

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: sbt 76(APRA)
Topic: Wall and Ceiling Super Fund
Hansard Page: E49-50

Senator SHERRY asked:

There is another matter in the annual report that I want to turn to. Specific mention is made of the Wall and Ceiling Superannuation Fund. I read about this in some of your past releases. What has happened to the people who were in this particular fund?

Mr Karp—I am sorry; the people?

Senator SHERRY—Not the operators but the members of the fund.

Mr Karp—I will have to take the detail of that on notice, to be honest. I am fully aware of what has happened to the operators but not to the fund.

Senator SHERRY—It looked totally bodgie to me—an absolute sham.

Mr Jones—It was pretty much in-house asset stuff.

Senator SHERRY—Did the members suffer a loss as a consequence of the structure of the fund?

Mr Karp—There was a loss, yes.

Senator SHERRY—Would those members be recompensed? Presumably, they would need to move to a new superannuation trust arrangement.

Mr Karp—Yes. I need to take that on notice because potentially it is a fraud situation and they might have access to part 23 compensation.

Senator SHERRY—Yes, theft and fraud.

Mr Karp—Yes.

Senator SHERRY—Are you aware of whether that has happened yet?

Mr Karp—I would need to take that on notice. I am not across that detail.

Senator SHERRY—Okay. Was this effectively a default fund arrangement?

Mr Karp—I do not believe it was, but I will check that.

Answer:

Wall and Ceiling Superannuation Fund was a fund of approximately 140 members from the plastering industry. The employer decided on which superannuation fund employees should be members of.

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The fund's assets of approximately \$3 million (in 2001) had been fully invested in long term investments in in-house assets. In 2001 the trustee wrote to all fund members giving them a one-off option

to transfer a maximum of 60% of their benefits to another regulated superannuation fund, leaving the trustee to cover all the rest of the expenses with the balance. It is expected the members have suffered some loss, which can not yet be quantified given that there may still be recoveries resulting from prosecutions of directors and also from insurance. APRA has not been advised whether the trustee will seek a grant of financial assistance under part 23 of the SIS Act.