Implementation of Government's Retirement Reporting Framework

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Introduction

I welcome the objective of improving transparency in the retirement phase of superannuation. The Government's Retirement Reporting Framework is intended to increase visibility over retirement products, services, and member outcomes, with APRA to collect data from 2027 and publish from 2028. Treasury's factsheet makes clear that this is a transparency reform, and APRA's consultation paper makes equally clear that the present exercise is about implementing the Government's chosen framework through new and amended reporting standards.

My concern is that the proposed framework is structurally incomplete. It asks the superannuation system to report in growing detail on itself, yet it does not include the Age Pension as the principal public comparator. That omission is not a minor drafting point. It is the central weakness in the architecture. A framework that excludes the public alternative cannot tell the public whether compulsory superannuation is cheaper, safer, more efficient, less rent seeking, or more effective than the alternative public model. It can only describe the internal operations of one scheme.

That matters because compulsory superannuation is repeatedly defended on the basis that it reduces pressure on the public pension, improves retirement outcomes, and does so in a disciplined and efficient way. If those claims are to be taken seriously, the reporting framework must be capable of testing them. At present it is not.

Good public purpose

A useful way to assess the proposed framework is to ask whether it serves the good public purpose. In this context, good public purpose means a reporting architecture that helps the public, Parliament, regulators, and government judge which retirement model better delivers adequacy, fairness, security, resilience, administrative simplicity, and reduced rent seeking. It should also help test whether the system builds a floor that all can stand on, and restrains the ceiling at which disproportionate advantage, extraction, and structural privilege accumulate. A framework that measures compulsory superannuation in isolation, while excluding the principal public comparator and failing to show who the scheme does not work for and who benefits disproportionately from it, cannot fully serve that purpose. It may increase internal visibility within one scheme, but it does not equip decision makers or the public to judge the retirement system as a whole.

The proposed framework measures only one side of the retirement system

Treasury's final design states that the framework will publish data on superannuation fund retirement products, services, and member outcomes. The indicators concern whether a fund provides options for drawdowns above the minimum, access to lifetime income products, and access to personal financial advice services. The metrics concern take-up of retirement products, drawdown behaviour, payment patterns, and balance utilisation. APRA's consultation paper and technical paper then translate those concepts into reporting obligations under SRS 607.0 and the new SRS 611.1 Retirement Member Profile.

That may be a coherent way to measure superannuation behaviour on its own terms. It is not a coherent way to evaluate the retirement income system as a whole. The framework collects data about products inside compulsory superannuation, but it does not collect matched information about the Age Pension as the main public retirement support mechanism. That means the framework cannot answer the most important policy question, namely whether compulsory superannuation justifies its layers of fees, intermediation, advice dependence, digital exposure, and administrative complexity when compared with a simpler public model.

This goes directly to APRA's own consultation questions about whether the proposed approach effectively implements the Government's framework, whether it strikes an appropriate regulatory balance, what further measures could enhance transparency and accessibility, and whether the technical design is fit for purpose. A framework that measures only one retirement delivery mechanism in depth may implement a narrow collection design, but it does not deliver full retirement system transparency.

Accordingly, this submission addresses effective implementation, regulatory balance, publication, and the limits of the present data design.

Compulsory superannuation rests on a false premise

There is a deeper problem. Compulsory superannuation has long been defended as though the Commonwealth must pre fund retirement through private balances because it is financially constrained in its own currency. That premise is false.

The Federal Government is the issuer of the Australian dollar. It is not monetarily constrained in the way a household, business, or state government is constrained. The real limits are inflation, available labour, productive capacity, and the supply of goods and services retirees will draw upon. The retirement policy question is not whether the Commonwealth can run out of Australian dollars, or whether compulsory superannuation can escape the same real constraints. It cannot. Both schemes must ultimately draw on the same real economy. The real question is which institutional model allocates those resources more efficiently, more fairly, more safely, and with less rent seeking.

That question cannot be answered by looking only at balances and products inside the private scheme. It also requires attention to the real resource cost of the scheme itself. To the extent compulsory superannuation diverts labour, expertise, and institutional capacity into layers of financial intermediation, compliance, administration, advice, product design, marketing, and balance management, it absorbs resources that might otherwise support more directly productive activity. In that respect, the scheme does not merely redistribute claims on future output. It may also weaken the productive base from which future retirees must ultimately be supported. A system that employs increasing layers of private intermediation to manage financial claims, while doing nothing in itself to guarantee the future supply of real goods and services, should not be presumed to strengthen retirement security merely because it accumulates balances on paper.

