

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

BT – Westpac

BT123QW:

Please provide the titles of all externally commissioned reports over the past five years that have reviewed any of the following:

- a. Performance of funds.
- b. Investment strategies for funds.
- c. Conflicts of interest for funds.

Answer:

Please note that it is unclear as to what information is requested based on the limited details provided under BT123QW. However, BT uses a number of third-party consultants on an ad-hoc basis, and as part of the due diligence process for fund manager evaluation.

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BT – Westpac

BT124QW:

For each fund where more than 30 per cent of capital is managed by another entity, please complete the below table including:

- a. The name of the fund.
- b. The allocation of capital as a percentage of the total capital held by the fund.
- c. The allocation of capital of the total capital held by the fund.
- d. The entity managing the capital.
- e. Whether you are a shareholder in that entity.

Fund	Allocation of fund capital		Managing entity	Shareholder
	%	\$		
i.e. Hostplus infrastructure options	i.e. 70%	i.e. \$10 billion	i.e. IFM Investors	i.e. Yes

Answer:

BT Investment Solutions (BTIS) is BT's internal investments team that manages the asset allocations and appoints/ terminates 3rd party managers on behalf of the relevant funds in which BT's superannuation funds invest. On a look through basis there are no related party or 3rd party investment managers who manage more than 30% of Funds Under Management of BT's superannuation funds.

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BT – Westpac

BT125QW:

If you do have capital managed by another entity that you are also a shareholder in, please identify how you manage conflicts of interest.

Answer:

Not applicable.

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BT – Westpac

BT126QW:

Please provide details of the following reduction to remuneration packages since 11 March 2020:

- a. Board members.
- b. The chief executive.
- c. Executive management.

Answer:

Whilst there were no reductions made to the remuneration packages to the individuals outlined in BT126QW since 11 March 2020, the Westpac Group have publicly stated that the Westpac Group CEO and his Executive Team, will not receive any Short Term Variable Reward for FY2020. For other employees, any variable reward pool will be significantly reduced with the focus on rewarding those employees who have assisted customers through the challenging times this year.

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BT127QW:

Is the fund considering divestment from pure play fossil fuel producers in order to mitigate climate-related financial risks and to increase the cost of capital for those producers?

If not, how has the fund arrived at the conclusion that this approach would not be in members' best interests?

Answer:

No. Please note that this information is previously provided under BT89QW (i.e. refer to BT Financial Group Stewardship Policy).

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BT – Westpac

BT128QW:

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:

BT offers a range of MySuper and Choice products (as outlined in our response under BT33QW). Historical daily unit prices are available on BT's website, i.e. public users have an ability to select the relevant product and date range. Refer to link provided below:

<https://www.bt.com.au/personal/prices-and-performance/unit-prices/bt-super-product-unit-prices/bt-super-unit-price-history.html>

For the purposes of providing a response to BT128QW, we have used figures derived for the MySuper Lifestage 1970s Cohort Fund as reference point.

- a. The highest unit price for the MySuper Lifestage 1970s Cohort Fund since 1 January 2020 was \$1.8136 on 20 February 2020.

- b. The lowest unit price for the MySuper Lifestage 1970s Cohort Fund since 1 January 2020 was \$1.3107 on 23 March 2020.
- c. There were 22 business days between the highest and lowest unit prices (noted in the previous sections) for the MySuper Lifestage 1970s Cohort Fund.
- d. The nominal value between the highest and lowest unit price for the MySuper Lifestage 1970s Cohort Fund was \$1,937.7 million.
- e. The percentage value between the highest and lowest unit price for the MySuper Lifestage 1970s Cohort Fund was 27.73%.
- f. The number of business days between the date of the ASX's lowest valuation, and the day for the lowest valuation of the MySuper Lifestage 1970s Cohort Fund was zero. This response is also applicable to the ASX's highest valuation, and the day for the highest valuation of the MySuper Lifestage 1970s Cohort Fund.
- g. Refer to our response under BT128QW(f).

Please note that BT's unit prices are calculated on a daily basis using forward pricing. With forward pricing, applications to buy or sell units are processed using a price calculated and published after the applications have been received. For example, the unit prices effective for today, are based on the latest available valuations as at close of business today. Listed securities have daily valuations. Therefore, there is no opportunity for arbitrage in the scenario outlined in BT128QW(l). As such, we consider the questions BT128QW(h)-(l) to not be applicable to BT.

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BT – Westpac

BT129QW:

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:

Not applicable, as per our response provided under BT53QW:

For the past decade, no financial planning or financial advice fees have been charged to fund members for financial planning services offered directly by the Trustee. However, the Trustee does facilitate financial advice fees from member superannuation accounts on behalf of members to pay their financial adviser. These fees are agreed between the member and the financial planner and relate to advice

and servicing work completed by the financial planner specifically relating to the member's superannuation account.

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BT – Westpac

BT130QW:

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:

Not applicable, as per our response provided under BT129QW.

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BT131QW:

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

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

Answer:

Please refer to our response provided under BT129QW.

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BT – Westpac

BT132QW:

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

Answer:

Yes, BT allows external financial adviser access to online facilities to charge for external financial advice consented by members on the following BT platforms: Panorama Super, Super Wrap and Asgard.