

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**BT – Westpac**

**BT79QW:**

Regarding any investments you have with IFM Investors, please provide the following:

- a. The capital invested each year for the past five years.
- b. The accumulated valuation of investments for the past five years.
- c. The dividends received from those investments for the past five years.

**Answer:**

Superannuation funds under BT Funds Management Limited and Westpac Securities Administration Limited's trusteeship have no direct investments held with IFM Investors.

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SUPERANNUATION SECTOR**

**BT – Westpac**

**BT80QW:**

Regarding any investments you have with ME Bank, please provide the following:

- a. The capital invested each year for the past five years.
- b. The accumulated valuation of investments for the past five years.
- c. The dividends received from those investments for the past five years.

**Answer:**

Superannuation funds under BT Funds Management Limited and Westpac Securities Administration Limited's trusteeship have no direct investments held with ME Bank.

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SUPERANNUATION SECTOR**

**BT – Westpac**

**BT81QW:**

If you are an investor in ME Bank, have you individually (or in collaboration with other funds), ever commissioned reports into its valuation in the past decade?

- a. And if so, how many reports and in what year?
- b. Were any commissioned to be completed by the UK-based group, LEK?
- c. And please provide copies.

**Answer:**

Not applicable. Please refer to our response provided in BT80QW.

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BT – Westpac

**BT82QW:**

According to reports in the *Australian Financial Review* superannuation fund, Hostplus, redefined the definition of ‘illiquid assets’ (‘Hostplus warned of liquidity “perfect storm”’, *Australian Financial Review*, 18 May 2020). Therefore, can you please advise:

- a. How you define ‘illiquid assets’ within your fund, including details of holdings and timeframes?
- b. How you define ‘liquid assets’ within your fund, including details of holdings and timeframes?
- c. How long each of these definitions have been used?
- d. What prompted any switch to these definitions?
- e. What the prior definitions were before any switch?

**Answer:**

- a. Internally managed investments, managed by BT Investment Solutions (BTIS), are subject to the Liquidity & Cash Flow Management Policy and Procedure (**the Policy**). The Policy defines ‘liquid assets’ as:
  - i. *‘assets which can reasonably be expected to be sold within 30 days under normal markets conditions (or shorter time periods). Time periods usually assessed include 1, 3, 10, 20, 30, 40, and 90 days. This includes listed equities, listed fixed income, listed infrastructure and listed property. Note whilst certain unit trusts have redemption periods within 30 days, if there is a suspension on redemptions then these investments would not be included in Liquid Assets.’*

As such, ‘illiquid assets’ are assets which do not meet the abovementioned definition, i.e. assets which cannot be sold within 30 days under normal market conditions.

Investments managed externally to BT, which do not have a BT entity as the issuer (such as being a responsible entity), are assessed and allocated by BT’s Investment Research and Governance (IRG) team to one of the liquidity categories at an investment option level (detailed in the table below). These categories define our view as to how likely an investment option is to become suspended/limit redemptions in a market stress scenario.

Category	Description
Liquid	Investment Option contains a significant proportion of liquid assets and a suspension is very unlikely to occur
High Tolerance	Unlikely that the Investment Option will be suspended/limit redemptions in a stress scenario but increased monitoring is justified based on the assets the fund holds and redemption provisions.
Medium Tolerance	Investment Option has the potential to become suspended/limit redemptions in a stress scenario and will be subject to increased monitoring focusing on the mix of assets held and their likely liquidity.
Low Tolerance	Investment Option may well become suspended/limit redemptions in a stress scenario and will be subject to increased monitoring focusing on the mix of assets held and their likely liquidity.
Suspended	Investment Option is currently suspended.

- b. Please refer to our response in point a.
- c. BTIS has adopted the abovementioned 'liquid asset' and illiquid asset' definitions specifically from June 2017. Prior to this, similar definitions were in place which were consistent with the liquid assets definitions for managed investment schemes under the Corporations Act 2001 (Cth). The liquidity categories relating to the investments managed externally to BT have been in use since December 2011.
- d. BTIS' adoption of the abovementioned 'liquid asset' and illiquid asset' definitions in June 2017 were prompted by a review of internal policy and procedures, the refresh providing for the adoption of a more robust definitions.
- e. Please refer to our response in point c.

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SUPERANNUATION SECTOR**

**BT – Westpac**

**BT83QW:**

Have you completed a skills audit in the past five years of the following:

- a. Your board of directors?
- b. Your investment committee?
- c. And if not, why not?
- d. And if so, presently what gaps are identified?

**Answer:**

- a. A skills audit has been completed for the super board of directors and the super board investment committee in the past five years.
- b. Please refer to our response in point a.
- c. Not applicable.
- d. No skill gaps are presently identified for the super board of directors and the super board investment committee.

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SUPERANNUATION SECTOR**

**BT – Westpac**

**BT84QW:**

Prior to appointment, have employees fulfilling fiduciary roles had their investment performance track record assessed before fees?

- a. And if not, why not?
- b. And if not prior to appointment, have they following appointment?
- c. And if so, on what timeframe?

