

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR

MTAA Super

MTAA63QW

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

The Fund has direct ownership or effective control of several property assets where some of the tenants have been impacted by the COVID-19 pandemic.

The Fund and its asset managers are working with affected tenants to provide financial and operational support with reference to the commercial tenancy codes and laws formulated by the Commonwealth and State Governments in response to the COVID-19 Pandemic. This has involved negotiating rent relief until market circumstances return to some normality, enabling affected tenants to continue to trade without the pressures of paying rent. This both assists the long-term viability of those tenants and the members of the Fund who are the beneficial owners of these assets.

The impact has varied across the tenants within those property assets owned or controlled by the Fund. It is not yet possible to quantify the revenue impact as all negotiations are yet to be finalised.



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MTAA64QW

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

See MTAA63QW response.





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Answer

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MTAA Super

MTAA67QW

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

Answer

On 1 January 2020 MTAA Super's Funds under Management amount was approximately \$13.3bn split across asset classes as follows.

Asset Class	%
Cash	8.7
Australian Fixed Interest	3.6
Overseas Fixed Interest	8.7
Australian Equities	23.3
International Equities	28.2
Infrastructure	10.6
Property	8.1
Alternatives Credit	1.2
Private Equity	1.6
Multi Asset Class	6.2
Other	0.0
Total	100.0

The actual asset allocation for the Fund's My AutoSuper investment option is disclosed monthly at the following link.

<https://mtaasuper.com.au/super-for-you/manage-your-super/your-investment-options/my-autosuper-balanced>

The asset allocation to the My AutoSuper investment option is also reported in the APRA quarterly MySuper statistics.



Details of the Fund's asset allocation are also reported to APRA (SRF 530.0) and published in its Fund Level Superannuation Statistics (Annual and Back series) at Table 9, Columns M to S.



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MTAA68QW

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

Answer

No.



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MTAA Super

MTAA69QW

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

Answer

The Trustee complies with relevant superannuation laws and prudential standards and guidance on the valuation of assets. Unlisted assets are appropriately revalued in accordance with accounting standards and the standards and guidance on the valuation of assets, including SPS 531 - Valuation and SPG 531 - Valuation.

The valuation approach to different categories of assets is outlined in the Trustee's Valuation Policy. The policy is available at this link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-valuation-igf04-20190829.ashx?la=en>

The Trustee does engage independent expert third party valuers for some Category 3 unlisted asset valuations (as defined by accounting standard AASB 13 Fair Value Measurement). This panel of third-party external specialist valuation firms is rotated regularly. The independent expert third party valuer undertakes a market comparison to listed market assets where comparable companies exist. They will also compare resulting valuations with observed transactions in unlisted markets for similar assets, where that information is available. Further information around the valuation approach is also available in the Fund's annual financial statements available at this link.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2019-financial-statement-fund-web-20190903.ashx?la=en>

Movements in the valuations of unlisted assets are subject to market and economic conditions, as well as asset-specific factors. The COVID-19 pandemic will have short term revenue impacts and economic growth impacts which have and will continue to feed into valuations. The Trustee has assessed the potential impacts of the COVID-19 pandemic on all its unlisted assets. The impact of the pandemic has been and will

continue to be incorporated into valuations of unlisted assets as they are revalued. There will be a variable impact depending on the underlying nature of the asset and its exposure to GDP growth and government policies in response to COVID-19. Any revaluations are reflected in the unit prices and performance published on the Fund's website on the following link.

<https://mtaasuper.com.au/super-for-you/manage-your-super/your-investment-options>

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MTAA70QW

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

The valuation approach to different categories of assets is outlined in the Trustee's Valuation Policy. The policy is available at this link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-valuation-igf04-20190829.ashx?la=en>

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The Trustee has assessed the potential impacts of the COVID-19 pandemic on all its infrastructure assets. The impact of the pandemic has been and will continue to be incorporated into valuations of unlisted assets as they are revalued. There will be a variable impact depending on the underlying nature of the asset and its exposure to GDP growth and government policies in response to COVID-19. Any revaluations are

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<https://mtaasuper.com.au/super-for-you/manage-your-super/your-investment-options>



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MTAA71QW

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. The Fund has not had any liquidity issues arising from the current market volatility and projected drawdowns associated with the early release measures in response to the COVID-19 pandemic.

The Fund has a robust liquidity management framework, ongoing monitoring and undertakes regular stress testing of its liquidity position.





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MTAA Super

MTAA72QW

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

Answer

On 31 March 2020 MTAA Super's *Funds under Management* amount was approximately \$12.0 bn split across asset classes as follows.

Asset Class	%
Cash	9.4
Australian Fixed Interest	3.9
Overseas Fixed Interest	8.7
Australian Equities	21.2
International Equities	27.5
Infrastructure	11.0
Property	8.8
Alternatives Credit	1.4
Private Equity	2.0
Multi Asset Class	6.1
Other	0.0
Total	100.0%

The actual asset allocation for the Fund's My AutoSuper investment option is disclosed monthly at the following link.

<https://mtaasuper.com.au/super-for-you/manage-your-super/your-investment-options/my-autosuper-balanced>

The asset allocation to the My AutoSuper investment option is also reported in the APRA quarterly MySuper statistics.



Details of the Fund's asset allocation are also reported to APRA (SRF 530.0) and published in its Fund Level Superannuation Statistics (Annual and Back series) at Table 9, Columns M to S.



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MTAA73QW

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

Answer

Requests for early release are made to the ATO. Details of requests for early release are being provided by the Commissioner of Taxation and reported to APRA.

As at the 30th April 2020, 14,740 requests had been received totalling \$124.8m.





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MTAA Super

MTAA74QW

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

Answer

Early release is approved by the ATO.

To 30 April 2020, the Fund had made early release payments to 11,135 members totalling \$95.1m





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MTAA75QW

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

Early release is approved by the ATO. All files received from the ATO have been processed. Where incorrect information has been supplied this has been managed on an exceptions basis.

A small number of requests have been received for transition to retirement accounts which are not eligible for the early release scheme. In these cases, the Fund has advised the ATO and is contacting these members directly.



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MTAA76QW

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

The Trustee's Liquidity Policy forms part of its Investment Governance Framework and is available at the following link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-liquidity-igf03-20190829.ashx?la=en>

The Policy is reviewed and approved by the Trustee Board on a regular basis. All elements of liquidity management are reported to the Investment Committee and/or the Trustee Board on a regular basis as required. This may be through ongoing liquidity management and investment reporting and/or through risk reporting mechanisms.

Responsibility for the day-to-day liquidity management of the fund is with the internal management team, overseen by the CEO and the Investment Committee.