

## Methodology behind APRA's new superannuation publications

APRA's statistics publications, *Annual Superannuation Bulletin* and *Quarterly Superannuation Performance*, provide the most accurate and independent overview of Australia's superannuation industry.

The publications are compiled primarily from information provided to APRA as part of superannuation entities' prudential reporting requirements. These requirements were modernised and expanded from 1 July 2003.

The statistics in the *Annual Superannuation Bulletin* and *Quarterly Superannuation Performance* are more comprehensive than data published in APRA's *Superannuation Trends*, which contains data collected under the old prudential reporting framework. These new publications replace *Superannuation Trends*.

APRA has also aligned data in the *Annual Superannuation Bulletin* and *Quarterly Superannuation Performance* with emerging issues and business practices across the superannuation industry, and where feasible, harmonised them with other prudentially regulated industries.

As a result, the statistics are more comprehensive and meaningful and directly reflect trends in the corporate, industry, public sector, retail and small superannuation sectors.

There are some differences between data published in the *Annual Superannuation Bulletin* and *Superannuation Trends*. This is a result of differences in entities' reporting requirements and improvements to the way in which APRA aggregates data. These differences are explained in the publication where possible.

There are also some differences between the *Annual Superannuation Bulletin* and *Quarterly Superannuation Statistics*. These inconsistencies are a result of differences in annual and quarterly reporting requirements and audit requirements for superannuation entities.

APRA proposes to investigate and address any significant differences as they occur and to work with industry to continually improve the quality of data in its superannuation statistics publications.

### Method of aggregation

More than 95 per cent of APRA-regulated superannuation assets have been captured in returns lodged by superannuation entities under the new superannuation reporting framework, however some APRA-regulated superannuation entities are yet to lodge a new annual return. Funds yet to lodge include early and late balancing superannuation entities (that have a substituted accounting period), funds in breach of their reporting requirements and funds that wound-up after 30 June 2004. Data in the *Annual Superannuation Bulletin* has been sourced from the most recent return lodged by these superannuation entities. Some data items have been estimated by applying concentration ratios to aggregate data in order to extrapolate values for the industry.

Exempt public sector superannuation schemes are required to submit information about their entity and membership profile to APRA, but do not have to lodge

annual returns. These funds have been required to lodge quarterly returns to APRA since September 2004. Data published in the *Annual Superannuation Bulletin* for these entities have been sourced from quarterly returns, the *Quarterly Survey of Superannuation* which has since been replaced by APRA's quarterly returns, and in some cases, estimated by applying proportions for APRA-regulated public sector funds to exempt scheme aggregates. A full year of data for these funds will be available and included in the next issue of the *Bulletin*.

The Australian Taxation Office (ATO) provides APRA with aggregate data on self-managed superannuation funds (SMSFs). Data for small funds are based on returns submitted to the ATO under the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and data on APRA-regulated small funds.

The balance of life office statutory fund assets are the remaining superannuation assets residing in these funds after the assets explicitly known to reside in other fund types have been allocated. These products are solely regulated under the *Life Insurance Act (1995)*.

Retirement savings account (RSA) providers must report to APRA under the *Retirement Savings Account Act (1997)* but are not required to lodge superannuation returns with APRA. The assets in RSAs have been included in Table 8 of the *Annual Superannuation Bulletin* but not elsewhere as the information is unavailable. Data for regulated superannuation entities offering an RSA style product - 'RSA look-alikes' - were included in *Superannuation Trends*. 'RSA look-alikes' have not been included in the new publications because APRA does not collect data on all the many different products offered by superannuation entities.

*Quarterly Superannuation Performance* is based on data from quarterly returns, which is reported on a year to date basis. APRA subsequently calculates and publishes data for discrete quarters which are then published in *Quarterly Superannuation Performance*.

