

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

21 – 22 October 2009

**Question: sbt 67**

**Topic: Fees Charged on Retrenchment**

**Hansard Page: E89 (22/10/09)**

**Senator EGGLESTON asked:**

**Senator EGGLESTON**—I have a question that I will put on notice, if you so wish, Madam Chair. This relates to the question of fees charged on retrenchment when employees are shifted from wholesale super accounts negotiated by their employees to retail accounts whose fees, on average, are two per cent more, I gather. This refers to an article in the *Sydney Morning Herald* on 18 March and it includes a comment of concern from the minister. The article states that he:

... called on the industry to show restraint in charging fees to retrenched workers. “I don’t believe super funds should profit from hard-working Australian employees who lose their jobs through no fault of their own, or leave a job for other reasons. I have asked industry regulator APRA to collect hard data to see how widespread the practice is.”

I would put a question on notice about this and ask that we receive a reply in a fairly timely fashion.

**Senator Sherry**—I cannot give you one, because I am no longer the minister in the area.

**Senator EGGLESTON**—I know you are not. The question will be for APRA, Minister. This is a question on notice to APRA—’the then minister’, I should have said.

**Mr Jones**—If I can just respond: we have supplied the minister with, I think, something similar to what you are talking about, which is the fee data questionnaire, which was looking at what happens to the fees charged when people no longer are with the same employer. We have supplied that to the minister. In fact, the piece that you refer to in the newspaper, I think, may have been the response to some of the information that we supplied.

**Senator EGGLESTON**—Has there been an answer to this issue though? Are you doing anything?

**Senator Sherry**—Are you referring to my quote?

**Senator EGGLESTON**—I am referring to your quote.

**Senator Sherry**—This was many months ago, when I made the request. We will take on notice the—

**Senator EGGLESTON**—These are switching fees—

**Senator Sherry**—Yes. It is called ‘flipping’. I will take it on notice for the current minister Mr Bowen.

**Senator EGGLESTON**—If you would, that would be very kind of you. It could go to APRA as well for their view.

**Senator Sherry**—Apparently he released the data, I am informed.

**Senator EGGLESTON**—I see. We do not have it in my office.

**Dr Laker**—That can be arranged.

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**Senator Sherry**—We can arrange it.

**Mr Jones**—We can arrange that.

**Answer:**

Yes, see attached.