



Trustee Workshop

on APRA's Superannuation
Proposals – draft prudential
standards and MySuper
authorisation

Thursday, 17 May 2012

Sofitel Sydney Wentworth

Draft Prudential Standards Key Impacts for Trustees

Anne Ward, Chair, Qantas Superannuation
A practitioners perspective



The superannuation industry is undergoing profound change.....

- Regulation – Stronger Super, MySuper, SuperStream, FoFA
- Prudential standards
- SG increase and 2012 budget changes
- Codes of conduct – FSC, AIST
- Community expectations



.....but will the role of Trustee really change?

"The establishment of prudential standards in superannuation will not change the fact that the primary responsibility for prudent management of superannuation funds rests with trustees"

*Ross Jones APRA Deputy Chairman
28 September 2011*



Don't be fooled.....the bar for Trustees has clearly been lifted

“ APRA's broad objectives in establishing prudential standards for superannuation [are] raising the minimum requirements for trustees to prudently manage members' money”

Ross Jones, APRA Deputy Chairman

27 April 2012

Shining a light on super

“Fund members will benefit from greater disclosure and accountability”

Annette Sampson

The Age 16 May 2012

“trustees should be held to the highest standard”

Pauline Vamos, CEO ASFA

27 April 2012



Key impacts for Trustees

- Governance – committee structures, performance assessment, remuneration, delegations, policies
- Investment governance – framework, delegations, expertise, return & risk objectives
- Fit & proper - “responsible persons” widen the net
- Conflicts of Interest – record and disclose for senior managers, auditors, actuaries, responsible persons
- Risk management – align to business plan, define the Trustees risk appetite



APRA Prudential standards bring many positives....

- Consultative approach
- Principles based
- Frameworks focus
- Plain English
- Focus on transparency, disclosure, independence, accountability
- Thoughtful implementation should enhance quality of governance & robustness of processes



.....but also raise some important risks and concerns

- Extremely tight timeframes
- Significant strain on resources – APRA, executive teams, trustee boards, consultants, advisors, service providers
- Change management capability?
- Cost of implementation



Risks and concerns contd....

- Intergenerational issues
- Operational risks
- Distraction form BAU fund activities
- Danger of funds adopting a 'form over substance' approach



What should trustees be doing now?

- Gap analysis
- Honest assessment of fund scale, complexity & ongoing viability
- Marshall your resources
- Assess change management capability
- Develop a clear project plan and governance framework
- Coordinate with MySuper planning



And above all.....

- Don't waste any time : engage now!

THANK YOU