22 April 2022

General Manager
Data Analytics & Insights
Risk and Data Analytics Division
Australian Prudential Regulation Authority

Via email: superdatatransformation@apra.gov.au

Dear Sir/Madam

Discussion Paper: Superannuation Data Transformation – Publications and confidentiality ("Discussion Paper")

CPA Australia and Chartered Accountants Australia and New Zealand (CA ANZ) welcome the opportunity to provide comments on the above Discussion Paper.

CPA Australia and CA ANZ represent almost 300,000 professional accountants globally. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

CPA Australia and CA ANZ generally support the proposals contained in the Discussion Paper. We have responded to most of the consultation questions. However, we also have additional feedback about some of the proposals made in the Discussion Paper which are included later in our submission.

Overall, we agree that most data given to APRA should be treated as non-confidential. A full explanation should be provided why a field cannot be published due to confidentiality concerns.

We note that expense data will not be published for the year ended June 2021 as completion of Prudential Standard SPS 310 was on a best endeavours basis. We assume that if the revised SPS 310 commencement date is extended to June 2023 then publication of expense data will be similarly delayed.

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For further information in relation to our submission, please contact Richard Webb, Policy Advisor Financial Planning and Superannuation at CPA Australia at richard.webb@cpaaustralia.com.au or Tony Negline, Superannuation Leader at Chartered Accountants ANZ at Tony.Negline@charteredaccountantsanz.com .

Yours sincerely,

Tony Negline CA	**Richard Webb**
Superannuation Leader, Advocacy and Professional Standing,	**Policy Advisor Financial Planning and Superannuation, Policy and Advocacy**
Chartered Accountants Australia and New Zealand	**CPA Australia**

Attachment

Response to the Discussion Paper Questions

> ***1. General***
> *a) Of the proposed suite of publications (super facts, key metrics publication, key metrics datasets and granular datasets, which, if any, do you intend to use? Please outline any intended use of these publication types.*
> *b) Where more granular data is provided, what information would be most useful to you? Do you intend to use the granular datasets?*

CA ANZ and CPA Australia intend to use all the data published by APRA. Our main focus will be to see changes in behaviour of fund trustees as well as growth/decline of various industry sectors.

> ***2. File format***
> *a) For downloadable datasets, what file types other than CSV would be desirable?*

CA ANZ and CPA Australia believe it might also be useful to provide such data as a plain text file (TXT) with data separated by a comma or semi-colon. Spreadsheet formats such as Excel (XLSX) or open document format (ODS) would also be useful for immediate modification in a spreadsheet program.

> ***3. Metrics***
> *a) are there any additional metrics beyond those in Attachment D that APRA should consider including in its publications?*
> *b) Of the proposed metrics in Attachment D, should APRA consider changing how any of these are calculated?*

CPA Australia and CA ANZ believe that it is too early to cease publishing industry data using the "old" fund descriptors. That is, public sector, industry, retail and corporate. We agree that data should be published for MySuper, Choice, Trustee Directed Portfolios (TDPs) and so on.

We agree that over time the current industry descriptors will become less distinct but at the present point in time this is not the case.

In addition, long tail data should be provided. The former Insurance and Superannuation Commission (ISC) published super data from the early 1990s. APRA should not limit its current aggregate publications to merely the previous five years, as those looking for long-term trends would need to combine APRA documents. If data fields have been updated because of late or revised super fund data submissions, this should be communicated to users in footnotes or definitions. Where APRA does not have specific data because it had not been collected in prior years then those sections can be left blank with a specific colour code and suitable footnote.

The provision of this information could eventually be used to provide users with a limited ability to remove (or minimise) survivorship bias such as that arising from situations where, for example, a successor fund transfer or product rationalisation had occurred.

We believe in the proposed aggregate data files more data needs to be provided about benefit payments and retirement and accumulation accounts.

4. Segmentation

a) Are there alternative approaches or impediments to the proposed segmentation of products outlined in section 2.8? (i.e segmentation by product phase (accumulation, retirement), product type (MySuper, choice and defined benefit)
b) Are there alternative approaches APRA should consider to the proposed segmentation of multi-sector investment options outlined in section 2.8 (by TDP and other)?
c) Is it useful for multi-sector options to be segmented for publication, for example by risk measures such as volatility or by brackets of estimated allocation to growth-asset weights.
d) Are there alternative approaches APRA should consider to segment single-sector investment options?
e) Are there any additional approaches to segmentation APRA should consider?

Please refer to our answer in item three regarding insufficient segmentation along traditional industry segments.

We believe that super fund members and researchers will want to compare multi-sector options regardless of the type of fund in which the option is offered. One reading of the Discussion Paper suggests that APRA assumes super fund members will not compare multi-sector products with similar asset allocations regardless of what type of fund offers these options. We do not agree with this assumption.

