

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Australian Super

No.	Member	Question	Response
AS103QW	Wilson	Since 1 January 2020, for each fund, please outline:	
		a. The date and value at the highest valuation of the fund?	20 February 2020, \$194.9bn
		b. The date and value at the lowest valuation of the fund?	23 March 2020, \$160.7bn
		c. The number of business days between the highest and lowest valuation for the fund?	21 days
		d. The nominal value between the highest and lowest valuation for the fund?	\$34.2bn
		e. The percentage value between the highest and lowest valuation for the fund?	17%
		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?	0 days
		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?	19 business days - the major adjustment to unlisted valuations was made on the 20 March. Two smaller adjustments were made on 3 April and 17 April.
		h. What volume of switching of investments occurred between funds between the highest and lowest valuations?	76,042
		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?	6

No.	Member	Question	Response
AS103QW (cont.)	Wilson	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?	1
		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?	78
		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?	<p>A switching ban was communicated to all Access Persons two weeks before quarter-end, in accordance with standard procedures, on 13 March 2020.</p> <p>Switching bans are usually lifted one week after quarter-end. In this instance the switching ban was extended by 3 weeks to 30 April 2020.</p> <p>Access Persons are persons responsible for investment decisions or who may potentially have access to, or oversight of, investment portfolio information and security selection.</p>

No.	Member	Question	Response
AS104QW	Wilson	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)?	FY16 – 16 FY17 – 20 FY18 – 17 FY19 – 17 FY20 – 17
		b. What is the revenue generated from these non-intrafund advisers?	FY16 – \$2.44M FY17 – \$2.94M FY18 – \$2.02M FY19 – \$2.18M FY20 – \$2.20M
		c. How many financial advisers within the fund also provide intrafund advice?	None in addition to (a) above.
		d. If you have non-intrafund financial advisers within the fund also providing intrafund advice, how is their remuneration determined from different sources?	All AustralianSuper advisers are salaried employees.
		e. Is there any cross-subsidisation for non-intrafund financial advisers within the fund from activities funded through intrafund advice?	No
		f. Is there any cross-subsidisation for financial advisers from intrafund advice to non-intrafund financial advisers within the fund?	No
		g. What is the total budgeted cost and actuals for financial advisers?	Refer to AS104QW h(i) - h(ix)

No.	Member	Question	Response
AS104QW (cont.)	Wilson	h. What is the remuneration level/range for the financial advisers employed to provide non-intrafund advice to your members?	All AustralianSuper advisers are paid a salary in accordance with the Fund's EBA with some variation due to legacy remuneration arrangements. Over the past 5 years that salary, including superannuation, is: FY16 – \$147,269 FY17 – \$151,687 FY18 – \$156,238 FY19 – \$161,706 FY20 – \$167,366
		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:	
		i. What is the aggregated cost of their remuneration?	FY16 – \$2.21M FY17 – \$2.94M FY18 – \$2.59M FY19 – \$2.72M FY20 – \$2.81M
		ii. What is the aggregated cost for their employment?	FY16 – \$2.21M FY17 – \$2.94M FY18 – \$2.59M FY19 – \$2.72M FY20 – \$2.81M
		iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?	AustralianSuper does not specifically account for these costs. We estimate on-costs at 31% per employee which includes superannuation. This is: FY16 – \$0.68M FY17 – \$0.91M FY18 – \$0.80M FY19 – \$0.84M FY20 – \$0.87M
iv. What is the aggregated cost for marketing their services?	AustralianSuper does not actively market advisory services. For this reason, there is no dedicated marketing budget for advisory services.		

No.	Member	Question	Response
AS104QW (cont.)	Wilson	v. What is the aggregated cost for administrative support services?	The following amounts include the costs of advice production, implementation services and appointment setting. FY16 – \$0.70M FY17 – \$0.84M FY18 – \$0.60M FY19 – \$0.63M FY20 – \$0.54M
		vi. What is the aggregated cost for professional insurance and indemnity?	AustralianSuper pays Industry Fund Services (IFS) a licencing fee per financial adviser to act as authorised representatives of IFS when providing advice. This fee includes the cost of professional indemnity insurance, compliance oversight, legal oversight and regulatory oversight. The fees are: FY16 – \$0.88M FY17 – \$0.66M FY18 – \$0.52M FY19 – \$0.51M FY20 – \$0.50M
		vii. What is the aggregated cost for compliance oversight?	Refer to AS104QW (h) (vi)
		viii. What is the aggregated cost for legal oversight?	Refer to AS104QW (h) (vi)
		ix. What is the aggregated cost for other regulatory oversight?	Refer to AS104QW (h) (vi)
		x. What is the aggregated cost for the unit, including overheads, that provides financial advice within the fund?	Refer to AS104QW h(i) - h(ix)

No.	Member	Question	Response
AS105QW	Wilson	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)?	AustralianSuper outsources this service to LinkAdvice.
		b. What is the remuneration level/range for the financial advisers employed to provide intrafund advice to your members?	Refer to AS105QW (a)
		i. What is the aggregated cost of their remuneration?	Refer to AS105QW b (x)
		ii. What is the aggregated cost for their employment?	Refer to AS105QW b (x)
		iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?	Refer to AS105QW b (x)
		iv. What is the aggregated cost for marketing their services?	Refer to AS105QW b (x)
		v. What is the aggregated cost for administrative support services?	Refer to AS105QW b (x)
		vi. What is the aggregated cost for professional insurance and indemnity?	Refer to AS105QW b (x)
		vii. What is the aggregated cost for compliance oversight?	Refer to AS105QW b (x)
viii. What is the aggregated cost for legal oversight?	Refer to AS105QW b (x)		

No.	Member	Question	Response
AS105QW (cont.)	Wilson	ix. What is the aggregated cost for other regulatory oversight?	Refer to AS105QW b (x)
		x. What is the aggregated cost for the unit, including overheads, that provides intrafund advice?	AustralianSuper's contractual arrangement with LinkAdvice is commercial in confidence.
		c. What is the revenue that intrafund advisers have generated?	As permitted under intrafund rules, intrafund advice to members relating to contributions, investment choice and insurance is provided at no additional cost. Retirement advice, including Transition to Retirement (TTR) advice attracts a \$295 fee: FY16 – \$75k FY17 – \$47k FY18 – \$86k FY19 – \$70k FY20 – \$65k
		d. How many financial advisers providing intrafund advice also provide it within the fund?	None
		e. If you have financial advisers providing intrafund advice also providing it within the fund, how is their remuneration determined from different sources?	Not Applicable
		f. Is there any cross-subsidisation for financial advisers providing intrafund advice from revenue funded through activities within the fund?	No
		g. What is the total budgeted cost and actuals for the intrafund advice unit?	Refer to AS105QW (a)
		h. What is the revenue generated from these financial advisers?	Refer to AS105QW (c)
		i. Within your fund, is there any cross-subsidisation for intrafund advice services?	No

No.	Member	Question	Response
AS106QW	Wilson	Do you allow members to use their funds to pay for:	
		a. Financial advice?	Yes, where the member provides written consent and the advice relates to the member's interest in the Fund.
		b. Internal financial advisers?	Yes, where the member provides written consent and the advice relates to the member's interest in the Fund.
		c. External financial advisers?	Yes, where the member provides written consent and the advice relates to the member's interest in the Fund. External advisers must also be registered and approved by AustralianSuper.

No.	Member	Question	Response
AS107QW	Wilson	Do you allow external financial advisers access to online facilities to charge for external financial advisers consented by members using their funds?	No