

LAW &amp; POLICY GROUP

**GRIST**

## AUSTRALIA ISSUES PRUDENTIAL STANDARD FOR TRUSTEES

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Effective 1 Jan 2020, trustees of registrable superannuation entities (RSEs) will face new requirements to conduct an annual business performance review (BPR), set strategic objectives, undertake business planning and manage expenses. Issued by the Australian Prudential Regulatory Authority (APRA), the revised [Prudential Standard SPG 515 — Strategic and Business Planning](#) accommodates the new annual assessments of member outcomes set out in [Treasury Laws Amendment \(Improving Accountability and Member Outcomes in Superannuation Measures No. 1\) Act 2019](#), which received royal assent in April 2019.

### HIGHLIGHTS OF SPG 515

- By 1 Jan 2020, trustees must articulate intended outcomes for members and accompanying strategic objectives. Trustees also must have a written business plan setting out objectives and put in place management practices to ensure that fund expenditures are in members' best interests and to review performance against the business plan.
- Trustees could have to conduct their first annual BPR early in 2020, although the timing will depend on the applicable business planning cycle. During 2020, APRA supervisors will check if RSE licensees have taken "reasonable efforts" in the conduct of their BPR, including using appropriate internal and external data sources.
- Trustee must complete the outcomes assessment covering 2019–2020 by January or February 2021. APRA has encouraged trustees to conduct a trial assessment during 2020 — without publishing or including the results in the 2020 BPR.

APRA has also opened a consultation on a [draft Prudential Practice Guide SPG 516 — Business Performance Review](#). Comments are invited through 10 Oct 2019. APRA says that once finalized, SPG 516 should be read with SPG 515 to understand expectations for conducting the BPR and the annual outcomes assessment.

## RELATED RESOURCES

### Non-Mercer Resources

- [Consultation on SPG 516](#) (APRA, 28 Aug 2019)
- [Prudential Standard SPG 515 — Strategic and Business Planning](#) (APRA, 27 Aug 2019)
- [Treasury Laws Amendment \(Improving Accountability and Member Outcomes in Superannuation Measures No. 1\) Act 2019](#) (Federal Register of Legislation, 5 Apr 2019)

### Mercer Law & Policy Resources

- [Australia: Member Outcomes Law Puts Spotlight on ‘Super’ Trustees](#) (18 Apr 2019)

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