

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

TWUSUPER

TWU96QW:

Since 1 January 2020, for each fund, please outline:

- a. The date and value at the highest valuation of the fund?
- b. The date and value at the lowest valuation of the fund?
- c. The number of business days between the highest and lowest valuation for the fund?
- d. The nominal value between the highest and lowest valuation for the fund?
- e. The percentage value between the highest and lowest valuation for the fund?
- f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund?
- g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund?
- h. What volume of switching of investments occurred between funds between the highest and lowest valuations?
- i. What volume of switching between funds occurred in that time by trustees of the fund that are also members of the fund, between the highest and lowest valuations?
- j. What volume of switching between funds occurred in that time by executives of the fund that are also members of the fund, between the highest and lowest valuations?
- k. What volume of switching between funds occurred in that time by other employees of the fund that are also members of the fund, between the highest and lowest valuations?
- l. What integrity measures were taken to prohibit trustees, executives and employees switching between funds from taking advantage of arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund?

Answer:

- a. 21/02/2020 \$6,177,437,699
- b. 27/03/2020 \$5,247,792,432
- c. 20
- d. \$969,368,712
- e. -15.7%
- f. The lowest point of the ASX 300 Accumulation Index for the year to date was 23/03/2020. The low point for the Fund was the next business day.
- g. 48

- h. TWUSUPER is a Superannuation Fund that offers two diversified options and a cash-plus option across three products (Accumulation, TTR & Pension). The fund recorded \$47.75M (506 members) of switching activity amongst **options** between 21/02/2020 and 27/03/2020.
- i. On account of privacy laws, we do not disclose personal details of Fund members, including their switching activity. A summary and copy of TWUSUPER's privacy policy is available on its website at <https://www.twusuper.com.au/privacy-policy/>.
- j. On account of privacy laws, we do not disclose personal details of Fund members, including their switching activity. A summary and copy of TWUSUPER's privacy policy is available on its website at <https://www.twusuper.com.au/privacy-policy/>.
- k. On account of privacy laws, we do not disclose personal details of Fund members, including their switching activity. A summary and copy of TWUSUPER's privacy policy is available on its website at <https://www.twusuper.com.au/privacy-policy/>.
- l. In association and consistent with relevant law and regulations, the fund has in place internal policies and procedures, including appropriate measures to ensure the integrity and probity of internal decision making. These include TWUSUPER's conflicts management policy, which all directors, executives and staff are all bound by. A summary of this policy appears on the TWUSUPER website at <https://www.twusuper.com.au/about-us/governance-and-transparency/key-documents/>.

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TWU97QW:

On financial advisers providing non-intrafund advice (i.e. comprehensive advice - beyond the scope of intrafund advice) within the fund over the past five financial years:

- a. How many do you employ (or are you paying for through outsourced arrangements)?
- b. What is the revenue generated from these non-intrafund advisers?
- c. How many financial advisers within the fund also provide intrafund advice?
- d. If you have non-intrafund financial advisers within the fund also providing intrafund advice, how is their remuneration determined from different sources?
- e. Is there any cross-subsidisation for non-intrafund financial advisers within the fund from activities funded through intrafund advice?
- f. Is there any cross-subsidisation for financial advisers from intrafund advice to non-intrafund financial advisers within the fund?
- g. What is the total budgeted cost and actuals for financial advisers?
- h. What is the remuneration level/range for the financial advisers employed to provide non-intrafund advice to your members?
 - i. What is the aggregated cost of their remuneration?
 - ii. What is the aggregated cost for their employment?
 - iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?
 - iv. What is the aggregated cost for marketing their services?
 - v. What is the aggregated cost for administrative support services?
 - vi. What is the aggregated cost for professional insurance and indemnity?
 - vii. What is the aggregated cost for compliance oversight?
 - viii. What is the aggregated cost for legal oversight?
 - ix. What is the aggregated cost for other regulatory oversight?
 - x. What is the aggregated cost for the unit, including overheads, that provides financial advice within the fund?

Answer:

- a) The Fund does not employ any Comprehensive financial advisers. The Fund provides this service via an external advisers' services contract.

Year	Number of Comprehensive financial advisers
2019/20	3
2018/19	3
2017/18	3
2016/17	3
2015/16	2.89

b)

Year	Comprehensive financial adviser fee revenue
2019/20	\$146,029
2018/19	\$177,730
2017/18	\$161,574
2016/17	\$152,400
2015/16	\$137,499

- c) Some of the Fund's Comprehensive advisers provided intrafund advice where this was required to support the fund's dedicated intrafund adviser (e.g. due to sick leave, annual leave, higher demand for appointments, etc).

Year	Number of Comprehensive financial advisers who have provided intrafund advice
2019/20	1 adviser (18 intrafund SOAs provided in total)
2018/19	2 advisers (8 intrafund SOAs provided in total)
2017/18	1 adviser (18 intrafund SOAs provided in total)
2016/17	2 advisers (21 intrafund SOAs provided in total)
2015/16	2 advisers (15 intrafund SOAs provided in total)

- d) The fund's Comprehensive advisers have provided intrafund advice from time to time as outlined in our response to question (c) above. The fund's Comprehensive advisers are paid directly by their employer and licensee (Industry Fund Services).
- e) Our understanding of this question is unclear; however we have interpreted it to be asking whether there is any cross-subsidisation of non-intrafund advice that is provided by Comprehensive advisers within the fund from activities funded through intrafund advice.

Notwithstanding the answer to question (c) above, there is no cross-subsidisation for non-intrafund advice provided by Comprehensive financial advisers within the fund from activities funded through intrafund advice.

