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To all RSE licensees

PUBLICATION OF SUPERANNUATION STATISTICS

Background

On 14 November 2013, APRA released a discussion paper on proposed changes to its superannuation statistical publications and confidentiality of superannuation data submitted to APRA.¹

In the discussion paper, APRA proposed to revise its *Quarterly Superannuation Performance Statistics* publication and introduce a *Quarterly MySuper Statistics* report. APRA also proposed to determine most, but not all, of the relevant data submitted under the *Financial Sector (Collection of Data) Act 2001* by registrable superannuation entity (RSE) licensees non-confidential and publicly accessible, and sought feedback on the publication of superannuation statistics for industry segments.

On 1 October 2014, APRA released its response to the consultation, following consideration of the submissions received on the discussion paper.² In the response to submissions, APRA indicated that it would implement improvements to the *Quarterly Superannuation Performance Statistics* publication and release further data over time as and when it is determined non-confidential. APRA also indicated that it would expand the interim *Quarterly MySuper Statistics* report to include additional data items over time.

This letter outlines the enhancements that have been made to the September 2014 edition of the *Quarterly Superannuation Performance Statistics* publication and that are planned for 2015 for the *Quarterly MySuper Statistics* report. It also summarises APRA's plans in relation to implementation of the data dissemination tool and publication of superannuation statistics for industry segments, and the next steps in relation to data confidentiality and consultation on annual statistical publications.

¹ <http://www.apra.gov.au/Super/Publications/Pages/Publication-super-statistics-confidentiality-super-data.aspx>

² <http://www.apra.gov.au/Super/Documents/1410-Stats-QRTLY-Pubs-Response-Submissions-October-2014.pdf>

Publication of quarterly industry-level statistics

On 20 November 2014, APRA released the September 2014 edition of the interim *Quarterly Superannuation Performance Statistics* publication, containing an additional 167 superannuation statistics, including data on aggregate asset allocation for the industry and for MySuper products, and other key (aggregate) statistics for MySuper products.

These enhancements provide users with access to more superannuation statistics and are intended to assist research, public discussion and decision-making in relation to the superannuation industry. APRA intends to publish additional data items over the coming quarters and is continuing to work with industry to enhance the quality of the published statistics.

Publication of quarterly MySuper statistics

In the first half of 2015, APRA intends to publish additional MySuper product-level statistics on: indirect cost ratios; administration fees; investment fees; advice fees; buy and sell spread fees; exit fees; insurance fees; switching fees; other fees; activity fees; and investment fee levels for lifecycle stages. APRA is considering the most appropriate format for publishing these data pending implementation of the data dissemination tool.

Data dissemination tool

APRA indicated in its November 2013 consultation paper and October 2014 response to submissions, that it intended to use a new data dissemination tool to publicly release industry and MySuper product-level superannuation statistics. The new tool would facilitate the release of more data and statistics and improve users' ability to visualise and compare data, and was widely supported in industry submissions.

APRA had previously indicated that implementation of the data dissemination tool would take some time and hence that the fully revised statistical publications and reports would not be available until later in 2015 at the earliest. APRA's intention is, over time, to adopt the same data collection and publication tools and approaches across all APRA-regulated industries. APRA has completed a comprehensive process to specify the detailed requirements for the public data dissemination tool in the context of APRA's overall IT strategy. APRA has also undertaken a rigorous selection process to identify preferred software and services vendors.

Following an extensive due diligence and design exercise, however, it has become clear that APRA's current data storage infrastructure will not adequately support the proposed data dissemination tool across all APRA-regulated industries and hence that significant changes to that infrastructure are required. APRA has also recently reviewed its strategic priorities, together with the funding that would be required and is currently available to deliver them. As a result, APRA has decided to adopt an incremental approach to the transformation of its data collection, storage and dissemination tools over a period of years. The first stage in 2015 will focus on the necessary changes to APRA's data storage infrastructure. When this stage is completed, APRA expects to be in a position to

determine the next steps and timeframes for subsequent stages of this work, taking into account APRA's overall priorities and available funding.

APRA will provide periodic updates to stakeholders on our progress and plans in relation to superannuation publications. In the meantime, APRA will, on an incremental basis, release as much non-confidential superannuation data as is feasible using its existing technology (i.e. PDFs and Excel). APRA expects that this will enable public access to much of the non-confidential superannuation data by the end of 2015; however APRA's existing tools and processes place some limitations on the data that is able to be released in a useful and useable format.

Publication of data for industry segments

The November 2013 discussion paper sought feedback on the value of classifying superannuation data into segments based on various attributes, developing and releasing statistics for these segments in statistical publications and reports, and the particular data it may be appropriate to publish by segment.

As noted in the October 2014 response to submissions, many were supportive of APRA publishing some statistics by industry segment. There were varying suggestions regarding the segments that may be most appropriate, and limited feedback on the specific data that would be appropriate to publish by segment.

