

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU01QW:**

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:**

The Fund has not conducted member briefings over the past five years by Fund managers, executives or directors.

Member Service consultants and other Fund staff conduct member briefings from time to time largely at work sites.

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**TWUSUPER**

**TWU02QW:**

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

**Answer:**

TWUSUPER has not received any ASIC fines or infringement notices in the last 5 years.

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**TWUSUPER**

**TWU03QW:**

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

**Answer:**

The external auditors of TWUSUPER for the past 5 (financial) years are as follows:

- Financial years ended 30 June 2018 - 2019: Luke Slater, Partner, Ernst and Young
- Financial years ended 30 June 2015 - 2017: Maree Pallisco, Partner, Ernst and Young

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU04QW:

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:

Investment Type	Measure	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
Listed	\$ (m)	\$2,967.98	\$3,055.06	\$3,554.55	\$3,841.25	\$4,035.33
Unlisted	\$ (m)	\$1,244.07	\$1,332.25	\$1,421.60	\$1,600.95	\$1,721.34
<b>Total</b>	<b>\$ (m)</b>	<b>\$4,212.05</b>	<b>\$4,387.31</b>	<b>\$4,976.15</b>	<b>\$5,442.20</b>	<b>\$5,756.67</b>
Listed	%	70.5%	69.6%	71.4%	70.6%	70.1%
Unlisted	%	29.5%	30.4%	28.6%	29.4%	29.9%
<b>Total</b>	<b>%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

We have defined Listed Assets to be cash, fixed interest, listed equities and the cash margin deposits of our overlay manager.

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

TWUSUPER

TWU05QW:

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:

Investment Type	Measure	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
Listed	\$ (m)	\$240.15	\$29.31	\$389.58	\$295.42	\$168.42
Unlisted	\$ (m)	\$117.02	\$81.14	\$135.19	\$117.18	\$107.14
<b>Total</b>	<b>\$ (m)</b>	<b>\$357.17</b>	<b>\$110.45</b>	<b>\$524.77</b>	<b>\$412.60</b>	<b>\$275.56</b>
Listed	%	7.07%	0.82%	9.52%	6.58%	3.49%
Unlisted	%	3.45%	2.27%	3.30%	2.61%	2.22%
<b>Total</b>	<b>%</b>	<b>10.53%</b>	<b>3.09%</b>	<b>12.81%</b>	<b>9.19%</b>	<b>5.71%</b>

Note: Investment returns are net of investment fees and gross of tax.

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**TWUSUPER**

**TWU06QW:**

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:**

TWUSUPER's Valuation of Investments Policy is attached as TWU06.1QW.

# **Valuation of Investments Policy**

TWU Nominees Pty Ltd, ABN 67 002 835 412

as trustee of

TWU Superannuation Fund, ABN 77 343 563 307

8<sup>th</sup> October 2018

## Document Control Index

Description	Creation Date	Document Responsibility
Valuation of Investments Policy	5 <sup>th</sup> February 2009	Chief Investment Officer

Revision	Reason for amendment	Date approved by Trustee
1	Expanded to include new APRA issues.	1 <sup>st</sup> October 2009
2	Cosmetic changes only.	4 <sup>th</sup> October 2012
3	Cosmetic changes only.	26 <sup>th</sup> September 2013
4	Cosmetic changes only.	9 <sup>th</sup> October 2014
5	Cosmetic changes only.	8 <sup>th</sup> October 2015
6	Changes to review frequency and treatment of realisation costs resulting from AASB 1056.	22 <sup>nd</sup> September 2016
7	Biannual review. Cosmetic changes only.	8 <sup>th</sup> October 2018 Approved internally due to minor changes only.



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# 1

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## Introduction

### 1.1. Purpose & Background

This policy outlines the various methodologies used in valuing the assets of TWUSUPER.

Approximately 99.4% of the Fund's assets are managed externally by professional investment managers. The only assets currently held directly by TWUSUPER are private equity investments totalling approximately \$30.5m in Members Equity Bank Pty Ltd (ME Bank) and Industry Super Holdings Pty Ltd (ISH).

TWUSUPER recognises the need to have robust valuation methods in place and is aware of the potential effects that the use of incorrect asset valuations can have on its members.

Valuation risk is explicitly recognised in the Trustee's Risk Management Program as an issue which needs to be addressed on an ongoing basis. The Trustee has delegated responsibility for the oversight of the valuation process to the Investment Committee.

The Fund's valuation process differs according to the type of investment, i.e. whether it is listed, unlisted, directly held or invested within a discrete mandate or a pooled investment vehicle.

For externally managed assets, TWUSUPER relies heavily on the valuations provided by the investment managers' custodian or administrator. For internally managed assets, such as the investment in Industry Super Holdings, an independent valuation is sought at least annually from a valuer specialised in the relevant asset class.

Where the Trustee is concerned with the valuation of an unlisted investment, an independent valuation will be sought from a suitably qualified valuation specialist.

### 1.2. Scope

This policy applies to the Fund's entire portfolio.

### 1.3. Responsibility

The Chief Investment Officer (CIO) is responsible for the implementation of this policy.

### 1.4. Approval and Review

This policy is reviewed by the Investment Committee and approved by the Trustee Board of Directors. It is reviewed at least bi-annually or more frequently as may be required from time to time.

# 2

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## Valuation of Investments

### 2.1. Overview

TWUSUPER's valuation process differs according to the type of investment, i.e. whether it is listed, unlisted, directly held or invested within a discrete mandate or a pooled investment vehicle:

- For listed investments held within discrete mandates, valuations are undertaken daily by the Fund's custodian. Typically, the last sale price is used.
- For all other investments, the Trustee adopts the latest valuations supplied by the investment managers' custodian or administrator. This valuation may be determined on a daily, weekly, monthly, quarterly or less frequent basis depending upon the nature of the actual investment.
- For all unitised investments, the Fund's custodian undertakes a tolerance check on the movement in unit prices each time unit prices are updated to ensure that the unit price has moved within the tolerance bands maintained for each asset type.
- The Fund's custodian also carries out tolerance checks at the asset class level to ensure that collective portfolios of investments are not deviating excessively from the relevant benchmark.
- Currently TWUSUPER has two directly held assets, namely private equity investments totalling approximately \$30.5m in ME Bank and ISH. For these investments and for any other internally managed investments, an independent valuation will be sought at least annually from a valuer specialised in the relevant asset class.
- Historically, realisation costs were taken into account in valuing the Fund's directly held assets (predominantly listed equities). However, from 1 July 2016 TWUSUPER has adopted the new AASB 1056 accounting standard which requires investments to be valued at 'fair value'.
- Unlisted unit trusts are valued at their redemption price.

## 2.2. Unlisted Assets

### 2.2.1 *Exposure*

TWUSUPER currently invests in a combination of unlisted assets and unlisted funds within the following asset classes:

Asset Class	Type of unlisted asset
Cash	Unlisted funds
Absolute Return	Unlisted funds
Australian Fixed Interest	Unlisted funds
Overseas Fixed Interest	Unlisted funds
Infrastructure	Unlisted funds
Unlisted Equity	Unlisted funds and assets
Overseas Equities	Unlisted funds
Property	Unlisted funds

TWUSUPER expects that the valuation policies applied to its various unlisted funds will be consistent with its own approach to ensuring the relevant application of accounting standards, regulatory requirements and industry best practice.

The CIO collects the latest copy of each manager's valuation policy on an annual basis and has confirmed that the policies are appropriate. The CIO will maintain up-to-date copies of the managers' valuation policies.

### 2.2.2 *Portfolio Construction Considerations*

First and foremost, TWUSUPER seeks to invest in quality assets which will support its long term investment objectives.