- f) Our understanding of this question is unclear, however we have interpreted it to be asking whether there is any cross-subsidisation of non-intrafund advice that is provided by Comprehensive advisers within the fund from activities funded through intrafund advice.

Notwithstanding the answer to question (c) above, there is no cross-subsidisation for non-intrafund advice provided by Comprehensive financial advisers within the fund from activities funded through intrafund advice.

g)

Year	Actual cost for Comprehensive financial advisers
2019/20	\$725,765
2018/19	\$721,517
2017/18	\$686,411
2016/17	\$665,089
2015/16	\$621,725

- h) The Fund does not employ any Comprehensive financial advisers. The Fund provides this service

via an external advisers' services contract. Notwithstanding this, the advisers' remuneration ranges (salary and super) are shown below.

Year	Remuneration range (salary and super) for Comprehensive advisers
2019/20	\$121,500 to \$176,500
2018/19	\$118,200 to \$171,700
2017/18	\$115,000 to \$167,100
2016/17	\$106,900 to \$162,600
2015/16	\$104,000 to \$158,200

The Fund also pays licencing fees via an external adviser's services contract which covers professional insurance and indemnity, compliance oversight, legal oversight and regulatory oversight.

Year	Total licencing costs for Comprehensive advisers
2019/20	\$157,304*
2018/19	\$154,302*
2017/18	\$148,830
2016/17	\$145,770
2015/16	\$153,435

*Including ASIC supervisory levy (\$3,404 in 2019/20, \$2,802 in 2018/19)

The fund also makes a small provision for marketing the financial advice services and providing administrative support.

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TWU98QW:

On financial advisers providing intrafund advice (i.e. strictly limited to advice on your super fund for the member only - not spouse) within your fund over the last five financial years:

- a. How many do you employ (or are you paying for through outsourced arrangements)?
- b. What is the remuneration level/range for the financial advisers employed to provide intrafund advice to your members?
 - i. What is the aggregated cost of their remuneration?
 - ii. What is the aggregated cost for their employment?
 - iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?
 - iv. What is the aggregated cost for marketing their services?
 - v. What is the aggregated cost for administrative support services?
 - vi. What is the aggregated cost for professional insurance and indemnity?
 - vii. What is the aggregated cost for compliance oversight?
 - viii. What is the aggregated cost for legal oversight?
 - ix. What is the aggregated cost for other regulatory oversight?
 - x. What is the aggregated cost for the unit, including overheads, that provides intrafund advice?
- c. What is the revenue that intrafund advisers have generated?
- d. How many financial advisers providing intrafund advice also provide it within the fund?
- e. If you have financial advisers providing intrafund advice also providing it within the fund, how is their remuneration determined from different sources?
- f. Is there any cross-subsidisation for financial advisers providing intrafund advice from revenue funded through activities within the fund?
- g. What is the total budgeted cost and actuals for the intrafund advice unit?
- h. What is the revenue generated from these financial advisers?
- i. Within your fund, is there any cross-subsidisation for intrafund advice services?

Answer:

- a) The Fund does not employ any intrafund financial advisers. The Fund provides this service via external advisers' services contract.

Year	Number of intrafund financial advisers
2019/20	1
2018/19	1
2017/18	1
2016/17	1
2015/16	1

- b) The Fund does not employ any intrafund financial advisers. The Fund provides this service via an external advisers' services contract. Notwithstanding this, the adviser's remuneration ranges (salary and super) is shown below.

Year	Remuneration (salary and super) for intrafund adviser
2019/20	\$107,300
2018/19	\$104,400
2017/18	\$101,600
2016/17	\$98,700
2015/16	\$96,100

The Fund also pays licencing fees via an external adviser's services contract which covers professional insurance and indemnity, compliance oversight, legal oversight and regulatory oversight.

Year	Total licencing costs for intrafund adviser
2019/20	\$35,735*
2018/19	\$35,034*
2017/18	\$33,490
2016/17	\$32,800
2015/16	\$34,525

*Including ASIC supervisory levy (\$1,135 in 2019/20, \$934 in 2018/19)

The fund also makes a small provision for marketing the financial advice services and providing administrative support.

- c) Members are not charged any additional fees for intrafund advice and therefore intrafund advice activities do not generate any fee revenue.
- d) The fund's dedicated intrafund adviser provides all intrafund advice within the fund.
- e) The fund's dedicated intrafund adviser provides all intrafund advice within the fund. The fund's intrafund advisers are paid directly by their employer and licensee (Industry Fund Services).
- f) Members are not charged any additional fees for intrafund advice. Intrafund advice is a service that must be available to all members of the fund on the same terms and may be collectively charged. Advice can be provided directly by an employee of the fund or by another person under arrangement. Section 99F of the SIS Act outlines the circumstances where trustees cannot collectively charge for personal advice.

g)

Year	Actual cost for intrafund financial advisers
2019/20	\$148,620
2018/19	\$145,044
2017/18	\$141,456
2016/17	\$137,676
2015/16	\$136,776

- h) Members are not charged any additional fees for intrafund advice and therefore intrafund advice activities do not generate any fee revenue.

- i) Members are not charged any additional fees for intrafund advice. Intrafund advice is a service that must be available to all members of the fund on the same terms and may be collectively charged. Advice can be provided directly by an employee of the fund or by another person under arrangement. Section 99F of the SIS Act outlines the circumstances where trustees cannot collectively charge for personal advice.

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TWU99QW:

Do you allow members to use their funds to pay for:

- a. Financial advice?
- b. Internal financial advisers?
- c. External financial advisers?

Answer:

- a) Yes.
- b) Yes.
- c) No.

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TWU100QW:

Do you allow external financial advisers access to online facilities to charge for external financial advisers consented by members using their funds?

Answer:

No.