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Question:

Mr GEORGANAS: If we clarify at some stage when Treasury was first informed, it would be good to quantify how much conflicted remuneration has been paid since these issues were identified. Would that be possible?
Mr Shipton: We can look into data. We have some data that was a part of some inquiries that we were doing in the last year. We can certainly look and see what we can provide.

Answer:

On the information available to us, it is not possible to quantify the total amount of remuneration paid in reliance on the stamping fee exemption for reasons including: the conflicted remuneration provisions only apply to retail clients and we do not know the proportion of each offer that has been sold to retail clients; each offer has a different remuneration structure, and; some 'arranger fees' constitute conflicted remuneration but each would require consideration on a case by case basis.

We estimate that over the 5 years to end 2019, stockbrokers and other financial advisers have earned over $186 million in 'stamping fees', or what public offer documents refer to as broker or adviser fees, from more than $14 billion of initial capital that has been raised by LICs and LITs. This amount does not include secondary capital raised in the form of secondary equity offers, entitlement rights and attached company options.

Further, significant Joint Lead Manager (JLM) or arranging 'success' fees are often paid if the IPO is successful. A portion of these paymets are made in reliance on the stamping fee exemption and could run into the millions of dollars for a single stockbroking or financial advice firm. We estimate that over the 5 years to end 2019, the combination of stamping fees and JLM and arranger fees, firms involved in the raisings could have earned well in excess of $330 million.