

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS105QW:

Please advise the total remuneration package of your:

- a. company secretary, and
- b. Chief Executive Officer, including:
 - i. total remuneration
 - ii. base salary
 - iii. annual bonuses
 - iv. deferred bonuses
 - v. equity or other options
 - vi. additional compensation not covered in the above.

Answer:

Company Secretary	FY 2020
Total Remuneration	334 423
Base Salary	293 068
Annual Bonuses ⁽¹⁾⁽²⁾	87 575
Deferred Bonuses ⁽³⁾	See below
Equity or other options	N/A
<i>Additional compensation not covered above.</i>	
Superannuation	36 643
Long Service Leave	4 712

Chief Executive Officer ⁽⁴⁾	FY 2020
Total Remuneration	775 000
Base Salary	682 820
Annual Bonuses ⁽¹⁾⁽²⁾	0
Deferred Bonuses	0
Equity or other options	N/A
<i>Additional compensation not covered above.</i>	
Superannuation	92 180

⁽¹⁾ Annual bonuses are discretionary. 25% of the 2018 incentive payment was paid in FY2020. 75% of the total incentive payment for 2019 was paid in FY2020 and the remaining 25% to be paid in FY2021.

⁽²⁾ As outlined in response SS98QW previously provided to this Committee, for the 2019/2020 performance year, Sunsuper Executives forfeited any entitlement to a variable incentive (bonus).

⁽³⁾ As of 1 July 2020, 40% of any bonus payable is deferred for 2 years with 50% paid after 1 year.

⁽⁴⁾ The Chief Executive Officer commenced on 8 October 2019. These figures have been annualised and will differ from those reflected in the signed Financial Statements.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS106QW:

For each year of the past decade, please advise the:

- annual remuneration of the average worker who contributes to your fund
- average annual superannuation contribution from an employee to your fund
- multiple your CEO is remunerated compared to the annual remuneration of the average worker who contributes to your fund.

Answer:

- a. Sunsuper does not capture member remuneration data. Sunsuper is a multi-industry fund, with the majority (63%) of members in QLD. As a result, we have used the ordinary times earnings for full time adults in QLD sourced from the QLD Government Statistics Office website

It is worth noting that a significant portion of the Sunsuper membership work in Small and Medium Enterprises (SME's) and many of these members tend to be in casual and part-time employment which impacts their level of superannuation contribution.

Many of these members are also relatively young or early career with the average age of a Sunsuper member approximately 38 years old.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Ordinary Times Earnings (QLD)	66,056	68,182	72,639	74,381	75,343	75,582	77,433	79,815	81,931	84,625

- b. The average annual contribution from an employee has been calculated by dividing total contributions received by total active members (at June) per historical APRA data.

Prior to FY14, active member numbers weren't calculated or reported, contributions in these years have been calculated by referencing the average year on year increase in FY15 - FY20.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Average Conts	3,080	3,129	3,179	3,230	3,281	3,340	3,132	3,336	3,457	3,532

c.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Base Remuneration	8.5	7.9	7.9	7.1	6.9	7.6	7.2	7.0	7.5	8.1
Base Remuneration + performance Incentive	11.9	11.0	10.8	8.2 ⁽¹⁾	9.5	10.6	10.7	10.3	9.4	8.1 ⁽²⁾

⁽¹⁾ Prorated performance incentive

⁽²⁾ As outlined in response SS98QW previously provided to this Committee, for the 2019/2020 performance year, Sunsuper Executives forfeited any entitlement to a variable incentive (bonus).

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS107QW:

In the context of marketing and advertising campaigns:

- a. How many is your fund currently running individually, or in collaboration with others?
- b. How many have run, or are currently running since the beginning of calendar year 2020?
- c. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) to 30 June 2020?
- d. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) budgeted?
- e. What is the budgeted cost for each campaign (including development, production, broadcasting, and distribution) from 1 July 2020 – 31 December 2020?
- f. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 January 2021 – 30 June 2021?
- g. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 July 2021 – 31 December 2021?

