

Parliamentary Joint Committee on Corporations and Financial Services

ANSWERS TO QUESTIONS ON NOTICE

Inquiry into the Regulation of Auditing in Australia

Questions:

Bill Edge's retirement plan with PwC

- 1. What are the terms of Bill Edge's retirement plan payments with PwC?**
- 2. Are these retirement plan payments considered to be superannuation?**
- 3. Does Bill Edge still hold equity in PwC?**
- 4. Under what conditions could these payments be impaired? Does the overall profitability of the partnership affect the amount paid? If PwC was wound-up or bought-out, would this affect the amount paid?**
- 5. What discretion does PwC have to terminate these retirement payments? Other than disclosing commercially sensitive material, are there certain conditions that would give PwC cause to terminate these retirement payments? For example: would public criticism of PwC by the former partner be grounds to terminate these retirement payments?**

Answers:

PwC provided evidence at the Committee Hearing on 9 December 2019 in relation to PwC's payments that are made to retired partners. I receive retirement payments from PwC.

These payments are not superannuation payments. They are payments made with reference to my years of service and seniority, as an equity partner of the firm. The terms of the retirement payments were set at the time I became an equity partner. On retirement I ceased to hold any equity in the firm.

The amount I receive annually by way of a retirement payment from the firm is a fixed amount, agreed with reference to the firm's partnership agreement and is only adjusted upwards to account for CPI. The firm's obligation to pay the annual retirement payments is capped. If the total amount of retirement payments to retired partners exceeds in any one year the cap, the amount of each retired partner's retirement payment may be reduced proportionately.

The Partnership deed restricts PwC's ability to suspend or reduce payments made to retired partners. I do not believe public criticism of PwC by me or any retired partner would be grounds to terminate the payments.

This response has been confirmed with PwC.