

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

TWUSUPER

TWU1210N:

CHAIR: Thank you very much for that opening statement. I'm going to get straight into questions. Firstly, we submitted a series of questions on notice to TWUSUPER throughout the previous year. One of the questions was in relation to sponsorship arrangements. I got back a very snazzy, extensive image of the process of thinking about how you assess sponsorship arrangements and the like, but nowhere did it actually answer the question, which is with the details of sponsorship or sponsorship-like arrangements, marketing and/or marketing-like arrangements or in-kind arrangements for the past five years. What sponsorship arrangements does TWUSUPER have in place?

Mr Sandy: The fund sponsors a number of events, both through employer associations and through union events, where we can actually engage with members and present fund facts to them.

CHAIR: Do you have any detail?

Mr Sandy: In terms of a particular event?

CHAIR: I'm literally flying in the dark. You provided me with no information, so all I can do is ask you for detail—say, over the past five years—or you can take it on notice and actually provide us with the answers to the questions we submitted, as other funds have.

Mr Sandy: I'm more than happy to take that on notice and provide the detail.

Answer:

As previously advised, the Fund's sponsorship programs are part of its Workplace Distribution Model and should be viewed in the context of supporting the distribution reach of the Fund and focused on the needs of members.

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.

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.

This has included events such as conferences of peak transport industry associations, unions, and other activities that are evaluated as assisting the Fund engage with members and/or improve their outcomes in retirement.

Superannuation is often 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.

People who work in transport industry, are often time-poor, have lower levels of time, financial literacy and issues of general literacy, and are geographically distributed.

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.

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TWUSUPER

TWU1220N:

CHAIR: Well, how many complaints along those lines do you get a year? It just seems like a fairly indirect way of complaining about something, rather than: 'I've got a problem with TWU Super; I'll speak with TWU Super.'

Mr Sandy: I think that would be a much preferred way, Mr Chair, but some inquiries do come back through the employer.

CHAIR: Okay. So give me a number: How many in a calendar year?

Mr Sandy: Can I take that on notice? I'm not sure. I'd be guessing at the number, and that's inappropriate.

Answer:

The Fund maintains a robust and transparent complaints process, tailored to the needs of members working within the transport and logistics industry, with avenues for both informal and formal feedback to the Fund.

Complaints made in accordance with the Dispute Resolution Policy numbered 168 in the calendar year 2020. Complaints made informally are not recorded or readily accessed.

The Workplace Distribution Model is part of the Fund's informal feedback channels and helps ensure the Fund is closely aligned with (and responsive to the needs of) its members. It also provides a more symmetrical communications model than might be provided through formal complaint and disputes processes, and opportunities for the Fund to liaise with all relevant stakeholders so as to improve the operation of the Fund and member outcomes.

The Fund's Dispute Resolution Procedure policy sets out the policy and procedures for complaints relating to the Fund in accordance with:

- Relevant provisions of the *Superannuation Industry (Supervision) Act 1993*; the relevant provisions of the *Corporations Act 2001* and *Corporations Regulations 2001*;
- *Superannuation (Resolution of Complaints) Act 1993*; guidelines provided by ASIC in its Regulatory Guide RG165 - *Licensing: Internal and External dispute resolution*;
- ASFA Best Practice Paper No. 13 – *Tilting the Iceberg – Handling Inquiries and Complaints* (Version no. 6 revised November 2008);
- Australian Standard AS ISO 10002-2006; and
- Australian Financial Services Authority Complaint Resolution (AFCA) Scheme Rules dated 1 November 2018.

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TWUSUPER

TWU123ON:

Dr LEIGH: I'm aware you're a relatively small fund, so I don't want to impose a whole lot of questions on you. If you have the numbers at your fingertips then it would be useful to know how many dnata workers emptied out their superannuation accounts and how that compares to other members as a fraction of all dnata workers.

Mr Sandy: I don't have those numbers in front of me, I'm sorry.

Dr LEIGH: I understand. If they are straightforward to get, we'd appreciate them on notice, but, given that you are a relatively small fund, if they're not straightforward to get, don't give me the figures. I'm aware that the administrative burden it would impose on you is larger, in a proportional sense, than when we're asking questions of a fund like AustralianSuper.

Answer:

More than 30,000 members of the Fund accessed payments totalling more than \$320m from superannuation through the COVID-19 temporary early release of super provisions for which applications closed on 31 December 2020.

Approximately 72% of members of the Fund employed at dnata accessed early release payments, totalling \$8.2 million.

4.4% of dnata members "emptied" their accounts held with the Fund, that is, via the early release provisions they had account balances at or around zero after accessing the payments.

Fund members in aviation generally made heavier use of early release provisions than other sectors in transport. For example, 42% of Fund members at aviation sector employer Virgin Australia accessed early release payments compared to 24% of members at key road transport employer Linfox.

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TWUSUPER

TWU1240N:

Mr SIMMONDS: What's your total marketing budget, then? Do you want to provide that to us?

Mr Sandy: I could provide that on notice, if that's alright?

Mr SIMMONDS: Do you want to endeavour to take on notice a breakdown of how much of that marketing budget goes to sponsorship or advertising, for example?

Mr Sandy: It would take some work to detail that through but, if that's your request, yes.

Mr SIMMONDS: Great. I'd love you to take that on notice.

Answer:

TWUSUPER utilises marketing, advertising, and sponsorship to attract, retain and inform its members however communications campaigns have been integrated into member communication costs and are not recorded separately.

The federal government's *Your Future Your Super* package has indicated that superannuation funds will be required to publish information relating to sponsorships, marketing expenditures relating to promoting the fund, and other activities.

The Fund is undertaking preparations in order to be able to meet any updated regulatory requirements, however at this stage services across marketing and advertising are bundled and it is not possible to separate line items quantifying all costs.