

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

AustralianSuper

No.	Member	Question	Response
AS108QW	Wilson	Please advise the total remuneration package of your:	
		a. Company Secretary	The Fund discloses executive remuneration in our Annual Report in accordance with the <i>Corporations Act</i> and Accounting Standard AASB1046. We do not wish to disclose their salary.
		b. Chief Executive Officer, including:	
		i. total remuneration	\$1,111,234
		ii. base salary	\$1,068, 817
		iii. annual bonuses	The Chief Executive is not eligible for annual bonus payments
		iv. equity or other options	The Chief Executive is not eligible for equity or other options
		v. additional compensation not covered in the above.	\$17,417

No.	Member	Question	Response
AS109QW	Wilson	For each year of the past decade, please advise the:	
		a. annual remuneration of the average worker who contributes to your fund	The Fund is not aware of the remuneration of members.
		b. average annual superannuation contribution from an employee to your fund	\$2,182 FY11 \$2,625 FY12 \$2,782 FY13 \$3,274 FY14 \$3,788 FY15 \$3,831 FY16 \$4,286 FY17 \$4,119 FY18 \$4,963 FY19 \$5,388 FY20
c. multiple your CEO is remunerated compared to the annual remuneration of the average worker who contributes to your fund.	Refer to (a)		

No.	Member	Question	Response
AS110QW	Wilson	In the context of marketing and advertising campaigns:	
		a. How many is your fund currently running individually, or in collaboration with others?	3
		b. How many have run, or are currently running since the beginning of calendar year 2020?	4
		c. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) to 30 June 2020?	The total cost of these campaigns was \$11m.
		g. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 July 2021 – 31 December 2021?	The Fund's FY22 budgets have yet to be finalised.

No.	Member	Question	Response
AS111QW	Wilson	For each of the following categories, please provide the percentages of employees that are women, men, or who identify otherwise:	
		a. all employees	Women 49% Men 51% Undisclosed 0%
		b. non-executive employees	Women 49% Men 51% Undisclosed 0%
		c. executive employees	Women 57% Men 43% Undisclosed 0%
		d. senior executive employees	Women 0% Men 100% (n=2) Undisclosed 0%

No.	Member	Question	Response
AS112QW	Wilson	Do you have a target for the employment of:	
		a. women as a share of:	
		i. all employees?	No
		ii. executive employees?	At least 40% female
		iii. senior executive employees?	No
		b. people who are gender non-binary as a share of:	
		i. all employees?	No
		ii. executive employees?	No
		iii. senior executive employees?	No

No.	Member	Question	Response
AS113QW	Wilson	Since the introduction of Superstream, which has standardized the transfer of funds, has there been:	
		a. A reduction in the cost to the fund for transferring funds, and if so, by how much?	Unknown, as transaction costs are charged to us holistically.
		b. A reduction in the fees charged to members reflecting any saving, and if so, by how much?	As above As a profit-to-member fund, any reduction in expenses is reinvested to expand and enhance services for members.

No.	Member	Question	Response
AS114QW	Wilson	Greenhouse gas emissions:	
		a. Does your fund have an internal target for your own greenhouse gas emissions footprint by:	
		i. 2030	No
		ii. 2035	No
		iii. 2040	No
		iv. 2045	No
		v. 2050	No
		b. Does your fund have a target for reducing greenhouse gas emissions from investments by:	
		i. 2030	No
		ii. 2035	No
		iii. 2040	No
		iv. 2045	No
		v. 2050	Yes
		c. Does your fund intend to divest from investments if they do not reach their greenhouse gas emissions reduction targets by:	
		i. 2030	Not applicable
		ii. 2035	Not applicable
		iii. 2040	Not applicable
iv. 2045	Not applicable		
v. 2050	The Fund is currently on track to meet the relevant target.		

No.	Member	Question	Response
AS115QW	Wilson	The New Daily	
		a. Have you ever completed a cost benefit analysis of The New Daily to your fund?	Yes
		i. If so, when did you complete this cost benefit analysis?	Between 2012 and 2020, including in 2016 when the Fund sold its shareholding in The New Daily to ISH.

