

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

23 – 24 February 2011

Question No: AET 167

Topic: Sandhurst Trustees

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Senator Cameron asked:

Senator CAMERON—I have correspondence here from a constituent, Mr Henry Di Suvero, who has written to APRA asking them to investigate the Sandhurst Trustees. Is anyone aware of that?

Mr Jones—Yes.

Senator CAMERON—So I have got it right? It is just that there has been a transposition from ASIC to APRA in one of the notes that I have here. You are aware of that?

Mr Jones—I am aware of complaints that we get from constituents, yes.

Senator CAMERON—I am asking you about Mr Di Suvero.

Mr Jones—I could not speak specifically about his particular case.

Senator CAMERON—Okay. Sandhurst Trustees is a subsidiary of Bendigo Bank—is that correct? Are you aware of that?

Mr Chapman—Yes. I can confirm that they are.

Senator CAMERON—If an investor has a problem with their trustees, who deals with that? Is it ASIC or APRA?

Mr Jones—It would depend upon the circumstances. It may well be that their first course of action would be the Superannuation Complaints Tribunal. That would be another possibility. It would depend on the nature of the issue.

Mr Chapman—Can I add to that. A trustee company could be doing three types of business. They could be doing traditional trustee business, banks and things like that, in which case it would probably be a state issue. They could be doing superannuation, in which case, as Mr Jones said, it could be a Superannuation Complaints Tribunal issue—it depends what the issue of the complaint is. It could be a managed investment, in which case it would be ASIC.

Senator CAMERON—This is, I think, basically a managed investment.

Mr Chapman—In that case, it would be an ASIC issue.

Senator CAMERON—But, Mr Jones, you have seen the correspondence on this? Is it an APRA matter or an ASIC matter?

Mr Jones—I have seen some correspondence regarding issues with regard to Sandhurst. At first sight they did not appear to be an APRA matter, but I cannot say with certainty that we are talking about the same matter. I cannot say that I recall the name of the constituent.

Senator CAMERON—Mr Di Suvero wrote to Ms Kathleen Maxwell.

Mr Jones—Yes she is in APRA.

Senator CAMERON—She is a senior manager of the APRA secretariat—is that correct?

Mr Jones—That would be the likely person you would write to—correct.

Senator CAMERON—In terms of the problem that has been raised, the allegations are of negligence and waste against Sandhurst and the receiver.

Mr Jones—Against a superannuation trustee?

Senator CAMERON—Against Sandhurst Trustees.

Mr Jones—Perhaps it might be easier if we took the question on notice and then we can look at the specifics. It would be very difficult to give you a sound response on a particular criticism or complaint at this stage.

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Senator CAMERON—If you have that correspondence, can you keep me advised as to how that is moving through the bureaucracy within your organisation?

Mr Jones—I would assume so, assuming that the initial correspondent gave us permission to do so.

Senator CAMERON—I am sure I can get that permission. The first thing I would need to know is whether this is regulated under ASIC or APRA. The person has written to you and there are some 1,100 debenture holders in a company called LKM Capital. Are you aware of LKM Capital? The allegation that has been made in the correspondence is that Sandhurst Trustees—I am just trying to figure out whether this is your area or not, because it is complex and I accept that—failed to advise debenture holders of changed circumstances and, because of that failure, people continued to make investments not based on the material facts that were available.

CHAIR—I think that, since we are short of time, if we could get APRA to take this on notice and

Answer:

As this matter relates to a managed investment scheme, it falls within the responsibility of the Australian Securities and Investments Commission. The Australian Prudential Regulation Authority has written separately to the Senator in relation to his constituent's issues.