That matters here because a reporting framework that focuses only on the internal mechanics of compulsory superannuation risks reinforcing the false assumption that private accumulation is financially necessary to relieve a fiscally constrained public pension. It is not enough to measure what happens inside the private scheme. The framework must also allow the public to judge whether the scheme is necessary at all, or whether it is an expensive substitute for a superior public model that the Commonwealth is fully capable of sustaining.

No saving should be inferred from a missing comparator

If the Age Pension is excluded from the field of measurement, no saving should be inferred. The absence of a comparator is not evidence of efficiency. It is evidence of omission. The current framework can show what proportion of members move into retirement income stream products, what payments are made, what drawdown choices are selected, and how balances are used. But none of that can prove that compulsory superannuation produces a net public saving or a superior retirement outcome relative to a stronger Age Pension. It can only show what happens inside the compulsory superannuation system. That is a much narrower exercise.

This is a serious problem because publication is not a neutral act. APRA's consultation paper makes clear that the data will be published annually and used by APRA and ASIC in tracking progress in relation to retirement income strategies. Once published, these measures will shape the public narrative about what is working in retirement policy. If the publication excludes the public comparator, the result is materially misleading by omission. It flatters the private scheme, conceals the central unanswered question, and creates the appearance of proof without testing the claim that compulsory superannuation is cheaper, safer, more efficient, or more effective than the public alternative. That is not full transparency. It is selective measurement presented in a form liable to mislead.

Partial reporting is not full transparency

The framework is also incomplete in another important respect. It does not adequately capture who compulsory superannuation does not work for, and it does not adequately capture who uses it for disproportionate advantage.

A serious reporting framework should identify the cohorts for whom compulsory superannuation fails to provide adequacy, stability, or meaningful retirement security. It should also identify the extent to which the system is used as a tax preferred wealth accumulation vehicle by those who are already well positioned. If the reporting focuses mainly on product uptake, balances, and drawdown choices among those already inside the system, while failing to illuminate exclusion, underperformance, insufficiency, and disproportionate benefit, then it is only partial reporting.

That weakness is not confined to retirement. For many people on low incomes, compulsory superannuation operates as enforced austerity across their working life. It reduces present income, narrows room for real choice, and can restrict the capacity to make proactive decisions that may do more for long term security than a marginal increase in superannuation balances, including the ability to buy a home, reduce debt, build a buffer against shocks, or meet immediate family needs. In that sense, the scheme can require sacrifice in the present on the vague promise of comfort in old age, even though many people will still retire with inadequate balances, remain dependent on the Age Pension, or may not live long enough to enjoy the supposed benefit in any meaningful way.

That is a major weakness because a retirement system should not be judged only by the experience of those for whom it functions tolerably well. It should also be judged by those for whom it fails, those who fall back onto the Age Pension despite decades inside the system, those whose working lives are made harder by compulsory diversion of income, and those who extract outsized advantage from tax preferences, favourable treatment, and access to complex financial products. Without that, the framework risks measuring compliance while concealing hardship, and measuring balances while concealing the life lived to produce them.

Comparative risk must be part of the framework

The present framework is not only incomplete on cost and efficiency. It is also incomplete on risk.

In a digital age, the relevant comparison is not simply between one payment amount and another. It is between two institutional models that expose retirees to very different kinds of risk.

Compulsory superannuation exposes retirees to market risk, sequencing risk, product risk, fee leakage, advice dependence, fraud, and increasingly digital system risk. It may also expose them to sovereign, jurisdictional, and legal risk where retirement savings are invested outside Australia. A person's retirement position can be affected by asset price movements, platform design, product complexity, identity verification processes, digital exclusion, scams, cyber intrusion, data breaches, outages, foreign regulatory change, capital controls, sanctions, custody failures, and failures across chains of private administrators, trustees, custodians, advisers, and service providers. Those risks are not incidental. They are built into an intermediary heavy system that depends on account balances, private market valuations, digital access pathways, and legal claims that may extend beyond Australian jurisdiction. That is another reason a superannuation only reporting framework is incomplete. It measures balances and payments, but not the layered domestic and cross border risks embedded in the private scheme.

The Age Pension has risks as well, especially service access risk, digital exclusion risk, and the risk of poor administrative design. But it does not expose retirees to the same architecture of market volatility, product complexity, balance depletion, and private intermediation. It is a direct public payment model, not a balance management model. That distinction matters. If the purpose of the framework is to improve transparency about retirement outcomes, then comparative risk should be treated as a central issue, not ignored because it is inconvenient to the present design.

A framework that tracks drawdown rates but says nothing about the comparative exposure of retirees to scams, cyber failure, market losses, account exhaustion, or digital lockout is not yet a mature transparency framework. It is measuring what is easy to count inside superannuation, while avoiding what is most important to judge between schemes.