Answer:

- a. We are currently running no marketing and advertising campaigns in collaboration with others.

As at 2 November 2020 we are currently running three marketing and advertising campaigns:

1. Feel the strength
2. BEAM
3. Digital always on

- b. Since 1 January 2020 four advertising and marketing campaigns have been run:

1. Choice
2. Feel the strength
3. BEAM
4. Digital always on

- c. to g. inclusive

Please refer to SS107.1QW

Campaign title		(c) (d) 1 Jan 2020 - 30 June 2020		(e) 1 July 2020 - 31 Dec 2020	(f) 1 Jan 2021 - 30 June 2021	(g) 1 July 2021 - 31 Dec 2021
		Budget	Actual	Budget	Budget	Budget
Choice	Development		690			
	Production	166,000	22,517			
	Broadcasting & distribution	3,315,000	1,017,896			
Feel the strength: COVID response	Development		14,630			
	Production		44,010			
	Broadcasting & distribution		1,261,540	1,100,000		
BEAM	Development					
	Production					
	Broadcasting & distribution	-	12,880	12,000	12,000	12,000
Digital always on	Development					
	Production		12,577	10,000	25,000	20,000
	Broadcasting & distribution	518,000	1,083,354	700,000	800,000	750,000
Member focus: Choice	Development			20,000		
	Production			200,000	30,095	30,000
	Broadcasting & distribution				2,821,500	1,300,000
Licensing, usage & support services (inc agency retainer fees)		555,583	845,241	566,000	537,905	550,000
TOTAL		4,554,583	4,315,335	2,608,000	4,226,500	2,662,000

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

Sunsuper

SS108QW: For each of the following categories, please provide the percentages of employees that are women, men, or who identify otherwise:

- a. all employees
- b. non-executive employees
- c. executive employees
- d. senior executive employees.

Answer:

a.

All Employees	%
Women	49.7
Men	50.2
Identify Otherwise	0.1

b.

Non Executive Employees	%
Women	50.5
Men	49.4
Identify Otherwise	0.1

c.

Executive Employees	%
Women	48.6
Men	51.4
Identify Otherwise	0

d.

Senior Executive Employees	%
Women	33.3
Men	66.7
Identify Otherwise	0

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Sunsuper

- SS109QW:** Do you have a target for the employment of:
- a. women as a share of:
 - i. all employees?
 - ii. executive employees?
 - iii. senior executive employees?
 - b. people who are gender non-binary as a share of:
 - i. all employees?
 - ii. executive employees?
 - iii. senior executive employees?

Answer:

Sunsuper has an Inclusion and Diversity Strategy and monitors inclusion and diversity (including, but not limited to gender identity). This is measured through an Inclusion Index organisational target.

Gender representation, and in particular gender pay equity, is monitored at all levels of the organisation within a framework of a minimum 40% target for women and men across different levels of the organisation.

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Sunsuper

SS110QW: Since the introduction of Superstream, which has standardised the transfer of funds, has there been:

- a. A reduction in the cost to the fund for transferring funds, and if so, by how much?
- b. A reduction in the fees charged to members reflecting any saving, and if so, by how much?

Answer:

a & b:

There was no direct reduction in costs attributable to Superstream, however, fees have reduced in other categories (including pension) since 2017. See also SS114QW(c).

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS111QW: Greenhouse gas emissions

- a. Does your fund have an internal target for your own greenhouse gas emissions footprint by:
 - i. 2030?
 - ii. 2035?
 - iii. 2040?
 - iv. 2045?
 - v. 2050?
- b. Does your fund have a target for reducing greenhouse gas emissions from investments by:
 - i. 2030?
 - ii. 2035?
 - iii. 2040?
 - iv. 2045?
 - v. 2050?
- c. Does your fund intend to divest from investments if they do not reach their greenhouse gas emissions reduction targets by:
 - i. 2030?
 - ii. 2035?
 - iii. 2040?
 - iv. 2045?
 - v. 2050?

