

Senate Standing Committee on Education and Employment

QUESTIONS ON NOTICE Additional Estimates 2013-2014

Outcome 2 - Workplace Relations & Economic Strategy

Department of Employment Question No. EM0183_14

Senator McKenzie asked on 27 February 2014, Hansard page 115

Question

MySuper funds

Senator McKENZIE: We are starting that process? Have we done any analysis of how much it will cost both industry and commercial funds to actually go through this three-stage process? Mr Roddam: I am aware of some work done by the industry on that. We have not undertaken any work in the department on that, though. Senator McKENZIE: What does the industry say? Mr Roddam: I would need to take that on notice; I do not have that information with me. Senator McKENZIE: And when you say 'industry', do you mean the whole industry or just the commercial side of the industry or the industry super fund industry? Mr Roddam: The commercial side of the industry. Senator McKENZIE: All right. If you could take that on notice, that would be great.

How many employer plans are currently grandfathered? Mr Roddam: Sorry, how many— Senator McKENZIE: My understanding is there are 150,000 super plans that are currently grandfathered, but we are not quite sure where they will end up once they go through this process. Mr Roddam: I am not sure about that. I need to take that on notice.

Answer

The Department of Employment received information on the cost to the industry of participation in the Fair Work Commission's four yearly review of default fund terms in modern awards from superannuation fund representatives during the public consultations on the Government's discussion paper, *Better regulation and governance, enhanced transparency and improved competition in superannuation*. In a media release about the public consultations on 11 February 2014, the Financial Services Council said: 'Australia's superannuation industry is paying \$45 million just to comply with the Fair Work Commission default fund selection process'.

On the matter of grandfathered employer plans, employers using their own plans prior to commencement of modern awards were not required to notify they were continuing to use these plans. Consequently, there is no record of how many employer plans have been grandfathered.