

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Productivity Commission
Question No: 155
Topic: Default Superannuation alternatives
Reference: Hansard page 57 (31 May 2017)
Senator: Ketter, Chris

Question:

Senator KETTER: I just have one further question, Ms Chester, going back to my discussion about your study about default superannuation alternatives. You volunteered the finding that, in the long tail of underperforming superannuation funds, it is not sector specific. You said that was an APRA finding. How does that stack up with another APRA statistic, which is that 93 per cent of all funds in the bottom quartile of performance are in the retail sector?

Ms Chester: I am not aware of that metric. All I know is that I am looking at APRA data for the 76 MySuper products over the medium term—so five to six years. When you look at the very furthest end of that tail over that period of time, there are five corporate funds, six industry funds, six retail funds and two public sector funds.

Senator KETTER: I am talking about the bottom quartile of performance.

Ms Chester: That is the bottom quartile. That is my tail. I am referring to the bottom quartile as well. I am saying that the numbers that we have cited in our report, which are on the APRA website, do not align with those numbers. Perhaps you would like to give us a question on notice with the specifics of those metrics.

Senator KETTER: Sure.

Ms Chester: We could get back to you and explain how they coexist with the other metrics that APRA has shared with us.

Answer:

The Commission's analysis is presented on page 38 of the draft report for the inquiry on Superannuation: Alternative Default Models. It draws on cited APRA data and refers to the net return performance of 76 MySuper products over 11 quarters to 31 December 2016.