Answer:

- a. The investment function within Sunsuper is executing a Climate Action Plan (CAP) which identifies, measures and manages investment-related climate risks and opportunities, in accordance with explicit guidance from APRA. This plan targets a net zero carbon emissions outcome by 2050.
- b. As above: we have adopted a net zero 2050 target.
- c. No, divestment is considered through financial consequences, in particular through the risk of stranded assets or energy mix disruption. Carbon emissions and/or intensity informs these considerations.

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Sunsuper

SS112QW:

The New Daily

- a. Have you ever completed a cost benefit analysis of The New Daily to your fund?
 - i. If so, when did you complete this cost benefit analysis?
 - ii. Please provide a copy of the cost benefit analysis.
- b. Have you ever completed a cost benefit analysis of The New Daily to your members?
 - i. If so, when did you complete your cost benefit analysis of the New Daily to your members?
 - ii. Please provide a copy of the cost benefit analysis.

Answer:

Sunsuper does not currently, and has never, contributed to the New Daily.

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Sunsuper

SS113QW:

Financial advisers' remuneration

- a. Are your financial advisers paid:
 - i. a base salary?
 - ii. non-salaried remuneration, including bonuses?
- b. Are your financial advisers, who are only remunerated with a base salary, eligible to provide:
 - i. personal advice?
 - ii. general advice?

Answer:

- a & b. Please refer to responses SS53QW and SS54QW previously provided to this committee.

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Sunsuper

SS114QW:

Have any technology innovations within the fund reduced the cost of operating the fund over the past decade?

If so, please outline:

- a. the technological innovations
- b. the cost saving
- c. the cost saving passed through to fees charged to members.

Answer:

a.

Project	Technological innovations
Communications and Interactions Transformation	<ul style="list-style-type: none">• Introduced a series of complex technical changes that enabled delivery of over 600,000 annual statements (in 2015) and delivery of digital communications to Member Online (MOL) and (where subscribed) to AusPost Digital Mailbox. Additionally, the Project implemented Infor Outbound Marketing. From this date, Direct Communications proceeded to develop live campaigns on the Infor tool.• Introduced automated workflows and further technology changes to remove the need for Direct Communications to manually pass files through a complex process. In essence, this deliverable automated campaigns from Infor to the point of digital delivery.
Customer Relationship Management and Workflow	<ul style="list-style-type: none">• Delivery of process automation and straight through processing (STP).• Creation of a simplified user interface based on the requirements of the user to enable delivery of exceptional service to their customers (members and employers).
Digital Authentication in Real Time	<ul style="list-style-type: none">• Create a member dashboard with personalisation• Online Authentication – password set and reset (SDA – Setup Digital Access)• Enable Email as a logon• Mobile app 2.0
Member Digital Services Transformation	<ul style="list-style-type: none">• Converting paper forms to digital format which will enable our Members to complete and submit the forms online for processing.• Implemented 3rd party identity verification via RapiID• Introduce digital lump sum withdrawal request for members and advisers.
Employer Online	<ul style="list-style-type: none">• Deliver a system to process employer contributions in an efficient manner

Project	Technological innovations
Standardised Business Reporting 2	Compliance with e-commerce practices for superannuation transacting and reporting. <ul style="list-style-type: none"> • SuperStream conformance updates for SuperMatch 2 • 9 B2B Rollover message flows • IRR inbound & outbound • IRER inbound & outbound • EPF Inbound • RTR inbound & outbound • RTOR (inbound & outbound) • G2B rollovers in for USM • SuperTick 3 • Conformant solution for, Rollovers to the ATO, Contributions from the ATO and ATO Reporting
Employer Easy	<ul style="list-style-type: none"> • Released a market ready clearing house and transition employers to new clearing house

b. The net reduction in expenses attributable to the above listed innovations has been approximately \$5.8m.

The technology innovations and related cost savings as identified in part a and b of this question have delivered benefits for our members, including a digital uplift as well as improved member and employer servicing.

