

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE01QW: Please provide the details of any fund member briefings where it was possible to ask fund managers, executives or directors questions over the past five years.

Answer: CareSuper holds member briefing sessions each year to update members on investment performance and legislative and product changes. These are usually held in September/October to coincide with the issuance of member statements and are held in:

- Melbourne CBD, Brighton and Doncaster, Victoria;
- Sydney CBD and Parramatta, NSW;
- Brisbane and
- Canberra.

For the last five years (and more), the CEO and CIO have presented at each of the sessions and for the last three years the Board Chair has also presented. All presenters have fielded questions from members.

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CARE

CARE02QW: Details of all ASIC fines and infringement notices incurred over the past five years.

Answer: CareSuper has not incurred any ASIC fines or infringement notices over the last 5 years.

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CARE

CARE03QW: The name and company of your auditor for the past five years.

Answer: The name and company of the auditors of CARE Super Pty Ltd and CARE Super for the past five years is outlined in the table below.

External and Internal Audit of CARE Super:

Year ended	Internal Audit Firm	Engagement Partner	External Audit Firm – CARE Super	Engagement Partner
30 June 2019	KPMG	Ian Tracey	PricewaterhouseCoopers	George Sagonas
30 June 2018	KPMG	Sean Hill	PricewaterhouseCoopers	George Sagonas
30 June 2017	KPMG	Sean Hill	PricewaterhouseCoopers	George Sagonas
30 June 2016	KPMG	Sean Hill	PricewaterhouseCoopers	George Sagonas
30 June 2015	KPMG	Sean Hill	PricewaterhouseCoopers	David Coogan

External Audit of CARE Super Pty Ltd:

Year ended	External Audit Firm – CARE Super Pty Ltd	Engagement Partner
30 June 2019	KPMG	Dean Waters
30 June 2018	KPMG	Sean Hill
30 June 2017	KPMG	Sean Hill
30 June 2016	KPMG	Sean Hill
30 June 2015	KPMG	Sean Hill

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CARE04QW: For the past five years the total value in dollars and as a percentage of the total value of a fund:

- a. Listed investments.
- b. Unlisted investments.
- c. Total investments.

Answer:

	30/06/2019		30/06/2018		30/06/2017		30/06/2016		30/06/2015	
	FUM at End of Period (\$m)	FUM at End of Period (%)	FUM at End of Period (\$m)	FUM at End of Period (%)	FUM at End of Period (\$m)	FUM at End of Period (%)	FUM at End of Period (\$m)	FUM at End of Period (%)	FUM at End of Period (\$m)	FUM at End of Period (%)
Listed Investments	7,874	48%	7,044	47%	5,995	46%	4,947	44%	4,933	48%
Unlisted Investments	3,903	24%	3,420	23%	2,992	23%	2,675	24%	2,249	22%
Other Investments	4,693	28%	4,487	30%	4,108	31%	3,596	32%	3,199	31%
CareSuper Total Investments	16,470	100%	14,951	100%	13,095	100%	11,218	100%	10,381	100%

Notes:

1. Other Investments include; cash, term deposit and money market, fixed interest, credit and high yield debt, absolute return fixed income strategies and capital guaranteed cash management accounts.

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CARE

CARE05QW: For the past five years the total value in dollars and as a percentage of the total return for the fund:

- a. Listed investments.
- b. Unlisted investments.
- c. Total investments.

Answer:

	30/6/2019	30/6/2018	30/6/2017	30/6/2016	30/6/2015
	FUM at End of Period (\$m)				
Listed Investments	7,874	7,044	5,995	4,947	4,933
Unlisted Investments	3,903	3,420	2,992	2,675	2,249
Other Investments	4,693	4,487	4,108	3,596	3,199
CareSuper Total Investments	16,470	14,951	13,095	11,218	10,381

	30/06/2019	30/06/2018	30/06/2017	30/06/2016	30/06/2015
	One Year Return (%)				
Listed Investments	7.83	15.18	17.91	- 0.16	15.28
Unlisted Investments	9.16	13.14	14.24	14.05	11.24
Other Investments	3.82	2.60	3.32	3.36	4.46
CareSuper Total Investments	7.00	10.94	12.50	4.36	11.07

Notes:

1. The returns presented above are asset weighted aggregate returns. CareSuper has broadly classified its asset classes as Listed, Unlisted and Other for the purposes of answering this question. As such the returns above will not correspond directly with any individual CareSuper investment option.
2. Other Investments include; cash, term deposit and money market, fixed interest, credit and high yield debt, absolute return fixed income strategies and capital guaranteed cash management accounts.

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CARE06QW: A copy of your asset valuation policy (covering amongst other things independence of valuation, managing conflicts of interest, frequency of valuation, publication of latest valuation timings to members etc).

Answer: CareSuper's Asset Valuation Policy is confidential and commercially sensitive.

Valuation principles vary across different asset types including:

- Listed and Traded Securities (generally valued at the latest available price on a recognised stock exchange)
- Unlisted Assets (periodic valuation is conducted by the investment manager or responsible entity with private equity generally valued monthly or quarterly, infrastructure valued annually or six-monthly, direct property at least annually and credit revalued quarterly, monthly or daily)
- Directly Managed Investments (valued at least annually)

CareSuper's Custodian is responsible for the independent validation, collection and aggregation of valuations for the Fund's listed assets and its holdings in unlisted pooled investment vehicles. The Custodian has its own Asset Valuation Policy.

Conflicts of interest are managed by reference to the Conflict Management Policy available on the public website and via the following link:

https://www.caresuper.com.au/sites/default/files/2020-02/CareSuper_ConflictsManagementPolicy_Feb2020_Final_20200221.pdf

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CARE

- CARE07QW:** Details of each individual asset currently held at a value other than available listed market prices (an unlisted asset) wholly owned by the fund or funds under your control, including:
- a. The asset name and location.
 - b. The frequency of the revaluation of the asset.
 - c. The most recent valuation.
 - d. A copy of that valuation.
 - e. The methodology used for its valuation.
 - f. Whether the valuation was completed internally or externally.
 - g. The details of any external party involved in the valuation.

Answer: CareSuper does not directly own individual unlisted assets, either on a partly or wholly owned basis. The Fund invests in unlisted assets through pooled investment vehicles or funds, however it does not control any pooled investment vehicle through which it obtains investment exposure to unlisted assets.

