

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Australian Prudential Regulation Authority

Question No: 75

Topic: Integrity Measures - Superannuation

Reference: Hansard page 99-100 (30 May 2017)

Senator: Hume, Jane

Question:

CHAIR: I have some questions about some of the integrity measures in the superannuation industry. I should give you a heads-up that I used to work in this industry.

[...]

CHAIR: It is my understanding that a senior executive of a very large superannuation fund, a fund managing \$2.6 billion of compulsory retirement savings on behalf of Australian workers, is in this exact circumstance. I think it is a matter of public record that that senior executive was sacked as the general manager of a New South Wales public entity as a result of a referral from ICAC to the relevant department and subsequent internal and external investigations into his conduct. That was 13 years ago. Is APRA aware of this particular case?

[...]

Mrs Rowell: I cannot think, off the top of my head, of the specific circumstances to which you are referring, so it is hard for me to comment.

CHAIR: First Super is a fund that has been backed by the CFMEU, a union that is subject to countless lawsuits due to its blatant disregard for the rule of law. First Super has an executive that is subject to those claims. Is this something that APRA is aware of?

Mrs Rowell: We would have to take that on notice.

Answer:

APRA's prudential framework requires registrable superannuation entity (RSE) licensees to establish and implement policies, processes, and procedures to ensure that responsible persons are fit and proper upon appointment and on an ongoing basis. Such policies, processes, and procedures should also provide for the removal of individuals where they are found to be not fit and proper. The responsibility of ensuring that only fit and proper persons are appointed to board and executive positions remains with the RSE licensee itself.

APRA was made aware in 2009 of complaints about the fitness and propriety of the executive referred to in the Estimates hearing. The RSE licensee that employed this executive at the time undertook an investigation into these allegations and concluded that there were no grounds for determining that the executive was not fit and proper. APRA considered the action taken by the RSE licensee, and determined in early 2010 that the matter was dealt with by the RSE licensee in accordance with APRA's prudential framework.

APRA is also aware that, prior to appointing this executive in 2013, the RSE licensee referred to in the Estimates hearing conducted a detailed due diligence process, with the assistance of an external independent party. Following this process, the RSE licensee found that there were no grounds to deem the executive not to be fit and proper.