These benefits helped keep weekly fees relatively flat over the last 10 years, by offsetting increases in costs as a result of investment in other areas including:

- Enhanced fraud and cyber security initiatives;
- Improved risk systems and processes;
- Increased compliance and risk management costs;
- Regulatory changes and subsequent changes to fee structures
- CPI increases to salaries and wages, and other costs

c. Weekly fees charged to our pension members have reduced from \$4 per week in FY2015 to the current fee of \$1.50 per week. This has been in part due to system improvements and automation of back of office tasks.

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Sunsuper

SS115QW:

Valuations

- a. What data is provided to valuation teams to assess the value of unlisted assets?
- b. When the fund provides data to valuation teams to assess the value of unlisted assets, does this include internal modelling of asset valuations?
- c. What assumptions are provided to valuation teams when assessing the value of unlisted assets?
- d. When valuation teams assess the value of unlisted assets, do they solely take account of past performance?
- e. When valuation teams assess the value of unlisted assets, what weighting do they take on the projected value of the market for such unlisted assets to inform their valuations?
- f. For the past decade can you please complete the below table for each unlisted asset valued under your valuation policy.

Answer:

In answering SS155QW we have defined valuation teams as the external independent valuers who provide independent valuation reports for our direct unlisted investments.

- a. Generally, our external Investment Managers provide the appropriate data to the external independent valuer, which typically includes the financial model, including forecast cash flows and projections of the balance sheet and income statement, reflecting the company's long term business plans.
- a. No, there is no internal modelling by Sunsuper.
- b. Typical assumptions which our external Investment Managers provide to external independent valuers for direct unlisted investments are included in the financial models and business plans provided and generally include volume, revenue and expense forecasts as well as economic growth and inflation forecasts.
- c. No. They provide their view of fair value for the investment based on the current market environment and projected future cashflows.
- d. As part of their valuation procedures, independent valuers will consider their view of fair value, which IFRS 13 defines as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'. To do this they will analyse the relevant industry and economic outlook, as well as the historical and future strategy of the business or property. In addition, the independent valuer will generally cross-check the primary valuation approach with a secondary approach (e.g. cross check a discounted cash flow rate approach with market comparable multiples and/or recent transactions) as well as undertake scenario and sensitivity analysis.

e.

Infrastructure

Asset	Transport 1		Transport 2		Transport 3		Transport 4		Transport 5		Transport 6	
	In-house	External	In-house	External	In-house	External	In-house	External	In-house	External	In-house	External
30 June 2011	n/a	PricewaterhouseCoopers	n/a	Ernst & Young	n/a	KPMG	n/a	n/a	n/a	n/a	n/a	KPMG
30 June 2012	n/a	PricewaterhouseCoopers	n/a	Ernst & Young	n/a	American Appraisal	n/a	n/a	n/a	n/a	n/a	American Appraisal
30 June 2013	n/a	PricewaterhouseCoopers	n/a	Ernst & Young	n/a	KPMG	n/a	n/a	n/a	KPMG	n/a	KPMG
30 June 2014	n/a	Deloitte	n/a	Ernst & Young	n/a	KPMG	n/a	n/a	n/a	KPMG	n/a	KPMG
30 June 2015	n/a	Deloitte	n/a	Ernst & Young	n/a	KPMG	n/a	KPMG	n/a	KPMG	n/a	KPMG
30 June 2016	n/a	Deloitte	n/a	PricewaterhouseCoopers	n/a	Valuer Advisor Associates	n/a	KPMG	n/a	KPMG	n/a	Valuer Advisor Associates
30 June 2017	n/a	Grant Samuel	n/a	PricewaterhouseCoopers	n/a	KPMG	n/a	KPMG	n/a	Ernst & Young	n/a	KPMG
30 June 2018	n/a	Grant Samuel	n/a	PricewaterhouseCoopers	n/a	KPMG	n/a	KPMG	n/a	Ernst & Young	n/a	KPMG
30 June 2019	n/a	Grant Samuel	n/a	Ernst & Young	n/a	KPMG	n/a	KPMG	n/a	Ernst & Young	n/a	KPMG
30 June 2020	n/a	Grant Samuel	n/a	Ernst & Young	n/a	KPMG	n/a	Deloitte	n/a	PricewaterhouseCoopers	n/a	KPMG