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CARE

- CARE08QW:** Details of each individual asset currently held at a value other than available listed market prices (an unlisted asset) partly owned by the fund or funds under your control, including:
- a. The asset name and location.
 - b. The frequency of the revaluation of the asset.
 - c. The most recent valuation.
 - d. A copy of that valuation.
 - e. The methodology used for its valuation.
 - f. Whether the valuation was completed internally or externally.

Answer: CareSuper does not directly own individual unlisted assets, either on a partly or wholly owned basis. The Fund invests in unlisted assets through pooled investment vehicles or funds, however it does not control any pooled investment vehicle through which it obtains investment exposure to unlisted assets.

CareSuper also holds two immaterial unlisted investments directly via shareholdings in Members Equity Bank Limited (ME) and Industry Super Holdings Pty Ltd (ISH), which comprise 0.49% (or \$80.6mil) of the Fund's total value. These two investments are valued by external independent valuers annually in accordance with the valuation policy. CareSuper is a minority shareholder in both ME and ISH, its investment constituting less than five per cent of the issued capital of each. Refer to the CareSuper's website for further details.

<https://www.caresuper.com.au/investments/how-we-invest/our-investment-managers>

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CARE

CARE09QW: Details of arrangements for the temporary or permanent use for corporate venue hire (including corporate boxes), including additional non-hire costs such as catering, at sporting venues over the past five years.

Answer: CareSuper has previously engaged in corporate hospitality packages at sporting events and venues to engage with employers. These events include:

- Australia Open Tennis
- APIA International Tennis
- Brisbane International Tennis
- Polo in the City – Melbourne
- Polo in the City – Sydney

CareSuper has also organised company corporate golf days in Melbourne and Sydney to engage with employers.

Year ended	Total Venue Hire Costs
30 June 2019	\$63,700
30 June 2018	\$88,680
30 June 2017	\$83,270
30 June 2016	\$100,403
30 June 2015	\$136,500

All employer associated corporate hospitality ceased in February 2019, following the amendments to section 68A of the Superannuation Industry (Supervision) Act 1993.

In addition to the above, CareSuper has previously hired the following venues to conduct member retirement planning seminars. Please note that there were no sporting activities on at the time of hiring these venues:

- Geelong Football Club
- Penrith Panthers Club
- Sunnybank Rugby Union Club

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CARE

CARE10QW: Details of sponsorship or sponsorship-like arrangements, marketing or marketing-like or in-kind arrangements for the past five years.

Answer: CareSuper sponsors business, community and member organisations and events in order to engage with, update and educate stakeholders and promote the fund to existing and potential members and employers. In all cases, CareSuper seeks as part of the sponsorship, the right to address audiences, in addition to having signage and other promotional material. It has sponsorship or partnership arrangements with the following entities:

Entity	Sponsorship Arrangement
Australian Chamber of Commerce and Industry	- Major sponsor of ACCI annual member dinner
AFL Canberra	- Gold Partnership and naming rights sponsor AFL women's and men's rising stars at Community level
AHRI	- Event exhibitor at AHRI National Conference
Australian Medical Association (Victoria)	- Sponsorship of Careers expo, Young Doctors of the Year, Women in Medicine
ASU Victoria/ASU National	- Conference sponsor – ASU National Conference
Business Council of Co-operatives and Mutuals	- Gold Sponsor of annual summit
Canberra Business Chamber	- Sponsorship of ACT Budget breakfast, Business after Business event, Chairman lunch, digital media promotion
NSW Business Chamber	- Business Awards Category Partner - Sponsor of Employer of Choice Awards
Victorian Chamber of Commerce and Industry	- Sponsor of 'Chamber presents' and Women in Business events

Entity	Sponsorship Arrangement
Mother's Day Classic	- National Silver Sponsor of Mother's Day Classic annual event
USU	- Sponsor of Women's conference - Sponsorship of USU conference

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CARE

- CARE11QW:** Details of costs for advertising campaigns for the past five years, including:
- a. The companies invited to tender for all or parts of any advertising campaign.
 - b. The companies awarded campaigns.
 - c. The total cost of each campaign.
 - d. The cost of the campaign's development.
 - e. Broadcasting (television, radio and internet) and publishing costs.
 - f. Assessment reports of the efficacy of campaigns in either retaining or gaining new members.

Answer:

- a. The last tender was performed in April 2018. Agencies invited to tender included The Shannon Company, Scorch iProspect, JWT, Carat, ZenithOptimedia (now Zenith), Initiative, OMD and Mitchell & Partners (now DentsuX).
- b. The Companies awarded the campaign were Scorch iProspect (creative) and Initiative (media buying).
- c/d/e The information sought in c., d. and e. is confidential and commercially sensitive.
- f. Over the last five years, CareSuper has undertaken research and monitoring to understand the efficacy of campaigns in relation to attracting or retaining members. These projects have utilised measures including brand health, likelihood to switch from/to CareSuper, Net Promoter Scores, satisfaction and brand and advertising awareness.

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CARE

- CARE12QW:** Over the last five financial years:
- What is the total budget for all costs associated with the fund?
 - What were the total assets under management?
 - What are the total number of employees?
 - What are the total number of contractors?
 - What are the total number of externally hired contracts, and their value?

Answer: Questions a. and b.:

CareSuper actively seeks to minimise the cost of running the fund to maximise members' net returns and retirement savings. By example in the last five years the Indirect Cost Ratio (ICR) has decreased by 34% while having one of the highest net benefit outcomes (according to SuperRatings) over 15 years of surveyed funds. Information on our operating costs can be found on our website under 'Financial Information'.

<https://www.caresuper.com.au/why-caresuper/about-us/governance>

In addition, detailed information on the fund's expenses is reported to APRA and the last 5 years' data can be found in Table 1, 2 & 3 of the Fund Level Superannuation Statistics (Back series) at the following link:

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

Columns AR-AY summarise investment expenses (including for service providers), and Columns BA-BI summarise Administration and Operating Expenses (including for Service Providers).

Question c.:

Employee numbers are included in each year's annual report which are publicly available on the website at the following link:

<https://www.caresuper.com.au/tools-resources/forms-publications>

Employee numbers have changed in line with investment in additional member servicing activities and increased Governance and Compliance requirements. At 30 June 2019 they totalled 119.

