

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

legalsuper

LEG63QW: Can you please advise what arrangements you have provided to defer the payment of rent for tenancies for assets owned by your fund as a result of keeping SMEs operational during the COVID-19 pandemic? And to what dollar value has that reduced revenue to your fund since 1 February 2020?

Answer: legalsuper's property investments are outsourced and managed by third party investment managers.

Any deferral of rent for tenancies in respect of such investments to keep SMEs operational during the COVID-19 pandemic would have been provided by these third-party investment managers and not legalsuper.

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LEG64QW: Can you please advise what arrangements you have provided to defer the payment of rent for tenancies for assets controlled by your fund as a result of keeping SMEs operational during the COVID-19 pandemic? And to what dollar value has that reduced revenue to your fund since 1 February 2020?

Answer: legalsuper does not have a controlling interest in its investments in property.

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LEG67QW: On 1 January 2020 what was your percentage share and nominal value of your listed and unlisted assets?

Answer:

	Percentage share	Nominal value
Listed assets	85%	\$3,739,260,696
Unlisted assets	15%	\$681,204,603

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LEG68QW: On 1 January 2020 did your fund have liquidity issues resulting from honouring obligations to members?

Answer: No.

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LEG69QW: What write down, if any, has been made to the value of unlisted assets?

Answer: The value of unlisted assets has continued to be reflected at such value advised by the third-party investment managers which are managing such assets.

The majority of legalsuper's unlisted assets are property holdings held via pooled investment vehicles managed by specialist property investment managers including Dexus, Lend Lease, Goldman Group and GPT, all of which exercise robust valuation procedures.

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LEG70QW: Listed companies holding infrastructure assets have had write downs of around 40 per cent:

- a. How does this compare to your write down of unlisted assets?
- b. If there is a difference, why is there a difference?

Answer: a. How does this compare to your write down of unlisted assets?

The total value of legalsuper's unlisted assets reduced by 2% from 31 December 2019 to 31 March 2020.

legalsuper's lower write down for its unlisted assets is due to underlying assets being more defensive in nature relative to infrastructure assets held by listed companies.

The majority of legalsuper's unlisted assets are property holdings held via pooled investment vehicles managed by specialist property investment managers including Dexus, Lend Lease, Goodman Group and GPT, all of which exercise robust valuation procedures.

b. If there is a difference, why is there a difference?

As above, legalsuper's unlisted assets are more defensive in nature, and we do not hold unlisted infrastructure exposure to assets such as airports, seaports and toll-roads.

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LEG71QW: Have you had any liquidity issues in honouring your obligations to members as a result of the:

- a. recent decline in the share market?
- b. permission by the Federal government to allow members to remove up to \$10,000 per financial year if they lose their job?

Answer: No. legalsuper has a high level of liquidity in its investments and has been closely monitoring and managing liquidity.

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LEG72QW: What has been the current reduction of the value of your fund, and the unlisted and listed components since 1 January 2020?

Answer: From 31 December 2019 to 31 March 2020:

- a. Total assets reduced \$630m.
- b. Listed assets have reduced \$689m.
- c. Unlisted assets have reduced \$27M.

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LEG73QW: How many members have requested the early release of their superannuation since 12 March 2020, and to what value?

Answer: Since 20 April 2020 (commencement of the early release option) to 30 April 2020, 1,315 members have requested early release of their super, in aggregating amounting to \$11.7M.

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LEG74QW: How many members have had approved the early release of their superannuation since 12 March 2020, and to what value?

Answer: Requests are being approved by the Australian Taxation Office. The Australian Taxation Office advises such approvals to legalsuper for payment.

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LEG75QW: If some members have required the early release of their superannuation since 12 March 2020 and not been approved, please provide details of the grounds on which they have not been approved.

Answer: To date legalsuper has approved for payment all requests approved and advised by the Australian Taxation Office.

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LEG76QW:

Liquidity management:

- a. What is your fund's process for complying with APRA's prudential framework which requires trustees to have a liquidity management plan?
- b. How is the plan being reported to the trustee directors?
- c. Who is responsible for the day-to-day liquidity management for the fund?

Answer:

- a. What is your fund's process for complying with APRA's prudential framework which requires trustees to have a liquidity management plan?
A Liquidity Management Plan has been adopted by the Board and is regularly reviewed.
- b. How is the plan being reported to the trustee directors?
Weekly reports are being provided to the Board on liquidity and other operational matters arising during the current pandemic.
- c. Who is responsible for the day-to-day liquidity management for the fund?
Liquidity of the fund is primarily the responsibility of the Investment Officer. The Investment Officer's work is overseen by the Chief Investment Officer.