Where an unlisted asset presents a strong investment case, it will be considered for inclusion. TWUSUPER's assessment will take into account expected returns, associated risks, valuation frequency, liquidity and how the individual characteristics of an asset will integrate at the asset class, option and fund level.

Investing in unlisted assets provides diversification benefits away from the systemic risk associated with listed investments. Listed and unlisted investment vehicles may differ materially in terms of the level of gearing and related-party structures. Such issues are considered prior to investment as they are fundamental to the potential return and risk profile of the asset being considered.

### 2.2.3 *Indirect Unlisted Investments*

TWUSUPER will establish, as part of its due diligence, that the valuation policy of the fund under consideration incorporates the principles laid down by applicable accounting standards, regulatory requirements and industry best practice.

To the extent it is able to do so, TWUSUPER will seek to facilitate the timing of valuations throughout the financial year so as to avoid a concentration of valuations on any one date. TWUSUPER will also, to the extent possible, seek to ensure that financial year-end valuations are incorporated into unit prices for the relevant year.

The valuation policy of indirect funds in which TWUSUPER invests is to provide for at least annual valuations. However, to provide for member equity, TWUSUPER believes that best practice is quarterly valuations for indirect property investments. Whilst this would also be desirable for infrastructure investments, it is acknowledged

that the complexity of these investments and consequent cost considerations may make quarterly valuations impractical.

For unlisted funds where the underlying investments are listed, for example those held within the Cash and Fixed Interest asset classes, TWUSUPER prefers to hold investments which are revalued on at least a monthly basis.

TWUSUPER may take the latest valuation adopted by the unlisted fund's custodian or administrator as guidance to determine an appropriate value for the subject asset. Such valuation may be determined on a weekly, monthly, quarterly or less frequent basis, depending upon the actual investment.

For the purposes of incorporating valuations of indirect unlisted investments in TWUSUPER's unit prices, all valuations are as at close of business on the date at which the assets and liabilities of the Fund are valued. In the event that there is no updated valuation available on this date, either the best estimate of an updated valuation is used, or the last available price is used, i.e. the stale price. This practice is considered acceptable as it uses the latest available valuation, and there is no generally accepted method for indexation of the returns of the particular unlisted funds involved between the receipt of formal valuations.

TWUSUPER may also take into account other relevant factors as deemed fit in determining the value of the asset for reporting purposes (refer to Section 2.2.4).

#### **2.2.4 Adjustments to Valuations**

In the event that the Trustee is concerned with the valuation of a particular unlisted investment because:

- It has been provided with information that it considers could reasonably result in a material change in the valuation of an unlisted investment, and
- there is available to the Trustee information that can reasonably be used as the basis for an alternate valuation, or
- there is an alternate valuation that the Trustee considers more accurately reflects the value of the investment,

the Trustee may, but is not bound to, instruct the Fund's custodian to make a change to the latest valuation for that investment (regardless of the valuation adopted by the investment manager). Any such change will be incorporated in the calculation of unit prices.

The above does not apply to particular information in the following circumstances:

1. A reasonable person will not expect the information to be acted on.
2. One or more of the following apply:
  - a) it would be a breach of law to use the information;
  - b) the information concerns an incomplete proposal and negotiation;
  - c) the information comprises matters of supposition or is insufficiently definite to warrant its use;
  - d) the information is generated for the internal management purposes of the Trustee; or
  - e) the information is a trade secret and its use would damage that trade secret.

# 3

## Oversight

### 3.1 Roles and Responsibilities

Ultimate responsibility for the valuation policies of the Fund remains with the Trustee. However, various aspects of managing and monitoring TWUSUPER's investments in unlisted assets are carried out by different parties as shown in the following table:

Action	Roles
Appointment and rotation of external valuers for directly held assets.	<ul style="list-style-type: none"> <li>Investment Committee makes a recommendation to the Trustee to appoint.</li> </ul>
Ensuring valuation procedures and frequencies are acceptable prior to initial investment into an unlisted fund.	<ul style="list-style-type: none"> <li>Considered as part of due diligence undertaken by the Fund's Asset Consultant.</li> <li>Investment Committee considers characteristics of each potential investment prior to seeking approval of the Trustee to appoint.</li> </ul>
Monitoring of valuations of unlisted assets in the context of market movements.	<ul style="list-style-type: none"> <li>Monitored by Investment Committee having regard to information provided by the Fund's Asset Consultant, TWUSUPER Management, investment managers or via publically accessible sources such as media reports. Refer Section 3.2 for further detail.</li> </ul>

### 3.2 Monitoring

Listed below are the ways in which TWUSUPER's Investment Committee is able to monitor the valuations of its various unlisted assets:

- TWUSUPER's Asset Consultant presents quarterly performance reports to the Investment Committee for review. The Report discusses performance of various segments of investment markets, benchmarks and individual assets;
- The Investment Committee (and the Trustee) receives regular presentations that review the performance of specific investments and overall investment market conditions; and
- In the case of any of the unlisted funds, TWUSUPER may take into account any information that is presented to it that it considers relevant in determining whether or not there has been a material change to the valuation of an asset.

Such information may be presented by any of its investment managers, TWUSUPER Management, or the Fund's Asset Consultant, or any information which it becomes aware of through other sources that it considers relevant and which may assist it in determining an appropriate valuation.

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**TWUSUPER**

**TWU07QW:**

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:**

There are no individual assets currently held at a value other than available listed market prices wholly owned by the Fund or Funds under our control.

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**TWUSUPER**

**TWU08QW:**

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:**

TWUSUPER is a minority shareholder in Industry Super Holdings P/L and ME Bank and does not undertake a valuation of any asset they hold.



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**TWUSUPER**

**TWU09QW:**

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:**

The Fund has not utilised temporary or permanent corporate venue hire (including corporate boxes), including additional non-hire costs such as catering, at sporting venues over the past five years.

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#### TWUSUPER

#### TWU10QW:

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

#### Answer:

#### Context for sponsorship programs

The Fund's sponsorship programs are part of the Workplace Distribution Model and should be viewed from the context of supporting the distribution reach of the Fund.

People who work in transport industry, are often time-poor, have lower levels of time, financial literacy and issues of general literacy. Superannuation is complex, so helping people understand and complete forms for issues such as financial hardship, changing insurance or helping with multiple accounts is a real challenge.

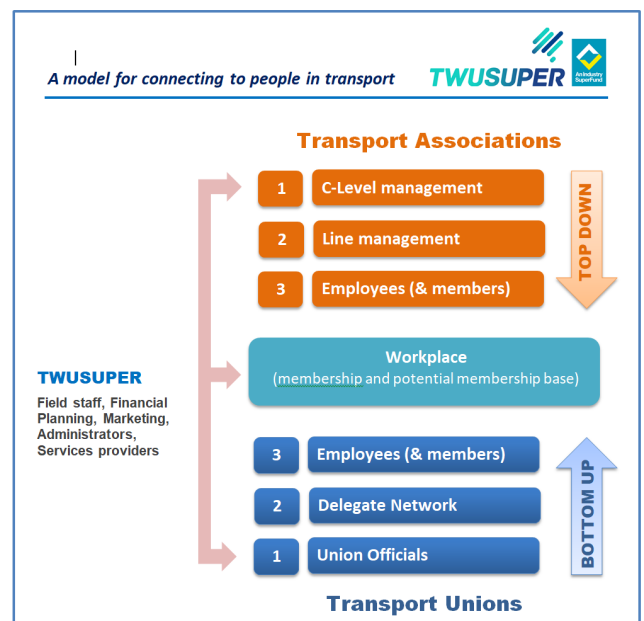
In order to reach people working in the transport industry, the Fund employs a sponsorship program that is open to any legitimate transport body that can show that their program will provide an audience and can present a business case for evaluation in-line with the Fund's strategy.