Questions d. & e.:

Contractors are only used as required for special projects or to cover temporary leave and are not a permanent part of CareSuper's resources.

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CARE

- CARE13QW:** Over the last five financial years:
- What is the total number of member accounts?
 - What is the total increase in the number of members as a result of the fund's default status?
 - What is the total increase in the number of members through voluntary adoption or switching?
 - What was the average member balance?
 - What was the average dollar amount deducted in insurance fees per member, across all fund products in dollar terms and as a share of a member account?
 - What was the total number of inactive accounts? (Please use the APRA definition: no contributions for two years)

Answer: Information relating to questions a. and d. is reported to APRA and can be found in the Annual Fund Level Statistics Backseries Table 2 (Member Accounts Column L and Average Account Balance Column N) and 3 (Outward Insurance Flows Column AD) at the following link: [Annual Fund Level Statistics Backseries](#)

In relation to question d., the average dollar amount deducted in insurance fees per member and as a share of a member account over the last 5 years was:

Year ended 30 June	Average dollar	Share of Member Account
2019	\$353.93	0.54%
2018	\$343.01	0.59%
2017	\$329.05	0.64%
2016	\$309.00	0.70%
2015	\$299.85	0.75%

In relation to questions b. and c. this information is not recorded by CareSuper. It is not possible to accurately determine whether new accounts are created as a result of default status or not, however the fund reports newly created MySuper accounts in the Annual MySuper Statistics Table 5 Column B in the link below:

https://www.apra.gov.au/sites/default/files/Annual_MySuper_Backseries_2019_0.xlsx

The answer to question f. is outlined in the table below:

Year	Inactive accounts
2019	77,606
2018	86,098
2017	88,552
2016	94,426
2015	100,345

We note that the definition of inactive has now changed under Protecting Your Super measures.

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CARE14QW: Please provide the one, five, and ten year net return after fees, costs, and taxes for the primary default MySuper balanced product.

Answer:

	One Year Return (%)	Five Year Return (%)	Ten Year Return (%)
MySuper Balanced	6.88	8.74	9.34

Returns presented are net of fees and tax and calculated as at 30 June 2019.

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CARE

CARE15QW:

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:

In response to question a.) the average fee for a member is outlined in the current PDS (pages 8-9) which can be accessed on the Fund's website via the following link:

<https://www.caresuper.com.au/sites/default/files/2020-03/Core%20PDS%20with%20pending%20SEN%20and%20fact%20sheet.pdf>

The fee structure has not changed over this time for accumulation members, except to eliminate exit administration fees. For Pension members, fees were reduced in 2019 from \$3.00 per week to \$1.50 and the asset based fee cap was reduced to \$750 from \$1000.

Questions b., e. and f. relate to external administration expenses. CareSuper utilises an outsourced model for fund Administration with our current Administrator being Mercer. Outsourcing is utilised where it is the most cost-effective approach for members. Outsourcing arrangements are in accordance with the relevant APRA Prudential Standard and Guidance SPS and SPG 231.

Information relating to the costs of administration can be accessed on the Fund's website (under Financial information) at the following link: <https://www.caresuper.com.au/why-caresuper/about-us/governance>

Further detailed information on cost disclosures can be found in the APRA Fund Level Superannuation Statistics (Back series) at the following link:

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

Table 3 Column BA-BI summarises expenses and operating expense ratios.

Table 6 Column A-BP summarise total member accounts and fees paid by their source.

Questions c., d., g. and h. are not applicable to CareSuper.

In relation to question i., specific staff numbers are not attributable to the Administration outsourced arrangement with a range of services and outcomes provided under the contract.

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CARE16QW: What is the total number of statutory fines over the past five years?

Answer: CareSuper has not incurred any statutory fines over the last 5 years

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CARE

- CARE17QW:** Over the last five financial years:
- a. The number of rollover requests that the fund did not pay out to another fund for each year?
 - b. The average dollar value of a rollover for each year?
 - c. The value of any clawback accounts and/or funds held that is used to hold funds between financial years?

Answer: Information in relation to question b. is included in APRA Fund Level Statistics Backseries for new (Table 10 Column B) and closed (Table 10 Column V) member accounts and inward (Table 3 Column N) and outward rollovers (Table 3 Column Q) at the following link:

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

In relation to question a. the Trustee is required to action rollover requests within a certain timeframe. These are complied with unless there are errors in data or concerns about proof of Identity.

In relation to question c. the Fund does not hold any 'clawback' accounts.

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CARE

CARE18QW:

- a. Does the fund maintain a reserve at least partially funded through insurance premiums, rebates from an insurance company (such as profit share arrangements) or tax benefits that have arisen from insurance?
- b. The total value of that reserve?
- c. The total value of tax rebates received from the ATO on insurance premiums?

Answer:

CareSuper maintains Reserves in accordance with APRA Prudential Standards and Practice Guides SPS and SPG 114 and SPG 222.

The total value of the Fund reserves is detailed in the Annual Financial Statements available on the public website at the following link:

<https://www.caresuper.com.au/sites/default/files/2019-10/CARE-Super-Financial-Statements-30-June-2019-with-Audit-Report.pdf>

CareSuper does not receive 'rebates' from the ATO on insurance premiums. Such expenses are deductible from taxable income of the fund and an amount reflecting this deductibility is passed back to members by way of a rebate to their accounts.

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CARE19QW: The number of trusts or investment vehicles the fund controls in each of the low tax regions, including but not limited to Andorra, the Bahamas, Belize, Bermuda, the British Virgin Islands, the Cayman Islands, the Channel Islands, the Cook Islands, Hong Kong, the Isle of Man, Mauritius, Lichtenstein, Luxembourg, Monaco, Panama, St Kitts and Nevis? Or tax efficient arrangements such as a 'double Dutch sandwich'?

Answer: CareSuper does not control any trusts or investment vehicles for the purpose of this question.

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CARE

CARE20QW:

- a. The number of accounts that have been transferred to the ATO as a result of 'Protecting your Super' legislation?
- b. The value of the money that will be paid to the ATO as a result of the 'Protecting your Super' legislation?
- c. The number of accounts that has been transferred into an eligible rollover fund in the 2019 financial year?
- d. The value of the money that has been transferred into an eligible rollover fund in the 2019 financial year?

