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**From:** SCHOFER, Lorenzo  
**Sent:** Thursday, 23 July 2020 4:28 PM  
**To:** HOLLAND, Cara ; MCLOUGHLIN, Kate  
**Cc:** CLOSE, Cathie  
**Subject:** RE: super extension [SEC=OFFICIAL]

Hi Kate and Cara,

Thanks for sending this through.

I have copied Cathie in on this too as we have had some good chats about the scheme, so she may have some points also.

I agree the Cara on her points. My thoughts around this are, and this might be semi-repeating Cara's points – but also speaks more to the resilience of households rather than the effect on consumption:

- The large number of withdrawals in the second tranche says to me that households that need the funds have already applied. Given that most of these have been from repeat applicants, I suspect that some households are severely liquidity constrained. Therefore an extension may only have an impact at the margin.
- Conversely, given that the second tranche commenced around tax time, tax returns may provide a small but meaningful buffer for some households. This may cause some households to hold off accessing their super in the hope that they regain employment/income. Of course if this does not occur than accessing super may be an option in the extended period.
- Also, the average household has enough liquid assets to cover a number of months of expenses. Accessing super early gives households the option to either use these assets first or access super and preserve their assets. Households that use their assets first may delay accessing their super until their assets are exhausted.
- Finally, some back-of-the-envelope calculations I have done on household liquidity suggests that deferring loan payments are having a larger effect on the resilience of household than super withdrawals. Therefore, it is possible that some households may delay accessing their super until after their 6 month loan deferral ends – though in some cases deferrals are being extended also.

At the end of the day it provides liquidity constrained households with an option if they need it, which in my mind is positive, especially in the case where the economic impact of the virus on households is prolonged by the re-emergence of Covid cases.

Thanks.

**Lorenzo Schofer** | Analyst | Households, Businesses and Credit | Financial Stability Department  
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| w: [www.rba.gov.au](http://www.rba.gov.au)

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**From:** HOLLAND, Cara  
**Sent:** Thursday, 23 July 2020 3:38 PM  
**To:** MCLOUGHLIN, Kate

**Cc:** SCHOFER, Lorenzo  
**Subject:** RE: super extension [SEC=OFFICIAL]

Seems a little tricky to say (to me), but a few points that come to mind

- I wouldn't have thought the time frame would be a limiting factor for many, but there could be some at the margin who are either time-poor or re-assess their financial situation between September and December.
- This is a time when we do expect many households' actual financial situation to be a little worse – the question being whether some have not fully factored this in, or if things turn out worse than expected.
- If it is the latter, in some ways this presents some potential offset to a downside surprise for household income (not in the national accounts, but in terms of cash flow/liquidity)

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**From:** MCLOUGHLIN, Kate  
**Sent:** Thursday, 23 July 2020 3:28 PM  
**To:** HOLLAND, Cara  
**Cc:** SCHOFER, Lorenzo  
**Subject:** super extension [SEC=OFFICIAL]

Meaningful?

<https://www.afr.com/policy/tax-and-super/early-super-access-extended-by-three-months-20200723-p55et0>

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| w: [www.rba.gov.au](http://www.rba.gov.au)

Note - this e-mail exchange relates to preliminary analytical work being conducted to determine whether liaison information could be useful in understanding future wages growth. The information and graphs contained are **not** the Bank's wages forecast.

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**From:** BLESSING, Tania  
**Sent:** Tuesday, 28 July 2020 3:55 PM  
**To:** LAI, Sharon  
**Cc:** FLANNIGAN, Gordon  
**Subject:** RE: Private sector WPI growth forecasts from liaison [SEC=UNCLASSIFIED]

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Thanks Sharon. It's a sobering chart!

In relation to the first dot point in your email below, yes your treatment is consistent with the data shown in the existing wages charts that compare the WPI with liaison measures.

Thanks again.  
Tania

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**From:** LAI, Sharon  
**Sent:** Tuesday, 28 July 2020 2:18 PM  
**To:** FLANNIGAN, Gordon ; BLESSING, Tania  
**Subject:** RE: Private sector WPI growth forecasts from liaison [SEC=UNCLASSIFIED]

Hi both

I've had another go at this, this time making as minimal judgements/adjustments as possible. In the graph below:

