

17 March 2023

General Manager  
Policy  
Australian Prudential Regulation Authority

Via email: [superannuation.policy@apra.gov.au](mailto:superannuation.policy@apra.gov.au)

Dear Sir/Madam

## Investment governance: Revised prudential practice guide

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

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

The Australian Prudential Regulation Authority (APRA) has released a revised draft of *Prudential Practice Guide SPG 530 Investment Governance* (SPG 530) to replace its existing guidance on investment governance. The new guidance includes additional support for focus areas such as liquidity management, stress testing, and valuations. It also integrates elements of another guide, *Prudential Practice Guide SPG 531 Valuations* (SPG 531), that were not specifically elevated to *Prudential Standard SPS 530 Investment Governance in Superannuation* (SPS 530), which outline how environmental, social, and governance (ESG) risk factors should be considered as part of investment risk management, and reflects industry requests for greater clarity. The draft SPG 530 articulates APRA's expected outcomes and requires Responsible Superannuation Entity (RSE) licensees to demonstrate how their actions and processes meet these expectations. It also provides key considerations to support RSE licensees in their investment decision-making.

CA ANZ and CPA Australia responded to APRA's consultation in February 2022 on revisions to SPS 530. We note that a number of recommendations that we proposed in [our submission](#) have been included in the latest revised draft. For example, we recommended that the approach to valuations undertaken by RSE licensees include exceptions to regular valuations to be listed by trustees.

However, we suggested a number of other areas where RSE licensees would benefit from greater guidance, including:

- Minimum stress-testing requirement guidance, such as best practice guidance around 1 in 200-year events.

- Guidance around how to deal with testing against stated performance benchmarks and how to interpret results when they differ from testing against benchmarks used in the performance test or heatmaps.
- That consideration should be given to guidance in relation to benchmark selection in the context of the investment strategy, in particular stress-testing. We note that discussion of benchmark selection appears to have been restricted to valuation contexts, only. .

We note that this current consultation includes a version of draft SPG 530 containing paragraphs from SPS 530 in blue boxes for easy reference (the “integrated version”). We believe that this is an excellent innovation and should be implemented for all future revisions to prudential practice guides, wherever possible.

Finally, we note the disclaimer that APRA has published at the start of the draft SPG 530. This is unusual, as typically, guidance produced by other regulators such as ASIC and the ATO provides regulated entities with some comfort that, if they rely on the guidance contained in such documents, some protection will be provided to them in actions which might be taken by the regulator. We recommend that APRA provide a similar level of comfort to relevant end users of this and other APRA guidance.

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](mailto:richard.webb@cpaaustralia.com.au) or Tony Negline, Superannuation Leader at CA ANZ at [Tony.Negline@charteredaccountantsanz.com](mailto:Tony.Negline@charteredaccountantsanz.com) .

Yours sincerely

**Tony Negline CA**

**Superannuation Leader,  
Advocacy and Professional Standing,**

**Chartered Accountants Australia and  
New Zealand**

**Richard Webb**

**Policy Advisor Financial Planning and  
Superannuation,**

**CPA Australia**