Answer: In response to questions a. and b. the number of accounts transferred to the ATO in October 2019 was approximately 8,000, totalling \$21 million.

The Fund is still determining the number of accounts to be transferred in April 2020.

In response to questions c. and d. the number of accounts transferred into an ERF in the 2019 financial year was approximately 600 with a value of \$4.1 million.

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CARE21QW: Have you ever made a donation and/or subscription fee to the ACTU Member Connect and/or ACTU Superannuation Partnerships program, and if so, to what value over the past five years?

Answer: No.

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CARE

CARE22QW: Does the fund pay any external consultants for any advocacy and communication services, and if so can you please name them and the costs incurred over the past five years?

Answer:

The Fund does not engage 'external consultants' for communication and advocacy services unless it is more cost effective than internally resourcing or to access special expertise that isn't available internally.

The Fund subscribes to organisations (eg. AIST, ISA) that undertake advocacy, policy, research, education and training on behalf of the profit to member superannuation sector.

These arrangements are reviewed regularly to ensure they are value for money and delivering desired outcomes for members. The values of individual contracts are commercial in confidence.

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CARE

CARE23QW:

- a. How many staff are employed for the purpose of policy research or analysis?
- b. How much was spent on engaging external policy and data analysis consultants?
- c. How much was spent on membership of industry advocacy organisations that provide policy and data analysis service to member funds?

Answer:

- a. Nil
- b. Nil
- c. Membership of such organisations assists the Fund with policy and research and representation of members' interests. These memberships are reviewed regularly to ensure they are value for money and delivering desired outcomes for members. The value of individual contracts are commercial in confidence.

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CARE

- CARE24QW:** In the context of building investments:
- a. Have you completed assessments of the prevalence of flammable cladding across some properties?
 - b. Have you completed assessments of the prevalence of flammable cladding across all properties?
 - c. Have you taken any remediation to reduce your exposure to risk to identify flammable cladding, and if so, what?
 - d. Have you taken any remediation to reduce your exposure to risk to remove flammable cladding, and if so, what?
 - e. Do you hold any properties where insurance has been refused or are uninsured due to defective building construction such as cladding?

Answer: CareSuper does not directly hold any property investment assets. All property investments are held through pooled investment vehicles, for which professional investment managers are responsible for the management of building investments.

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CARE

CARE25QW:

- a. What external parties manage your investments, if any?
- b. What are the fee structures per member from external management?

Answer:

In response to question a., other than cash, CareSuper does not manage assets internally. For a listing of external investment managers utilised by CareSuper as at 31 December 2019 please refer to:

<https://www.caresuper.com.au/investments/how-we-invest/our-investment-managers>

In response to question b. the current fees and costs are disclosed in the Fund's Product Disclosure Statement (PDS) (pages 8-9) which can be accessed on the Fund's website via the following link:

<https://www.caresuper.com.au/sites/default/files/2020-03/Core%20PDS%20with%20pending%20SEN%20and%20fact%20sheet.pdf>

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CARE

CARE26QW:

Governance:

- a. How many trustee board members did the fund have?
- b. What was the total salary of all trustee board members?
- c. What was the average salary of all trustee board members?
- d. Are there any performance-based assessments that determine trustee board remuneration, and if so what are they?
- e. What was the salary of the trustee board chair?
- f. What was the average length of service of all trustee board members?
- g. What is the length of service of the longest serving trustee board member?
- h. Are trustee board members asked whether they have conflicts of interest at each meeting, and if not, why not?
- i. What is the conflict of interest policy for trustee board members?
- j. Does your fund have a policy on gender diversity and/or balance for listed companies?
- k. Does your board have gender balance?

Answer:

Questions a., b. and c. are answered in the link below.

Refer to APRA Fund Level Superannuation Statistics Table 1 for trustee composition and remuneration

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20June%202019.xlsx>

Questions d., e., f., g. and k. are answered within the links below.

Refer to CareSuper's website for Director and Remuneration disclosure.

<https://www.caresuper.com.au/why-caresuper/about-us/our-people/board>

<https://www.caresuper.com.au/sites/default/files/2019-11/CS-Director-remuneration-2018-and-2019.pdf>

Questions h., i. and j. are answered within the links below.

CareSuper Governance arrangements comply with APRA Prudential Standards SPS and SPG 510 Governance, SPS and SPG 520 Fit & Proper and SPS and SPG 521 Conflicts of Interest.

<https://www.apra.gov.au/industries/33/standards#category-2>

At the commencement of each Board and Committee meeting, Directors make a declaration about interest and conflicts.

The Board has equal gender representation.

https://www.caresuper.com.au/sites/default/files/2020-02/CareSuper_ConflictsManagementPolicy_Feb2020_Final_20200221.pdf

<https://www.caresuper.com.au/why-caresuper/about-us/governance>

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE27QW:** In the context of the ACCC's legal action and question for competition in monopoly infrastructure entities:
- a. What are the implications for infrastructure investment returns if the ACCC is successful in its legal action?
 - b. Have you analysed your infrastructure investment portfolio to examine the risk of ACCC action to reduce anti-competitive monopoly or oligopoly pricing?
 - c. If so, can you provide details of the likely impact, and what is the project impact on revenue and income?

Answer: CareSuper's investment program does not involve the direct ownership of any Australian domiciled infrastructure assets. The exposure to infrastructure within the CareSuper Fund is held via co-mingled pools of investments. These pools are diversified across sectors, assets which are subject to both regulated/unregulated regimes and encompass geographies outside of Australia. As a result of this diversification, any change in the Australian regulatory environment for a given asset would have an impact on the overall infrastructure exposure of CareSuper that reflects this diversification. Furthermore, given the relevant co-mingled pools are managed by external managers, analysis of risks is undertaken by each of the responsible external managers as part of the ongoing management of each portfolio.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE28QW:** In dollar terms, for each of your superannuation products, can you please provide annual data for the past five financial years on average, for a member with a balance of \$6,000, \$50,000 and \$150,000?
- a. Investment fees
 - b. Administration fees
 - c. Indirect costs
 - d. Any other cost to a member which is incurred or foregone by way of a lesser return pre-unit price (but not included in the indirect cost ratio) including any other costs, charges, fees, direct or indirect benefits including any benefit by way of rebate, set-off, commission, in-kind, tax credit/offset retained, interest (or interest rebate) retained by any party involved in the management, custody, review, compliance, administration, servicing, asset consulting, valuation, operation and maintenance, financing, auditing, brokerage, execution, settlement, or otherwise of the assets in the fund, or their underlying assets.
 - e. An aggregate total of all fees mentioned above.

