

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR**

CBUS

CBUS16QW: Over the last five financial years:

a) What was the average dollar amount deducted for administration and asset management fees per member, across all fund products? (please do not include insurance fees)

b) What was the cost (%) of fund administration expenses as a proportion of funds under management?

c) What was the total cost of in-house administration expenses?

d) What was the cost of in-house administration expenses as a proportion of funds under management?

e) What was the total cost of any external administration expenses?

f) What was the cost of any external administration expenses as a proportion of funds under management?

g) What was the total cost of any external administration expenses to Related Parties?

h) What was the cost of any external administration expenses to Related Parties as a proportion of funds under management?

i) How many staff are employed in roles considered part of the administrative cost?

Answer:

a) Cbus Accumulation Administration Fees are charged via two mechanisms, a fixed Account Keeping Fee (AKF), and an Asset Based Fee (also known as the Trustee Operating Cost or TOC). The AKF is a fixed dollar fee and the Asset Based Fee is a percentage of the member's account. All investment options are charged the same Accumulation Administration Fees.

The average dollar amount deducted for Accumulation Administration Fees (inclusive of the AKF and Asset Based Fee) per member, across all fund products is as follows:

Metric	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Administration AKF and TOC Fee	178	165	145	128	120

The increase in Accumulation Administration Fees is primarily due to the increase in average account balance over the 5-year period as detailed in the table set out below.

Metric	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Average Member Balance	\$66,525	\$57,674	\$51,509	\$45,441	\$42,171

b) Cbus incurs both administration and operating expenses. The administration service is 100% outsourced to LINK. The cost (%) of fund administration expenses as a proportion of funds under management is as follows:

Metric	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Administration Expense as a % of FUM	0.11%	0.12%	0.14%	0.14%	0.21%

c) The total cost of in-house administration expenses is \$0, as this function is completely outsourced.

d) The total cost of in-house administration expenses as a proportion of funds under management is 0%, as this function is completely outsourced.

e) The total cost of external administration expenses is as follows:

Metric	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Administration Expenses	53,896,857	51,189,300	51,934,907	43,765,116	59,235,548

The above data has been sourced from the APRA Annual Fund Level Superannuation Statistics back series.

f) The total cost of external administration expense as a proportion of funds under management is as follows:

Metric	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
External Administration Expenses as a % of FUM	0.11%	0.12%	0.14%	0.14%	0.21%

The above data has been sourced from APRA Annual Fund Level Superannuation Statistics back series.

g) Cbus has had two Related Parties performing administration services over the 5 year period. Cbus is a shareholder in Industry Super Holdings Pty Ltd (**ISH**) and IFS is a wholly owned subsidiary of ISH. IFS performs credit control services for Cbus. Cbus was previously a 17.95% shareholder of SuperPartners prior to the sale of its shares in December 2014. SuperPartners performed administration services for Cbus for the first 6 months of FY15 prior to the sale.

The total cost of external administration expenses to Related Parties is as follows:

Metric	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Related Party Administration Expense	2,707,613	2,677,105.81	2,762,871.75	2,875,434.83	32,733,293.25

h) The cost of external administration expenses to Related Parties as a proportion of funds under management is as follows:

Metric	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Related Party Administration Expense as a % of	0.01%	0.01%	0.01%	0.01%	0.11%

The above data has been sourced from APRA Annual Fund Level Superannuation Statistics back series.

i) As the administration function is completely outsourced, there are no employees considered part of Cbus's administrative costs.