

## AN EVALUATION OF THE IMPACTS OF KIWISAVER ON NEW ZEALAND'S SUPERANNUATION MARKET

The Ministry of Economic Development has commenced a study of the impacts of KiwiSaver on New Zealand's superannuation market and the wider financial sector. As part of this study a number of industry participants will be asked to take part in a workshop or interview. This industry consultation work will be completed by 29 August. The study is led by PricewaterhouseCoopers, who will protect the confidentiality of any information received.

*Evaluations examine the efficiency and effectiveness of government policy with the aim of providing evidence-based feedback to enhance value and desired impact. They are an integral and routine part of government policy process. When KiwiSaver was announced the Government established an objective and comprehensive evaluation strategy covering its implementation, long-term impacts on savings behaviour and on the superannuation market and other matters.*

There are two distinct areas of focus for our study. The first is to examine the impacts that KiwiSaver is having on the superannuation market itself – KiwiSaver and non-KiwiSaver superannuation providers and schemes.

The second area of focus is to consider the wider impacts of KiwiSaver on the financial sector, particularly the impacts on funds managers and their advisers, trustees, other market participants (e.g. personal financial advisers, brokers etc), domestic capital markets and relevant aspects of financial system stability.

The evaluation will seek to:

- Define and confirm with stakeholders the key characteristics of the superannuation market in the lead up to the introduction of KiwiSaver in 2007 (noting any existing trends and changes resulting from providers gearing up for its introduction) and the changes in the market since then.
- Document what market participants are saying about the key influences of KiwiSaver on the market, including impacts on fees, financial performance, marketing, and overall savings levels.
- Establish a baseline of quantitative indicators, which reflects the above information, to measure key changes in the superannuation market prior to and following the introduction of KiwiSaver, drawing on existing data sources to the fullest extent.
- Document the changes to the superannuation market and the wider financial sector, since the introduction of KiwiSaver. Due to the current small size of KiwiSaver funds under management relative to the size of the financial markets, we expect that this phase of the evaluation will focus primarily on impacts on the superannuation market rather than wider financial sector impacts.
- Establish an evaluation approach and framework for examining the future impacts of KiwiSaver on capital markets and related aspects including specialisation, innovation, skills and financial stability.
- Make recommendations for the design and staging of future phases of the evaluation and on tweaks to KiwiSaver policy to support better outcomes.

It is intended that subsequent phases of work will examine changes in the market and compare them with the baseline established through this piece of work. Subsequent evaluation phases are planned to occur in 2009 and 2011.

### Contacts

*If you wish to comment on this work or seek further information please contact:*

Suzanne Snively  
Partner,  
Economic and Public Sector Advisory,  
PricewaterhouseCoopers  
suzanne.snively@nz.pwc.com

David Bartle  
Manager Research and Evaluation,  
Industry and Regional Development Branch,  
Ministry of Economic Development  
david.bartle@med.govt.nz