

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 31 May to 2 June 2005

Question: Bud 108

Topic: APRA - Licensing Of Superannuation Raters

Page: Written

Senator Watson asked:

Is APRA aware of conflicts of interest in terms of the raters offering super products?

Note: I believe raters should provide independent sources of quantitative qualitative information. Members and trustees need to be confident that commercial pressures do not influence rating outcomes.

Answer:

No.

Where raters of superannuation products provide financial services that are subject to the licensing provisions under the *Corporations Act 2001*, for example provision of financial advice, they would be required to obtain an Australian Financial Services Licence (AFSL) from the Australian Securities & Investments Commission (ASIC). Further questions on this matter should be referred to ASIC, but it is noted that one of the general obligations imposed on all AFSL holders is the management of conflicts of interest in accordance with s912A(1)(aa) of the Corporations Act. In assessing trustee due diligence processes, APRA during its trustee reviews seeks to ensure that trustees do examine raters for actual or perceived conflicts of interest before acting on their ratings.