

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 89

Topic: European Commission – Hedge Funds #2

Hansard Page: E21 (03/06/2010)

Senator CAMERON asked:

Senator CAMERON—Yes, I just thought you were a bit defensive. In terms of where I am coming from, I accept and understand that you cannot regulate hedge funds, but you can regulate the behaviour of superannuation trustees and funds who are making investments in this area. So what I am asking you is: is it appropriate that there be some education programs on these types of funds, given the concerns that are being raised in this report? I have not read the report in great detail; it has only just come out. I am just asking you: does this provide any warning bells for our superannuation industry and for you as a regulator that we might need more education of trustees in relation to investment in this type of investment group, which is hedge funds? Should there be some standards set for superannuation trustees in relation to investing, and what checks and balances do we have to make sure we can get the gains of hedge funds if they are there, with the appropriate protections? That, in my view, is what APRA should be about and that is why I have raised it in this session with you.

Mr Chapman—Yes. We will take that on board.

Dr Laker—We will certainly take it on board. I think, while we have mentioned this in other contexts, I need to add here that the Cooper review may well have views about the role of trustees and investor choice. So by the time we meet next we will have the recommendations of Cooper in this area, if it addresses these questions.

Senator CAMERON—Could I just ask you a general question then to take on notice. Could you have a look at the European proposals—

Dr Laker—We certainly will.

Senator CAMERON—and have a look at this report and give me and this committee your view as to whether there are any issues that arise from this that APRA should be dealing with?

Dr Laker—I will take that as a question on notice and we can reply formally.

Answer:

Refer to response for BET 88 European Commission – Hedge Funds.