Rest Submission: APRA Governance Review Consultation Paper and Draft CPS 510 Governance

August 2026

Rest welcomes the opportunity to continue to engage with APRA on the ongoing review of governance requirements and expectations of superannuation funds. Rest takes our governance responsibilities very seriously and acknowledges the significant value and absolute importance of strong governance in ensuring member confidence and a strong superannuation system.

Rest is one of Australia's largest superannuation funds, with over two million members – or around one-in-seven working Australians – and around $113 billion in assets under management[1]. We represent around one million members under the age of 30, who are decades from retirement. Many of our members work in part-time or casual jobs, which can make it harder to build super consistently over their working lives. We put our members' needs at the centre of everything we do, and we are deeply committed to maximising the retirement outcomes of our members.

Executive Summary

For more than 35 years, Rest has helped members grow their super savings and work towards achieving their personal best in retirement. We aim to deliver strong long-term investment returns while managing risk and keeping costs low. Strong governance, long-term planning and careful risk management support this work.

Rest strongly supports the representative governance model of Australian industry super funds, which includes having board members nominated by employer and employee organisations. This model ensures members' perspectives are represented, encourages balance, accountability and appropriate challenge, and supports the long-term strategic objectives of the fund. The model brings a strong focus on member outcomes and cost efficiency, incorporates consideration of members' experiences in the workplace, delivers stronger investment performance[2], and aligns decision-making with members' best financial interests.

We believe that Rest's representative trustee model, which includes an independent director/Chair, provides the best framework for us to meet the challenges of increasing complexity, community expectations, systemic risks and technological disruption, as it preserves independence of thought and perspectives, while working deeply collaboratively towards collective decisions and outcomes. We are pleased to see that APRA's review does not seek to make changes to this fundamental pillar of industry superannuation fund governance.

Rest welcomes APRA's ongoing engagement with the superannuation sector as APRA considers changes to requirements of superannuation trustees' governance responsibilities. Rest also acknowledges that the draft CPS 510 Governance reflects feedback provided in previous consultations. Rest is broadly supportive of the changes as proposed, and our comments below largely reflect areas that we believe need additional information or clarity.

Comments on specific elements of draft CPS 510 Governance

Framework design and structure

Rest supports measures that simplify and streamline superannuation obligations and give clear principles-based direction to trustees on meeting regulator expectations, as we believe this supports good governance practices, and enables trustees to establish appropriate governance frameworks and make decisions consistent with good governance practice. We support the consolidation of the current five separate Prudential Standards, including *Fit and Proper* and *Conflicts of Interest*, in the interests of such an objective, and believe that the approach taken in the draft CPS 510 Governance represents an overall improvement in establishing expectations of trustees.

Similarly in the interests of simplification where possible, Rest is also strongly supportive the proposed changes to closely align the Financial Accountability Regime (FAR) accountabilities with the definition of 'responsible person' in the Prudential Standard, including proposals to:

- narrow the cohort of responsible persons to include accountable persons, auditors, actuaries and RSE licensee secretaries, removing a layer of complexity from the current responsible person definition; and
- remove requirements to provide information on responsible persons, consequently removing all reporting requirements (except for where entities determine a person is not fit and proper).

Rest has previously advocated for a streamlining of obligations across APRA prudential standards and FAR, and we believe that this change both clarifies accountabilities for a superannuation fund and reduces reporting requirements without compromising accountability.

Board accountability and delegations

Rest acknowledges that APRA is seeking to both clarify the Board core responsibilities by specifying non-delegable items in paragraph 13 of the draft CPS 510 Governance, as well as to provide opportunities to free the Board up to focus on forward-looking strategy, risk, oversight and challenge by providing that, subject to paragraph 13, prudential obligations imposed by other standards may be delegated to a Board committee or senior managers, noting that the Board remains responsible for 'overseeing' such delegated obligations.

Thus, CPS 510 Governance is intended to establish an overall framework for delegations, applicable across the Prudential Standards in their entirety.

As an example, we refer to CPS 230 Operational Risk Management. We would understand from the proposed approach in CPS 510 that the Board would be accountable for:

- ensuring that the entity has appropriate governance arrangements for managing operational risk,
- ensuring that risk management and business continuity arrangements are aligned to the entity's risk appetite,
- reviewing monitoring, analysis and reporting from senior management, and
- approving a business continuity approach and plan.

These responsibilities would align with the responsibilities in paragraph 13(c) ‘oversee governance, remuneration and **risk management frameworks**, and make the annual **risk management declaration**’ and 13(e) ‘oversee financial and operational resilience’.

By comparison, CPS 230 paragraph 21(b) states that the Board must ‘approve the BCP and **tolerance levels for disruptions to critical operations**, review the **results of testing** and oversee the execution of any findings.’ Under the framework proposed by CPS 510, we believe that the **approval** of the tolerance levels, and **review** of results of testing and execution of findings could be delegated to a committee or senior management, and reporting of progress and outcomes to the Board would be sufficient for the Board to have exercised its oversight responsibilities.

In exercising these responsibilities, the Board may seek information or obtain assurance on matters that have been delegated, to the extent that they may give rise to questions that relate to matters that are related to the overall responsibilities of the Board.

We suggest that it would be useful for the associated Prudential Guidance supporting CPS 510 to include practical guidance and examples similar to the above to demonstrate which matters APRA expects to remain with the Board, and which responsibilities in existing Prudential Standards that state ‘the Board must approve’ may be delegated under the framework in CPS 510.