Following its initial consideration of submissions, APRA invited the industry bodies and other entities that had made submissions to make additional representations on:

- the level of segmentation that may be appropriate, if any, for the different publication formats that are proposed; and
- the particular data that may be most appropriate and useful to release by segment for the different publication formats, and in particular for the statistical publications and statistical reports.

APRA received three additional submissions in response to APRA's invitation.

Having considered the feedback received throughout the consultation process, APRA intends to publish statistics by industry segment in future, commencing with the December 2014 editions of the *Quarterly Superannuation Performance Statistics* publication and *Quarterly MySuper Statistics* report. The following industry segments will be used: corporate funds; industry funds; public sector funds; and retail funds. These segments are broadly the same as those for which APRA has previously published statistics by industry segment. APRA will, however, review and update the population of each segment based on the more well-defined categorical information about RSEs and their trustees now being provided to APRA on SRF 001.0 and SRF 601.0. APRA now collects information on RSE licensee ownership type, RSE licensee profit status, RSE licensee board structure, and RSE membership base whereas previously trustees self-nominated their fund type and hence the segment in which they were included, subject to some review and monitoring by APRA.

APRA will periodically review the value of statistics by segment, the appropriate segmentation and the data to be published by segment.

Confidentiality of data

The November 2013 discussion paper sought feedback on APRA's proposal that all MySuper product data be treated as non-confidential, and to determine all but a limited sub-set of other reported data non-confidential. The data proposed not to be determined non-confidential included data relating to the Vested Benefits Index, Operational Risk Financial Requirement (for a limited period) and financial or other commercial data relating to service providers.

As outlined in the October 2014 response to submissions, APRA will implement a phased approach to the determination of data to be non-confidential and hence the publication of non-confidential data.

In October 2014, APRA published data on MySuper fees, costs and net returns and determined additional MySuper product and institution-level data to be non-confidential where RSE licensees and representative associations raised no objection to a non-confidentiality determination for these data items on the grounds of commercial detriment, or indicated that publication would not be detrimental to their commercial interests.

APRA intends to make a decision about the confidentiality of the data that was not included in the October 2014 determination in the first quarter of 2015 and expects that this will enable APRA to publish additional data in the first half of 2015. In the meantime, APRA will continue to apply confidentiality protection measures for aggregated publications to ensure that confidential information relating to an individual institution cannot be derived from APRA's published statistics.

Annual superannuation statistical publications

As indicated in the October 2014 response to submissions, APRA will consult RSE licensees and other interested parties on draft annual superannuation statistical publications and reports in early to mid-2015, following submission and analysis of the first collection of the revised annual data collection in October 2014. At that time APRA will also consult on the publication of the additional quarterly information due to be submitted to APRA from 1 July 2014. APRA will separately consider and consult on the publication of select investment option data following the commencement of reporting of this data from 1 July 2015.

Pending completion of this consultation, APRA will release an interim June 2014 edition of the *Superannuation Fund level Profiles and Financial Performance* in the first quarter of 2015. APRA is not proposing to publish June 2014 editions of the *Annual Superannuation Bulletin* or the *Superannuation Fund-level Rates of Return*. Most of the data that would be published in an *Annual Superannuation Bulletin* and the *Superannuation Fund-level Rates of Return* publication will have already been released in APRA's interim editions of

the *Quarterly Superannuation Performance Statistics* or *Superannuation Fund level Profiles and Financial Performance*.

Use of APRA data

As noted in the October 2014 response to submissions, APRA recommends that users of the statistics exercise caution in analysing and interpreting the *Quarterly MySuper Statistics* reports, particularly while the new superannuation data collection is still relatively new. During this early phase of a new collection, the systems and processes for collecting and reporting data in accordance with the new reporting requirements are not fully embedded across the industry. Further, aspects of the reporting requirements and instructions are still being refined in consultation with industry. It will therefore take time for the information reported to APRA to reach an appropriate level of quality and consistency. APRA anticipates that the publication of the data provides opportunities for industry to improve the quality of submitted data and to work with APRA to further refine the superannuation data collection.

APRA also notes that investment performance over the long term is the key determinant of members' retirement outcomes, and that there is likely to be considerable variability in some data over the short term. In that context, APRA strongly recommends that users of the statistics exercise caution in making assessments or drawing conclusions based on short-term performance or other information.

Finally, APRA notes that users of APRA's superannuation statistics have produced and published segment statistics based on varying interpretations of APRA's data. In APRA's view, it is crucial that any third-party statistics based on APRA's statistical publications have integrity so that users can have confidence in the reliability and quality of statistics produced based on APRA's statistics and publications. The statistical policies and practices used by third-parties to produce the statistics should therefore be guided by professional statistical principles and be transparent.³

Next steps

APRA appreciates the feedback provided to date by industry and other stakeholders. We welcome feedback on the revised publications as they are released. We would also encourage industry and other stakeholders to continue to review the information that is published for accuracy and consistency, so that the quality of the data collection and publications is enhanced over time.

Yours sincerely



Helen Rowell
Member

³ IMF Data Quality Assessment Framework, dsbb.imf.org/images/pdfs/dqrs_factsheet.pdf