## Structure of the publications

### *Annual Superannuation Bulletin*

Some tables in the *Annual Superannuation Bulletin* are based on the whole superannuation industry, while others are based on entities with more than four members. The variation is a result of differences in the returns lodged by funds with at least four members, and the returns lodged by those funds with less than five members. Returns lodged by SMSFs to the ATO are significantly different from APRA annual returns. Similarly, some data, including information on the default investment strategy, investment choice and membership profile of funds, are not available for APRA funds with less than five members.

Pooled superannuation trusts are not included in any financial aggregates as their assets are included in other superannuation fund categories.

### Summary of tables

**Table 1, 'Number of superannuation entities - trends'** is based on the whole superannuation industry. The *Annual Superannuation Bulletin* provides a more detailed breakdown of the entities compared to *Superannuation Trends*, but this

breakdown is not available prior to June 2001. The new table is similar to Table 6 'Number of superannuation and approved deposit funds' in *Superannuation Trends*.

**Table 2, 'Superannuation entity movements'** is new and comprises data on the whole industry, excluding the balance of statutory funds. There is no similar table in *Superannuation Trends*.

**Table 3, 'Number of member accounts'** is based on the whole industry, excluding the balance of statutory funds. Table 3 provides a more detailed breakdown of entities than *Superannuation Trends* and is similar to Table 2a, 'Superannuation fund members' in *Superannuation Trends*.

**Table 4, 'Age segmentation of member accounts'** is new and is based on entities with greater than four members. There is no similar table in *Superannuation Trends*.

**Table 5, 'Member accounts flows and types'** is new and covers entities for funds with greater than four members. Table 2b - 2f 'Superannuation fund membership flows' in *Superannuation Trends* contains entrants and exits of funds in the survey on a quarterly basis. Some comparisons can be made between these tables and Table 5 of the new annual publication.

**Table 6, 'Financial performance - trends'** comprises data on the whole superannuation industry and is presented annually. This table is similar to Table 3, 'Income and expenditure for superannuation funds' in *Superannuation Trends*. Data in *Superannuation Trends* is presented on a quarterly basis.

**Table 7, 'Financial performance'** is a more detailed breakdown of Table 6 and covers entities with greater than four members.

**Table 8, 'Superannuation assets - trends'** comprises data on the whole of the superannuation industry and is similar to Table 1b, 'Superannuation assets - fund type' in *Superannuation Trends*.

**Table 9, 'Financial position'** provides a more detailed breakdown of Table 8 and includes the assets and liabilities for entities with greater than four members.

**Table 10, 'Entity ratios by fund type'** is new and covers entities with greater than four members.

**Table 11, 'Manner of investment - trends'** is based on the whole of the superannuation industry and is comparable to Table 1a 'Superannuation assets - manner of investment' in *Superannuation Trends*.

**Table 12 and Table 13** provide data on the structure of retirement benefits (accumulation, defined benefit and hybrid) for entities with greater than four members. These tables are similar to Table 5a and 5b respectively of *Superannuation Trends*. Data submitted on new annual returns have resulted in revisions to the benefit structures for some funds. Clearer instructions on the form have also resulted in some funds re-classifying. These reclassifications are reflected in tables 12 and 13.

**Table 14, 'Investment choice by fund type'** and **Table 15, 'Asset allocation of default investment strategy'** are new and are based on entities with greater than four members.

### ***Quarterly Superannuation Performance***

*Quarterly Superannuation Performance* comprises data on entities with greater than four members that also have at least \$50 million in assets. Entities in the quarterly publication are described in terms of their functional or practical classification.

Data in *Quarterly Superannuation Performance* are based on quarterly reporting entities and include tables on financial performance, financial position, investments and performance ratios. Pooled superannuation trusts are not included in any financial aggregates. Separate tables on the financial performance and position of the quarterly reporting pooled superannuation trusts are provided.

Changes in the superannuation industry and increasing consolidation have impacted the reliability of aggregate statistics. APRA will no longer estimate quarterly data for non-quarterly reporting entities. The *Quarterly Superannuation Performance* contains a new series of data.