Infrastructure

Asset	Transport 7		Transport 8		Transport 9		Utility 1		Utility 2		Utility 3	
	In-house	External	In-house	External	In-house	External	In-house	External	In-house	External	In-house	External
30 June 2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	KPMG
30 June 2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	KPMG
30 June 2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Ernst & Young
30 June 2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Ernst & Young
30 June 2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Ernst & Young	n/a	KPMG	n/a	Ernst & Young
30 June 2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Ernst & Young	n/a	KPMG	n/a	Ernst & Young
30 June 2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	KPMG	n/a	KPMG	n/a	Ernst & Young
30 June 2018	n/a	n/a	n/a	KPMG	n/a	PricewaterhouseCoopers	n/a	KPMG	n/a	KPMG	n/a	Ernst & Young
30 June 2019	n/a	n/a	n/a	KPMG	n/a	PricewaterhouseCoopers	n/a	KPMG	n/a	KPMG	n/a	Ernst & Young
30 June 2020	n/a	Investment Manager. Reviewed by Ernst & Young	n/a	KPMG	n/a	Deloitte	n/a	Ernst & Young	n/a	BDO	n/a	Ernst & Young

Infrastructure

Asset	Utility 4		Other 1		Other 2	
	In-house	External	In-house	External	In-house	External
30 June 2011	n/a	n/a	n/a	n/a	n/a	n/a
30 June 2012	n/a	n/a	n/a	n/a	n/a	n/a
30 June 2013	n/a	n/a	n/a	n/a	n/a	n/a
30 June 2014	n/a	n/a	n/a	n/a	n/a	n/a
30 June 2015	n/a	n/a	n/a	n/a	n/a	n/a
30 June 2016	n/a	n/a	n/a	n/a	n/a	n/a
30 June 2017	n/a	n/a	n/a	n/a	n/a	n/a
30 June 2018	n/a	KPMG	n/a	Ernst & Young	n/a	n/a
30 June 2019	n/a	KPMG	n/a	Ernst & Young	n/a	n/a
30 June 2020	n/a	KPMG	n/a	KPMG	n/a	KPMG

Property

Asset	Property 1		Property 2		Property 3		Property 4		Property 5		Property 6	
	In-house	External	In-house	External	In-house	External	In-house	External	In-house	External	In-house	External
30 June 2011	n/a	Knight Frank	n/a	n/a	n/a	n/a	n/a	Colliers International	n/a	CBRE Inc.	n/a	n/a
30 June 2012	n/a	Knight Frank	n/a	n/a	n/a	n/a	n/a	Colliers International	n/a	Knight Frank	n/a	n/a
30 June 2013	n/a	Jones Lang LaSalle	n/a	n/a	n/a	n/a	n/a	CBRE Inc.	n/a	CBRE Inc.	n/a	n/a
30 June 2014	n/a	Jones Lang LaSalle	n/a	n/a	n/a	n/a	n/a	CBRE Inc.	n/a	Knight Frank	n/a	Urbis
30 June 2015	n/a	Knight Frank	n/a	n/a	n/a	n/a	n/a	Colliers International	n/a	CBRE Inc.	n/a	Urbis
30 June 2016	n/a	Knight Frank	n/a	n/a	n/a	CBRE Inc.	n/a	Knight Frank	n/a	CBRE Inc.	n/a	Jones Lang LaSalle
30 June 2017	n/a	CBRE Inc.	n/a	m3 Property	n/a	CBRE Inc.	n/a	Knight Frank	n/a	Knight Frank	n/a	Jones Lang LaSalle
30 June 2018	n/a	CBRE Inc.	n/a	m3 Property	n/a	CBRE Inc.	n/a	Jones Lang LaSalle	n/a	Knight Frank	n/a	Urbis
30 June 2019	n/a	Knight Frank	n/a	Cushman & Wakefield	n/a	CBRE Inc.	n/a	Jones Lang LaSalle	n/a	CBRE Inc.	n/a	Urbis
30 June 2020	n/a	Knight Frank	n/a	Cushman & Wakefield	n/a	CBRE Inc.	n/a	Colliers International	n/a	CBRE Inc.	n/a	Jones Lang LaSalle

