

25 June 2015

Helen Dastyari
Manager Super Statistics- Statistics Management
Australian Prudential Regulation Authority
400 George St
Sydney, NSW 2000

Dear Helen

Re: Discussion paper- publication of annual superannuation statistics

Challenger welcomes the opportunity to express its views on the publication of annual superannuation statistics by the Australian Prudential Regulation Authority (APRA). We believe that it is in the public interest to publish as much information as reasonably possible on superannuation in Australia. The improved statistics that have been proposed are a good development in this regard.

The current level of information around superannuation in Australia, particularly around the retirement phase, is limited. While the system is yet to mature fully, at over \$2 trillion it is a significant component of the Australian economy. Publishing additional statistics and information will be beneficial in several ways.

The political debate

While a broad (but not unrestricted) review of the superannuation system was completed only five years ago, superannuation remains the subject of ongoing political debate. This partially reflects the actual and notional cost to the budget of various incentives for superannuation, but it also reflects a growing importance in the financial situation of Australian households. One of the key issues, highlighted in the Financial System Inquiry (FSI) was for a clear set of objectives for superannuation. The FSI's proposed goals focussed on the provision of income in retirement. The proposed statistics will provide a richer set of information for all parties to the debate to consider and debate the issues.

Demographic understanding

There are many aspects about superannuation that are not well known and the proposed statistics will enhance the understanding of the underlying demographics. Currently, some information, such as use of lump sums, is estimated by surveys based on particular samples; publication of complete statistics will provide a clearer picture.

Greater detail on demographics by age and gender alone will enable better consideration of the lifecycle stages that occur and how they impact people's superannuation across their lifetimes. With balances rising with age to retirement, and then generally declining after retirement, a simple measure of an average account balance is unhelpful and potentially misleading. Some of the previous fund level data was very

helpful in this regard¹ and the proposed statistics will improve this. Spending behaviour and the ability of products to meet retiree needs is a very important area of research.

More research

Additional data will enable more research to be conducted on superannuation issues, by both academic and commercial researchers. More research is important as it will ensure that superannuation is meeting the expectations of the community.

Product development

A positive benefit of the improved set of data will be the development of products more suited to members at different stages in their life. The data will enable the market to consider whether or not existing products are meeting the needs of members, and if not, will provide some guidance on the desired features of any new products.

Member engagement

Publishing additional data is also likely to help with the engagement of members. Greater depth will enable increased personalisation of topics and material that is presented to the members of superannuation funds. Use of the broader data within online and automated tools will also support more of an individual experience, increasing the likely engagement of members with their superannuation.

Data aggregation

One last suggestion relates to the aggregation of some of the fund level data. It is not clear from the sample spreadsheets whether or not all the data provided at the fund level will be aggregated at the sector, or even industry, level. Aggregation would be beneficial in cases where the information for some funds has been masked where privacy/ confidentiality concerns have created the requirement for a small sample.

One example of this is in the previous publication on member accounts and aggregate fund balances, for males aged 60-65. Data was not published at an aggregate level, and as a result analysis of the segment could only be done on a (large) subset of funds and members. APRA could publish this data, either in the fund level or the supplementary statistics publication for all fund-level statistics. Publication at the sectoral level (Industry / Retail / ERF / Public Sector / Corporate) should be possible without needing to mask any numbers in most cases.

Positive development

The publication of additional non-confidential statistics would be a great benefit for the superannuation industry and is to be applauded.

Aaron Minney
Head of Retirement Income Research

¹ See our How much super do Australians really have?