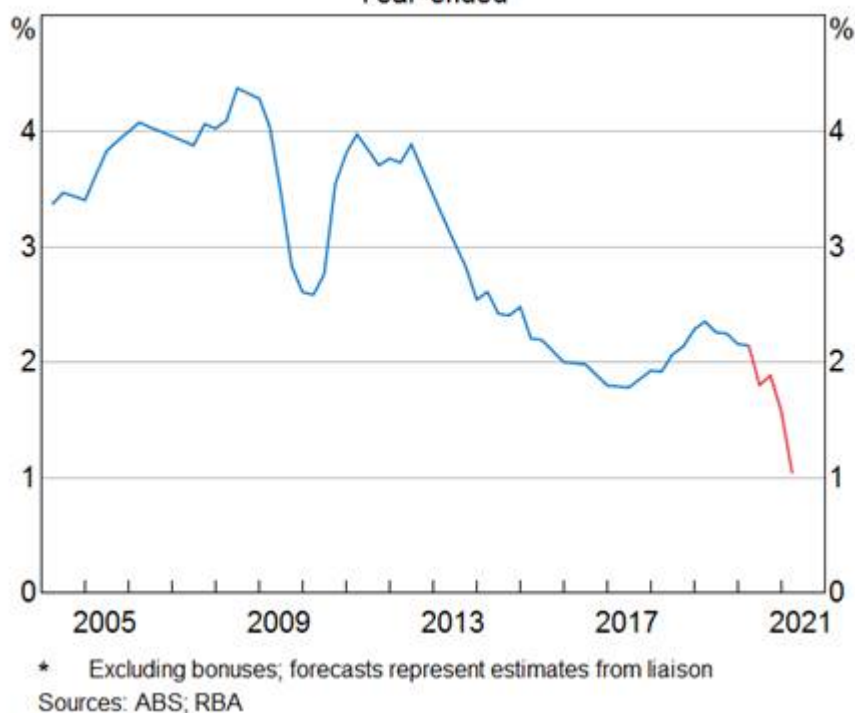
- The June quarter and September quarter figures are our actual wages growth figures for June and September (to date) figures, with a trim mean (30%) and rescaling. I think this is consistent with how you normally present it.
- December quarter forecast is the June quarter expected wages growth figure, with no adjustments
- March quarter forecast is the September quarter (to date) expected wages growth figure, with no adjustments.

As you've probably gathered, there are lots of different ways to cut this. Happy to look into it more / discuss if that would be of interest.

Thanks  
Sharon

## Private Sector Wage Price Index Growth

Year-ended



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**From:** FLANNIGAN, Gordon

**Sent:** Thursday, 11 June 2020 9:56 AM

**To:** LAI, Sharon ; BLESSING, Tania

**Subject:** RE: Private sector WPI growth forecasts from liaison [SEC=UNCLASSIFIED]

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**From:** LAI, Sharon

**Sent:** Thursday, 11 June 2020 9:47 AM

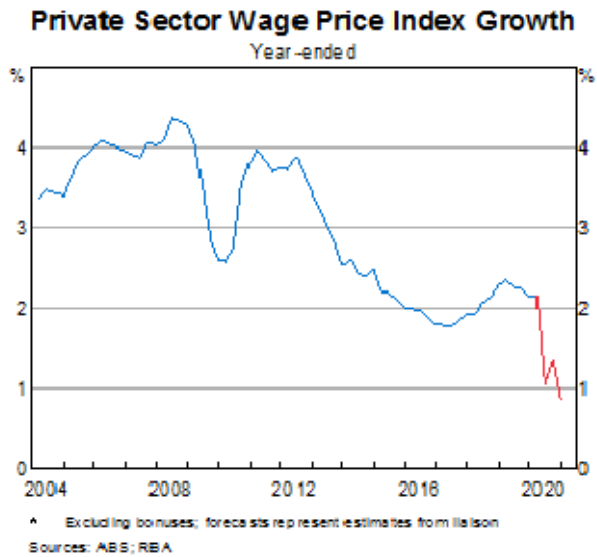
**To:** FLANNIGAN, Gordon ; BLESSING, Tania

**Subject:** Private sector WPI growth forecasts from liaison

Hi Gordon and Tania

Please see below a preliminary "forecast" of private sector WPI growth based on liaison data. There are a range of possible different outcomes depending on what assumptions are made. For the purposes of this baseline scenario, I have made the following assumptions:

- June quarter forecast: the actual wages growth figure for the June quarter from liaison, with the following adjustments:
  - I added back 1.5 ppt to the wages growth of all firms that reported negative wages growth, under the assumption that staff would have received a wage increase over the past year that may not be captured in the reported figure. (Tania, please let me know if this assumption seems reasonable).
  - rescaled by the mean difference between liaison measures and WPI measures between 2017 and early 2020 (0.365)
- September quarter forecast: I took the average of the 'expected' wages growth of March quarter and June quarter liaisons, rescaled by 0.365.
- December quarter forecast: the 'expected' wages growth of June quarter liaisons with no adjustments.



Gordon, you also asked for a comparison of actual WPI growth outcomes with liaison estimates. Unfortunately we only started collecting wages growth estimates from March quarter 2019 so I can only do this comparison for three quarters. Please see graph below.



Thanks  
Sharon

**Sharon Lai** | Economist | Victorian Office  
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| w: [www.rba.gov.au](http://www.rba.gov.au)

The Reserve Bank of Australia acknowledges the Traditional Custodians of Australia and we pay our respects to their past, present, and emerging Elders.

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**From:** BLESSING, Tania  
**Sent:** Wednesday, 29 July 2020 2:29 PM  
**To:** FLANNIGAN, Gordon  
**Subject:** RE: Monthly note update - wages [SEC=OFFICIAL]

Yeah it's a tricky one, as rates are often viewed as labour costs. Most notes tease out the labour component from the materials component.

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**From:** FLANNIGAN, Gordon  
**Sent:** Wednesday, 29 July 2020 2:27 PM  
**To:** BLESSING, Tania  
**Subject:** RE: Monthly note update - wages [SEC=OFFICIAL]

Brilliant, thanks Tania (it's really whether we want to talk about it as a change in wages or costs)

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**From:** BLESSING, Tania  
**Sent:** Wednesday, 29 July 2020 2:26 PM  
**To:** FLANNIGAN, Gordon  
**Subject:** RE: Monthly note update - wages [SEC=OFFICIAL]

Thanks for the clarification Gordon. I'm contacting Patrick now.