The basis of the distribution strategy is the Workplace Distribution Model, which defines the audience and reach in a 'top down' and 'bottom-up' model.

Sponsorship programs are linked to the core strategy and are aimed to contribute to distribute and reach for the purposes of:

- Top-down: helping businesses understand and manage their super obligations, as well as helping to arrange workplace education or other assistance.
- Bottom-up: Helping individuals understand superannuation and how that can help them build a better future with less financial uncertainty and worry.

Most of the programs are concerned with events which enable the Fund to reach and speak to large numbers of people either (employer/ businesses) or members/ potential members.



Sponsorships are evaluated across a range of measures including the audience, quality of the business case, and nature of the program.

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#### TWUSUPER

#### TWU11QW:

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:

TWUSUPER utilises advertising to attract, retain and inform its members.

- a) The fund seeks tenders for advertising and member communication services every few years. Creative Works; Green Scribble; Transform Communications and Creative Pitch have tendered to provide services.
- b) The Creative Works and Green Scribble.
- c) The communications campaigns have been integrated into member communication costs and are not recorded separately. Payments made to individual suppliers are commercial in confidence.
- d) See c)
- e) The Fund has not utilised television or radio broadcasting over the past five years.
- f) The Fund regularly assesses the effectiveness and benefit to members of its activities. Including the annual commission of an external review of the effectiveness of its advertising, communications, service delivery and other key indicators, a report that is subsequently considered at a committee and Board level.

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**TWUSUPER**

**TWU12QW:**

Over the last five financial years:

- a. What is the total budget for all costs associated with the fund?
- b. What were the total assets under management?
- c. What are the total number of employees?
- d. What are the total number of contractors?
- e. What are the total number of externally hired contracts, and their value?

**Answer:**

a.	2018/19		\$28M
	2017/18		\$28M
	2016/17		\$27M
	2015/16		\$26M
	2014/15		\$26M
b.	2018/19		\$5.7B
	2017/18		\$5.4B
	2016/17		\$5.0B
	2015/16		\$4.4B
	2014/15		\$4.2B
c.	2018/19		32 employees
	2017/18		34 employees
	2016/17		33 employees
	2015/16		34 employees
	2014/15		36 employees
d.	2018/19		4 maximum term employees
	2017/18		4 maximum term employees
	2016/17		4 maximum term employees
	2015/16		0 maximum term employees
	2014/15		2 maximum term employees
e.	2018/19	2 contracts	\$91K
	2017/18	3 contracts	\$19K
	2016/17	0 contracts	\$0
	2015/16	2 contracts	\$23K
	2014/15	0 contracts	\$0

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**TWUSUPER**

**TWU13QW:**

Over the last five financial years:

- a. What is the total number of member accounts?
- b. What is the total increase in the number of members as a result of the fund's default status?
- c. What is the total increase in the number of members through voluntary adoption or switching?
- d. What was the average member balance?
- e. 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?
- f. What was the total number of inactive accounts? (Please use the APRA definition: no contributions for two years)

**Answer:**

**a.**

Year	Total Number of Member Accounts
30/06/2015	122,341
30/06/2016	121,851
30/06/2017	124,803
30/06/2018	122,406
30/06/2019	108,165

- b. The Fund does not record the inflow of new members as a result of the Fund's default status.
- c. The Fund does not record the inflow of new members through voluntary adoption or switching.
- d.

Year	Average Member Balance
30/06/2015	\$33,950
30/06/2016	\$35,488
30/06/2017	\$39,059
30/06/2018	\$43,638
30/06/2019	\$52,042

**e.**

Year	Average dollar amount deducted in insurance fees* per insured member, across all fund products <b>in dollar terms</b>
30/06/2015	\$499
30/06/2016	\$501
30/06/2017	\$520
30/06/2018	\$396
30/06/2019	\$415

*\*Insurance fees includes cover for Death, TPD and Income Protection*

Year	Average dollar amount deducted in insurance fees* per insured member across all fund products <b>as a share of a member account</b>
30/06/2015	1.47%
30/06/2016	1.41%
30/06/2017	1.33%
30/06/2018	0.91%
30/06/2019	0.80%

*\*Insurance fees includes cover for Death, TPD and Income Protection*

f.

Year	Inactive accounts
30/06/2015	34,074
30/06/2016	33,220
30/06/2017	32,126
30/06/2018	28,583
30/06/2019	19,591

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**TWUSUPER**

**TWU14QW:**

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

**Answer:**

	Net Returns		
	1 YR	5 YR p.a.	10 YR p.a.
<b>Balanced (MySuper) Option</b>	<b>5.19%</b>	<b>7.42%</b>	<b>8.49%</b>



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#### TWUSUPER

#### TWU15QW:

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:

a-f) Administration fees are included in regular APRA reporting. The fund data for the period can be found in the Annual Fund Level Statistics Back series data Table 6. The link is attached.

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

The Fund's current fee arrangements can be found in its PDS.

<https://www.twusuper.com.au/forms-and-resources/product-disclosure/>

g) nil

h) nil

i) 38 in 2019

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**TWUSUPER**

**TWU16QW:**

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

**Answer:**

TWUSUPER has not received any statutory fines over the past five years.

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**TWUSUPER**

**TWU17QW:**

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:**

- a. Nil. The Fund is required to action all valid rollover requests within 3 days. It would only be in cases where the member's request is invalid that a rollover payment would not be made. In such cases, the Fund would seek to follow-up the required information from the member to facilitate the rollover.

b.

Year	Average dollar value of a rollover
30/06/2015	\$24,644
30/06/2016	\$23,757
30/06/2017	\$24,299
30/06/2018	\$22,920
30/06/2019	\$11,765

- c. Nil.

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INSTITUTIONS SUPERANNUATION SECTOR**

**TWUSUPER**

**TWU18QW:**

- 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:**

- a. No
- b. Not applicable
- c. The total value of tax rebates received from the ATO on insurance premiums was \$5.7M which was refunded to members' accounts.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU19QW:**

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:**

None.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU20QW:**

- 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:**

- a. 771 accounts were transferred to the ATO in October 2019.
- b. We have estimated that between \$13M - \$15M is expected to be paid to the ATO resulting from Protecting Your Super legislation in April 2020. No estimates / forward projections have been determined for October 2020 and beyond.
- c. 9,621 accounts were transferred to an eligible rollover fund in the 2019 financial year.
- d. \$12.2M was transferred to an eligible rollover fund as part of transfer described in c. above.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU21QW:**

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:**

The Fund has not made any donations to ACTU member Connect.

Total amount paid for bundled services provided by ACTU Member Connect which included events, advertising, booth displays, conferences and training totalled \$171K over the past five years.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU22QW:**

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:**

From time to time the Fund engages external consultants to provide communication and media services. These include Horton Advisory and Public Relations Exchange. The Fund is also a member of Association of Superannuation Funds of Australia (ASFA), Australian Institute of Superannuation Trustees (AIST), Industry Super Australia (ISA) and Women In Super (WIS). Membership of these organisations enables TWUSUPER to be informed of legislative, regulatory and other developments and to ensure its member's interests are protected. Costs incurred are commercial in confidence.



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU23QW:**

- 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. The Fund obtains the services in a bundled arrangement with other external entities like; Association of Superannuation Funds of Australia (ASFA), Australian Institute of Superannuation Trustees (AIST), Industry Super Australia (ISA) and Women In Super (WIS); who provide services like policy, training, advocacy, etc. These costs are commercial in confidence and are not recorded as separate line items.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU24QW:**

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:**

We do not hold any buildings directly.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU25QW:**

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

**Answer:**

- a. JANA Investment Advisors (Investment Advisor) and BNP Paribas Securities Services (Asset Custodian).
- b. The table below sets out the Fund's fee structure per member by product as disclosed in the Product Disclosure Statement (PDS).

