported where 'accurate information' is not available. This is repeated in the instructions. AIST seeks:

- Clarification as to what is meant by 'careful estimates' and 'accurate information'.
- An explanation of why there is a variance in the standard of preparation and checking between the data provided to the ABS as compared with APRA.

AIST notes that there is no reduction in effort as compared with audited information as the funds, administrators and custodians will still need to undertake due diligence on any items reported. The removal of the term 'exact values' since the April consultations has not assisted, as this has been substituted with reference to 'accurate information', which also is undefined.

Item 1 – member benefits flows in – member defined benefit contributions

AIST seeks clarification that where a member's contribution may go into a hybrid scheme, this item is seeking the aggregate of the contribution.

Item 6 – other investment income – fees and commission income – clarity needed

Draft SRS 730.0 contained a breakdown of fee information required to be reported. Draft item 6.1 refers more generally to 'fees and commission income'. While this term is examined in the draft reporting instructions, the definition is extremely broad. AIST notes that ASIC is presently undertaking considerable work regarding what is a 'fee' for disclosure purposes. AIST seeks clarity regarding what information is to be provided, taking into account ASIC's work.

AIST also seeks clarification on how these requirements are affected by section 29QC.

² AIST, (2015). *Consultation on superannuation data collection for the Australian Bureau of Statistics 17 April 2015*. [online] AIST. Available at: <http://tinyurl.com/pcdadil> [Accessed 13 Aug. 2015].

Item 9 – property maintenance expenses – requires clarification

The definition of ‘property maintenance expenses’ in the instructions refers to all expenses relating to an investment in direct property – rather than just property maintenance. AIST seeks clarification regarding the purpose of collecting this data, as well as what the definition covers. For example, does ‘expenses relating to an investment in direct property’ include acquisition and sale and legal costs, and any other costs which are typically capitalised into the cost of the asset?

Item 10 – Management fees – requires clarification

The definition of ‘management fees’ in the instructions refers to any fees for management services collected from members’ accounts excepting e.g. investment management fees. The definition assumes that such fees are based on a percentage of funds under management – AIST notes that in some cases, funds charge only a flat dollar fee.

Reporting requirements across regulators and agencies

In the letter from the ABS of 1 April 2015, it was noted that a heat map or cross reference document outlining data across APRA and ABS reporting and ASIC disclosure requirements would not be produced as the contents of that letter meant that a majority of the data items in common could now be eliminated. AIST still strongly believes that such a map is needed.

In its recent submission regarding section 29QC³, AIST recommended that the section 29QC requirements be further delayed until 1 January 2016. AIST recommends that the impact of section 29QC on the requirements of ABS data reporting also be part of any further workshop consultation.

If you have any further questions regarding this submission, please contact Karen Volpato, Senior Policy Advisor on 0419 127 496 or at kvolpato@aist.asn.au .

Yours sincerely,



Tom Garcia
Chief Executive Officer

³ AIST, (2015). *ASIC Consultation Paper 227: Disclosure and reporting requirements for superannuation trustees: s29QC*, 16 March 2015. [online] AIST. Available at: <http://tinyurl.com/k789k4a> [Accessed 11.April. 2015].