

# HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

## REVIEW OF THE FOUR MAJOR BANKS (THIRD REPORT)

### Westpac Banking Corporation

**WBC06QON:** Page 16

**Mr THISTLETHWAITE:** Are there associated entities that relate to that fund, that Master Trust super fund, where the fees are charged?

**Mr Hartzler:** I would have to take that on notice. But I expect that's a structure that then passes through different external funds on which people would see the reporting of what the fees were that were associated with those different funds. I don't—can you help me with this one?

**Mr King:** No.

**Mr Hartzler:** I'm sure that is a legal structure but it's transparent to the customer, which funds they're invested in, and the fees associated with those would be transparent as well.

**Mr THISTLETHWAITE:** So you don't know what the fees are?

**Mr King:** I think we'll take that one on notice.

**Answer:** APRA publishes an annual report titled “Annual Fund Level Statistics” in which they publish fees and costs in line with the information reported to it according to the Superannuation Reporting Standard (SRS) 540.0 Fees. SRF 540.0 only collects information on fees which are deducted from members’ accounts directly. With Westpac Mastertrust Superannuation Division (WMT), no investment fees or expenses are deducted from members’ accounts directly however they are reflected in the relevant investment options unit price. WMT invests members’ superannuation through a Life Company structure which then makes investments into managed investment schemes. Investment fees are incurred by Westpac Life Insurance Services Limited (Westpac Life) for investments in the managed investment schemes. These investment fees or expenses are not deducted from superannuation members’ accounts either through inclusion in the unit price or by a sale of units and they are therefore not reported under APRA’s fee definitions in SRS 540.0.

APRA also publishes a report titled “Quarterly MySuper Statistics”. This report includes details of investment fees and costs based on the information reported to APRA in SRS 702 Performance and SRS 703 Fees Disclosed. Under the definitions used in this reporting, all WMT investment fees and expenses are disclosed for the MySuper investment options.

Further, all fees paid by superannuation members are fully disclosed in the Product Disclosure Statements and Member Annual Statements.

In March 2014, BT raised concerns with APRA about their limited definition of fees under SRS 540.0. BT received confirmation from APRA that SRF 540.0 only collects limited information on fees which are deducted from superannuation members’ accounts.

Having zero investment fees in the APRA Annual Fund Level Statistics is consistent with other funds in the statistics.