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**From:** FLANNIGAN, Gordon  
**Sent:** Wednesday, 29 July 2020 2:25 PM  
**To:** BLESSING, Tania  
**Cc:** LAI, Sharon  
**Subject:** RE: Monthly note update - wages [SEC=OFFICIAL]

Sounds good – I think it works in the LQ and should be included there. That piece hits the mark really well!

My thought was more around the dot point MN update.

We can see what the housing people think, either way I think it is a useful point to include somewhere.

Thanks

Gordon

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**From:** BLESSING, Tania  
**Sent:** Wednesday, 29 July 2020 2:14 PM  
**To:** FLANNIGAN, Gordon  
**Cc:** LAI, Sharon  
**Subject:** RE: Monthly note update - wages [SEC=OFFICIAL]

Thanks Gordon.

I used to include info on subcontractor rates in the wages quarterly. I haven't in the labour quarterly because up until now there wasn't much to say. However, I'm happy for it to be moved to the housing section if it fits better there.

Tania

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**From:** FLANNIGAN, Gordon

**Sent:** Wednesday, 29 July 2020 1:06 PM

**To:** BLESSING, Tania ; LAI, Sharon

**Subject:** RE: Monthly note update - wages [SEC=OFFICIAL]

Thanks Tania, this looks good.

Pretty big decline in firms telling us they are implementing wage freezes, also interesting that stronger expectations has trended up since the start of the year.

Your wage cut info is quite interesting, particularly those who are extending or newly implementing! Definitely something to keep an eye on. On the words, suggestion below to tighten up the last sentence. Another thought is whether this is better placed in the housing section (presumably we don't include subcontractor rates in our liaison wages info)?

- Year-ended private sector wages growth is expected to decline materially in coming quarters. Almost two fifths of firms expect to implement a wage freeze in the year ahead. A few home builders expect upward pressure on subcontractor costs in the months ahead due to a pull-forward in demand driven by HomeBuilder.

Thanks

Gordon

**From:** FLANNIGAN, Gordon  
**Sent:** Tuesday, 4 August 2020 1:48 PM  
**To:** BLESSING, Tania; LAI, Sharon  
**Subject:** RE: State based info [SEC=UNCLASSIFIED]

Thanks Tania, I hadn't appreciated how much of the wage cuts were focused in NSW (or at least with NSW Office contacts).

Thanks  
 Gordon

**From:** BLESSING, Tania  
**Sent:** Tuesday, 4 August 2020 1:33 PM  
**To:** LAI, Sharon ; FLANNIGAN, Gordon  
**Subject:** RE: State based info [SEC=UNCLASSIFIED]

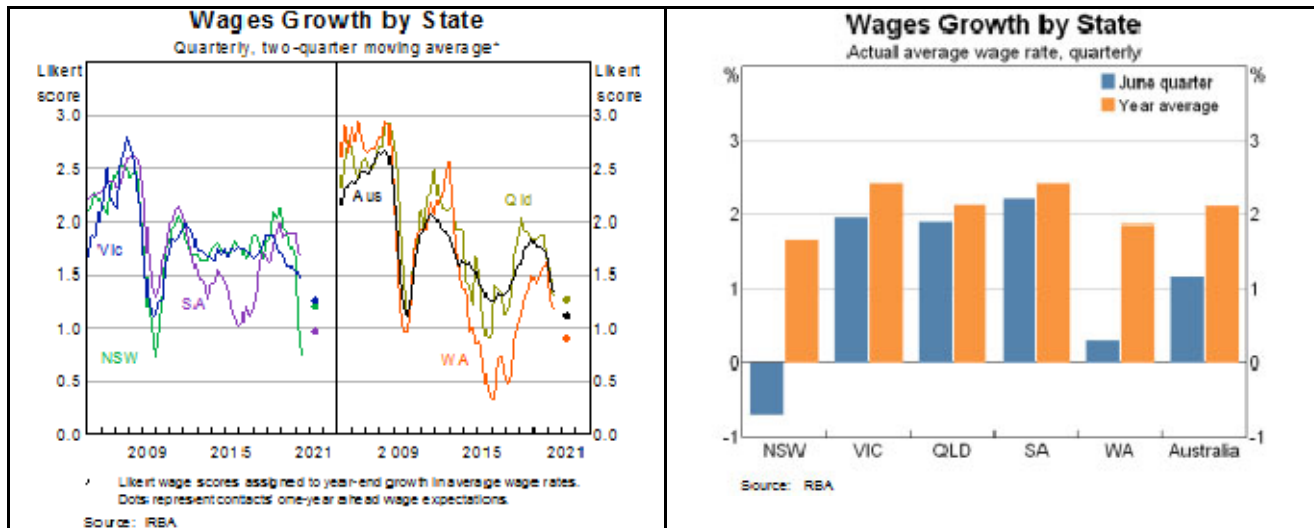
Further to my previous email, it is easy to determine sample size by state for each variable in this file:

**From:** BLESSING, Tania  
**Sent:** Tuesday, 4 August 2020 1:25 PM  
**To:** LAI, Sharon ; FLANNIGAN, Gordon  
**Subject:** RE: State based info [SEC=UNCLASSIFIED]

Hi Gordon and Sharon

I can filter wages, employment, financing conditions, productivity and business continuity qualitative info by state in this workbook:

I also have a couple of wages charts by state.





