



Opening Statement

Senate Economics References Committee: Inquiry into improving consumer experiences, choice and outcomes in Australia's Retirement System

14 November 2024

Thank you for the opportunity to appear before the Committee today.

I am Carmen Beverley-Smith, Executive Director for Life, Private Health Insurance and Superannuation and I am joined today by my colleagues, Lucinda McCann, General Counsel and Peter Kohlhagen, General Manager for Superannuation.

As we have made submissions to this inquiry, I will keep my opening remarks brief and highlight some priority areas that are likely to be of interest to the Committee.

APRA has been clear that improving retirement outcomes for Australians, particularly through implementation of the Retirement Income Covenant, [is a priority for 2024-25](#).

All members are entitled to rely upon their superannuation trustee for assistance as they plan for a sound financial future. The Australian community is not yet sufficiently well-supported in this regard. There is significant room for improvement by trustees. This is critically important given the significant increase in the number of members expected to enter the retirement phase over the next decade.

As outlined in our submission, APRA and ASIC's joint thematic review on implementation of the Retirement Income Covenant found significant variability in the quality of approach taken and a lack of progress and insufficient urgency from trustees in embracing the retirement income covenant to improve members' retirement outcomes.

In July this year, the APRA and ASIC Pulse Check on the Retirement Income Covenant implementation found that trustees are actively engaging in areas previously identified for improvement in the thematic review. However, there is less progress from trustees in measuring and tracking the success of retirement income strategies, with limited mention of specific success metrics.

APRA notes the interest of the Committee around using superannuation to facilitate increased home ownership of members in retirement.

Policy changes to broaden the role of superannuation beyond providing for members in retirement to achieve other objectives, such as facilitating home ownership, are outside of APRA's mandate and would be a matter for Government. These policy changes would most likely require changes to the existing legislative framework governing superannuation funds.

There are prudential implications that should be taken into consideration in the development of any scheme that used superannuation to facilitate home ownership. These implications will depend on the nature of the scheme that is proposed go to factors like liquidity risk, investment governance and operational risk. Further, any such scheme may be complex due to the multiple parties to the arrangement (member, trustee, lender) with potentially competing interests in relation to the funds.

Ensuring our financial system is supporting Australians in retirement is of great importance to APRA in its role as Australia's prudential regulator.

In this regard, we support the important work that this Committee is doing to look at Australia's retirement system and look forward to seeing the recommendations made.

With that, we are happy to take your questions.