

## Senate Economics Legislation Committee

### ANSWERS TO QUESTIONS ON NOTICE

Treasury Laws Amendment (Your Future, Your Super) Bill 2021

**Division/Agency:** Australian Prudential Regulation Authority

**Question No:** APRAQON01

**Topic:** Members in Trustee Directed Products

**Reference:** Page 54-55 of Hansard (7 April 2021)

**Senator:** Tony Sheldon

#### Question:

**Senator SHELDON:** I'll just put a question to APRA to start off with. Thanks for joining us all this afternoon. Regarding choice products, which is, I understand, not subject to the performance test for the first year and then only trustee-directed products are subject to it: do you know how many members are in trustee-directed products verse other choice products?

**Mrs Rowell:** I don't have a figure for that to hand. We can provide that on notice, but based on our data from 30 June last year the coverage of MySuper and choice trustee-directed products would be expected to cover two-thirds of the assets in APRA-regulated entities. But we can provide a specific breakdown of the number of members.

#### Answer:

The choice sector as a whole is a significant part of the superannuation industry, representing 56% (\$859 billion) of total APRA regulated member benefits (excluding defined benefits) and 35% of (7.6 million) member accounts (excluding defined benefit member accounts)<sup>1</sup> as at 30 June 2020.

APRA is currently unable to estimate the number of member accounts in different types of choice products as APRA's current reporting framework does not capture this information. APRA is introducing new reporting standards to capture more detailed information, including member accounts within individual choice products, and the first data collected under these new standards will be submitted to APRA in September 2021.

The Treasury Laws Amendment (Your Future Your Super) Bill 2021 establishes Trustee Directed Products (TDP) as a sub category of a superannuation product that will be defined in the regulations. Given the regulations are still to be finalised the types of superannuation products that will be captured under the definition is still to be determined. APRA understands, however, that TDPs are likely to largely align with the sub-set of choice products that APRA is looking to include in its initial Choice Heatmap to be released later in 2021. On this basis, APRA estimates the performance test TDPs will capture approximately two-thirds of total member assets of APRA-regulated superannuation entities based on data as at 30 June 2020, as shown in the table below.

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<sup>1</sup> Member accounts cannot be taken as a direct proxy for the number of members that invest in Choice products.

Table 1. Estimated member benefits

Sector	\$billion	% (of total APRA regulated member benefits ex. Defined benefit)	# member accounts (million)	% of total member accounts
MySuper	683	44%	14.1	65%
Choice Products	859	56%	7.6	35%
Multi-sector Choice Products (similar to TDP)*	344	22%		
Other Choice Products (not TDP)	515	33%		
Total	1,542	100%	21.7	100%

\* Multi-sector Choice Products capture open, accumulation, multi-sector investment options excluding platform products and have been estimated using a mixture of internal and external data sources.

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Treasury Laws Amendment (Your Future, Your Super) Bill 2021

**Division/Agency:** Australian Prudential Regulation Authority

**Question No:** APRAQON02

**Topic:** Infrastructure Investments

**Reference:** Page 60 of Hansard (7 April 2021)

**Senator:** Susan McDonald

**Question:**

**Senator McDONALD:** Alright. Thank you, Chair. The proposed strategic asset allocation benchmark approach could have several adverse consequences for members of super funds where funds may anchor their strategy to the stated benchmark, therefore restricting the investment approach and slowing Australian infrastructure investment that currently enjoys support from Australian super funds. Do you know how much money has been invested in infrastructure across Australia, over the 10 years, by unlisted funds in private equity?

**Mrs Rowell:** We can take it on notice and provide what we can in that regard. We might not be able to provide 10 years, but we can provide you what information we have.

**Answer:**

APRA does not collect data that breaks infrastructure investments into categories based on the investment vehicle – for example, how much infrastructure investment was via unlisted funds in private equity.

The data in the below table is based on data reported to APRA in forms *SRF 530.1 Investments and Investment Flows* (2014 financial year) and *SRF 530.0 Investments* (all years post 2014). 2014 is the first year where information is available.

The data relates to entities with more than four members and excludes Pooled Superannuation Trusts and Exempt Public Sector Superannuation Schemes. Where RSEs have an off-cycle financial year (i.e. a year end reporting date that is not 30 June), the reporting of those investments has been combined with the reporting of investments at 30 June of that financial year.

\$ billions	Listed Infrastructure	Unlisted Infrastructure	Infrastructure reported with Not Applicable listing type	Total Investments Held in Australian Infrastructure by Australian Superannuation Funds	Total Investments Held by Australian Superannuation Funds	Infrastructure as a percentage of Total Investments
30/06/2014	7.7	34.6	0.2	42.5	1,188.5	3.6%
30/06/2015	10.6	36.1	0.0	46.7	1,324.3	3.5%
30/06/2016	15.6	39.6	0.0	55.2	1,378.7	4.0%
30/06/2017	14.6	45.4	0.0	60.1	1,535.3	3.9%
30/06/2018	16.7	49.9	0.2	66.8	1,693.2	3.9%
30/06/2019	20.5	50.3	0.2	71.0	1,837.3	3.9%
30/06/2020	18.7	53.6	0.1	72.3	1,816.9	4.0%