

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Treasury Laws Amendment (Your Future, Your Super) Bill 2021

2020 - 2021

Division: Retirement Income Policy Division
Topic: Number of underperforming products
Reference: Spoken 08 April 2021
Senator: Jess Walsh

Question:

Senator WALSH: For the benefit of the ATO, I had just switched my questions to Treasury, so that's where we are at the moment. What is the number, then, of funds that Treasury expects to fail the performance test in the first year?

Mr Maevsky: I should say that this number will change, because the current data will obviously impact how many funds would fail the test.

Ms Kelly: It will also depend on the final design of the performance test, which is a matter for government.

Mr Maevsky: There are three million accounts, roughly, in underperforming products, and there is \$100 billion in assets in those products, according to the policy document. I should clarify that this assessment is of MySuper products only.

Senator WALSH: So that's the number of accounts, not the number of products?

Mr Maevsky: Yes. I don't have the number of products with me at the moment. I can take that on notice

Answer:

The Your Future, Your Super policy document which was released on 6 October 2020, stated that 21 of the 77 MySuper products with 5 years of data, fell more than -0.5% below their benchmark and therefore were classified as underperforming. These products held over \$100 billion in assets across 3 million accounts.

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2020 - 2021

Division: Retirement Income Policy Division
Topic: Foreign vs Australian superannuation investment in infrastructure capital
Reference: Spoken 08 April 2021
Senator: Susan McDonald

Question:

Senator McDONALD: Are you able to provide figures on how much foreign pension or retirement or superannuation capital is currently invested in Australian infrastructure and agricultural assets, compared to Australian superannuation capital?

Ms Kelly: I will have to take that question on notice

Answer:

Based on Australian Prudential Regulation Authority data, investment in unlisted Australian infrastructure by large Australian superannuation funds was 1.7 per cent of all assets in the superannuation system. The level of superannuation investment in agriculture is not separately identifiable through APRA data.

Equivalent data for foreign pension or retirement capital invested in Australian infrastructure and agricultural assets is not available

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2020 - 2021

Division: Retirement Income Policy Division
Topic: Unintended multiple superannuation accounts
Reference: Spoken 08 April 2021
Senator: Slade Brockman

Question:

CHAIR: Do we know how many of these unintended multiple accounts are still out there, or is that an impossible figure to come to?

Mr Maevsky: We will have to take that on notice. It would be difficult to calculate the number of unintended multiple accounts, because some of them might have been intentionally created, but we'll take it on notice

CHAIR: Could you also take on notice whether there is a cost to the system that you could attach to those remaining unintended multiple superannuation accounts?

Answer:

The Government detailed in the October Your Future, Your Super policy document that there were 6 million unintended multiple accounts held by 4.4 million people (page 17).

The policy document estimated that multiple accounts erode members' balances by \$450 million a year in unnecessary fees.