

**Financial Sector (Collection of Data) Determinations Nos. 41 to 45 of 2005 – reporting standards applying to superannuation entities**

**EXPLANATORY STATEMENT**

Issued by the authority of the Australian Prudential Regulation Authority ('APRA')

*Financial Sector (Collection of Data) Act 2001 ('FSCOD Act')*, s 13(1)(a) and s 15

*Acts Interpretation Act 1901*, s 33(3)

Subsection 13(1) of the FSCOD Act provides that APRA may, by writing, determine reporting standards that are required to be complied with by financial sector entities. Section 15 of the FSCOD Act gives APRA power to make a formal declaration of the date when reporting standards begin to apply. (Although s 15(2) provides for such declarations to be published in the *Gazette*, s 56(1) of the *Legislative Instruments Act 2003* provides that this requirement is fulfilled by registration on the Federal Register of Legislative Instruments.) Subsection 33(3) of the Acts Interpretation Act gives APRA power to revoke reporting standards so made.

Financial Sector (Collection of Data) Determinations Nos. 41 to 44 of 2005 determine reporting standards which will apply to trustees of superannuation entities (within the meaning of the *Superannuation Industry (Supervision) Act 1993*). Determination No. 45 of 2005 revokes certain existing reporting standards, which the new ones replace.

The pre-existing reporting standards were all amended in 2004 by Financial Sector (Collection of Data) Determination No. 7 of 2004, and it is intended to consolidate those amendments in fresh reporting standards. This will simplify compliance with the *Legislative Instruments Act 2003*. As well as incorporating the 2004 amendments, certain additional line items (discussed below) will be added to the relevant reporting forms.

The new reporting standards will have effect in respect of reporting periods ending on or after 30 June 2005. They will formally begin to apply (under s 15 of the FSCOD Act) on the later of 1 July 2005 and the date of registration on the Federal Register of Legislative Instruments. Each old reporting standard will be revoked on the date the new standard replacing it comes into effect.

**Financial Sector (Collection of Data) Determination No. 41 of 2005 - SRS 250.0 (2005) Superannuation Entity Profile**

This reporting standard requires the trustee of a superannuation entity (other than a self-managed superannuation fund, a small APRA fund or a single member approved deposit fund) to give APRA, on an annual basis, details of the trustee, any service providers, employer sponsors, benefits offered and the last actuarial review conducted.

Financial Sector (Collection of Data) Determination No. 7 of 2004 amended the original SRS 250.0 to require additional information about the contact details of the entity, the lodging organisation, the external investment manager, the trustee, the auditor and other service providers. It also required trustees to provide greater detail

about the asset allocation/default strategy of the fund, the classification of the superannuation entity, in-house assets and other regulatory reviews of the entity. Trustees were also required to provide their AFSL number where applicable, and include specific wind up information in the return. The variations effected by Financial Sector (Collection of Data) Determination No. 7 of 2004 also removed the requirement to specifically provide insurer and asset consultant details and amended the process for the lodgement and verification of annual returns with APRA. Additional provision was made within the standard for the lodgement of all returns by an administrator external to the superannuation entity.

Financial Sector (Collection of Data) Determination No. 41 of 2005 consolidates the old standard, with those amendments, in the new SRS 250.0 (2005). In addition, the new form SRF 250.0 will require details of the relevant superannuation entity's registration number (which relates to the superannuation licensing and registration process under the *Superannuation Industry (Supervision) Act 1993* [the SIS Act]), and item 6.1 will enable a trustee to indicate on the return where a fund is an approved deposit fund (which corrects an oversight in the old form).

A Regulation Impact Statement is not required for this reporting standard as the changes are of a minor or machinery nature.

#### **Financial Sector (Collection of Data) Determination No. 42 of 2005 - SRS 260.0 (2005) Trustee Statement**

This reporting standard requires the trustee of a superannuation entity (other than a self-managed superannuation fund, a small APRA fund or a single member approved deposit fund) to give APRA, on an annual basis, a statement regarding the level of compliance with key prudential and legislative requirements, such as the accuracy of information reported to APRA, and compliance with key provisions of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act).

Financial Sector (Collection of Data) Determination No. 7 of 2004 amended the original SRS 260.0 to require trustees to manually sign the return when lodged in paper version with APRA, and where the administrator lodges the return electronically on behalf of the trustee. It provided for a new Section 2 "Trustee attestation of compliance with Risk Management Plan" which contained additional requirements to which the trustee must attest, and removed the requirement for trustees to provide the Superannuation Fund Number.

Financial Sector (Collection of Data) Determination No. 42 of 2005 consolidates the old reporting standard, together with, these amendments in the new SRS 260.0 (2005). In addition, section 2 of the new Form SRF 260.0 will require the provision of information about the fund's risk management plan and the trustee's risk management strategy (these being required under the new licensing and registration provisions in the SIS Act).

A Regulation Impact Statement is not required for this reporting standard as the changes are of a minor or machinery nature.

### **Financial Sector (Collection of Data) Determination No. 43 of 2005 - SRS 340.0 (2005) Superannuation Entity Profile**

This reporting standard requires the trustee of a small APRA fund or a single member approved deposit fund to give APRA, on an annual basis, information including details of trustees, service providers, employer sponsors, kinds of benefits offered and the last actuarial review conducted.

