

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

2016 - 2017

**Department/Agency:** Australian Prudential Regulation Authority

**Question:** 178

**Topic:** Investigation into potential market failure

**Reference:** Written

**Senator:** Ketter, Chris

**Question:**

Has APRA undertaken any inquiry or investigation as to why the assets of funds owned by CBA, ANZ, WBC and NAB and their subsidiaries are concentrated in bottom quartile of returns?

- How has APRA satisfied itself that this performance is not a sign of a market failure that is potentially contrary to the public interest?

**Answer:**

APRA monitors all superannuation funds as part of its normal supervisory activities, including off-site and on-site reviews. APRA does not consider the poor performance of particular products offered by RSE licensees constitutes market failure.

Performance between products can vary considerably based on the investment decisions of RSE licensees, the associated fees and expenses and the time period that is utilised to benchmark performance. APRA expects all RSE licensees to, when designing the investment approach for their products and setting the necessary fees and costs, to keep in mind their responsibility to deliver superannuation products that are in the best interests of members. This requires RSE licensees to be able to satisfy themselves that the combination of investment performance, fees and costs and benefits and services provided to members is delivering appropriate value for members. APRA will continue to monitor activities in this space and will take necessary action where an RSE licensee's processes do not demonstrate sufficient robustness to meet APRA's expectations.