

House of Representatives Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Review of the APRA Annual Report (Second Report) 2019

Division/Agency: Australian Prudential Regulation Authority
Question No: APRA15QW
Topic: Political donations made by superannuation funds and associated entities
Member: Tim Wilson MP

Question:

In light of the following donations (see table below), will APRA take appropriate action to stop superannuation funds and associated entities donating to political parties out of the retirement savings of Australians consistent with the sole purpose test?

Year	Payment	AEC Source
2018-19	<ul style="list-style-type: none"> • Industry Super Australia: \$1,600 – page 48 • First State Super: \$2,000 – page 45 • EI Super Scheme: \$1,100 – page 52 	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=52042
2017-18	<ul style="list-style-type: none"> • Industry Super Holdings: \$27,500 – page 6 • Industry Super Australia: \$1,500 – page 27 	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=51066
2016-17	<ul style="list-style-type: none"> • Industry Super Holdings: \$27,500 – page 5 • First State Super: \$1,500 – page 19 • Industry Super Holdings: \$19,000 – page 19 	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=42130
2015-16	Industry Super Holdings: \$27,500 – page 6	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=41317
2014-15	nil	
2013-14	nil	
2012-13	Industry Super Network ¹ : \$2,200 – page 18	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=29089
2011-12	ME Bank: \$27,500 – page 23	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=26046
2010-11	Industry Fund Services: \$4,300 – page 12	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=19860
2009-10	Industry Fund Services: \$2,000 – page 4	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=19604
2008-09	<ul style="list-style-type: none"> • Host Plus: \$1,000 – page 4 • Industry Super Network: \$2,200 – page 5 • Industry Fund Services: \$2,000 – page 5 	https://transparency.aec.gov.au/AnnualPoliticalParty/ReturnDetail?returnId=11611

¹ Industry Super Network was the prior branding of Industry Super Australia

Answer:

As we have previously advised, APRA's view is that it is difficult to envisage circumstances in which a direct political donation would be consistent with the sole purpose test.

APRA is currently undertaking a targeted review of expenditure by some trustees as part of its review of the implementation of prudential standard SPS 515 – Strategic Planning and Member Outcomes. This review will focus on different categories of expenditure by trustees, and the steps they have in place to ensure that such expenditure is consistent with the sole purpose test and meets trustees' member best interest obligations. Should this review identify any practices of concern, APRA will take appropriate action to ensure these are addressed.

Many of the specific examples within the question relate to the activities of Industry Super Australia/Industry Super Network, Industry Super Holdings and Industry Fund Services. These are not APRA-regulated entities, and not subject to the sole purpose test. The sole purpose test also does not apply to ME Bank.

To support APRA's oversight of the implementation of new prudential standard, SPS 515 Strategic Planning and Member Outcomes, APRA is currently consulting on the collection of more granular data on fund expenditure, including political donations. The reporting standards to implement the expanded data collection requirements are expected to be finalised in the first half of 2021, with the first data collection due in late 2021. This enhanced data will better enable APRA to identify, investigate and take appropriate action in relation to any expenditure that may not be consistent with the sole purpose test.