

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 14 – 15 February 2007

Question: aet 117 (APRA)

Topic: Wind up of Super Funds

Hansard Page: E37

Senator SHERRY asked:

It is always fascinating; I totally concur. I have a couple of preliminary matters. Could someone give me an outline of the ongoing wind-up of superannuation funds—a status report—that did not meet or, alternatively, did not seek licensing?

Mr Jones—The process was designed to be finished by 31 December. Some of those funds that decided to wind up but were not completed by 30 June—that is, those that did not apply for a licence—entered into enforceable undertakings whereby we gave them up to four or five months. The exact numbers as at 30 December I would have to take on notice and give to you. Effectively, almost all of the money has been rolled out. So effectively what we are dealing with now is just wind-ups, and much of it is administrative, in terms of getting closure on the remainder of the funds. There are some funds that we have not ever been able to communicate with—that is, all that we have ever had is a registered address and that address turns out to be inappropriate. We have not been able to contact those. So there is a process that we will probably have to go through to wind them up. I can supply the exact numbers. We are confident enough to have disbanded our superannuation licensing team at 31 December.

Senator SHERRY—I would appreciate if you could take that information on notice.

Answer:

As at 12 March 2007, there were 59 funds that were active at the commencement of the transition period and for which the trustees did not seek a licence. The trustees of these entities have yet to finalise the alternative arrangements that they were required to make.

The trustees have entered into an undertaking with APRA. The terms of the undertaking are that no contributions were to be received into the entity after 1 July 2006 and that the trustees would only take those actions that were necessary to complete the alternative arrangements.

Of the 59 funds, 42 trustees indicated that they intended to restructure the fund into self-managed superannuation funds regulated by the Australian Taxation Office (ATO). To date, 38 of the trustees have supplied APRA with a copy of the Change of Details form which has been lodged with the ATO. APRA is waiting confirmation from the ATO that these funds have been accepted as self managed superannuation funds. APRA is obtaining these forms from the other four trustees.

There are 17 funds where the trustee previously indicated that it intended to wind up the fund formally. In most instances, APRA is waiting for the lodgement of the

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 14 – 15 February 2007

Annual Return for Wound Up Superannuation Funds and an Audit report covering the period to the date of wind up. APRA is in regular contact with the trustees concerned (at least on a weekly basis) and APRA is aware that none of the funds is accepting contributions from members and the funds are only taking the final steps to conclude the wind up.