

House of Representatives Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Review of the APRA Annual Report (Second Report) 2019

Division/Agency: Australian Prudential Regulation Authority

Question No: APRA05QON

Topic: Investment drag

Reference: Hansard 5 August 2020 pp. 28

Member: Andrew Leigh

Question:

Dr LEIGH: I will just return to a question we were discussing earlier about early superannuation access and the impact on superannuation investors who do not choose to withdraw their money. Industry Super Australia estimates that the cost for not-for-profit funds will be about \$2.6 billion in investment returns. Has APRA carried out any modelling to come up with your estimate as to what the investment drag cost will be?

Mrs Rowell: No, we haven't.

Dr LEIGH: What's your assessment of Industry Super's analysis?

Mrs Rowell: I haven't seen it, so I'm not in a position to comment.

Dr LEIGH: Do you think that this cost is likely to be trivial, or do you think it is likely to be in the billions?

Mrs Rowell: As I said earlier in my comments, I think there's clearly going to be a short-term cost. We haven't done the work to estimate what that short-term cost would be. I'm not sure of the basis of the estimate that's been done by ISA. I would be happy to take a question on notice to look at that.

Answer:

APRA does not have a copy of the analysis referred to and therefore cannot provide any insights into its contents.