Answer: Fees and costs are outlined in the current PDS (pages 8-9) which can be accessed on the Fund's website via the following link:

<https://www.caresuper.com.au/sites/default/files/2020-03/Core%20PDS%20with%20pending%20SEN%20and%20fact%20sheet.pdf>

The disclosure also includes a worked example of a member with a balance of \$50,000.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE29QW:** As a percentage of the value of the member account, for each of your superannuation products, can you please provide annual data for the past five financial years on average, for a member with a balance of \$6,000, \$50,000 and \$150,000?
- a. Investment fees
 - b. Administration fees
 - c. Indirect costs
 - d. Any other cost to a member which is incurred or foregone by way of a lesser return pre-unit price (but not included in the indirect cost ratio) including any other costs, charges, fees, direct or indirect benefits including any benefit by way of rebate, set-off, commission, in-kind, tax credit/offset retained, interest (or interest rebate) retained by any party involved in the management, custody, review, compliance, administration, servicing, asset consulting, valuation, operation and maintenance, financing, auditing, brokerage, execution, settlement, or otherwise of the assets in the fund, or their underlying assets.
 - e. An aggregate total of all fees mentioned above.

Answer: Fees and costs are outlined in the current PDS (pages 8-9) which can be accessed on the Fund's website via the following link:

<https://www.caresuper.com.au/sites/default/files/2020-03/Core%20PDS%20with%20pending%20SEN%20and%20fact%20sheet.pdf>

The disclosure also includes a worked example of a member with a balance of \$50,000.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE30QW: To the extent that any of the fees and costs listed in the previous two questions are paid to a related entity or associate of the trustee, or any of their respective related entities or associates, please set out the function performed or service provided by that person, and the amount (total quantum) paid to that entity or person at a whole-of-fund level.

Answer: Related party transactions are disclosed in the Annual Financial Statements available on the public website.

<https://www.caresuper.com.au/sites/default/files/2019-10/CARE-Super-Financial-Statements-30-June-2019-with-Audit-Report.pdf>

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE31QW:** For the past five years:
- a. What was the total cost of all advertising and/or marketing?
 - b. What was the total cost of all advertising and/or marketing per member?
 - c. What was the total cost of all advertising per new (FY19) member?
 - d. What was the total cost of all television advertising and/or marketing?
 - e. What was the total cost of all radio advertising and/or marketing?
 - f. What was the total cost of all print advertising and/or marketing?
 - g. What was the total cost of all online advertising and/or marketing?
 - h. How many in-house staff are employed in advertising and marketing roles?
 - i. How much was spent on engaging external advertising and marketing consultants?
 - j. Do you advertise and/or directly financial contribute to the New Daily?

Answer: Advertising is aimed at retaining and attracting members and employers and provides information about the benefits of membership of CareSuper. The importance of this is heightened in a Choice superannuation environment, where there is active competition for members.

In relation to questions a.- c. and i., information on advertising and marketing expenses is included in the APRA fund level statistics. Refer to Table 3 Column BC shows advertising and marketing expenses, which can be accessed using the following link:

<https://www.apra.gov.au/sites/default/file/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

In relation to questions d. to g., the information sought is confidential and commercially sensitive.

In relation to question h. CareSuper has two in-house staff who handle fund advertising and external marketing, amongst other responsibilities.

For question j. CareSuper does not advertise in or directly financially contribute to the New Daily.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE32QW:** How much money have you spent on advertising on the following platforms in the past decade:
- a. Google?
 - b. Facebook?
 - c. Twitter?
 - d. Instagram?
 - e. A non-Google search engine?
 - f. Any social media platform that is not mentioned in (b) – (d)?

Answer: For the year ended 30 June 2019, expenses included advertising on Facebook, LinkedIn and Google Adwords (including agency fees, service charges and GST). The actual figures are confidential and commercially sensitive.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE33QW: Can you provide details if you have purchased the following over the past decade:

- a. Google advertisements
- b. Google search terms.

Answer: In relation to question a., Google AdWords/Search Engine Marketing is a key component of CareSuper's advertising as we view it as a cost-effective channel to communicate with our members to encourage engagement or attract prospective members for acquisition.

Question b. Google search terms.

To generate traffic to our website and encourage joins to CareSuper, we advertise on a range of keywords so that our brand is exposed to users browsing superannuation or brand related topics.

At a high level, this is split between 'generic keywords/campaigns' (such as superannuation calculator, compare super funds, superannuation changes, etc) and 'brand keywords/campaigns' (such as caresuper reviews, caresuper login, etc). We have a number of keywords targeted in our Google AdWords, including duplicate keywords and key phrases.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE34QW:

- a. Do you use Google Ad Words, or any Google provided or supported service to advertise any of your funds or your brand in any way whatsoever?
- b. Please list what terms you have used in Google Ad Words in the last five years to generate an impression on particular search queries.

Answer:

In relation to question a., Google AdWords/Search Engine Marketing is a key component of CareSuper's advertising as we view it as a cost-effective channel to communicate with our members to encourage engagement or attract prospective members for acquisition.

Question b. Google search terms.

To generate traffic to our website and encourage joins to CareSuper, we advertise on a range of keywords so that our brand is exposed to users browsing superannuation or brand related topics.

At a high level, this is split between 'generic keywords/campaigns' (such as superannuation calculator, compare super funds, superannuation changes, etc) and 'brand keywords/campaigns' (such as caresuper reviews, caresuper login, etc). In total, we have a number of keywords targeted in our Google AdWords, including duplicate keywords and key phrases.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE35QW: What percentage of the return on investment from your unlisted assets can be attributed to revaluations due to falling interest rates, and capital asset pricing model market yields used as the discount rate in discounted cash flow based valuations?