In the past, our sample sizes by state were too small, but this is less of a problem now that we have more than doubled our liaison output.

Tania

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**From:** HOLLAND, Cara  
**Sent:** Wednesday, 5 August 2020 12:57 PM  
**To:** ROSEWALL, Tom; MCLOUGHLIN, Kate  
**Subject:** RE: FS Briefing: Early Release of Superannuation - Week Ending 26 July [SEC=OFFICIAL]

Yep that's right

Number in yellow includes all further payments so that 17b and 12b are equal to the current total – 29bn (but could include a few first tranche applications that were paid out after 30 June, let me know if this is a prob but I think it's okay with the current sentence structure).

In the June quarter, around 2.4 million eligible individuals made an average early withdrawal of nearly \$8,000 from their superannuation, totalling more than \$17 billion. A second tranche of superannuation withdrawals became available after 1 July, and as at the end of July a further **\$12 billion** had been withdrawn.

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**From:** ROSEWALL, Tom  
**Sent:** Wednesday, 5 August 2020 12:49 PM  
**To:** MCLOUGHLIN, Kate ; HOLLAND, Cara  
**Subject:** RE: FS Briefing: Early Release of Superannuation - Week Ending 26 July [SEC=OFFICIAL]

I take it these are the final figures to be included in SMP...?

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**From:** SCHOFER, Lorenzo  
**Sent:** Wednesday, 5 August 2020 12:47 PM  
**To:** FS Analysts ; EC - Economists ; DM - IMS Analysts  
; DM Securities Markets - analysts ; BULLOCK,  
Michele ; KOHLER, Marion ; BRISCHETTO, Andrea  
; SCHWARTZ, Carl  
**Subject:** FS Briefing: Early Release of Superannuation - Week Ending 26 July

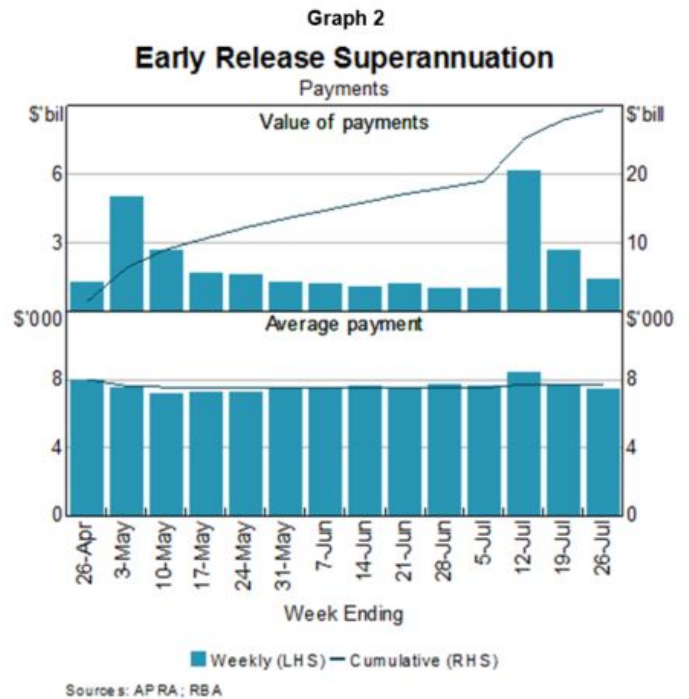
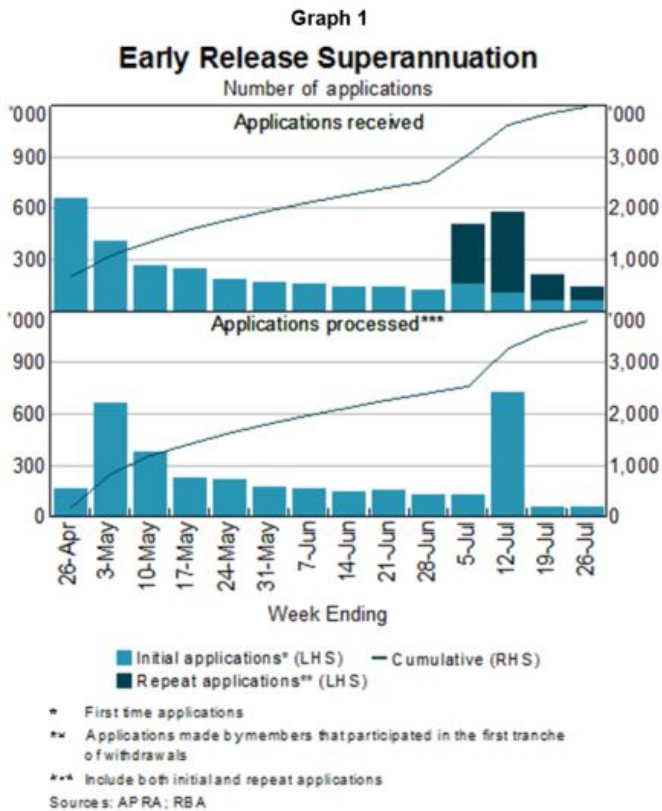
### Weekly summary

Around 140,000 applications were received by APRA regulated funds over the week ending 26 July, down 35 per cent from the previous week. Around 80,000 applications were from repeat applicants and 60,000 from initial applicants. 1 million repeat applications have been received in July to date, around 40 per cent of the 2.6 million applications received in the first tranche. The average withdrawal amount requested by repeat applicants was \$8,515, compared with the \$7,795 average for all applicants under the first tranche.