Financial Sector (Collection of Data) Determination No. 7 of 2004 amended the original SRS 340.0 to gather further data about the contact details of the entity, the lodging organisation, the external investment manager, the trustee, the auditor and other service providers. It also required trustees to provide greater detail about the asset allocation/default strategy of the fund, the classification of the superannuation entity, in-house assets and other regulatory reviews of the entity. Trustees were also required to provide their AFSL number where applicable, include specific wind up information in the return and report on the number of members at the end of each financial year. Finally, the 2004 amendments removed the original requirement to specifically provide insurer and asset consultant details, and amended the process for the lodgement and verification of annual returns with APRA, and made provision for the lodgement of all returns by an administrator external to the superannuation entity.

Financial Sector (Collection of Data) Determination No. 43 of 2005 consolidates the new standard, with these amendments, in the new SRS 340.0 (2005). In addition, the new Form SRF 340.0 requires details of the relevant superannuation entity's registration number and item 6.1 will enable a trustee to indicate on the return where a fund is an approved deposit fund.

A Regulation Impact Statement is not required for this reporting standard as the changes are of a minor or machinery nature.

### **Financial Sector (Collection of Data) Determination No. 44 of 2005 - SRS 350.0 (2005) Trustee Statement**

This reporting standard requires the trustee of a small APRA fund or a single member approved deposit fund to give APRA, on an annual basis, a statement from the trustee regarding the level of compliance with key prudential and legislative requirements, such as the accuracy of information reported to APRA and compliance with key provisions of the SIS Act.

Financial Sector (Collection of Data) Determination No. 7 of 2004 amended the original SRS 350.0 to require trustees to manually sign the return when lodged in paper version with APRA, and where the administrator lodges the return electronically on behalf of the trustee. Trustees were also required to lodge the signed return with APRA unless APRA waives the requirement (eg APRA may waive the requirement if the trustee agrees to retain the signed copy of the return for 5 years where the administrator has lodged the return on the trustee's behalf). The 2004 amendments introduced a Section 2 "Trustee attestation of compliance with Risk Management Plan". Additional requirements to which the trustee must attest were included in this statement. Further, the variations remove the requirement for trustees to provide the Superannuation Fund Number.

Financial Sector (Collection of Data) Determination No. 44 of 2005 consolidates the old standard, with these amendments, in the new SRS 350.0 (2005). In addition, section 2 of the new Form SRF 350.0 will require the provision of information about the fund's risk management plan and the trustee's risk management strategy.

A Regulation Impact Statement is not required for this reporting standard as the changes are of a minor or machinery nature.

### **Financial Sector (Collection of Data) Determination No. 45 of 2005**

This revokes the reporting standards that are being replaced by those mentioned above. However, it is not intended to disturb any accrued obligations under an old reporting standard. If a reporting period for an ADI under one of the old standards ended before 30 June 2005, the trustee of the relevant superannuation entity will still be required to report under that old standard in relation to that period (if the report has not already been provided to APRA). The new standards will apply in respect of reporting periods ending on or after 30 June 2005.

### **Consultation**

#### *Consultation on the original framework*

As the new reporting standards substantially reflect the old ones (as amended) it is relevant to refer to the consultation process in relation to the old reporting standards.

The original reporting framework, determined in June 2003, was implemented after an extensive consultation process that commenced in 2002. These proposals were the subject of a number of rounds of consultation with industry, comprising discussions with a targeted industry group in September 2002, and two rounds of official consultation between January and April 2003. At this stage of the consultation process, APRA called for submissions from all areas of the superannuation industry (via a press release, and general notice on the APRA website). Submissions were received from major industry bodies (namely the Association of Superannuation Funds of Australia Ltd (ASFA), Australian Custodial Services Association Ltd (ASCA), Investment and Financial Services Association (IFSA), Australian Institute of Superannuation Trustees (AIST) and Australian Accounting Research Foundation) as well as from a small number of individual trustees.

APRA made a number of changes to the initial proposal as a result of this consultation before the final package was determined. These changes included the correction of errors in the forms and instructions, clarification of the proposed reporting requirements, the simplification of proposed reporting requirements, and the removal of some particularly contentious reporting requirements so the forms better reflected the practical operations of the superannuation entities involved.

#### *Consultation on the 2004 amendments*

The consultation process in relation to the 2004 amendments (which are consolidated in the new reporting standards) involved a series of meetings with certain industry representatives, pilot testing of the forms and a letter sent to industry bodies

requesting final comments on the proposed changes. Additionally, the amendments to the reporting forms were posted on the APRA website.

Whilst this consultation process did not directly contact each member of the superannuation industry, it aimed to ensure that the amendments propose for the reporting framework are commercially realistic, and do actually provide increased protection to superannuation fund members without unnecessarily increasing compliance costs.

The final round of consultation, where the proposed changes were sent to all major industry bodies (specifically, the Australian Accounting Standards Board, ASFA, ASCA, IFSA and AIST), did not elicit any further comment about the content of the forms.

*Additional consultation on the new line items*

In April 2005, APRA wrote to all trustees and advised that APRA was proposing to amend the reporting standards to incorporate the additional line items outlined above. APRA received three submissions in response to this letter, all of which expressed no objection to the proposed changes.