

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

29 May – 31 May 2012

**Question: BET 209-214**

**Topic: Superannuation Statistics**

**Hansard Page: Written**

**Senator BUSHBY asked:**

209. The Government has stated in its Stronger Super policy announcement that it would ask APRA to publish an extensive level of data on the new default superannuation product: MySuper. What types of data will APRA be collecting in MySuper? Will data be collected for consumer/employer consumption or remain prudential?
210. APRA has stated at previous Senate Estimates hearings since 2009 that the data collection needed substantial changes to make it relevant for consumers. Does APRA still agree that the fund and sector level data which APRA presently publishes does not reflect the experience of members, who are in investment options?
211. Is it APRA's view that the significant changes to the data collection which is proposed reflect the severe shortcomings of the current collection which is still being regularly published?
212. Page 4 of APRA's Superannuation Fund-level Rates of Return June 2010 (issued 27 January 2011 – see attached) states *"APRA's statistics are not designed to provide individual members with information to compare the investment options offered."* Is APRA aware of instances where these statistics have been used for this purpose? Does it concern APRA when its statistics are used in this manner?
213. As Australia's prudential regulator, does APRA view its new role of providing consumer data as a complementary activity to its supervisory work?
214. Has APRA changed its position in respect of superannuation performance data for all consumers?

**Answer:**

209. APRA expects to release a consultation package outlining its proposed revisions to the APRA data collection for superannuation in August 2012. The consultation package will outline APRA's proposals for reporting to APRA by Registrable Superannuation Entity (RSE) licensees on all aspects of their business operations, including MySuper. APRA is proposing to collect MySuper information on financial position and financial performance (including costs and expenses), member numbers and demographics, investments including asset classes and large exposures (more than five per cent of the MySuper assets), investment performance and fees.

There is a draft legislative obligation under s. 348A of the *SIS Act* in the *Superannuation Legislation Amendment (Further MySuper and Transparency Measures) Bill 2012* that requires APRA to report fees, costs, and net returns for MySuper products on a quarterly

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basis (and any other information prescribed in the regulations). Publication of this information may be of use for employers and consumers, as well as other data users.

APRA expects that the vast majority of the information collected by APRA will be used for prudential purposes, including information on MySuper products.

210. The fund rate-of-return (RoR) figure is calculated by APRA based on the data it collects. APRA publishes this figure at an industry-wide level and at an individual superannuation fund level. It represents the weighted average rate-of-return achieved for a superannuation fund. This data is useful in considering the ability of the RSE licensee of each fund to generate long term returns to bolster the retirement savings of members. It is also useful in conjunction with other data, in assessing trustee performance in acting in the best interests of members.
- APRA intends to continue to collect and publish fund level information. APRA also proposes to collect and publish information on all MySuper products and a selection of the main investment options and expects that this additional information will enhance the ability of employers and members to choose an appropriate product/investment option for themselves.
211. APRA does not accept that the current collection has “severe shortcomings”; it is fit for the purpose for which the collection was developed. APRA has not revised its superannuation data collection since 2004. Its data collection needs to be changed to reflect recommendations arising from the Government’s Stronger Super reforms and in particular the introduction of MySuper products. The Government’s mandate to APRA to collect and publish MySuper information as noted above is a new mandate and will need additional data to be collected.
212. APRA’s fund-level statistics are at the whole-of-fund level and not at the investment option level. It is not therefore apparent how the fund-level statistics could be used to compare individual options. APRA is not aware of the statistics being used to compare individual investment options. The APRA data is useful to compare the performance over time of individual funds, and fund sectors.
213. APRA collects data primarily for prudential supervision purposes. The data APRA collects for supervision is extensive. APRA sees its data collections as a public asset and as such, publishes much of the data it collects to promote understanding and well-informed decision-making about the financial sector by regulators, policymakers, industry and the public. Improved understanding and decision-making ultimately lead to a more stable, competitive, and efficient financial sector. In that respect, APRA sees providing data publicly as a complement to its supervisory work in achieving a well-functioning financial sector. ‘Consumer data’, such as data at the investment option level, is proposed to be collected in future, in part to meet the expanded mandate provided by the Government as part of the Stronger Super reforms. APRA will use this additional data for prudential supervision purposes however it will also be useful for other industry stakeholders.
214. Under proposed s. 348A of the SIS Act in the *Superannuation Legislation Amendment (Further MySuper and Transparency Measures) Bill 2012*, APRA will be required to report fees, costs and net returns for all MySuper products on a quarterly basis. As such, publication of this information may be of use for employers and consumers, as well as other

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data users. We remain of the view that among the cost and return data, the most important figure is the net return generated for members, after all costs including taxation.