No.	Member	Question	Response
AS116QW	Wilson	Financial advisers remuneration	
		a. Are your financial advisers paid:	
		i. a base salary?	Yes
		ii. non-salaried remuneration, including bonuses?	No
		b. Are your financial advisers, who are only remunerated with a base salary, eligible to provide:	
		i. personal advice?	Yes
		ii. general advice?	Yes

No.	Member	Question	Response
AS117QW	Wilson	Have any technology innovations within the fund reduced the cost of operating the fund over the past decade? If so, please outline:	
		a. the technological innovations	The Fund has introduced a range of technology innovations over the past decade to improve our operations, reduce the cost of operating the Fund and meet member needs. For example, the Fund's ChatBot 'ASH' supports member enquiries while video conferencing increases employee productivity.

No.	Member	Question	Response
AS118QW	Wilson	Valuations	
		a. What data is provided to valuation teams to assess the value of unlisted assets?	All relevant data is provided to both the valuer and the valuations team. This includes information such as business plan, financial models, key contracts, relevant forecasts of revenue and cost items and details on loans or debt (i.e. financing structure) of the asset.
		b. When the fund provides data to valuation teams to assess the value of unlisted assets, does this include internal modelling of asset valuations?	No
		c. What assumptions are provided to valuation teams when assessing the value of unlisted assets?	All assumptions used in the valuation are provided to the valuations team.

No.	Member	Question	Response
AS118QW (cont.)	Wilson	d. When valuation teams assess the value of unlisted assets, do they solely take account of past performance?	No
		e. When valuation teams assess the value of unlisted assets, what weighting do they take on the projected value of the market for such unlisted assets to inform their valuations?	All valuations are undertaken on a fair value basis in accordance with Australian Accounting Standard Board AASB 1056 – ‘Superannuation Entities’.

No.	Member	Question	Response
AS118QW (cont.)	Wilson	<p>f. For the past decade can you please complete the below table for each unlisted asset valued under your valuation policy:</p> <p>AustralianSuper appoints external independent valuers to value each individual investment, rather than one valuer for all assets in an asset class. Listed below are the independent valuers who have undertaken external valuations for AustralianSuper in the last ten years. Other than as noted at AS118QW, AustralianSuper does not undertake valuations in-house.</p>	

List of independent valuers who have undertaken external valuations for AustralianSuper in the last ten years:

Asset class	Valuer
Debt	DebtX
Debt	Situs RERC
Debt	Chatham Financial
Infrastructure	Deloitte
Infrastructure	E&Y
Infrastructure	Grant Thornton
Infrastructure	KPMG
Infrastructure	PwC
Infrastructure	Maven Libera
Infrastructure	Sapere
Infrastructure	Findex (previously Crowe Horwath)
Property, Debt	CBRE
Property	Colliers International
Property	Cushman & Wakefield
Property	Jones Lang LaSalle
Property	LandMark White

Property	Knight Frank
Property	M3 Property
Property	Savills
Property	NPV Advisors

No.	Member	Question	Response
AS119QW	Wilson	<p>In the Financial Services Royal Commission documentation an 'Audit and Risk Management Committee' paper was compiled for CBUS ('Review of payments made to sponsoring organizations' — https://financialservices.royalcommission.gov.au/public-hearings/Documents/Additional-exhibits-round-5/EXHIBIT-5.368.pdf)</p> <p>Please advise how many times, over the last decade, such a paper, or equivalent, has been prepared for:</p>	
		a. Your Board	0
		b. Board subcommittee	4
		c. Executive management	4

No.	Member	Question	Response
AS120QW	Wilson	Over the past decade, how many non-disclosure agreements have you agreed to in relation to:	
		a. human resources issues	13
		b. sexual harassment issues	0

No.	Member	Question	Response
AS121QW	Wilson	Do you use an internal clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund? If so:	
		a. What is the name of the clearing house?	AustralianSuper does not use an internal clearing house.
		b. Why do you use a clearing house?	Refer (a)
		c. How much does it cost annually to use the clearing house?	Refer (a)
		d. How much does it cost annually to each member to use the clearing house?	Refer (a)
		e. What happens to interest accrued from funds held in the clearing house?	Refer (a)
		f. What happens to non-interest income and/or capital gains accrued from funds held in the clearing house?	Refer (a)

No.	Member	Question	Response
AS122QW	Wilson	Do you use an external clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund? If so:	
		a. What is the name of the clearing house?	QuickSuper
		b. Who owns the clearing house?	Westpac Banking Corporation
		c. Why do you use an external clearing house?	To assist businesses to meet their obligations under the 'Choice of Fund' legislation.
		e. How much does it cost annually to each member to use the external clearing house?	Members do not use the Clearing House. Businesses submitting superannuation payments do. The cost for this service is included in the administration fee of \$2.25 per week.
		f. What happens to non-interest income and/or capital gains accrued from funds held in the external clearing house?	There is no non-interest income or capital gains accrued.