During the week, the federal government extended the application period of the second tranche by 3 months, to 31 December. In addition, Treasury upwardly revised their estimates for the uptake of the scheme to \$42 billion.

### Data highlights since reporting began (April 20)

- 4 million early-release applications had been processed, totalling \$29 billion (~ 70 per cent of Treasury's revised final take-up estimate; Graph 1). The average payment was \$7,705 (Graph 2).
- The average processing time for requests was 3.3 days, with 96 per cent of payments made within 5 days.
- Around 96 per cent of applications received from the ATO had been processed.

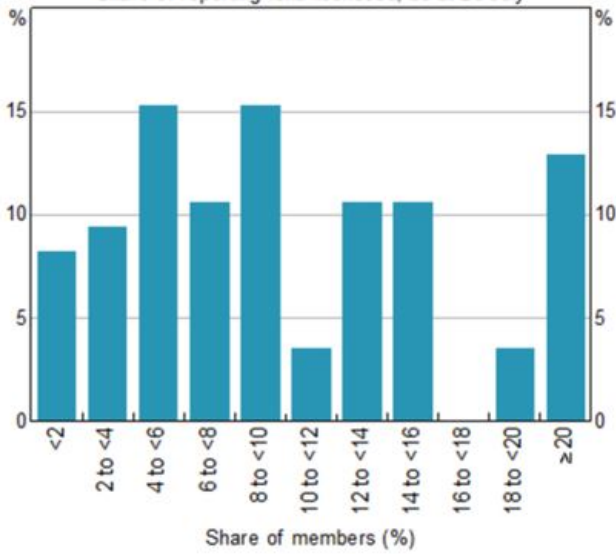


- Around 12 per cent of fund licensee members had requested early access to their superannuation to date. By value, this is equivalent to 1.5 per cent of total assets under management.
  - Around 50 per cent of licensees had made payments to more than 8 per cent of members, with 11 licensees making payments to more than 20 per cent of members (Graph 3).
  - Around 30 per cent of licensees had received repeat-applications from more than 5 per cent of members.
  - Most funds have experienced withdrawals of less than 1 per cent of total assets under management (Graph 4).
- 5 fund licensees account for around half of the total value of superannuation released to date. The average payment for these licensees was \$7,473.
  - The average share of member withdrawals for these licensees was 23 per cent. By value, members of these licensees have withdrawn around 3.1 per cent of assets under management.

Graph 3

### Distribution of Withdrawal Requests\*

Share of reporting fund licencees, as at 26 July

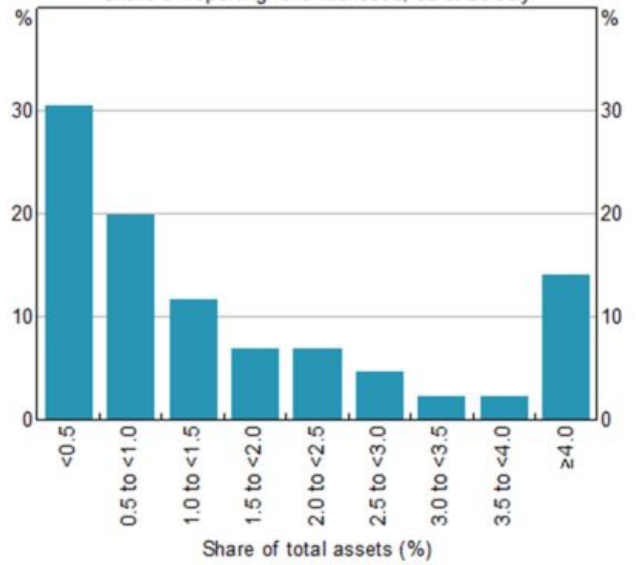


\* Initial applicants only  
Sources: APRA; RBA

Graph 4

### Distribution of Withdrawal Values

Share of reporting fund licencees, as at 26 July



Sources: APRA; RBA

Fund-level data for the week ending 26 July can be accessed at [apra.gov.au/covid-19-early-release-scheme-issue-14](https://apra.gov.au/covid-19-early-release-scheme-issue-14)

For previous week's analysis, see [15/525/02](#)

**Lorenzo Schofer** | Analyst | Households, Businesses and Credit | Financial Stability Department  
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**From:** WANG, Lydia  
**Sent:** Monday, 17 August 2020 9:54 AM  
**To:** MCLOUGHLIN, Kate; HOLLAND, Cara  
**Cc:** FS - HBC Management  
**Subject:** RE: FS Briefing: Early Release of Superannuation - Week Ending 2 August [SEC=OFFICIAL]

Hi Kate

I am comfortable with the graph.

Treasury revised its estimate to \$41.9bn on 30 July.