5. Fees and costs arrangements

a) Are there impediments to APRA publishing all fees and costs arrangement combinations reported under SRS 705.0 and SRS 706.0 in the Excel publication instead of only the standard fees and costs arrangement?
b) Should a representative member balance be applied to illustrate the fee arrangements, and if so, what balance/s should be applied?

We are not aware of any impediments which would prevent APRA publishing all fee and cost combinations reported under SRS 705.0 and SRS 705.0.

Ideally, the data reported should allow super fund members to locate their relevant fees, input their account balance and see the fees applying to them. Initially this may be difficult to implement without a manual process, however future functionality could enable a process similar to a calculator website. CPA Australia and CA ANZ believe that initially, two representative member balances should be applied - $100,000 and $500,000 - allowing future functionality to be developed to allow users to enter a custom member balance.

6. Performance

a) What alternatives, if any, should APRA consider to its proposal to publish reported net returns for each investment option in key metrics publications based on the investment pathway with the highest fees and costs charged (taking into account fee caps) for a representative member, noting that APRA proposes to include data for all investment pathways in the granular dataset.

b) APRA invites comment on the proposal to publish risk-adjusted returns using the Sharpe Ratio.

c) APRA invites comment on the proposal to publish the return objectives (i.e. return measurement, return objective, return margin and investment horizon) reported under SRF 705.1 Table 1 for TDP investment options.

d) APRA does not propose to publish 'Return Objective Target Return' collected in SRF 705.1 Table 2 at this stage. APRA invites feedback on the potential for publication of this data in the future.

CPA Australia and CA ANZ support the need to publish performance data on each investment pathway as an interim step in the provision of meaningful data. We understand that the primary objection to the imposition of the highest fees and costs to be charged arises because of a range of issues including the imposition of dollar-based administration fees once across a whole account even though a member may be invested in more than one investment option. We consider this to be the least misleading interim step, but strongly recommend interactive functionality in the future to ensure that more sophisticated scenarios can be modelled by users.

We welcome the use of the Sharpe ratio as a measure of risk-adjusted returns, however as these are less understood by members of superannuation funds compared to annual return measures and standard risk measures, further consultation should be undertaken to understand user interpretation. Additional consideration could be given to incorporation of measures in the future such as the portfolio's overall beta coefficient, relative to internal benchmark indices as well as those used for heatmap purposes.

Similarly, we welcome the proposal to publish the return objectives reported under SRF 705.1, as these will provide valuable transparency, as well as data which could be compared with performance compiled in APRA's heatmaps.

Finally, we do not understand why the Return Objective Target Return data (if available) is not yet to be published, and notice that there is limited discussion on this matter in the Discussion Paper, however, we note that this is may be the subject of further consultation.

7. Asset allocation

a) APRA invites comment on the proposed asset class categories in the Key metrics publications. Should APRA consider any additional combinations of sector, listing, domicile, international economy type and hedging, noting that all combinations will be included in the granular dataset?
b) APRA seeks feedback on any additional asset class characteristics that would be of public interest to publish on an aggregated industry level or fund-level basis?
c) APRA invites comment on the proposal to publish the estimated allocation to growth assets and the use of this metric to segment multi-sector investment options into categories (0-40 per cent; 40-60 per cent; 60-75 per cent; 75-90 per cent; and 90-100 per cent).

We believe that APRA and ASIC must agree in relation to asset allocation categorisations so that there is a degree of similarity between the information both regulations provide super funds and super fund members. This would also greatly assist in improving any remaining differences between asset allocation data for disclosure purposes and APRA reporting purposes.

8. Insurance

a) In the draft Insurance publication, APRA is proposing to calculate insurance fees as the difference between premiums collected from members and premiums paid to insurers. Should APRA consider an alternate method of calculating this amount? Please refer to Tables 2 and 2a of the Key metrics Publication mock-up for insurance for more information.
b) APRA invites comment on the proposal to publish data on default insurance cover design and cost for representative members (male and female non-smoker) in the Key metrics publications.

We support the notion of a margin on insurance premiums being set as an “insurance fee”. However, we believe that insurance is one of the more opaque benefits provided by superannuation funds to their members, and consider that the dataset being reported could itself be expanded to capture additional data. For example, listing common exclusions and loadings would be useful, as would information on long tail claims paid by trustees, data on statutory fund investments and the difference between benefits paid and insurance premiums charged.

CA ANZ and CPA Australia are of the view that for statistical purposes, it would be useful to be able to provide data for both default and elective cover details for both MySuper and Choice members when differentiating between members under default cover and elective cover. Additionally, information on both non-smoking and smoking rates for males and females would be useful for transparency purposes. We agree that the default insurance cover design is suitable.