No.	Member	Question	Response
AS123QW	Wilson	If you use an internal clearing house please outline when money is received into the clearing house:	
		a. On average, how long does it stay in the clearing house before it:	
		i. is allocated to a member's account and/or fund?	Refer AS121QW(a)
		ii. is allocated to purchase units for a member's account and/or fund?	Refer AS121QW(a)
		iii. appears in a member's account and/or fund statement and/or online record?	Refer AS121QW(a)
		b. What is the longest time that it has stayed in the clearing house before it:	Refer AS121QW(a)
		i. is allocated to a member's account and/or fund?	Refer AS121QW(a)
		ii. is allocated to purchase units for a member's account and/or fund?	Refer AS121QW(a)
		iii. appears in a member's account and/or fund statement and/or online record?	Refer AS121QW(a)

No.	Member	Question	Response
AS123QW (cont.)	Wilson	If you use an internal clearing house please outline when money is received into the clearing house:	
		c. What is the shortest time that it has stayed in the clearing house before it:	
		i. is allocated to a member's account and/or fund?	Refer AS121QW(a)
		ii. is allocated to purchase units for a member's account and/or fund?	Refer AS121QW(a)
		iii. appears in a member's account and/or fund statement and/or online record?	Refer AS121QW(a)
		d. For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:	
		i. the individual member's account and/or fund?	Refer AS121QW(a)
		ii. a different account and/or fund? If so, what is its name?	Refer AS121QW(a)
		e. For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:	
		i. the individual member's account and/or fund?	Refer AS121QW(a)
		ii. a different account and/or fund? If so, what is its name?	Refer AS121QW(a)

No.	Member	Question	Response
AS124QW	Wilson	If you use an external clearing house, please outline when money is received into the clearing house:	
		a. On average, how long does it stay in the clearing house before it:	
		i. is allocated to a member's account and/or fund?	1 business day
		ii. is allocated to purchase units for a member's account and/or fund?	1 business day
		iii. appears in a member's account and/or fund statement and/or online record?	1 business day
		b. What is the longest time that it has stayed in the clearing house before it:	
		i. is allocated to a member's account and/or fund?	No longer than 3 business days
		ii. is allocated to purchase units for a member's account and/or fund?	No longer than 3 business days
		iii. appears in a member's account and/or fund statement and/or online record?	No longer than 3 business days

No.	Member	Question	Response
AS124QW (cont.)	Wilson	c. What is the shortest time that it has stayed in the clearing house before it:	
		i. is allocated to a member's account and/or fund?	Same day we received the monies from the clearing house.
		ii. is allocated to purchase units for a member's account and/or fund?	Same day we received the monies from the clearing house.
		iii. appears in a member's account and/or fund statement and/or online record?	Same day we received the monies from the clearing house.
		d. For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:	
		i. the individual member's account and/or fund?	Interest income accrued on funds destined for AustralianSuper is paid to the Administration Reserve and then offsets expenses incurred in administering member accounts.
		ii. a different account and/or fund? If so, what is its name?	Not applicable
		e. For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:	
		i. the individual member's account and/or fund?	We do not receive non-interest income or capital gains.
		ii. a different account and/or fund? If so, what is its name?	As above

No.	Member	Question	Response	
AS125QW	Wilson	During the first half of 2020 there were significant market movements because of the economic response to the COVID-19 pandemic. Please complete the following table outlining the total payouts and losses in foreign exchange hedging.		
		Month in 2020	Payouts for FOREX hedges (\$)	Losses for FOREX hedges (\$)
		January	Refer to the Fund's published Financial Statements for aggregate annual gains and losses on Derivative Positions for the FY20. This is inclusive of Foreign Exchange. Further detail cannot be provided due to the market sensitivity of the information.	
		February		
		March		
		April		
		May		
June				