Treasury does not publish the number on its website. It was reported on the [news](#) that *'Treasury division head of retirement income policy Robert Jeremenko told the Senate committee on COVID-19 on Thursday (30 July) that the government was now expecting \$41.9 billion to be removed from the super system...'*

Thanks  
Lydia

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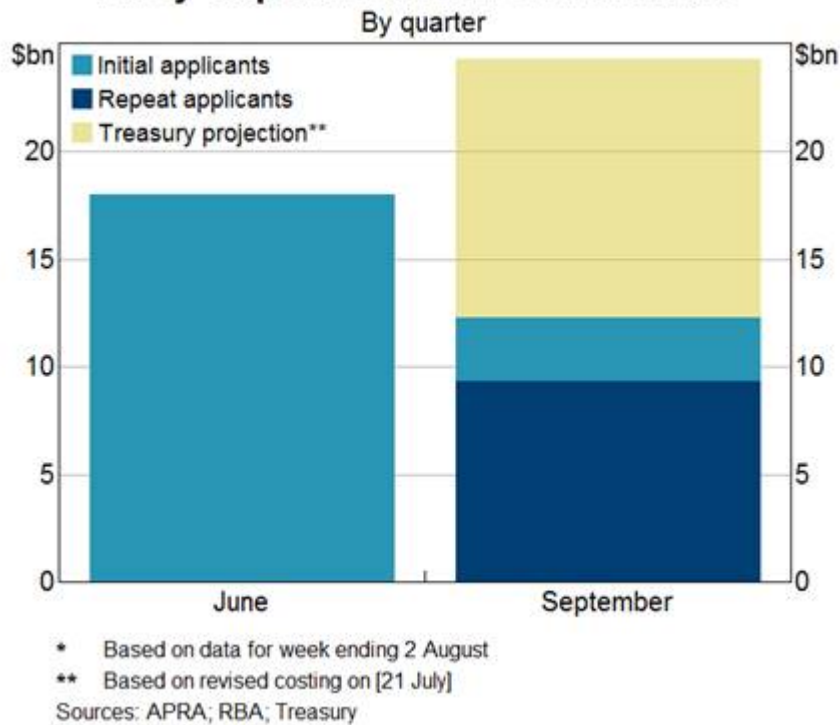
**From:** MCLOUGHLIN, Kate  
**Sent:** Monday, 17 August 2020 9:14 AM  
**To:** HOLLAND, Cara ; WANG, Lydia  
**Cc:** FS - HBC Management  
**Subject:** RE: FS Briefing: Early Release of Superannuation - Week Ending 2 August [SEC=OFFICIAL]

Hi Lydia – are you able to please confirm today on the issue below how we should treat this?

Also, can I confirm please that I your email you state in your release email that “(~ 70 per cent of Treasury’s revised final take-up estimate” – we have assumed the revised number is \$42bn consistent with a statement made by the prime minister – can you confirm please that it is \$42b and the date it was released?

This underpins the olive series in the following draft graph:

## Early Superannuation Withdrawals\*



Many thanks and please feel free to call and clarify

Kate

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**From:** HOLLAND, Cara  
**Sent:** Thursday, 13 August 2020 4:19 PM  
**To:** MCLOUGHLIN, Kate ; WANG, Lydia  
**Cc:** FS - HBC Management  
**Subject:** RE: FS Briefing: Early Release of Superannuation - Week Ending 2 August [SEC=OFFICIAL]

Hi Kate and Lydia - just a quick note that estimates for the first and second tranche might be a little sensitive to the timing assumptions we've made below. Is there a way to separate the tranches for sure? There may not be.

Given that the APRA data also show that more than 95 per cent of approved applications were paid out by funds within five days of being received from the Tax Office, the \$7 billion gap between the APRA and ATO data suggests there was either a significant late-2019/20 rush to apply before the end of the financial year and/or an early-2020/21 rush to apply for a second withdrawal.

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**From:** MCLOUGHLIN, Kate  
**Sent:** Thursday, 13 August 2020 4:15 PM  
**To:** WANG, Lydia  
**Cc:** HOLLAND, Cara ; FS - HBC Management  
**Subject:** RE: FS Briefing: Early Release of Superannuation - Week Ending 2 August [SEC=OFFICIAL]

Great! Thanks so much Lydia – I'll show you the graph once done FYI

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**From:** WANG, Lydia  
**Sent:** Thursday, 13 August 2020 4:04 PM  
**To:** MCLOUGHLIN, Kate  
**Cc:** HOLLAND, Cara ; FS - HBC Management  
**Subject:** RE: FS Briefing: Early Release of Superannuation - Week Ending 2 August [SEC=OFFICIAL]

Hi Kate

Please find the numbers below.

Please let me know if you have any questions.

Thanks

Lydia

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**From:** MCLOUGHLIN, Kate

**Sent:** Thursday, 13 August 2020 3:11 PM

**To:** WANG, Lydia

**Cc:** HOLLAND, Cara ; FS - HBC Management

**Subject:** RE: FS Briefing: Early Release of Superannuation - Week Ending 2 August [SEC=OFFICIAL]

Hi Lydia – after your meeting, **this afternoon or tomorrow morning** would you be able to please send me 3 numbers:

1. \$ value of super withdrawals between 26 April and 28 June (which I assume is the tranche 1 withdrawal total)  
**I am going to assume that the value of withdrawals for the week ending 26 April should be included. Between the week ending 26 April and 28 June, the value is \$18bn.**
2. \$ value of super withdrawals between 5 July and week ending 2 August? (which I assume is the tranche 2 withdrawal total)  
**Between the week ending 5 July and 2 August, the value is \$12.3bn.**
3. Please confirm that the value of repeat application withdrawals in tranche 2 has been \$9.362bn?  
**It is \$9.392bn.**

I would infer them from the graphs and email below but the graph is likely to get used in the draft Board paper early next week so I want to make sure we have the numbers right. Note I will ask for an update for the second number on 25 and 27 August to update the Board paper. (I just figure it is better to know now so that you can keep the calculations you set up)

Please feel free to call to discuss – this is why I called you at 259pm.

