

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

REST

REST72QW: 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:

Rest has made arrangements with some tenants, targeted at assisting those materially impacted by the COVID-19 pandemic. Release of any specific details will not be made as these arrangements are confidential between Rest and its tenants.

Rest considers that improving the prospects of continued tenancy through such arrangements is in our members' best interests.

Rest will comply with the relevant requirements of the National Cabinet Mandatory Code of Conduct - SME Commercial Leasing Principles During COVID-19.

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REST

REST73QW: 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:

Rest has made arrangements with some tenants, targeted at assisting those materially impacted by the COVID-19 pandemic. Release of any specific details will not be made as these arrangements are confidential between Rest and its tenants.

Rest considers that improving the prospects of continued tenancy through such arrangements is in our members' best interests.

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REST74QW: Can you please advise what arrangements you have provided to **adjust** 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:

Rest has made arrangements with some tenants, targeted at assisting those materially impacted by the COVID-19 pandemic. Release of any specific details will not be made as these arrangements are confidential between Rest and its tenants.

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REST75QW: Can you please advise what arrangements you have provided to **adjust** 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:

Rest has made arrangements with some tenants, targeted at assisting those materially impacted by the COVID-19 pandemic. Release of any specific details will not be made as these arrangements are confidential between Rest and its tenants.

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REST76QW: On 1 January 2020 what was your percentage share and nominal value of your listed and unlisted assets?

Answer:

On 3 January 2020 (the first available record date in January), the percentage share and nominal value of Rest’s listed and unlisted assets are provided in the table below.

All Rest options	3-Jan-2020	
	Percentage of FUM	Notional FUM \$
Unlisted assets*	30.2%	17,573,654,674
Listed assets	69.8%	40,706,132,247
Total	100%	58,279,786,921

*Unlisted asset classes include property, infrastructure, private equity, credit and agriculture.

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REST77QW: On 1 January 2020 did your fund have liquidity issues resulting from honouring obligations to members?

Answer: No.

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REST78QW: What write down, if any, has been made to the value of unlisted assets?

Answer:

During March 2020, the property asset class was written down by 8.56% and the infrastructure asset class was written down by 4.56%.

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- REST79QW:** 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 recent “write down” of Rest’s unlisted infrastructure assets is provided in the answer to REST78QW.

Rest’s unlisted infrastructure assets are valued at fair value by independent professional valuers’ experts in accordance with accounting standards and best practice principles and valuation methodologies for the asset class.

Differences between listed and unlisted valuations may reflect different capital structures, impacts of market sentiment and investment horizon. Rest continues to regularly assess the appropriateness of the holding value of its unlisted infrastructure assets having regard to its members’ best interests.

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- REST80QW:** 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:

- a) No
- b) No

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REST81QW: What has been the current reduction of the value of your fund, and the unlisted and listed components since 1 January 2020?

Answer:

From 3 January 2020 (the first available record date in January) to 31 March 2020, the reduction in value of Rest’s funds under management, and the unlisted and listed components are provided in the table below.

All Rest options	3-Jan-20		31-Mar-20		Change in FUM between 3 Jan 2020 and 31 Mar 2020**		
	Percentage of FUM	Notional FUM \$	Percentage of FUM	Notional FUM \$	Percentage of Rest FUM	Percentage change in Notional FUM	Notional FUM \$
Unlisted assets*	30.2%	17,573,654,674	32.6%	17,247,313,850	2.4%	-1.9%	- 326,340,823
Listed assets	69.8%	40,706,132,247	67.4%	35,690,383,800	-2.4%	-12.3%	- 5,015,748,447
Total	100%	58,279,786,921	100%	52,937,697,651		-9.2%	- 5,342,089,270

*Unlisted asset classes include property, infrastructure, private equity, credit and agriculture.

** Change in FUM shown as a percentage change in total \$ FUM.

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REST

REST82QW: How many members have **requested the early release** of their superannuation since 12 March 2020, and to what value?

Please also provide monthly updates on the first of the month for the remainder of 2020 to the secretariat.

REST83QW How many members have **had approved the early release** of their superannuation since 12 March 2020, and to what value?

Please also provide monthly updates on the first of the month for the remainder of 2020 to the secretariat.

Answer:

Rest currently provide early release payments for the reasons of:

- COVID-19 Temporary Early Release
- Compassionate grounds (excluding COVID-19 Temporary Early Release)
- Severe financial hardship
- Permanent incapacity

Rest receive requests directly from members for payments on the basis of severe financial hardship and permanent incapacity. The details of payments made under these conditions is listed below. The number of total requests for these payments is not available, as the process may involve repeated interactions and manual assessment over time.

Requests for payment under the conditions of compassionate grounds, including existing criteria as well as the new COVID-19 Temporary Early Release conditions, are received and assessed by the Australian Taxation Office (ATO), and Rest do not have visibility of the requests made to the ATO that are not approved, and are not received by the fund. We are therefore unable to provide information on the number of members who have requested early release under these criteria.

Reporting on the members for whom we have received approved applications for COVID-19 Temporary Early Release is provided to APRA weekly, commencing from the measure commencement date of 20 April 2020.

Following are the amounts reported to APRA for the week ending 26 April 2020:

Type	Period	Number	Value
COVID-19 Temporary Early Release	Week ending 26 April 2020	65,457	\$484,291,161

Payments made under each of the existing early release from 12 March 2020 to 30 April 2020 is as follows:

Type	Period	Number	Value (gross of tax)
Compassionate Grounds <i>(excluding COVID-19 Temporary Early Release)</i>	12/3/2020 - 30/4/2020	288	\$4,926,851
Severe Financial Hardship	12/3/2020 - 30/4/2020	614	\$4,663,406
Permanent Incapacity Condition of Release <i>(excluding insured benefits)</i>	12/3/2020 - 30/4/2020	15	\$561,076

Rest will provide monthly updates for the remainder of 2020, including the reporting as provided to APRA on the Compassionate Grounds COVID-19 Temporary Early Release measure.

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REST83QW: How many members have **had approved the early release** of their superannuation since 12 March 2020, and to what value?

Please also provide monthly updates on the first of the month for the remainder of 2020 to the secretariat.

Answer:

Please refer REST82QW for information on all early release payments

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REST

REST84QW: 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:

For the purposes of early release for severe financial hardship and permanent incapacity, the only reasons for release not being approved would be if the conditions of release have not been met according to the requirements specified in the Superannuation Industry Supervision Regulations 1994.

For the purposes of early release for the reasons of compassionate grounds, including the new COVID-19 Temporary Early Release, the approval of these early release payments is the responsibility of the ATO, and not the fund.

The only reasons for which payments may not be made on any request forwarded to Rest by the ATO would be:

- The account has been closed since the time of the most recent reporting to the ATO
- The request is subsequently revoked by the member or they indicate that the request was not made by them
- Evidence of fraud or financial crime

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REST85QW:

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) Rest has a Liquidity Policy which sets out responsibilities for monitoring and administering liquidity and cashflow matters, including stress testing.
- b) Stress testing outcomes, and relevant liquidity measures, are reported to directors.
- c) The Chief Investment Officer, and his team, has responsibility for the day-to-day liquidity matters.