No.		Member	Question			Response		
AS126QW		Wilson	Assuming a young Australian whose birthday was 1 July 1989, got their first job on 1 July 2005, opened a default superannuation account on 1 July 2005, made the average contribution of a person in that age bracket, using the default product offer made at that time and made no additional contributions, received the average growth, paid all fees, insurances and deductibles, please complete the following table:					
1	2	3	4	5	6	7	8	
Age	Financial year	Annual average income of fund members from that age bracket in that year (\$)¹	Average Compulsory superannuation contribution in that year (%) of income²	Resulting average annual superannuation contribution made (\$)³	All fees, insurances, indirect cost ratios and other deductibles not classified as fees (\$)⁴	Average growth in that year (\$)⁵	Balance at the end of that year (\$)⁶	
16	2005/2006	N/A	N/A	N/A	N/A	N/A	N/A	
17	2006/2007	\$13,723	9.00%	\$1,050	\$247	\$196	\$1,697	
18	2007/2008	\$15,746	9.00%	\$1,205	\$222	-\$127	\$2,554	
19	2008/2009	\$22,587	9.00%	\$1,728	\$185	-\$442	\$3,655	
20	2009/2010	\$24,586	9.00%	\$1,881	\$201	\$452	\$5,787	

¹ Someone who was 16 in 2005/2006 financial year

² i.e. 9 per cent

³ i.e. 9 per cent of column 3 x 0.85 (net of contribution tax)

⁴ i.e. the totals deducted

⁵ i.e. growth on the balance reflecting the time reality of growth and when fees are deducted

⁶ i.e. The total balance for that account at the end of the financial year once growth and fees have affected the balance

No.		Member	Question			Response		
AS126QW		Wilson	Assuming a young Australian whose birthday was 1 July 1989, got their first job on 1 July 2005, opened a default superannuation account on 1 July 2005, made the average contribution of a person in that age bracket, using the default product offer made at that time and made no additional contributions, received the average growth, paid all fees, insurances and deductibles, please complete the following table:					
1	2	3	4	5	6	7	8	
Age	Financial year	Annual average income of fund members from that age bracket in that year (\$)	Average Compulsory superannuation contribution in that year (%) of income	Resulting average annual superannuation contribution made (\$)	All fees, insurances, indirect cost ratios and other deductibles not classified as fees (\$)	Average growth in that year (\$)	Balance at the end of that year (\$)	
21	2010/2011	\$26,745	9.00%	\$2,046	\$271	\$685	\$8,247	
22	2011/2012	\$29,620	9.00%	\$2,266	\$271	\$91	\$10,333	
23	2012/2013	\$32,426	9.00%	\$2,481	\$276	\$1,787	\$14,325	
24	2013/2014	\$35,032	9.25%	\$2,754	\$366	\$2,154	\$18,867	
25	2014/2015	\$43,287	9.50%	\$3,495	\$450	\$2,214	\$24,128	
26	2015/2016	\$45,332	9.50%	\$3,661	\$360	\$1,170	\$28,598	
27	2016/2017	\$47,894	9.50%	\$3,867	\$360	\$3,776	\$35,881	

Comments / Assumptions AS126QW

1. AustralianSuper commenced operations on 1 July 2006 after the merger of Superannuation Trust of Australia (STA) and the Australian Retirement Fund (ARF) on that date. For the 2005/2006 year – the year that preceded the merger – data is not available/applicable.
2. In column 3, as the Fund is not aware of member salaries, income has been estimated from SG contributions. Accordingly, this data is not regarded as reliable.
3. In column 4, we note the SG rate increased from 9% to 9.25% on 1 July 2013 (impacts the 2013/2014 year) and to 9.5% on 1 July 2014 (impacts 2014/2015 and all subsequent years).
4. The average annual superannuation contributions shown in column 5 are derived by multiplying columns 3 and 4. This means the superannuation contributions in column 5 are shown before the deduction of contributions tax (this is allowed for in column 6).
5. Column 6 contains the following deductions:
 - a. Administration fees, which are \$1 per week from 1 July 2006, increasing to \$1.50 per week from 1 January 2009. We have assumed \$1 per week would have also applied to the 2005/2006 year.
 - b. Insurance premiums, which are those that would have been paid for default cover only. For Death and TPD this commenced at \$3 per week from 1 July 2006 (and this premium is also assumed to apply for the 2005/2006 year). Income Protection (IP) commenced on 29 May 2010 on an opt-out basis; we have assumed the member would have ignored the correspondence to opt out and retained default IP cover

from this date. All changes to insurance premiums impacting default cover over the 12-year period to 2016/2017 have been taken into account.

- c. Contributions tax is not included in deductions according to our understanding of the question
- 6. The earnings shown in column 7 are based on AustralianSuper's Balanced fund performance, since AustralianSuper commenced operations on 1 July 2006 (therefore earnings for 2005/2006 are not applicable)
- 7. All cashflow items in and out are assumed to take place midway through the year.