Property

Alternative Strategies

Private Capital

Asset	Property 7		Property 8		Transport 1		Private Capital 1		Private Capital 2		
	Financial Year ended	In-house	External	In-house	External	In-house	External	In-house	External	In-house	External
30 June 2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Pricewaterhouse Coopers	n/a	n/a	Pricewaterhouse Coopers
30 June 2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Pricewaterhouse Coopers	n/a	n/a	Pricewaterhouse Coopers
30 June 2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Pricewaterhouse Coopers	n/a	n/a	Pricewaterhouse Coopers
30 June 2014	n/a	Grant Thornton	n/a	n/a	n/a	n/a	n/a	Ernst & Young	n/a	n/a	Pricewaterhouse Coopers
30 June 2015	n/a	Grant Thornton	n/a	n/a	n/a	n/a	n/a	Ernst & Young	n/a	n/a	Pricewaterhouse Coopers
30 June 2016	n/a	Grant Thornton	n/a	n/a	n/a	n/a	n/a	Ernst & Young	n/a	n/a	Pricewaterhouse Coopers
30 June 2017	n/a	Grant Thornton	n/a	n/a	n/a	n/a	n/a	Ernst & Young	n/a	n/a	Pricewaterhouse Coopers
30 June 2018	n/a	Ernst & Young	n/a	n/a	n/a	n/a	n/a	KPMG	n/a	n/a	Ernst & Young
30 June 2019	n/a	Ernst & Young	n/a	Completed assets by Colliers International and CBRE Inc. Developments at cost by Investment Manager	n/a	n/a	n/a	KPMG	n/a	n/a	Ernst & Young
30 June 2020	n/a	Ernst & Young	n/a	Completed assets by Colliers International and CBRE Inc. Developments at cost by Investment Manager	n/a	Ernst & Young	n/a	KPMG	n/a	n/a	Ernst & Young

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Sunsuper

SS116QW:

In the Financial Services Royal Commission documentation an 'Audit and Risk Management Committee' paper was compiled for CBUS 'Review of payments made to sponsoring organisations'

<https://financialservices.royalcommission.gov.au/public-hearings/Documents/Additional-exhibits-round-5/EXHIBIT-5.368.pdf>

Please advise how many times, over the last decade, such a paper, or equivalent, has been prepared for:

- a. your Board?
- b. Board subcommittee?
- c. executive management?

Answer:

a.– c.

Related party transactions are disclosed in the Sunsuper Superannuation Fund financial statements each year.

Additionally, Sunsuper's Brand Marketing Strategy Development Framework was approved by the Sunsuper Board in December 2018. This framework outlines the governance, delegations and controls that operate in respect to the annual brand marketing strategy, brand marketing initiatives and sponsorships, including any related party arrangements.

This framework was also subject to an internal audit review in 2019 with the report subsequently presented to Sunsuper's Audit, Compliance and Risk Management Committee.

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SUPERANNUATION SECTOR**

Sunsuper

SS117QW:

Over the past decade, how many non-disclosure agreements have you agreed to in relation to:

- a. human resources issues?
- b. sexual harassment issues?

Answer:

- a. Human Resources issues = 21.
- b. Sexual Harassment issues = 0.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS118QW:

Do you use an internal clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund?

If so:

- a. What is the name of the clearing house?
- b. Why do you use a clearing house?
- c. How much does it cost annually to use the clearing house?
- d. How much does it cost annually to each member to use the clearing house?
- e. What happens to interest accrued from funds held in the clearing house?
- f. What happens to non-interest income and/or capital gains accrued from funds held in the clearing house?