Year	Portfolios	Direct Investment Charges				Indirect Investment Charge	Total Investment Charge
		Investment Fee	Investment Related Internal costs	Performance Fee	Total Direct Investment Charge from Price	ICR	
YE19	Balanced - Pension	0.11%	0.02%	0.00%	0.13%	0.92%	1.05%
YE19	Balanced - Super	0.11%	0.02%	0.00%	0.13%	0.92%	1.05%
YE19	Cash Plus - Pension	0.00%	0.02%	0.00%	0.02%	0.07%	0.09%
YE19	Cash Plus - Super	0.00%	0.02%	0.00%	0.02%	0.07%	0.09%
YE19	Equity Plus - Pension	0.13%	0.02%	0.00%	0.15%	0.69%	0.84%
YE19	Equity Plus - Super	0.13%	0.02%	0.00%	0.15%	0.69%	0.84%

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU26QW:**

**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:**

- ☐ TWUSUPER's Board has a total of nine (9) full directors comprising four (4) employee directors,☐ four (4) employer directors and one Independent Chair. There are currently four alternate board☐ members.
- ☐ The Fund does not pay directors a salary but reimburse the director's respective employers. For☐ financial year ending 30 June 2019, the total paid for all directors including the Chair and☐ alternate directors was \$644,400.
- ☐ For financial year ending 30 June 2019, the average paid for all trustee board members,☐including alternate directors, was \$49,569.
- ☐ No.
- ☐ For financial year ending 30 June 2019, the amount paid for the Trustee Board Chair was \$284,400.
- ☐☐ The average length of service of all of TWUSUPER's trustee board members as at 31 December☐ 2019 is 5.8 years.
- ☐☐ TWUSUPER's longest serving trustee board member's length of service is 19 years.
- ☐ Yes. TWUSUPER Board members are asked at the start of each Board and Committee meeting☐ to declare any actual or potential conflicts of interest.
  - i. The conflict of interest policy for TWUSUPER's trustee directors is publicly available on the☐ Fund's website – link provided below:  
[TWUSUPER's Conflict of Interest Policy](#)☐
- ☐☐ The Fund has a Diversity and Inclusion Policy which includes gender diversity.
- ☐☐ There is currently 1 female board member which is equal to 11% female representation on the☐ board and believe this is representative given the current female fund membership is☐ approximately 10% of the total membership.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU27QW:**

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:**

TWUSUPER does not speculate on the outcome of legal actions, but if and when the action referred to is concluded we will assess its implications for the Trustee and the Fund.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU28QW:**

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:**

- (a.) \* For illustrative purposes in financial years ended 2015, 2016 and 2017 the Fund did not separately disclose investment fees in the worked examples of annual costs based on member account balance of \$50,000. Rather Investment costs were part of indirect costs.

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		* a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/15	Balanced - Pension	\$ -	\$ 78.00	\$ 64.20	\$ -	\$ 142.20	\$ -	\$ 78.00	\$ 535.00	\$ -	\$ 613.00	\$ -	\$ 78.00	\$ 1,605.00	\$ -	\$ 1,683.00
YE 30/6/15	Balanced - Super	\$ -	\$ 78.00	\$ 64.20	\$ -	\$ 142.20	\$ -	\$ 78.00	\$ 535.00	\$ -	\$ 613.00	\$ -	\$ 78.00	\$ 1,605.00	\$ -	\$ 1,683.00
YE 30/6/15	Cash Plus - Pension	\$ -	\$ 78.00	\$ 27.60	\$ -	\$ 105.60	\$ -	\$ 78.00	\$ 230.00	\$ -	\$ 308.00	\$ -	\$ 78.00	\$ 690.00	\$ -	\$ 768.00
YE 30/6/15	Cash Plus - Super	\$ -	\$ 78.00	\$ 27.60	\$ -	\$ 105.60	\$ -	\$ 78.00	\$ 230.00	\$ -	\$ 308.00	\$ -	\$ 78.00	\$ 690.00	\$ -	\$ 768.00
YE 30/6/15	Equity Plus - Pension	\$ -	\$ 78.00	\$ 63.60	\$ -	\$ 141.60	\$ -	\$ 78.00	\$ 530.00	\$ -	\$ 608.00	\$ -	\$ 78.00	\$ 1,590.00	\$ -	\$ 1,668.00
YE 30/6/15	Equity Plus - Super	\$ -	\$ 78.00	\$ 63.60	\$ -	\$ 141.60	\$ -	\$ 78.00	\$ 530.00	\$ -	\$ 608.00	\$ -	\$ 78.00	\$ 1,590.00	\$ -	\$ 1,668.00

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		* a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/16	Balanced - Pension	\$ -	\$ 78.00	\$ 65.40	\$ -	\$ 143.40	\$ -	\$ 78.00	\$ 545.00	\$ -	\$ 623.00	\$ -	\$ 78.00	\$ 1,635.00	\$ -	\$ 1,713.00
YE 30/6/16	Balanced - Super	\$ -	\$ 78.00	\$ 65.40	\$ -	\$ 143.40	\$ -	\$ 78.00	\$ 545.00	\$ -	\$ 623.00	\$ -	\$ 78.00	\$ 1,635.00	\$ -	\$ 1,713.00
YE 30/6/16	Cash Plus - Pension	\$ -	\$ 78.00	\$ 25.80	\$ -	\$ 103.80	\$ -	\$ 78.00	\$ 215.00	\$ -	\$ 293.00	\$ -	\$ 78.00	\$ 645.00	\$ -	\$ 723.00
YE 30/6/16	Cash Plus - Super	\$ -	\$ 78.00	\$ 25.80	\$ -	\$ 103.80	\$ -	\$ 78.00	\$ 215.00	\$ -	\$ 293.00	\$ -	\$ 78.00	\$ 645.00	\$ -	\$ 723.00
YE 30/6/16	Equity Plus - Pension	\$ -	\$ 78.00	\$ 66.00	\$ -	\$ 144.00	\$ -	\$ 78.00	\$ 550.00	\$ -	\$ 628.00	\$ -	\$ 78.00	\$ 1,650.00	\$ -	\$ 1,728.00
YE 30/6/16	Equity Plus - Super	\$ -	\$ 78.00	\$ 66.00	\$ -	\$ 144.00	\$ -	\$ 78.00	\$ 550.00	\$ -	\$ 628.00	\$ -	\$ 78.00	\$ 1,650.00	\$ -	\$ 1,728.00

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		* a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/17	Balanced - Pension	\$ -	\$ 78.00	\$ 65.00	\$ -	\$ 143.00	\$ -	\$ 78.00	\$ 541.70	\$ -	\$ 619.70	\$ -	\$ 78.00	\$ 1,625.10	\$ -	\$ 1,703.10
YE 30/6/17	Balanced - Super	\$ -	\$ 78.00	\$ 65.00	\$ -	\$ 143.00	\$ -	\$ 78.00	\$ 541.70	\$ -	\$ 619.70	\$ -	\$ 78.00	\$ 1,625.10	\$ -	\$ 1,703.10
YE 30/6/17	Cash Plus - Pension	\$ -	\$ 78.00	\$ 25.40	\$ -	\$ 103.40	\$ -	\$ 78.00	\$ 211.70	\$ -	\$ 289.70	\$ -	\$ 78.00	\$ 635.10	\$ -	\$ 713.10
YE 30/6/17	Cash Plus - Super	\$ -	\$ 78.00	\$ 25.40	\$ -	\$ 103.40	\$ -	\$ 78.00	\$ 211.70	\$ -	\$ 289.70	\$ -	\$ 78.00	\$ 635.10	\$ -	\$ 713.10
YE 30/6/17	Equity Plus - Pension	\$ -	\$ 78.00	\$ 65.60	\$ -	\$ 143.60	\$ -	\$ 78.00	\$ 546.70	\$ -	\$ 624.70	\$ -	\$ 78.00	\$ 1,640.10	\$ -	\$ 1,718.10
YE 30/6/17	Equity Plus - Super	\$ -	\$ 78.00	\$ 65.60	\$ -	\$ 143.60	\$ -	\$ 78.00	\$ 546.70	\$ -	\$ 624.70	\$ -	\$ 78.00	\$ 1,640.10	\$ -	\$ 1,718.10

