

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Australian Prudential Regulation Authority
Question No: 73
Topic: CGT Exemption for Merged Funds
Reference: Hansard page 109 (30 May 2017)
Senator: Hume, Jane

Question:

CHAIR: That is true. I think, for the sake of members, continue the galvanisation process—that is very good. I might not be asking the right group about this; this might be a question for ASIC, and you are allowed to redirect me to ASIC, but I will just throw out a hypothetical. We know that some union representative board members pay their salaries back to their union, and we understand exactly why that is: the union lends their time to the superannuation fund. Just as a hypothetical, if a board member of an industry superannuation fund paid their salary back to the union and then ran for political office, and that union funded one of its union officials to become a staff member to work on the campaign for that board member, is that something that you would be concerned about? We were talking about related party arrangements. Is that something that APRA would deal with, or is it something that ASIC would deal with? I imagine it would be highly inappropriate.

Mrs Rowell: I am not sure I know how to respond to that.

Senator WHISH-WILSON: You do not have to answer hypotheticals.

CHAIR: No, you do not need to answer hypotheticals. It might be better put to ASIC.

Moving on, you might be able to explain something that I do not understand. A lot of superannuation boards have alternate directors. I understand why they have alternate directors, but there seem to be large numbers of alternate directors on superannuation boards, sometimes mirroring the number of actual directors. Do you know whether those alternate directors get paid, even if they do not actually attend the board meetings?

Mrs Rowell: I would need to take that on notice.

CHAIR: I am not sure either. I have not been able to find it anywhere, but it is something I have pursued.

Mrs Rowell: We will take that on notice.

Answer:

APRA collects data in respect of RSE licensees under *Reporting Standard SRS 600.0 Profile and Structure (RSE licensee)* and has done so since 2013.

At 30 June 2016, a total of 57 alternate directors were reported across 21 RSE licensees.

Of these, 24 (42 per cent) were not paid. A total of \$819,000 was paid in respect of the 33 alternate directors that were paid, with the amount of remuneration ranging from \$1,000 to \$103,000, with an average amount of \$24,818.

32 alternate directors did not attend any board meetings between 1 July 2015 to 30 June 2016 and 13 alternate directors attended more than three board meetings during this time.