

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 26

Topic: Default Funds

Hansard Page: E68

Senator Bushby asked:

Senator BUSHBY—I turn to default funds. Minister, in February, you indicated that you had sought a map or a schematic of where default funds are and what was covered by default and a corporate fund. Have you received such a map; and, if so, will you make it available for the use of the committee?

Senator Sherry—As a matter of fact, I have not. Thank you for prompting me about that. A schematic was given to me yesterday of the outcomes before the current commission. That is the limit of the material that I have. But I will follow that issue up, because I do not have it yet.

Senator BUSHBY—Also, in February, you stated that you were not aware of it being a common practice for employers to select the default fund that would apply to their employees by opening up a competitive tendering process, with the aim to provide the lowest cost, high-return default option. Given that you stated at the time that you would like to see a full breakdown of the data from people who have engaged in that, have you effectively overcome your ignorance of the practice that you had then and have you had a look at it?

Senator Sherry—It is not an ignorance of the practice; that description is wrong. There is simply no published data on that practice that I can find. I have requested that APRA provide me with data about practices in respect of contract arrangements. I have just been informed that the data from APRA will be provided to me in a few days. So, if I do get it, I will provide it to you on notice.

Senator BUSHBY—So you anticipate receiving data which should indicate—

Senator Sherry—I have requested the data; I have not received it yet. I am told by one of my staff that it is a couple of days away. Do you want me to take on notice to provide it?

Senator BUSHBY—If you could, that would be much appreciated.

Senator Sherry—Yes.

Answer:

The Australian Taxation Office has administrative responsibility for the superannuation guarantee legislation. APRA has no data available from its normal supervision activities which would allow it to determine the extent to which employers use a competitive tendering process to choose a default fund for their superannuation guarantee contributions.