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/18	Balanced - Pension	\$ 7.21	\$ 92.86	\$ 53.39	\$ -	\$ 153.46	\$ 60.05	\$ 201.86	\$ 444.92	\$ -	\$ 706.84	\$ 180.16	\$ 449.59	\$ 1,334.75	\$ -	\$ 1,964.51
YE 30/6/18	Balanced - Super	\$ 7.21	\$ 92.86	\$ 53.39	\$ -	\$ 153.46	\$ 60.05	\$ 201.86	\$ 444.92	\$ -	\$ 706.84	\$ 180.16	\$ 449.59	\$ 1,334.75	\$ -	\$ 1,964.51
YE 30/6/18	Cash Plus - Pension	\$ 0.90	\$ 92.86	\$ 9.74	\$ -	\$ 103.50	\$ 7.51	\$ 201.86	\$ 81.14	\$ -	\$ 290.51	\$ 22.52	\$ 449.59	\$ 243.41	\$ -	\$ 715.52
YE 30/6/18	Cash Plus - Super	\$ 0.90	\$ 92.86	\$ 9.74	\$ -	\$ 103.50	\$ 7.51	\$ 201.86	\$ 81.14	\$ -	\$ 290.51	\$ 22.52	\$ 449.59	\$ 243.41	\$ -	\$ 715.52
YE 30/6/18	Equity Plus - Pension	\$ 9.91	\$ 92.86	\$ 54.89	\$ -	\$ 157.66	\$ 82.58	\$ 201.86	\$ 457.42	\$ -	\$ 741.86	\$ 247.73	\$ 449.59	\$ 1,372.27	\$ -	\$ 2,069.59
YE 30/6/18	Equity Plus - Super	\$ 9.91	\$ 92.86	\$ 54.89	\$ -	\$ 157.66	\$ 82.58	\$ 201.86	\$ 457.42	\$ -	\$ 741.86	\$ 247.73	\$ 449.59	\$ 1,372.27	\$ -	\$ 2,069.59

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/19	Balanced - Pension	\$ 9.20	\$ 92.54	\$ 56.67	\$ -	\$ 158.41	\$ 76.63	\$ 199.19	\$ 472.29	\$ -	\$ 748.11	\$ 229.89	\$ 441.58	\$ 1,416.86	\$ -	\$ 2,088.33
YE 30/6/19	Balanced - Super	\$ 9.20	\$ 96.99	\$ 56.67	\$ -	\$ 162.86	\$ 76.63	\$ 236.26	\$ 472.29	\$ -	\$ 785.18	\$ 229.89	\$ 552.78	\$ 1,416.86	\$ -	\$ 2,199.53
YE 30/6/19	Cash Plus - Pension	\$ 1.60	\$ 92.54	\$ 4.40	\$ -	\$ 98.54	\$ 13.37	\$ 199.19	\$ 36.63	\$ -	\$ 249.19	\$ 40.11	\$ 441.58	\$ 109.89	\$ -	\$ 591.58
YE 30/6/19	Cash Plus - Super	\$ 1.60	\$ 96.99	\$ 4.40	\$ -	\$ 102.99	\$ 13.37	\$ 236.26	\$ 36.63	\$ -	\$ 286.26	\$ 40.11	\$ 552.78	\$ 109.89	\$ -	\$ 702.78
YE 30/6/19	Equity Plus - Pension	\$ 11.58	\$ 92.54	\$ 51.60	\$ -	\$ 155.73	\$ 96.52	\$ 199.19	\$ 430.00	\$ -	\$ 725.71	\$ 289.56	\$ 441.58	\$ 1,290.00	\$ -	\$ 2,021.14
YE 30/6/19	Equity Plus - Super	\$ 11.58	\$ 96.99	\$ 51.60	\$ -	\$ 160.17	\$ 96.52	\$ 236.26	\$ 430.00	\$ -	\$ 762.78	\$ 289.56	\$ 552.78	\$ 1,290.00	\$ -	\$ 2,132.34



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU29QW:** 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:**

- (a.) \* For illustrative purposes in financial years ended 2015, 2016 and 2017 the Fund did not separately disclose investment fees in the worked examples of annual costs based on member account balance of \$50,000. Rather Investment costs were part of indirect costs.

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		* a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/15	Balanced - Pension	0.00%	1.30%	1.07%	0.00%	2.37%	0.00%	0.16%	1.07%	0.00%	1.23%	0.00%	0.05%	1.07%	0.00%	1.12%
YE 30/6/15	Balanced - Super	0.00%	1.30%	1.07%	0.00%	2.37%	0.00%	0.16%	1.07%	0.00%	1.23%	0.00%	0.05%	1.07%	0.00%	1.12%
YE 30/6/15	Cash Plus - Pension	0.00%	1.30%	0.46%	0.00%	1.76%	0.00%	0.16%	0.46%	0.00%	0.62%	0.00%	0.05%	0.46%	0.00%	0.51%
YE 30/6/15	Cash Plus - Super	0.00%	1.30%	0.46%	0.00%	1.76%	0.00%	0.16%	0.46%	0.00%	0.62%	0.00%	0.05%	0.46%	0.00%	0.51%
YE 30/6/15	Equity Plus - Pension	0.00%	1.30%	1.06%	0.00%	2.36%	0.00%	0.16%	1.06%	0.00%	1.22%	0.00%	0.05%	1.06%	0.00%	1.11%
YE 30/6/15	Equity Plus - Super	0.00%	1.30%	1.06%	0.00%	2.36%	0.00%	0.16%	1.06%	0.00%	1.22%	0.00%	0.05%	1.06%	0.00%	1.11%

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		* a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/16	Balanced - Pension	0.00%	1.30%	1.09%	0.00%	2.39%	0.00%	0.16%	1.09%	0.00%	1.25%	0.00%	0.05%	1.09%	0.00%	1.14%
YE 30/6/16	Balanced - Super	0.00%	1.30%	1.09%	0.00%	2.39%	0.00%	0.16%	1.09%	0.00%	1.25%	0.00%	0.05%	1.09%	0.00%	1.14%
YE 30/6/16	Cash Plus - Pension	0.00%	1.30%	0.43%	0.00%	1.73%	0.00%	0.16%	0.43%	0.00%	0.59%	0.00%	0.05%	0.43%	0.00%	0.48%
YE 30/6/16	Cash Plus - Super	0.00%	1.30%	0.43%	0.00%	1.73%	0.00%	0.16%	0.43%	0.00%	0.59%	0.00%	0.05%	0.43%	0.00%	0.48%
YE 30/6/16	Equity Plus - Pension	0.00%	1.30%	1.10%	0.00%	2.40%	0.00%	0.16%	1.10%	0.00%	1.26%	0.00%	0.05%	1.10%	0.00%	1.15%
YE 30/6/16	Equity Plus - Super	0.00%	1.30%	1.10%	0.00%	2.40%	0.00%	0.16%	1.10%	0.00%	1.26%	0.00%	0.05%	1.10%	0.00%	1.15%