Answer: CareSuper does not directly hold unlisted assets that would be relevant in order to respond to this question.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE36QW:** How will the overall fund performance be affected if:
- The income return of unlisted assets declines?
 - The fund can no longer purchase unlisted assets onshore?
 - The fund can no longer purchase unlisted assets offshore?

Answer: Consistent with prudent risk management and relevant prudential standards (e.g. APRA Prudential Standard SPS530), the Trustee of CareSuper conducts regular scenario testing and sensitivity analysis. Analysis of factors such as the impact of inflation, changing economic conditions and interest rate changes on the portfolio, forms part of the process of setting asset allocation and strategy to ensure the portfolio is suitably robust in the delivery of returns to members. Through a cycle the components of return will vary, for both listed and unlisted assets, as fundamentals such as income return vary.

The CareSuper fund comprises a diversified investment program such that it is not overly reliant on any one sector or return driver in the portfolio. To that end, the exposure of the fund to unlisted assets is designed to enhance diversification relative to a portfolio comprising only of listed assets. The expectation is that unlisted asset exposure will decrease volatility and enhance risk adjusted returns over the course of the economic cycle and different market conditions

With regard to the restriction of a fund's ability to invest in onshore or offshore unlisted assets – any restriction on an available investment universe limits a fund's ability to access different return drivers and reduces the opportunity for diversification. Accordingly, any such restriction would be directly detrimental to members in that potential return would be reduced and risk arguably increased.

Such restriction would also reduce the efficiency of capital markets by limiting the flow of capital to the highest use. Restrictions on purchasing onshore assets would also be detrimental to the Australian economy, reduce the domestic ownership of Australian assets, increase the economy's reliance on offshore capital, reduce the quantum of capital available to the local economy and inhibit the ability of business to raise capital.

Accordingly, such restrictions would be generally detrimental to superannuation members.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE37QW: How have you structured the fund to address the writing back of the increased investment capitalised future returns?

Answer: CareSuper does not consider that potential future returns are brought forward or in some way captured in current returns. An inference that a write back of values or returns would be required due to future returns being 'capitalised', misconstrues the manner in which returns are derived and does not reflect actual return drivers.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE38QW: What are the projected changes in income in light of the writing back of the increased investment capitalized future returns?

Answer: CareSuper does not consider that future returns are brought forward or in some way captured in current returns. An inference that a write back of values or returns would be required due to future returns being 'capitalised', misconstrues the manner in which returns are derived and does not reflect actual return drivers.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE39QW: Valuation methodologies:

- a. Have you compared your valuation methodologies and assumptions for unlisted assets with other superannuation funds, and if so, what are the differences?
- b. Are you confident that your valuation methodologies and assumptions for unlisted assets reflect their value to the fund, and how often are they reviewed?
- c. How do you compare your valuations to listed investments, including, but not limited to, whether there is a cross check to stock prices for similar assets?
- d. Have you ever calculated whether there would be a difference between valuations if unlisted assets were listed?

Answer: CareSuper has not compared valuation methodologies and assumptions for unlisted assets with other superannuation funds.

CareSuper's Asset Valuation Policy describes the methodologies and assumptions used by CareSuper's investment managers in determining the valuation of unlisted assets held within the pooled investment vehicles in which the Fund invests. The valuation methods used by CareSuper's investment managers are appropriate and represent widely accepted industry practice for each relevant class of asset. As the investment managers, and their administrators, for the pooled investment vehicles in which CareSuper invests are responsible for the valuation of unlisted assets within their respective vehicle, the frequency of review of valuation methodologies is a matter for the relevant manager.

CareSuper's investment managers use various methodologies to determine the valuation of unlisted assets in their respective portfolios. One such methodology is comparison of unlisted assets to similar listed or unlisted assets for which recent transaction pricing is available.

CareSuper has not calculated whether there would be a difference between valuations if unlisted assets were listed.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE40QW: What is the current annual average return for your unlisted assets?

Answer:

	30/06/2019
	Average One Year Return (%)
Unlisted Investments	9.16

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE41QW: Given the size of your large joint investments, why are they not listed for liquidity, valuation and public disclosure purposes?

Answer: CareSuper's investment program involves investment in co-mingled vehicles for both listed and unlisted assets. Exposure to unlisted assets has resulted in better diversified portfolios which have historically delivered superior risk adjusted returns to members.

Trustees are required to comply with relevant superannuation laws, prudential standards and guidance on the valuation of assets (for example SPG 531 – Valuation). Unlisted assets are typically valued quarterly and at arm's length from the trustee by independent valuers utilising relevant accounting standards and industry guidelines. Valuation panels are regularly rotated, and valuations are typically benchmarked to market sales. The experience has been for valuations to be conservative with asset sales regularly exceeding valuations when assets have been sold.

There are a number of reasons why unlisted assets remain unlisted. For example, not all assets are suitable for listing, asset owners may want to diversify from listed market fluctuations and short-term swings in sentiment. In some cases asset owners may not consider that the costs of listing are justified or an unlisted ownership model may bring some benefits such as flexibility of business strategy. A preference for an unlisted ownership model in many asset classes and for many types of businesses, is a norm in global capital markets and not a feature specific to the Australian superannuation industry.

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

CARE

CARE42QW:

- a. How many unlisted assets do you hold in the fund?
- b. What value share are unlisted assets of the fund's:
 - i. total value?
 - ii. total property value?

Answer:

CareSuper does not directly own individual unlisted assets, either on a partly or wholly owned basis. The Fund invests in unlisted assets through pooled investment vehicles or funds, however it does not control any pooled investment vehicle through which it obtains investment exposure to unlisted assets.

CareSuper also holds two immaterial unlisted investments directly, which comprise 0.49% (or \$80.6mil) of the Fund's total value. Refer to the CareSuper's website for further details.

<https://www.caresuper.com.au/investments/how-we-invest/our-investment-managers>

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

CARE

CARE43QW:

Discount rates:

- a. For unlisted assets, do you use a consistent discount rate for income across all unlisted assets, or an asset-specific discount rate?
- b. What is the discount rate you apply to the income from unlisted assets, and has it changed over the past decade, and if so, when and why?

Answer:

For unlisted assets, CareSuper does not control the valuation process given these vehicles are managed externally. The relevant external managers are in turn responsible for appointing independent valuers.