Answer:

- a. Sunsuper Clearing House
Beam Clearing House
- b. A clearing house allows employers to make a single electronic payment for superannuation contributions to all employees' super funds, reducing their administrative burden and minimising the risk of error that might disrupt payments to employee super accounts. The clearing house then distributes contributions to the employees' super funds on the employee's behalf.

Sunsuper used external clearing house services for a number of years via a fee per transaction model before developing an internal clearing house solution to support employers in a more cost-effective way.
- c. Based on the 2019/20 financial year, costs associated with running the clearing house were approximately \$1.7m. This includes, among other things, staff costs, technology support and hosting, bank fees and legal fees.
- d. The costs of the clearing house are not separately charged to the members.

Clearing house fees are a fund expense, incurred as part of general operations of the fund. Members are not charged additional fees above the administration fee for clearing house services. The Sunsuper Clearing House is offered to employers who select Sunsuper Superannuation Fund as their default fund and are enrolled for Sunsuper Employer Online.
- e. As our clearing house is internal, it is used to offset bank transaction fees, to the net benefit of members.
- f. There is no non-interest income and/or capital gains accrued.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS119QW:

Do you use an external clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund?

If so:

- a. What is the name of the clearing house?
- b. Who owns the clearing house?
- c. Why do you use an external clearing house?
- d. How much does it cost annually to use the external clearing house?
- e. How much does it cost annually to each member to use the external clearing house?
- f. What happens to non-interest income and/or capital gains accrued from funds held in the external clearing house?

Answer:

- a. Quick Super.
- b. Westpac Banking Corporation.
- c. The external clearing house offers a specific functionality that was required following a successor fund transfer (SFT) into the Sunsuper Superannuation Fund to support the clearance of employee contributions for a discrete number of employers. This is a legacy arrangement which we intend on unwinding.
- d. Approximately \$15,000 p.a. (noting the use of this is limited to a small number of employers).
- e. Clearing house fees are a fund expense, incurred as part of general operations of the fund. Members are not charged additional fees above the administration fee for clearing house services.
- f. Sunsuper has no insight as to the application of any revenue derived by the clearinghouse provider, Westpac.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS120QW:

If you use an internal clearing house please outline when money is received into the clearing house:

- a. On average, how long does it stay in the clearing house before it:
 - i. is allocated to a member's account and/or fund?
 - ii. is allocated to purchase units for a member's account and/or fund?
 - iii. appears in a member's account and/or fund statement and/or online record?
- b. What is the longest time that it has stayed in the clearing house before it:
 - i. is allocated to a member's account and/or fund?
 - ii. is allocated to purchase units for a member's account and/or fund?
 - iii. appears in a member's account and/or fund statement and/or online record?
- c. What is the shortest time that it has stayed in the clearing house before it:
 - i. is allocated to a member's account and/or fund?
 - ii. is allocated to purchase units for a member's account and/or fund?
 - iii. appears in a member's account and/or fund statement and/or online record?
- d. For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
 - i. the individual member's account and/or fund?
 - ii. a different account and/or fund? If so, what is its name?
- e. For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
 - i. the individual member's account and/or fund?
 - ii. a different account and/or fund? If so, what is its name?

Answer:

- a.
 - i. Once funds are cleared, the majority of transactions are completed on a straight through processing (STP) basis and are remitted to the relevant superannuation fund. For the 2019/20 financial year, the average time a contribution stayed in the clearing house before allocation to the super fund was 2.52 days.
 - ii. It is the responsibility of the particular superannuation fund to whom the contribution is sent to allocate contributions to member accounts.
Where contributions cleared to external funds, Sunsuper does not have visibility to the timing of the allocation to member accounts.

Where contributions are to be allocated to a Sunsuper member account, the monies are generally allocated to purchase units on the day of receipt or the next business day (if the cut-off time for that day has passed).