Thanks very much

**Kate McLoughlin** | Senior Economist | Households and National Accounts Section  
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| w: [www.rba.gov.au](http://www.rba.gov.au)

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**From:** WANG, Lydia

**Sent:** Tuesday, 11 August 2020 5:16 PM

**To:** FS Analysts ; EC - Economists ; DM - IMS Analysts

; DM Securities Markets - analysts ; BULLOCK,

Michele ; KOHLER, Marion ; BRISCHETTO, Andrea

; SCHWARTZ, Carl

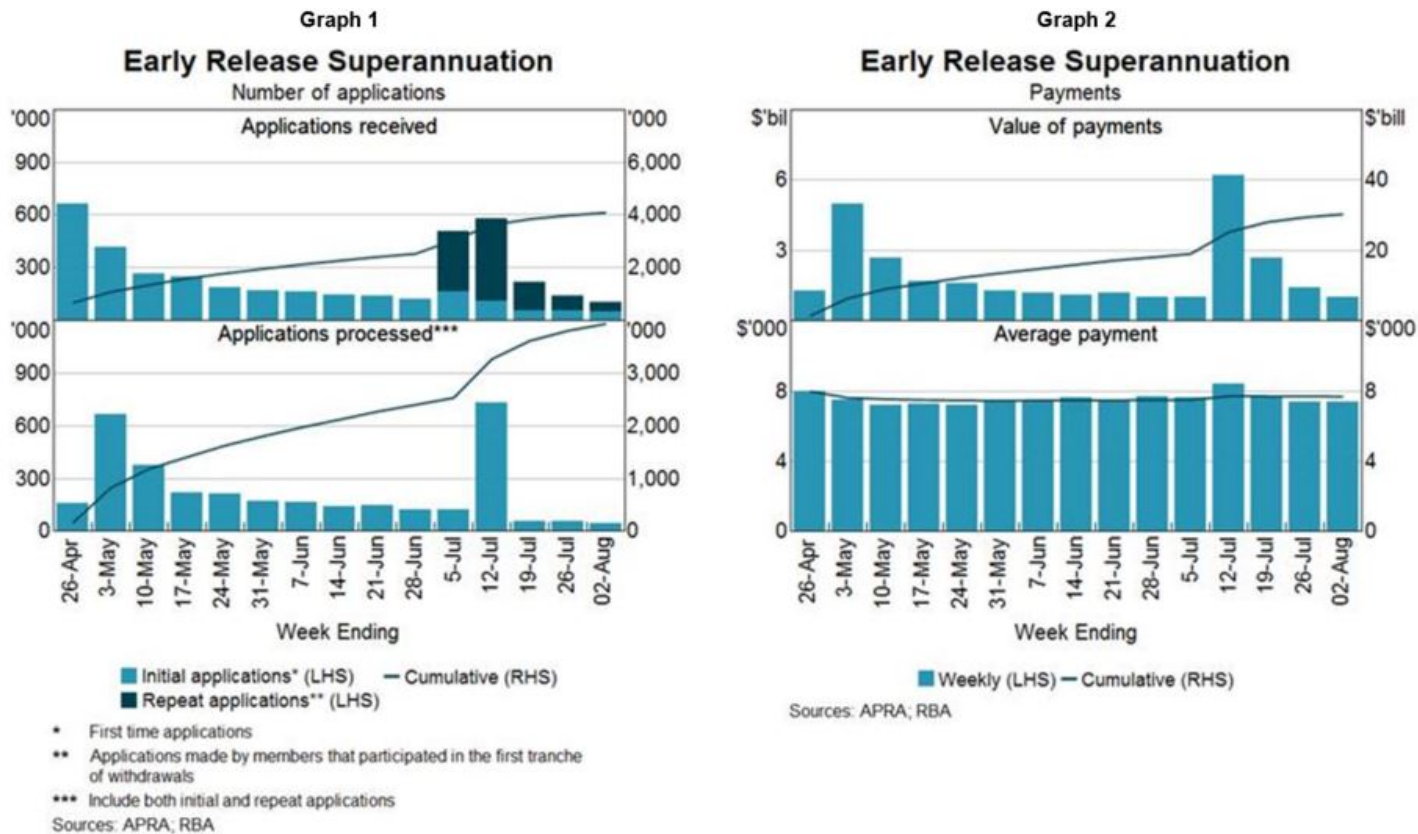
**Subject:** FS Briefing: Early Release of Superannuation - Week Ending 2 August [SEC=OFFICIAL]

### Weekly summary

Around 105,000 applications were received by APRA regulated funds over the week ending 2 August, down 25 per cent from the previous week. Around 55,000 applications were from repeat applicants and 50,000 from initial applicants. 1.1 million repeat applications have been received to date, around 40 per cent of the 2.6 million applications received in the first tranche. The average withdrawal amount requested by repeat applicants was \$8,511, compared with the \$7,795 average for all applicants under the first tranche.

**Data highlights since reporting began (April 20)**

- 4 million early-release applications have been processed, totalling \$30 billion (~ 70 per cent of Treasury’s revised final take-up estimate; Graph 1). The average payment was \$7,695 (Graph 2).
- The average processing time for requests was 3.3 days, with 95 per cent of payments made within 5 days.
- Around 96 per cent of applications received from the ATO had been processed.