In terms of the specific discount rates applying to individual assets, these are set independently by valuers consistent with relevant accounting standards and industry best practice.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE44QW: Of the unlisted assets, how many have outperformed the average return on investments in superannuation over the past five years?

Answer:

	30/06/2019	30/06/2018	30/06/2017	30/06/2016	30/06/2015
	One Year Return (%)				
Listed Investments	7.83	15.18	17.91	- 0.16	15.28
Unlisted Investments	9.16	13.14	14.24	14.05	11.24
Other Investments	3.82	2.60	3.32	3.36	4.46
CareSuper Total Investments	7.00	10.94	12.50	4.36	11.07

Notes:

1. The returns presented above are asset weighted aggregate returns. CareSuper has broadly classified its asset classes as Listed, Unlisted and Other for the purposes of answering this question. As such the returns above will not correspond directly with any individual CareSuper investment option.
2. Other Investments include; cash, term deposit and money market, fixed interest, credit and high yield debt, absolute return fixed income strategies and capital guaranteed cash management accounts.

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

CARE

CARE45QW: Have you completed any analysis about your capacity to continue to provide returns to fund members at the current, or past rate, into the future based on the valuations of your unlisted assets?

Answer: As long-term investors there is constant assessment of how to continue to deliver long-term returns to members. The key drivers are multifaceted and include influencing factors within the control of the fund, such as costs and efficiency. Key external factors are macro-economic conditions and geopolitical risks. The fund's exposure to unlisted assets contributes a diversified source of return that is not available to members through investing solely in listed assets. Unlisted investments can mitigate the effect of shocks on listed assets.

Consistent with prudent risk management and relevant prudential standards (such as APRA SPS 530), the Trustee of CareSuper conducts regular scenario testing and sensitivity analysis, such as the impact of inflation and interest rate changes on the portfolio. The analysis forms part of the process in setting asset allocation and strategy to ensure the portfolio is suitably robust in the delivery of target returns to members. The portfolio comprises an appropriately diversified investment program such that it is not overly reliant on any one sector or return driver of the portfolio. To that end, the exposure of the fund to unlisted assets is designed to enhance diversification compared to a portfolio comprising only of listed assets. Thereby decreasing volatility and enhancing risk adjusted returns over the course of the economic cycle and different market conditions.

As per APRA guidance CareSuper also provides an assessment for each investment option offered of the investment risk by reference to a standard risk measure (SRM), which identifies the expected number of negative returns over any 20-year period. The purpose of the Standard Risk Measure is to provide members with a means to assist in comparing investment options both within and across various superannuation funds. The SRM is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require in order to meet their objectives.

Please refer to the investment objective and associated standard risk measure for each option offered by CareSuper as listed in the CareSuper Investment Guide on pages 15-21 at:
<https://www.caresuper.com.au/sites/default/files/2019-10/InvestmentGuide-855.2-1019-ISS17-WEB.pdf>

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE46QW:** Over the past decade:
- a. Have you ever devalued an unlisted asset?
 - b. Have you ever devalued an unlisted asset by more than \$10 million?
 - c. Have you ever devalued an unlisted asset by more than \$50 million?
 - d. Have you ever devalued an unlisted asset by more than \$100 million?
 - e. Please advise the companies and/or individual valuers that have valued your unlisted assets.

Answer: CareSuper does not have direct investment in unlisted assets but rather has exposure through externally managed co-mingled funds. CareSuper does not control the valuation process for these funds or any other unlisted investment. The relevant external managers are responsible for implementing the valuation process which involves appointing independent valuation experts. The resulting valuations regularly increase and decrease subject to market and economic conditions.

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

CARE

- CARE47QW:** For each year of the past decade:
- a. How many fund members do you have?
 - b. How many financial planners do you have in total numbers, and as a member to financial planner ratio?
 - c. How many financial advisers do you have in total numbers, and as a member to financial planner ratio?

Answer:

- a. Information on fund membership is reported and disclosed in our Annual Reports and Product Disclosure Statements:

<https://www.caresuper.com.au/tools-resources/forms-publications>

Since 2008/09 the number of fund members has grown from around 200,000, to 245,000 in 2018/19.

- b. Since 2008/09 the number of financial planners has grown from 5, to 9 in 2018/19.
- c. At CareSuper the terms “financial planner” and “financial adviser” are interchangeable and therefore the answer is the same.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE48QW:** For each year of the past decade:
- a. How much is charged for financial planning annually to fund members, and what is the average per fund member?
 - b. How much is charged for financial planning annually to funds, and what is the average per fund member?
 - c. How much is charged for financial advice annually to fund members, and what is the average per fund member?
 - d. How much is charged for financial advice annually to funds, and what is the average per fund member?

Answer:

Information on financial advice costs and expenses is reported to APRA and disclosed in its Fund Level Superannuation Statistics Backseries:

<https://www.apra.gov.au/sites/default/file/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

See Table 3 Column BJ for aggregate advice expenses.

See Table 6 Column A for total member accounts and Column AF for aggregate advice fees.

Information on our financial advice service offer to members is available on the CareSuper website:

<https://www.caresuper.com.au/superannuation/financial-advice>

At CareSuper the terms “financial planning” and “financial advice” are interchangeable and therefore one in the same.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE49QW:** For each year of the past decade:
- a. What is the cost of general advice annually, and what is the average per fund member?
 - b. What are the aggregate value of bonuses provided for general advice, and what is the average per adviser?

Answer:

- a. Information on financial advice costs and expenses is reported to APRA and disclosed in its Fund Level Superannuation Statistics Backseries:

<https://www.apra.gov.au/sites/default/file/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

See Table 3 Column BJ for aggregate advice expenses.

See Table 6 Column A for total member accounts and Column AF for aggregate advice fees.

Information on our financial advice service offer to members is available on the CareSuper website:

<https://www.caresuper.com.au/superannuation/financial-advice>

- b. CareSuper does not pay bonuses.

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

CARE

CARE50QW:

For each year of the past decade:

- a. What is the cost of scaled advice annually, and what is the average per fund member?
- b. What are the aggregate value of bonuses provided for scaled advice, and what is the average per adviser?

