

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

2016 - 2017

**Division/Agency:** Productivity Commission

**Question No:** 377

**Topic:** International systems

**Reference:** Written

**Senator:** Ketter, Chris

**Question:**

1. The inquiry into default allocation identifies the default allocation systems in Chile, Sweden and New Zealand as possible examples to be considered – why?
2. How do other countries assess the competitiveness and efficiency of their default allocation systems?
3. How does the competitiveness and efficiency of our system compare to other super systems?
4. How does the competitiveness and efficiency of our super system compare to the Chilean super system?
5. How does the competitiveness and efficiency of our super system compare to the Swedish super system?
6. How does the competitiveness and efficiency of our super system compare to the New Zealand super system?
7. Are the Chilean and New Zealand ‘pillar 2’ systems (where both employers and employees are contributing) generally regarded as the best systems in the World?
8. What are regarded as the best ‘pillar 2’ systems in the world, and why?
9. Which allocation systems provide the best investment outcomes for members?
10. Will the PC be looking at systems that are working well, but are not built on competitive choice of funds?
11. Which international super systems are being evaluated?

**Answer:**

The terms of reference for the inquiry into default allocation state that the Commission should consider the strengths and weaknesses of competitive processes used internationally, and list Chile, New Zealand and Sweden as examples.

The inquiry into default allocation is at a relatively early stage, and the Commission is gathering evidence, including from inquiry participants and about international systems, to inform its development of alternative models. At this stage, the Commission does not have a definitive list of international super systems it will examine. A draft report for this inquiry is scheduled to be released in March 2017.