

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
 Supplementary Budget Estimates
 21 – 22 October 2009

Question: sbt 64

Topic: Australia's Superannuation Funds – Loss & Gains

Hansard Page: E80 (22/10/09)

Senator BUSHBY asked:

Senator BUSHBY—If the Cooper review's remit in terms of statistical data collection is broader than yours, I imagine they may well have to do a new one or at least a supplementary to address the other issues. Last time I asked for and you gave me on notice an update on the total loss or gain attributable to Australia's superannuation funds to date for the previous four quarters in the most recent financial year. Since then, a few months have passed and there may well have been another quarter. Perhaps you could provide an update on that. I just flag that I will probably ask you this every time you appear before me, just to get the most recent updated figures as we go.

Mr Jones—Can do.

Answer:

APRA released the June 2009 *Quarterly Superannuation Performance* publication on 24 September 2009. This publication focuses on APRA-regulated superannuation entities with at least \$50 million in assets.

Table 3 from the publication, copied below, shows the rate of return for the five quarters to June 2009 for superannuation entities with at least \$50 million in assets, and the rate of return for the year ending June 2009.

Data for the September 2009 quarter will be available on 23 December 2009. APRA's 2009 *Annual Superannuation Bulletin*, which covers the whole superannuation industry, will be available early next year.

| Table 3 Entity ratios by fund type | | | | | | | |
|---|--------------|----------|----------|----------|----------|----------------------|----------------------|
| Entities with at least \$50 million in assets | | | | | | | |
| | Quarter end | | | | | Year end Jun 2008 | Year end Jun 2009 |
| | Jun 2008 | Sep 2008 | Dec 2008 | Mar 2009 | Jun 2009 | | |
| | Total | | | | | | |
| Net investment income (\$m) | -13,839 | -25,786 | -77,223 | -22,547 | 30,799 | -66,387 | -94,758 |
| Other income (\$m) | 291 | 73 | 75 | 69 | 213 | 367 | 430 |
| Total operating expense (\$m) | 1,030 | 937 | 958 | 894 | 985 | 3,931 | 3,774 |
| Tax expense on earnings (\$m) | -3,618 | -1,590 | -4,511 | -1,439 | 1,295 | -6,042 | -6,245 |
| Net earnings after tax (\$m) | -10,960 | -25,060 | -73,596 | -21,933 | 28,732 | -63,909 | -91,857 |
| Cash flow adjusted net assets | 760,849 | 759,025 | 739,752 | 671,582 | 657,292 | | |
| Rate of Return (%) | -1.4% | -3.3% | -9.9% | -3.3% | 4.4% | -7.9% | -12.1% |
| Number of entities | 314 | 294 | 293 | 291 | 290 | 314 | 290 |

Data is sourced from Table 3, June 2009 *Quarterly Superannuation Performance* publication, issued 24 September 2009. Rate of return is the net earnings after tax divided by cash flow adjusted net assets for the period. Net earnings after tax is investment and other income less operating expenses and tax on earnings.