Answer:

- a. Information on financial advice costs and expenses is reported to APRA and disclosed in its Fund Level Superannuation Statistics Backseries:

<https://www.apra.gov.au/sites/default/file/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

See Table 3 Column BJ for aggregate advice expenses.

See Table 6 Column A for total member accounts and Column AF for aggregate advice fees.

Information on our financial advice service offer to members is available on the CareSuper website:

<https://www.caresuper.com.au/superannuation/financial-advice>

- b. CareSuper does not pay bonuses.

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

CARE

- CARE51QW:** For each year of the past decade:
- a. What is the cost of comprehensive advice annually, and what is the average per fund member?
 - b. What are the aggregate value of bonuses provided for comprehensive advice, and what is the average per adviser?

Answer:

- a. Information on financial advice costs and expenses is reported to APRA and disclosed in its Fund Level Superannuation Statistics Backseries:

<https://www.apra.gov.au/sites/default/file/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

See Table 3 Column BJ for aggregate advice expenses.

See Table 6 Column A for total member accounts and Column AF for aggregate advice fees.

Information on our financial advice service offer to members is available on the CareSuper website:

<https://www.caresuper.com.au/superannuation/financial-advice>

The cost of comprehensive advice is met by each member on a fee for service basis.

- b. CareSuper does not pay bonuses.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

- CARE52QW:** For each year of the past decade:
- a. What is the cost of intra-fund advice annually, and what is the average per fund member?
 - b. What are the aggregate value of bonuses provided for intra-fund advice, and what is the average per adviser?

Answer:

- a. Information on financial advice costs and expenses is reported to APRA and disclosed in its Fund Level Superannuation Statistics Backseries:

<https://www.apra.gov.au/sites/default/file/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

See Table 3 Column BJ for aggregate advice expenses.

See Table 6 Column A for total member accounts and Column AF for aggregate advice fees.

Information on our financial advice service offer to members is available on the CareSuper website:

<https://www.caresuper.com.au/superannuation/financial-advice>

- b. CareSuper does not pay bonuses.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE53QW: How many employees does the fund have?

Answer: Employee numbers are included in each year's annual report which are publicly available on the website at the following link:

<https://www.caresuper.com.au/tools-resources/forms-publications>

As at 30 June 2019, CareSuper had 119 employees.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE54QW: How do you define employee misconduct?

Answer: CareSuper complies with the Superannuation Industry (Supervision) Act 1993 and other legislative requirements. The Fund has voluntarily implemented all steps to comply with the AIST Governance Code of Practice and CareSuper has its own Code of Conduct for all Directors and Employees. The Code of Conduct includes examples of the types of misconduct with the overriding principle of acting in members' best interests. An outline of the Code of Conduct is available under the policies section on the Fund website at the following link:

<https://www.caresuper.com.au/why-caresuper/about-us/governance>

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE55QW:

Over the past five years:

- a. How many employees have been cautioned for misconduct?
- b. How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct?
- c. How many employees have been terminated for misconduct?
- d. How many employees have been cautioned for misconduct, as a share of all employees over that timeframe?
- e. How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct, as a share of all employees over that timeframe?
- f. How many employees have been terminated for misconduct, as a share of all employees over that timeframe?

Answer:

Nil

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE56QW: Do you support current Corporations Law provisions for the disclosure of corporate remuneration?

Answer: Yes. CareSuper supports current Corporations Law provisions for the disclosure of corporate remuneration.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE57QW: Of the twenty highest remunerated employees over the past decade, please provide the number whose total remuneration in a financial year (including all forms of remuneration, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

Answer: The Fund is required to report on the remuneration of Key Management Personnel and Board members in accordance with S.29QB of the Superannuation Industry (Supervision) Act 1993. The related disclosure is provided under the 'remuneration' section of the website at the following link:

<https://www.caresuper.com.au/why-caresuper/about-us/governance>

All staff are remunerated below the lowest value of the table and staff numbers for the last five years are included in each year's annual report which are publicly available on the website at the following link:

<https://www.caresuper.com.au/tools-resources/forms-publications>

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	All employees
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	

\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE58QW: Of the twenty highest incentive bonuses paid over the past decade, please provide the number that fall within these brackets?

Answer: CareSuper does not have a bonus/incentive scheme.

Total incentive bonuses value	Number (ie 1 employee)
<\$1,000,000	Nil
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE59QW: Of the twenty highest performance bonuses paid over the past decade, please provide the number that fall within these brackets?

Answer: CareSuper does not have a bonus/incentive scheme.

Total performance bonuses value	Number (ie 1 employee)
<\$1,000,000	Nil
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE60QW: Of the twenty highest severance packages over the past decade, please provide the number whose total package (including all forms of accumulated severance package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

Answer: The Fund is required to report on the remuneration of Key Management Personnel and Board members in accordance with S.29QB of the Superannuation Industry (Supervision) Act 1993. The related disclosure is provided under the 'remuneration' section of the website at the following link:

<https://www.caresuper.com.au/why-caresuper/about-us/governance>

CareSuper has had 6 severance payments in the past 10 years.

Total severance package value	Number (ie 1 employee)
<\$1,000,000	6 employees
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	

\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE61QW: Of the twenty highest termination payments over the past decade, please provide the number whose total package (including all forms of accumulated termination package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

Answer: The Fund is required to report on the remuneration of Key Management Personnel and Board members in accordance with S.29QB of the Superannuation Industry (Supervision) Act 1993. The related disclosure is provided under the 'remuneration' section of the website at the following link:

<https://www.caresuper.com.au/why-caresuper/about-us/governance>

CareSuper has had 1 termination payment in the past 10 years.

Total terminaton package value	Number (ie 1 employee)
<\$1,000,000	1 employee
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	

\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CARE

CARE62QW: Of the twenty highest redundancy payments over the past decade, please provide the number whose total package (including all forms of accumulated redundancy package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

Answer: The Fund is required to report on the remuneration of Key Management Personnel and Board members in accordance with S.29QB of the Superannuation Industry (Supervision) Act 1993. The related disclosure is provided under the 'remuneration' section of the website at the following link:

<https://www.caresuper.com.au/why-caresuper/about-us/governance>

CareSuper has had 2 redundancy payments in the past 10 years.

Total redundancy package value	Number (ie 1 employee)
<\$1,000,000	2 employees
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	

\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	