**Answer:**

- a. BT Investment Solutions' Chief Investment Officer had their investment performance track record (returns net of tax and fees over a 10 year horizon) assessed prior to their appointment.
- b. Not applicable.
- c. Refer to response in point a.

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**BT – Westpac**

**BT85QW:**

Can you please provide data to complete this table for your unlisted asset holdings based on their geographic spread:

Country/Region	Share of fund asset value		Share of fund income	
	\$	%	\$	%
<b>North America (inc USA)</b>				
- United States specifically				
<b>South America</b>				
<b>Asia (inc China)</b>				
- China specifically				
<b>Africa</b>				
<b>Europe (not inc UK)</b>				
<b>Europe (inc UK)</b>				
- United Kingdom specifically				
<b>Australasia (inc Aus)</b>				
- Australia specifically				

**Answer:**

Please note that the information provided in the table below applies to the 2020 financial year (effective 31 May 2020) and reflects internally managed investments (managed by BT Investment Solutions) for superannuation funds under BT Funds Management Limited and Westpac Securities Administration Limited's trusteeship. We do not collect this level of information for investments managed externally to BT, which do not have a BT entity as the issuer (such as being a responsible entity).



Country/Region	Share of fund asset value		Share of fund income	
	\$m	%	\$m	%
<b>North America (inc USA)</b>	6.9	3%	0.27	4%
- United States specifically	6.9	3%	0.27	4%
<b>South America</b>	0	0%	0	0%
<b>Asia (inc China)</b>	0	0%	0	0%
- China specifically	0	0%	0	0%
<b>Africa</b>	0	0%	0	0%
<b>Europe (not inc UK)</b>	5.4	2%	0.24	4.5%
<b>Europe (inc UK)</b>	9	4%	0.4	4.5%
- United Kingdom specifically	3.6	2%	0.16	4.5%
<b>Australasia (inc Aus)</b>	210.8	93%	13.2	5.5%
- Australia specifically	206.3	91%	11.3	5.5%

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**BT – Westpac**

**BT86QW:**

Please provide a copy of your Constitution.

**Answer:**

A copy of our Constitutions can be found on BT Super's website, :

<https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/disclosure/regulatory-reporting/BTFM-Constitution.pdf>

<https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/disclosure/regulatory-reporting/WSAL-Constitution.pdf>

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**BT – Westpac**

**BT87QW:**

Please provide details, including the event name, organising entity, ticket price and attendee(s) for the past decade of the tickets purchased for events and/or fundraisers for political parties or related entities, individual MPs and individual candidates for political office or the associated fundraising entities of political parties, individual MPs and individual candidates for political office.

**Answer:**

BT's superannuation funds do not pay to attend events and/or fundraisers for political parties or related entities.

Westpac Group does participate in legitimate political events where they are assessed to be of direct business relevance. In accordance with Westpac policy, expenditure on such events, regardless of size, is reported in the director's report within the concise annual report, to the Australian Electoral Commission, and the various states in accordance with the law.

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SUPERANNUATION SECTOR**

**BT – Westpac**

**BT88QW:**

Do you currently have an art collection?

- a. If so, can you advise its current valuation?
- b. If so, can you advise where it is stored and/or exhibited?

**Answer:**

Superannuation funds under BT Funds Management Limited and Westpac Securities Administration Limited's trusteeship have no exposure to investments of this nature.

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BT – Westpac

**BT89QW:**

Do you engage proxy advisers?

- a. What are the terms of engagement for proxy advisers?
- b. To what extent are they empowered to act on behalf of the entity?
- c. Does their advice get provided to the board?
- d. How often is advice submitted to the board?
- e. Is their advice formally adopted by the board?
- f. Are their positions publicly stated?
- g. How does the board assess these positions concurrent with their duties as trustees and the sole purpose test?

**Answer:**

No, BT Super does not engage proxy advisors directly. Whilst BT Super does engage the services of Institutional Shareholder Services Inc. (ISS) for the purposes of proxy voting disclosure, BT Super does not receive company-specific proxy voting advice as part of this agreement. As such, the questions captured under dot points a-g are not applicable.

Further information regarding BT Super's approach to proxy voting is disclosed in the BT Financial Group Stewardship Policy (**Policy**). This includes BT's proxy voting principles and our approach to voting for the relevant BT entities issuing superannuation and investment products. The Policy was approved by the relevant BT entity Boards in March 2019 and is publicly available at:

<https://www.bt.com.au/content/dam/public/btfg-bt/documents/about-bt/corporate-sustainability/BTFG-stewardship-policy.pdf>.

The overriding principle of the Policy is that votes are exercised in the long-term best interests of our superannuation members.

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SUPERANNUATION SECTOR**

**BT – Westpac**

**BT90QW:**

Are you currently, or have you previously been, a member or subscriber of the ACTU Members Connect Program?

- a. If so, what is the timeframe of your membership?
- b. What has been the annual fee year-on-year?
- c. How have you assessed its value to your members?

**Answer:**

BT is not currently, and has not previously been, a member or subscriber of the ACTU Members Connect Program.