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		* a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/17	Balanced - Pension	0.00%	1.30%	1.08%	0.00%	2.38%	0.00%	0.16%	1.08%	0.00%	1.24%	0.00%	0.05%	1.08%	0.00%	1.14%
YE 30/6/17	Balanced - Super	0.00%	1.30%	1.08%	0.00%	2.38%	0.00%	0.16%	1.08%	0.00%	1.24%	0.00%	0.05%	1.08%	0.00%	1.14%
YE 30/6/17	Cash Plus - Pension	0.00%	1.30%	0.42%	0.00%	1.72%	0.00%	0.16%	0.42%	0.00%	0.58%	0.00%	0.05%	0.42%	0.00%	0.48%
YE 30/6/17	Cash Plus - Super	0.00%	1.30%	0.42%	0.00%	1.72%	0.00%	0.16%	0.42%	0.00%	0.58%	0.00%	0.05%	0.42%	0.00%	0.48%
YE 30/6/17	Equity Plus - Pension	0.00%	1.30%	1.09%	0.00%	2.39%	0.00%	0.16%	1.09%	0.00%	1.25%	0.00%	0.05%	1.09%	0.00%	1.15%
YE 30/6/17	Equity Plus - Super	0.00%	1.30%	1.09%	0.00%	2.39%	0.00%	0.16%	1.09%	0.00%	1.25%	0.00%	0.05%	1.09%	0.00%	1.15%

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/18	Balanced - Pension	0.12%	1.55%	0.89%	0.00%	2.56%	0.12%	0.40%	0.89%	0.00%	1.41%	0.12%	0.30%	0.89%	0.00%	1.31%
YE 30/6/18	Balanced - Super	0.12%	1.55%	0.89%	0.00%	2.56%	0.12%	0.40%	0.89%	0.00%	1.41%	0.12%	0.30%	0.89%	0.00%	1.31%
YE 30/6/18	Cash Plus - Pension	0.02%	1.55%	0.16%	0.00%	1.73%	0.02%	0.40%	0.16%	0.00%	0.58%	0.02%	0.30%	0.16%	0.00%	0.48%
YE 30/6/18	Cash Plus - Super	0.02%	1.55%	0.16%	0.00%	1.73%	0.02%	0.40%	0.16%	0.00%	0.58%	0.02%	0.30%	0.16%	0.00%	0.48%
YE 30/6/18	Equity Plus - Pension	0.17%	1.55%	0.91%	0.00%	2.63%	0.17%	0.40%	0.91%	0.00%	1.48%	0.17%	0.30%	0.91%	0.00%	1.38%
YE 30/6/18	Equity Plus - Super	0.17%	1.55%	0.91%	0.00%	2.63%	0.17%	0.40%	0.91%	0.00%	1.48%	0.17%	0.30%	0.91%	0.00%	1.38%

Year Ended	PRODUCT	Account Balance \$6,000					Account Balance \$50,000					Account Balance \$150,000				
		a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees	a. Investment fees	b. Administration fees	c. Indirect costs	d. Any other cost to a member	e. An aggregate total of all fees
YE 30/6/19	Balanced - Pension	0.15%	1.54%	0.94%	0.00%	2.64%	0.15%	0.40%	0.94%	0.00%	1.50%	0.15%	0.29%	0.94%	0.00%	1.39%
YE 30/6/19	Balanced - Super	0.15%	1.62%	0.94%	0.00%	2.71%	0.15%	0.47%	0.94%	0.00%	1.57%	0.15%	0.37%	0.94%	0.00%	1.47%
YE 30/6/19	Cash Plus - Pension	0.03%	1.54%	0.07%	0.00%	1.64%	0.03%	0.40%	0.07%	0.00%	0.50%	0.03%	0.29%	0.07%	0.00%	0.39%
YE 30/6/19	Cash Plus - Super	0.03%	1.62%	0.07%	0.00%	1.72%	0.03%	0.47%	0.07%	0.00%	0.57%	0.03%	0.37%	0.07%	0.00%	0.47%
YE 30/6/19	Equity Plus - Pension	0.19%	1.54%	0.86%	0.00%	2.60%	0.19%	0.40%	0.86%	0.00%	1.45%	0.19%	0.29%	0.86%	0.00%	1.35%
YE 30/6/19	Equity Plus - Super	0.19%	1.62%	0.86%	0.00%	2.67%	0.19%	0.47%	0.86%	0.00%	1.53%	0.19%	0.37%	0.86%	0.00%	1.42%

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU30QW:**

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:**

There are no related entities or association of the trustee.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU31QW:

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:

- a. Services provided are in bundled arrangement, it is not possible to separate line items differentiating print, advertising and marketing costs for questions (a.) and (f.). Engaging with Fund members involves around the benefits of membership with the fund, understanding their superannuation balances, education and the broader information about the Fund.  
Table 3 Column BP of the APRA Annual Fund Level Statistics shows advertising and marketing expenses incurred by the Fund.

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

- b. See a. above.
- c. It is not possible to determine how many members join the Fund directly as a result of its default status.
- d. Nil. The Fund did not engage in television advertising and/ or marketing.
- e. Nil. The Fund did not engage in radio advertising and/ or marketing.
- f. See a. above.
- g. The majority of online advertising/ and or marketing of the fund involves website development, digital communications to members, calculators and tools and maintaining that infrastructure.

- h.** There are 2 full-time communication roles that mainly focus on member communications, and a further 3 part-time roles, which are split between administration, events and operational tasks.
- i.** Communication services are bundled, and it is not possible to separate these costs.
- j.** Nil. The Fund does not advertise with/ or directly contribute to the New Daily.

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**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU32QW:**

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:**

- a. Nil
- b. Nil
- c. Nil
- d. Nil
- e. Nil
- f. Nil

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU33QW:**

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

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

**Answer:**

Nil spent on Google advertisements and search terms for the past 10 years (2009 to 2019 FYs)



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**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU34QW:**

- 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:**

- a. Nil spent on Google Ad Words or any Google provided or supported service to advertise any or our fund or brand in anyway whatsoever for the past year.
- b. Nil

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**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU35QW:**

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:**

We are unable to calculate this figure.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU36QW:

How will the overall fund performance be affected if:

- a. The income return of unlisted assets declines?
- b. The fund can no longer purchase unlisted assets onshore?
- c. The fund can no longer purchase unlisted assets offshore?

#### Answer:

- a. All other things being equal, a decline in the income earned on investments will flow directly to the investment return. For example, if the income yield on an asset was to fall by 1% pa with no associated change in its market value, future returns would reduce by 1% pa.

The effect of a fall in income yield on market value of an asset depends upon the reasons for the decline, and the context of broad market developments.

For example, if the reduction in income is due to a change in distribution policy because an asset manager is opting to reinvest earnings into high return projects, then the market value of the asset may rise as investors price in growth in future income. Conversely, if a decline is due to lower profitability then the change may trigger an immediate fall in market value, as investors prefer other assets with higher prospective returns.

If income yields are falling across an entire market, then this may trigger revaluation of an asset, which would enhance performance in the short term, but reduce its income yield.

- b. Generally, any constraint placed on a fund's ability to invest will reduce the investment return for a given level of risk.