- iii. Refer response at (a)(i). Transactions are detailed in member annual statements which are issued each year. Within Sunsuper, all members can activate an online account where they can login and view transactions at any time. Once funds are received, on average it takes 2 business days for the contribution to be visible on the members account applied at a unit price applicable on the date funds were received.

b.

- i. Once funds are cleared, the majority of transactions are completed on a straight through processing (STP) model and are remitted to the relevant superannuation fund.

Monies that are not subject to STP are 'unmatched' and are subject to manual review and investigation to clarify completeness and accuracy of data.

The majority of data errors arise from payment files not containing complete and accurate employee information, contribution information or from contribution amounts not matching the amount sent by the employer to the clearing house.

The clearing house has 20 business days to investigate and return funds.

In FY2019/20, there were 3,148 instances of unmatched contributions. All instances were resolved within the 20-day period, with 2,383 (over 75%) being resolved on the first day.

It is the responsibility of the particular superannuation fund to whom the contribution is sent to allocate monies to the member's account.

- i. Refer response SS120QW(a)(ii).

- ii. Refer response SS120QW(a)(iii).

c.

- i. Refer response SS120QW (b)(i).

- ii. Refer response SS120QW (a)(ii).

- iii. Refer SS120QW (a)(iii).

d.

- i. No.

- ii. Interest accrued from holding funds in the clearing house is allocated to Precision Administration Services Pty Limited, the operator of the clearing house, and is applied as an operating offset against bank transaction fees.

e.

- i. & ii. There is no non-interest income and/or capital gains accrued from holding funds in the clearing house.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Sunsuper

SS121QW:

If you use an external clearing house please outline when money is received into the clearing house:

- a. On average, how long does it stay in the clearing house before it:
 - i. is allocated to a member's account and/or fund?
 - ii. is allocated to purchase units for a member's account and/or fund?
 - iii. appears in a member's account and/or fund statement and/or online record?
- b. What is the longest time that it has stayed in the clearing house before it:
 - i. is allocated to a member's account and/or fund?
 - ii. is allocated to purchase units for a member's account and/or fund?
 - iii. appears in a member's account and/or fund statement and/or online record?
- c. What is the shortest time that it has stayed in the clearing house before it:
 - i. is allocated to a member's account and/or fund?
 - ii. is allocated to purchase units for a member's account and/or fund?
 - iii. appears in a member's account and/or fund statement and/or online record?
- d. For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
 - i. the individual member's account and/or fund?
 - ii. a different account and/or fund? If so, what is its name?
- e. For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
 - i. the individual member's account and/or fund?
 - ii. a different account and/or fund? If so, what is its name?

Answer:

- a.
 - i. Sunsuper does not have access to this information for external clearing houses. Clearing houses have varying times in which they allocate employer contributions to superannuation funds.
 - ii. Refer response for SS120(a)(ii) for how Sunsuper actions contributions once received from a clearing house.

- iii. For allocations to the member's account, this is the responsibility of the particular superannuation fund to whom the contribution is sent.

Sunsuper treats all contributions the same, regardless of whether they are received from an external clearing house or Sunsuper's internal clearing house.

b.

- i. Sunsuper does not have access to this information from external clearing houses.
- ii. Refer response for SS120(a)(ii) for how Sunsuper actions contributions once received from a clearing house.
- iii. For allocations to the member's account, this is the responsibility of the particular superannuation fund to whom the contribution is sent.

Sunsuper treats all contributions the same, regardless of whether they are received from an external clearing house or Sunsuper's internal clearing house.

c.

- i. Sunsuper does not have access to this information from external clearing houses.
- ii. Refer response for SS120(a)(ii) for how Sunsuper actions contributions once received from the clearing house.
- iii. For allocations to the member's account, this is the responsibility of the particular superannuation fund to whom the contribution is sent.

Sunsuper treats all contributions the same, regardless of whether they are received from an external clearing house or Sunsuper's internal clearing house.

d.

- i. No.
- ii. Any interest revenue is retained by the clearing house operator.

e.

- i. No.
- ii. Sunsuper does not have access to this information.