We note that the development and implementation of FAR sought, where possible, to avoid the terminology of ‘oversight,’ as this does not clearly assign accountability . We believe there would be benefit in taking a similar approach, and where oversight is referenced, that guidance should provide detail on the minimum evidence APRA expects to see as grounds to demonstrate effective accountability. This may include relevant reporting, challenge, monitoring, review and documented decision-making.

Director tenure

Rest considers that details of director tenure, including maximum terms and renewal processes, would be better left for trustees to determine by internal policies that are aligned with the fund’s needs and circumstances, with APRA oversight and review in relation to such policies. We support a requirement in CPS 510 for entities to have policies in place that establish the details of tenure, and recommendations for individual entity considerations and decisions. Such a policy should address general policies on maximum term limits and renewal processes, and also consider specific circumstances in which terms may be extended.

Rest currently has a policy that enshrines 12-year tenure limits for directors, and combined with policies regarding skills, experience, capability, and employee and employer representation, we believe that our current frameworks reflect both good governance in practice and the expectations of CPS 510.

Rest recommends that APRA include in Guidance further information on paragraph 61, and the application of calculating tenure for an alternate director. Circumstances that include an alternate director ‘acting in the capacity as a non-executive director’ may vary between entities, so a range of methods of calculations may be relevant, according to those differences, but consideration could be given to:

- Where an alternate director acts in the capacity as a director for a single meeting, a period that generally includes from the issuing of Board papers to the issuing of Board minutes, as within this time, the director could be acting in the capacity of the director; and
- Where the director for whom the alternate director acts is on an extended period of absence or leave, that period would be the time specified in records retained by the Company Secretary.

The calculation of tenure for alternate directors should ensure that relevant periods during which a director is “acting” are appropriately captured but should also be pragmatic. For example, the calculation of hours would be an impractical solution. Rest believes that it would be appropriate for entities to develop a policy on their approach to determining the period during which the director was “acting” in that capacity, including taking into account review of meeting materials, attendance at meetings, and any pre- and post-meeting engagement with the director for whom they were acting.

This period may vary between entities according to meeting frequency and other factors. For Rest, with quarterly Board meetings, we would propose to take an approach of from the time an agenda is issued to the time that the minutes are issued, calculated as a number of weeks.

Reviews, assessments and policies

Rest acknowledges that regular review and renewal of policies, frameworks and other governance artefacts is valuable, and represents good practice. In general, we support the draft CPS 510 recommendations regarding reviews and make some recommendations below to enhance clarity and effectiveness.

Draft CPS 510 includes requirements for a range of artefacts to be reviewed, some operationally independently reviewed, and some externally independently reviewed. These requirements are throughout the document, and we understand that entities should develop a program of review, approval and renewal of various plans, policies and frameworks. It would assist entities if the final CPS 510 or Guidance included a list or table of items that are expected to be reviewed, including the type of review (internal/operationally independent/externally independent) and the frequency.

We believe it is appropriate that the Board continue to consider the effectiveness of its governance frameworks, including conflicts management, risk management, and remuneration frameworks annually, as part of the annual performance assessment. However, as these frameworks are unlikely to require significant change on an annual basis, we would recommend that an **independent** review of these frameworks only be required every three years (rather than annually). The cost and resources to undertake annual independent reviews of all frameworks is unlikely to derive a benefit in increased accountability or effectiveness, given consideration annually by the Board of effectiveness.

At Rest, some roles and responsibilities relevant to the Board, committees and management may be documented in charters rather than artefacts specifically designated as ‘policies.’ For certainty, we recommend that CPS 510 include a clear statement that elements that are required in the Standard to be included in a policy will be deemed to be met if they are established in other governance artefacts, on the condition that they are subject to the same requirements as determined in CPS 510.

Summary of Recommendations

Topic	Recommendation
Management of director delegations	APRA consider an approach of focusing requirements on documentation of delegations, and appropriate monitoring, reporting, escalation and review to provide guidance on how Boards manage oversight.
Management of director delegations	Prudential Guidance supporting CPS 510 should include practical guidance and examples to demonstrate that responsibilities in existing Prudential Standards that state 'the Board must approve' can be delegated under the framework in CPS 510.
Director tenure	Entities should have a policy on Director tenure, including maximum terms, renewal processes and any specific circumstances for consideration of extension.
Calculation of alternate director tenure	APRA include in Guidance further information on paragraph 61, and the application of calculating tenure for an alternate director, that demonstrates practical examples of activities that are 'acting' as a director, and reasonable record-keeping, and that entities develop a policy on their approach to determining when an alternate director is 'active'.
Annual/triennial review summary	APRA include in the final CPS 510 or Guidance a list or table of items that are expected to be reviewed, including the type of review (internal/ operationally independent/ externally independent) and the frequency.
Governance frameworks review frequency	Frameworks that are unlikely to require significant change on an annual basis, be subject to independent review every three years, rather than annually.
Policy and charter artefact equivalence	CPS 510 to include a clear statement that elements that are required in the Standard to be included in a policy will be deemed to be met if they are established in other artefacts, on the condition that they are subject to the same requirements as determined in CPS 510.

Conclusion

Rest appreciates the opportunity to respond to APRA as it finalises these important requirements for RSEs and Boards and would welcome further engagement on the matters raised in this submission.

Submitted: 26 August 2026

[1] As at 30 June 2026.
[2] Super Members Council (February 2026). Member-first representation: The profit-to-member governance advantage.