Real assets, such as property and infrastructure, provide a natural hedge against future inflation. This increases the likelihood that a fund will be able to satisfy the needs of its members in future years. Furthermore, they provide attractive net returns and diversification from equity market risk, which enhances the risk-adjusted returns of a fund. A prohibition against investing in real assets would materially reduce the ability of a fund to meet member expectations

A constraint that limits the ability of a fund to invest in domestic unlisted assets limits its ability to select investments that have higher return prospects than equivalent offshore opportunities, thereby reducing the fund's future returns. It would also reduce diversification within a fund, leading to a net increase in investment risk for the fund.

- c. A constraint that limits the ability of a fund to invest in offshore unlisted assets limits its ability to select investments that have higher return prospects than equivalent domestic opportunities, thereby reducing the fund's future returns. It would also reduce diversification, leading to a net increase in investment risk for the fund.

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**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU37QW:**

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

**Answer:**

We have not structured the fund specifically to address the writing-back of the “increased investment capitalised future returns”. However, in setting our investment strategy, we do take account of asset valuations.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU38QW:**

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

**Answer:**

Not applicable.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU39QW:

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:

- a. The primary methodology employed to value our two directly held unlisted investments and a portfolio of credit securities is the discounted cash flow approach, cross-checking, where possible, against recent transactions in the marketplace involving comparable companies (listed and unlisted).

With the exception of credit securities, the remaining unlisted investments such as private equity, infrastructure, property and hedge funds are all held through investment funds on an arm's length basis. We rely on the trustee of each respective fund to value assets appropriately. We check the valuation processes via a review of audited financial statements.

We observe that other asset owners adopt the same approach.

- b. We are confident that the valuation methodology and assumptions used for our two directly held unlisted investments are appropriate.

The remaining unlisted assets are held through managed funds, except for credit securities. Fund managers engage independent valuers to value assets on a regular cycle, typically three- to six-monthly, for their respective investments in property, private equity and infrastructure. These valuations are used to compile the audited annual accounts of each fund.

We are confident that the valuations produced are consistent with prevailing market practice and represent the best estimate of fair value for each investment.

- c. Independent experts are engaged to value unlisted assets. Valuers employ various methodologies to value assets that are most appropriate for each asset. Examples include discounted cash-flow, comparable sales and capitalisation rates. Listed companies that own similar assets engage the same valuers and employ the same methodologies to value assets that they hold on their respective balance sheets.  
Markets may price a company at a small premium or discount to its net asset value due to a

wide range of factors, including the future growth prospects of a company and the value attributed to business activities. Typically, these differences are small and fleeting. Where they persist, we investigate whether they present an opportunity.

Generally, managed funds trade at their net asset value.

- d. We carefully consider the alternatives before committing to any investment decision. For example, we can invest in domestic and global listed real estate investment trusts, unlisted property funds or both. The listed versions provide ready liquidity and diversification but introduce an element of equity market risk. By contrast, unlisted property funds can provide lower cost structure, specialist exposures and lower leverage than listed vehicles.

Decisions about the appropriate mix of listed and unlisted assets are made with the objective of achieving optimal risk and return characteristics, consistent with the objectives of the fund.

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**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU40QW:**

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

**Answer:**

<b>Annual average (annualised) return</b>	<b>5 years to 30 June 2019</b>
Unlisted assets – directly held	10.05%

Note: Investment return is net of investment fees and gross of tax.



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU41QW:**

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

**Answer:**

We do not hold any large joint direct investments.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU42QW:**

- 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:**

- a. TWUSUPER is invested in two directly held unlisted assets.
- b.

<b>Value share of unlisted assets (directly held)</b>	<b>As at 30 June 2019</b>
As % of total value of fund	0.59%
As % of total property value	N/A*

\* The directly held unlisted assets are equity investments.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU43QW:

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:

- a. The discount rate applied will be specific to each asset. It will depend upon the risk associated with the investment, the level of certainty associated with future cashflow and prevailing interest rates in the country of domicile. Riskier assets generally attract higher discount rates.

TWUSUPER is also invested in unlisted property, infrastructure and private equity through managed funds. The Trustees of these funds engage independent professionals to value the assets of each fund on a regular cycle. Many of the valuations will value future cashflow using an appropriate discount rate, while also employing other appraisal methods (such as comparable sales).

- b. As discussed above, discount rates vary depending on the nature and characteristics of the asset. Therefore, we cannot provide a single discount rate for all assets.

Discount rates are generally set by reference to a risk-free rate, such as a government bond yield. Government bond yields have fallen dramatically over the last ten years. Consequently, the discount rates used in valuations have generally fallen over this period.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU44QW:**

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

**Answer:**

One out of two, assuming the average return on investments in superannuation over the past five years is the SelectingSuper median return of Balanced investment options.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU45QW:

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:

TWUSUPER reviews its ability to meet the stated return and risk objectives of each of its investment options at least annually. We also run scenario tests to assist with risk management and to inform investment decisions.

Interest rates have fallen to extremely low levels in recent years. This has caused a substantial revaluation of all asset classes, which has raised returns to unusually high levels.

Interest rates are now close to zero (or negative in some countries). Therefore, the tailwinds provided by falling interest rates will not be available to support future returns. We believe there are two probable scenarios:

- interest rates stay low;
- interest rates rise.

If interest rates stay low then returns will be lower than in recent times as income yields have fallen, and capital gains will be contingent on earnings growth rather than falling discount rates.

If interest rates rise, then this will provide a headwind to investment returns, as rising bond yields and discount rates flow through into lower valuations (all other things being equal).

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**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL  
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**TWUSUPER**

**TWU46QW:**

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:**

Unlisted assets are valued independently so the fund does not devalue assets.  
Valuations regularly increase and decrease subject to market and economic conditions

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU47QW:**

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.

Financial Year	Number of members
2018/19	108,165
2017/18	122,406
2016/17	124,803
2015/16	121,851
2014/15	122,341
2013/14	123,942
2012/13	128,951
2011/12	130,699
2010/11	133,600
2009/10	130,745

- b. The terms financial planner and financial adviser are interchangeable. TWUSUPER uses the term financial adviser. Refer answer (c) below.
- c. The Fund does not employ financial advisers. The Fund provides this service via external advisers' services contract.

Financial Year	Number of financial advisers	Number of members	Member to financial adviser ratio
2018/19	4	108,165	1 to 27,041
2017/18	4	122,406	1 to 30,602
2016/17	4	124,803	1 to 31,201
2015/16	3.89	121,851	1 to 31,324
2014/15	3.68	122,341	1 to 33,245
2013/14	3.23	123,942	1 to 38,136
2012/13	2.85	128,951	1 to 45,245
2011/12	N/A*	130,699	N/A
2010/11	N/A	133,600	N/A
2009/10	N/A	130,745	N/A

\*For the period 1/7/2009 – 30/6/2012, the Fund engaged Money Solutions through Link Services. This was a **pooled** general and limited advice phone service that serviced members of TWUSUPER and other client funds. The pooled team derived referrals from the outsourced call centre provided by Link Services.

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

**TWUSUPER**

**TWU48QW:**

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:**

- a. The terms financial planner and financial adviser are interchangeable. TWUSUPER uses the term financial adviser. Refer answer (c) below.
- b. The terms financial planner and financial adviser are interchangeable. TWUSUPER uses the term financial adviser. Refer answer (c) below.

c.

Financial Year	Annual cost charged to TWUSUPER members (1*)	Number of members	Average cost per member
2018/19	\$322,774	108,165	\$2.98
2017/18	\$303,030	122,406	\$2.48
2016/17	\$290,076	124,803	\$2.32
2015/16	\$274,275	121,851	\$2.25
2014/15	\$309,927	122,341	\$2.53
2013/14	\$353,438	123,942	\$2.85
2012/13	\$263,037	128,951	\$2.04
2011/12	\$292,762	130,699	\$2.24
2010/11	\$153,167	133,600	\$1.15
2009/10	\$219,009	130,745	\$1.68

d.

