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Ref No.:

4 September 2002

Ms Sue Morton  
Secretary  
Australian Senate  
Select Committee on Superannuation  
Parliament House  
CANBERRA ACT 2600

Dear Ms Morton

**SELECT COMMITTEE ON SUPERANNUATION  
SUPERANNUATION AND STANDARDS OF LIVING IN RETIREMENT  
APPEARANCE ON 8 AUGUST 2002**

I refer to the attendance by Dr Darryl Roberts and Messrs Venkatramani, Brunner and Brown at the Select Committee on Superannuation on 8 August 2002. Further to my fax dated 29 August I attach APRA's responses to Questions taken on Notice at the hearing.

Yours sincerely

Thea Rosenbaum  
Company Secretary

**Responses to Questions Taken on Notice by APRA  
Senate Select Committee on Superannuation –  
Superannuation and Standards of Living in Retirement  
Appearance on 8 August 2002**

- 1 *Can you confirm that APRA has taken legal action against three funds in Queensland that we have concerns about?*

APRA has provided ASIC with assistance in litigation which ASIC has been conducting in relation to both EPAS and the Law Employees Superannuation Fund.

- 2 (a) *What is the approximate number of employees whose superannuation entitlement is affected by the Victorian Supreme Court's decision on retrenchment benefit rules?*

There are five stand alone Ansett Superannuation Plans, however only three are affected by the Supreme Courts proceedings.

| Plan   | Members notified as left |
|--|--------------------------|
| Ansett Australia Ground Staff Superannuation Plan      | 8,603                    |
| * Flight Attendants Benefits Scheme (FAB)              | 91                       |
| Ansett Australia Pilots/Management Superannuation Plan | 514                      |
| Total  | 9,208                    |

\* While there are 1,732 members of this fund only 91 are potential retrenchments and therefore only 91 are potentially affected by the decision.

- (b) *Have the Ansett employees who have been made redundant received their superannuation payout for the area that is not in dispute?*

The trustee of each of the five Plans separately resolved to allow members to access only a certain portion of their total benefit entitlement. Trustees are applying certain limits to all benefit payments from the respective Plans, after taking legal and actuarial advice. The primary reasons for not allowing full benefit payments at this stage are:

- uncertainty over the future of the Plans and also the employer sponsor;
- uncertainty over the accuracy of member account balances;
- legal uncertainty over the issue of retrenchment benefits;

- outstanding contributions yet to be collected; and
- the costs of transferring the plans under the successor fund transfer provisions, and also subsequent winding-up costs are yet to be incurred.

The current benefit payment policies are:

| <b>Plan</b>   | <b>Benefit payment Policy</b>   |
|---|---|
| Ansett Australia<br>Ground Staff<br>Superannuation Plan   | 100% access to unrestricted non preserved benefit<br><i>plus</i><br>up to 100% access to restricted preserved benefit<br><i>subject to</i><br>a maximum of 70% total vested benefit<br><br>Benefits can be paid in cash and/or rolled over  |
| Flight Attendants<br>Benefits Scheme<br>(FAB)   | 100% access to unrestricted non preserved benefit<br><i>plus</i><br>up to 100% access to restricted preserved benefit<br><i>subject to</i><br>a maximum of 80% total vested benefit.<br><br>Benefits can be paid in cash and/or rolled over |
| Ansett Australia<br>Pilots/Management<br>Superannuation Plan                                    | 100% access to unrestricted non preserved benefit<br><i>plus</i><br>up to 100% access to restricted preserved benefit<br><i>subject to</i><br>a maximum of 80% total vested benefit.<br><br>Benefits can be paid in cash and/or rolled over |
| * Ansett Australia<br>Flight Engineers<br>Superannuation Plan                                   | 100% access to unrestricted non preserved benefit<br><i>plus</i><br>up to 100% access to restricted preserved benefit<br><i>subject to</i><br>a maximum of 90% total vested benefit.<br><br>Benefits can be paid in cash and/or rolled over |
| * Ansett Australia<br>Pilots Accumulation<br>Superannuation Plan<br>(accumulation only<br>fund) | 90% access to the calculated (accumulation) account<br>balance.<br><br>Benefits can be paid in cash and/or rolled over  |

\* Members of these funds are not affected by the Supreme Court proceedings.

The appropriateness of the various benefit payment limits have been reviewed by the respective trustees on several occasions. Each trustee has separately resolved to maintain the trustee-approved limits on all benefit payments from their Plans, after legal and actuarial advice.

- 3 *What is the nature, number of people who were members of the CNAL group whose superannuation entitlements have not been satisfied?*

The table below shows the current situation of the balance of the CNAL group members that have not as yet had either their application for a grant of financial assistance determined by the Minister or the application lodged with the Minister.

APRA has been in constant contact with the acting trustees of Network and Midas Superannuation Funds, ACT Super Management Pty Ltd, who advise APRA that the applications for these funds are in the process of being prepared. ACT Super Management Pty Ltd is the acting trustee of Network Superannuation Fund and Midas Superannuation Fund.

| <b>Superannuation fund applications for grant of assistance under s229 SIS</b> | <b>Number of funds/ members</b>                           | <b>Application for grant of assistance lodged</b>           |
|--|---|---|
| ASN Group of Small APRA Funds  | 13 funds  | Yes   |
| "Trustee Only" Group of Small APRA Funds                                       | 3 funds   | Yes   |
| Confidens Group of Small APRA Funds  | 80 funds  | Yes   |
| ESP Group of small APRA funds  | 177 funds   | Yes   |
| Wealthy and Wise Master Plan.  | 93 members  | Yes   |
| Australian Workforce Eligible Rollover Fund                                    | **21,152 members in Pooled Division 1 who suffered losses | Yes   |
| Network Superannuation Fund  | 1,847 members   | Yet to be lodged  |
| Midas Superannuation Fund  | 288 members   | Yet to be lodged  |
| Small APRA Funds with no exposure to impaired assets                           | 110 funds   | Act of Grace application to be lodged by 15 September 2002. |

\*\* There were a total of 44,434 members in the fund as at the 30 June 2000. If rectification fees are granted by the Minister then it is the total number of members that are affected and not just those in Pooled Division 1.

It should be noted Australian Workforce Eligible Rollover fund was divided into eight "Pooled Divisions". Those members who suffered investment losses were all in Pooled Division 1, which had 21,152 members. No members of the other Pooled Division suffered losses. The members of the other Pooled Divisions however incurred rectification fees etc and these costs have been included in the application to the Minister for a grant of assistance.

- 4 *How many technical staff have you recruited in the past 12 months? Have they had prior experienced of at least three years in industry?*

Seventy technical staff were recruited for 2001/02. Their experience ranges from new graduates to people with over 20 years.

- 5 *The Committee would be happy for APRA to put its submission to the Committee on APRA's website.*

We are considering the best form in which to make our views on salary continuance offered in conjunction with superannuation arrangements known.