The design already shows that expansion is possible

APRA's consultation paper states that APRA will share the data with ASIC, Treasury, and other relevant government agencies, and specifically notes engagement with Treasury, Services Australia, and the Australian Taxation Office. That matters because it shows that a broader comparative framework is entirely possible if there is willingness to build it. In that context, reliance on a superannuation only reporting frame would mean that advice, policy, and regulatory judgment are being formed on a partial and distorted evidentiary base. That is likely to produce the wrong conclusions, not because decision makers are careless, but because the architecture of the framework predetermines a narrow and flattering view of one scheme while excluding the principal comparator. A system that is measured against itself will almost always appear more defensible than a system tested against a real alternative.

The answer is not to force the Age Pension into superannuation specific categories such as accumulation accounts, pension accounts, lump sum withdrawals, or product combinations. The answer is to build matched public reporting under common policy headings. The metrics do not need to be mechanically identical. They need to be substantively comparable.

For example, the framework should allow the public, Parliament, regulators, policy agencies, and affected members to compare adequacy, coverage, payment stability, administrative cost, reliance patterns, exposure to market loss, exposure to fraud and cyber risk, and the degree of dependence on paid advice or digital capability. It should also allow them to see which cohorts remain poorly served by compulsory superannuation and which cohorts derive disproportionate advantage from it. Those are real world questions. Those are public interest questions. Those are the questions a genuine retirement reporting framework should answer.

Regulatory balance is not achieved by burden without meaning

APRA asks whether the proposed approach strikes an appropriate regulatory balance. In my view, it does not yet do so. The present design imposes reporting burden on funds and generates a body of public data, yet it stops short of answering the core public policy question that gives the exercise its justification.

A further omission is the wider compliance burden generated by the compulsory superannuation system outside the trustee reporting framework itself. If the policy claim is that compulsory superannuation is an efficient retirement architecture, then the relevant cost base is not confined to fund level reporting and administration. It also includes the compliance burden imposed on employers through payroll processing, contribution obligations, record keeping, reconciliation, error correction, clearing arrangements, and exposure to penalty regimes. Excluding those costs again narrows the field of measurement in a way that favours the private scheme.

A narrow superannuation reporting package may be balanced from the perspective of incremental form design. It is not balanced from the perspective of democratic accountability. One retirement scheme is placed under detailed measurement. The principal public alternative is left outside the frame. Those for whom the scheme fails are not brought clearly into view. Those who benefit disproportionately are not clearly exposed. A material part of the employer compliance burden is also kept out of sight. That is not neutral transparency. It is selective transparency.

Recommendations

First, the framework should proceed only with an explicit acknowledgment that it is a superannuation reporting framework, not a complete retirement system reporting framework.

Second, APRA should recommend a comparative publication that includes the Age Pension alongside compulsory superannuation under common headings of adequacy, coverage, payment levels, administrative cost, stability, distribution, and risk.

Third, comparative risk should be expressly incorporated into the framework, including market risk, depletion risk, digital exclusion risk, scam and cyber risk, service continuity risk, and dependence on complex private intermediaries.

Fourth, the reporting should be expanded to identify the cohorts for whom compulsory superannuation does not deliver adequate retirement security, and the cohorts who derive disproportionate advantage from tax preferences and related structural features of the system.

Fifth, the wider compliance burden imposed on employers should be recognised as part of the broader efficiency question, so that compulsory superannuation is not assessed on a cost base artificially narrowed to fund level reporting and administration alone.

Sixth, APRA should make clear in any public explanation of the framework that publication of these superannuation metrics does not establish that compulsory superannuation is cheaper, safer, less rent seeking, or more effective than the Age Pension.

Seventh, if APRA considers a direct comparator beyond the immediate scope of this collection, APRA should expressly state that limitation and advise Government that the framework cannot demonstrate whole of system efficiency, adequacy, or public saving in its present form.

Conclusion

The present proposal may improve transparency inside compulsory superannuation. That is not enough.

If compulsory superannuation is to continue to be defended as a superior retirement architecture, then the public is entitled to a framework capable of comparing it with the public alternative on a fair basis. Without that comparator, the exercise risks becoming an impressive body of internal measurement that avoids the most important question. Without comparative risk, it also fails to confront the realities of retirement security in a digital age. Without showing who the system fails and who it favours disproportionately, it is not full transparency at all. Without bringing the wider compliance burden into view, it also understates the real operating cost of the private scheme.

A reporting framework that cannot compare cost, efficiency, adequacy, distribution, and risk across the two schemes is not yet fit for purpose. It measures the private system in detail while leaving untested the very claims used to justify that system. That is not full transparency. It is selective transparency with a materially misleading omission.