Financial Year	Annual cost charged to the TWUSUPER (2*)	Number of fund members	Average cost per fund member
2018/19	\$866,561	108,165	\$8.01
2017/18	\$827,867	122,406	\$6.76
2016/17	\$802,765	124,803	\$6.43
2015/16	\$758,501	121,851	\$6.22
2014/15	\$688,665	122,341	\$5.63
2013/14	\$698,472	123,942	\$5.64
2012/13	\$522,512	128,951	\$4.05
2011/12	\$292,762	130,699	\$2.24
2010/11	\$153,167	133,600	\$1.15
2009/10	\$219,009	130,745	\$1.68



(1\*) The cost charged to members includes Intra fund advice plus comprehensive advice.

(2\*) This is the total amount charged for financial advice to the fund.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU49QW:

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:

Phone based staff, from 1<sup>st</sup> July 2017, provide mixed services. The below is an approximate only.

a.

Financial Year	Annual cost charged to the TWUSUPER	Number of fund members	Average cost per fund member
2018/19	\$259,863	108,165	\$2.40
2017/18	\$228,044	122,406	\$1.86
2016/17	\$79,589	124,803	\$0.64
2015/16	\$41,688	121,851	\$0.34
2014/15	N/A*	122,341	N/A
2013/14	N/A	123,942	N/A
2012/13	N/A	128,951	N/A
2011/12	N/A	130,699	N/A
2010/11	N/A	133,600	N/A
2009/10	N/A	130,745	N/A

\*Prior to December 2015, TWUSUPER did not offer dedicated general advice services.

- b. TWUSUPER and its service providers do not pay bonuses to staff that provide general advice.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU50QW:**

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. We have classified all of our scaled advice as intra-fund advice. Refer TWU52QWa.
- b. TWUSUPER and its service providers do not pay bonuses to staff that provide scaled financial advice.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU51QW:

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.

Financial Year	Annual cost charged to the TWUSUPER (i)	Number of fund members	Average cost per fund member
2018/19	\$543,787 net cost	108,165	\$5.03 net cost
2017/18	\$524,837 net cost	122,406	\$4.29 net cost
2016/17	\$512,689 net cost	124,803	\$4.11 net cost
2015/16	\$484,226 net cost	121,851	\$3.97 net cost
2014/15	\$378,738 net cost	122,341	\$3.10 net cost
2013/14	\$345,034 net cost	123,942	\$2.78 net cost
2012/13	\$259,475 net cost	128,951	\$2.01 net cost
2011/12	N/A	130,699	N/A
2010/11	N/A	133,600	N/A
2009/10	N/A	130,745	N/A

\*Prior to July 2012, TWUSUPER offered advice services that are best categorised as intra-fund advice – refer **TWU52QWa**.

- b. TWUSUPER and its service providers do not pay bonuses to staff that provide comprehensive financial advice.
  - (i) The net cost of comprehensive advice was derived by the amount charged to the fund less the amount charged to members. This cost is included in response to question 48 b and are not additional costs.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU52QW:**

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.

<b>Financial Year</b>	<b>Annual cost charged to the TWUSUPER</b>	<b>Number of fund members</b>	<b>Average cost per fund member</b>
2018/19	\$145,044	108,165	\$1.34
2017/18	\$141,456	122,406	\$1.16
2016/17	\$137,676	124,803	\$1.10
2015/16	\$136,776	121,851	\$1.12
2014/15	\$210,432	122,341	\$1.72
2013/14	\$289,070	123,942	\$2.33
2012/13	\$223,440	128,951	\$1.81
2011/12	\$292,762	130,699	\$2.24
2010/11	\$153,167	133,600	\$1.15
2009/10	\$219,009	130,745	\$1.68

- b. TWUSUPER and its service providers do not pay bonuses to staff that provide intra-fund financial advice.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU53QW:**

How many employees does the fund have?

**Answer:**

As at 30 June 2019 36 employees

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### TWUSUPER

#### TWU54QW:

How do you define employee misconduct?

#### Answer:

We apply the same definition for serious (gross) misconduct as detailed in the Fair Work Act. That is:

- wilful or deliberate behaviour by an employee that is inconsistent with the continuation of the contract of employment;
- wilful or deliberate behaviour by an employee that is inconsistent with the continuation of the contract of employment;
- conduct that causes serious and imminent risk to:
  - i. the health or safety of a person; or
  - ii. the reputation, viability or profitability of the employer's business.
- Conduct that is serious misconduct includes each of the following:
  - a) the employee, in the course of the employee's employment, engaging in:
    - i. theft; or
    - ii. fraud; or
    - iii. assault;
  - b) the employee being intoxicated at work;
  - c) the employee refusing to carry out a lawful and reasonable instruction that is consistent with the employee's contract of employment.

Examples include:

- A serious or persistent breach of any of the provisions of an Employee's contract of employment;
- Wilful or deliberate behaviour by an Employee that is inconsistent with the continuation of the contract of employment;
- Conduct that causes serious and imminent risk to the health and safety of a person, or the reputation, viability or profitability of TWUSUPER;
- Acts of theft, fraud or dishonesty;
- Acts of assault against a fellow Employee, client or other
- A material breach of TWUSUPER's policies or procedures, including but not limited to TWUSUPER's harassment and discrimination policies and procedures;
- An Employee being under the influence of alcohol or drugs, other than prescribed drugs, at work to the extent that his or her conduct or behaviour is impaired;
- An Employee being charged with a criminal offence is likely to affect adversely TWUSUPER's reputation;
- An Employee acting in a manner (whether in the course of the Employee's duties or otherwise) which does or, in the reasonable opinion of TWUSUPER, is likely to bring the Employee or TWUSUPER into serious disrepute;
- An Employee refusing to carry out a lawful and reasonable instruction that is consistent with the Employee's contract of employment; OR
- Any other act which at common law would entitle TWUSUPER to end an Employee's employment summarily.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU55QW:**

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:**

- a. No employees have been cautioned for misconduct
- b. No employees have been penalised for misconduct
- c. No employees have been terminated for misconduct
- d. 0% employees have been cautioned for misconduct
- e. 0% employees have been penalised for misconduct
- f. 0% employees have been terminated for misconduct



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU56QW:**

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

**Answer:**

These provisions do not apply to TWUSUPER.

TWU Nominees Pty Limited is required to report executive remuneration under Reg. 2.37 of the SIS Regulations and publicly discloses the remuneration of all its Directors and executive management on its website.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU57QW:**

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:**

In each of the financial years in the past decade, the 20 highest remunerated employees had a package value of less than \$1M.

<b>Total remuneration package value</b>	<b>Number (i.e. 1 employee)</b>
<\$1,000,000	20
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU58QW:**

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

**Answer:**

The Fund does not pay incentive bonuses.

<b>Total incentive bonuses value</b>	<b>Number (i.e. 1 employee)</b>
<\$1,000,000	0
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU59QW:**

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

**Answer:**

The Fund does not pay performance bonuses.

<b>Total performance bonuses value</b>	<b>Number (i.e. 1 employee)</b>
<\$1,000,000	0
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU60QW:**

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:**

<b>Total severance package value</b>	<b>Number (i.e. 1 employee)</b>
<\$1,000,000	8
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU61QW:**

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:**

<b>Total termination package value</b>	<b>Number (i.e. 1 employee)</b>
<\$1,000,000	4
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**TWUSUPER**

**TWU62QW:**

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:**

These are included in the numbers at TWU60QW.

<b>Total redundancy package value</b>	<b>Number (i.e. 1 employee)</b>
<\$1,000,000	0
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0