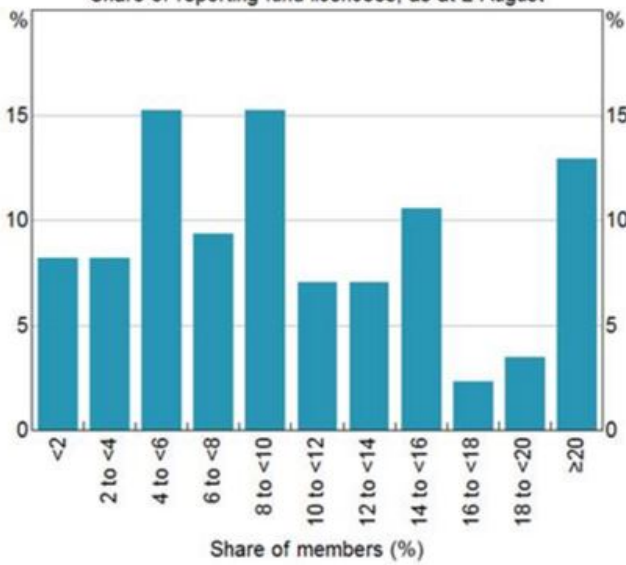
- Around 12 per cent of fund licensee members had requested early access to their superannuation to date. By value, this is equivalent to 1.6 per cent of total assets under management.
  - Around 60 per cent of licensees had made payments to more than 8 per cent of members, with 11 licensees making payments to more than 20 per cent of members (Graph 3).
  - Around 30 per cent of licensees had received repeat-applications from more than 5 per cent of members.
  - Around half of the funds have experienced withdrawals of less than 1 per cent of total assets under management (Graph 4).
- 5 fund licensees account for around half of the total value of superannuation released to date. The average payment for these licensees was \$7,464.
  - The average share of member withdrawals for these licensees was 23 per cent. By value, members of these licensees have withdrawn around 3.2 per cent of assets under management.



Graph 3

**Distribution of Withdrawal Requests\***

Share of reporting fund licencees, as at 2 August

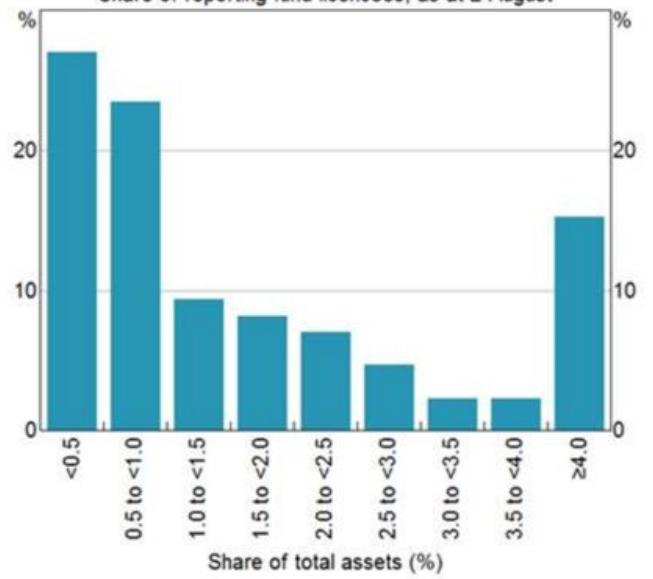


\* Initial applicants only  
Sources: APRA, RBA

Graph 4

**Distribution of Withdrawal Values**

Share of reporting fund licencees, as at 2 August



Sources: APRA, RBA

Fund-level data for the week ending 2 August can be accessed at <https://www.apra.gov.au/covid-19-early-release-scheme-issue-15>

For previous week's analysis, see [15/525/02](https://www.rba.gov.au/analysis/2020/15/525/02)

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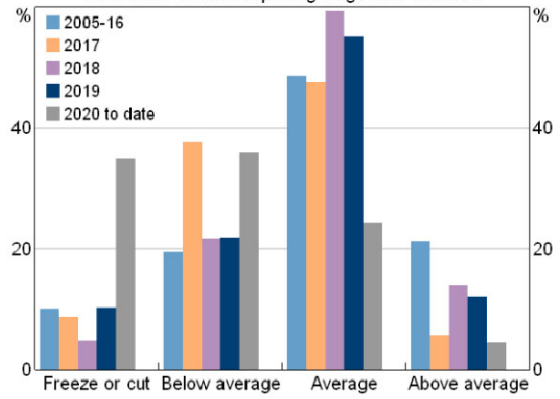
**From:** GADSBY, Paula  
**Sent:** Tuesday, 18 August 2020 8:46 AM  
**To:** Notes policy groups  
**Subject:** Note EA: Liaison on Current Conditions - August 2020

*Employment intentions have improved but remain weak, while private sector wages growth is expected to decline materially in coming quarters.*

- Year-ended private sector wages growth is expected to decline materially in coming quarters as an increasing proportion of firms implement wage freezes, cuts or below average wages growth outcomes relative to the previous year. Further, reports of deferring pay increases and annual salary reviews have continued.

### Distribution of Wages Growth Expectations\*

As a share of firms reporting wage data in liaison



\* Expectations for the year ahead derived from Likert scores  
Source: RBA

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