

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**CARE SUPER**

**CARE136QW:** Please provide as separated data, what the base salary and bonuses were, or are set to be, paid in the 2019/2020 and 2020/21 financial year for your:

- a. Chief Executive Officer or equivalent?
- b. Chief Investment Officer or equivalent?

**Answer:** Executive Remuneration is publicly available on CareSuper's website for 2019/20 at [cs-executive-remuneration-2019-and-2020-final-20201005.pdf \(caresuper.com.au\)](https://www.caresuper.com.au/cs-executive-remuneration-2019-and-2020-final-20201005.pdf).

Remuneration for 2020/21 will be available by 31 October 2021.

CareSuper does not pay bonuses.

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**CARE SUPER**

**CARE137QW:** Do you support superannuation funds delisting public companies?

**Answer:**

The delisting of public companies is not part of CareSuper's investment approach. CareSuper has not engaged in a delisting or 'take private' strategy.

The ability to delist public companies and the ability to list or 'float' private companies is a critical part of the proper functioning of capital markets. Value can be created for investors (super fund members) through a change of ownership structure, both listing and delisting. Whether a superannuation fund holds an investment in listed or unlisted form, it remains an investment of Australian fund members and therefore widely owned across the community. All CareSuper investment decisions are considered through a framework of what is in our members best financial interests.

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**CARE138QW:** Property investments

- a. Do you have any current investments in the National Housing Finance and Investment Corporation? If so, what is the size of your investments?
- b. Please provide information on the rental income for any residential property investments held for each year for the last five financial years.

**Answer:**

- a. No
- b. N/A

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**CARE SUPER**

**CARE139QW:** Subscriptions to The New Daily

- a. Has your fund ever considered subscribing your members to The New Daily through an opt-out model? If so:
  - i. Was this proposed initially internally, or externally?
  - ii. Who proposed it?
  - iii. Who approved it?
  - iv. What was the approval process?
  - v. What legal advice was sought?
  - vi. On what date did it proceed, or is it proposed to proceed?
- b. Have the following groups ever enquired or requested your fund to subscribe your members to The New Daily:
  - i. Industry Super Holdings?
  - ii. The New Daily?

**Answer:**

CareSuper has previously subscribed members to The New Daily through an opt-out model once in January 2017. This decision went through the normal decision-making process.

The New Daily has from time to time proposed the subscription model.

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**CARE SUPER**

**CARE140QW:** What arrangements, including donations, commissions, marketing expenditure or partnerships, do you have that lead to payments to research organisations or ‘think tanks’?

Please provide:

- a. Names of the think tanks.
- b. Payments made over the last five years.

**Answer:** CareSuper uses research organisations as part of normal business operations to survey members and employers. It has not engaged directly with any ‘think tanks’.

We are unable to respond in relation to payments to partners that lead to third party payments to research organisations or think tanks.

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#### CARE SUPER

**CARE141QW:** According to the Australian Financial Review (IFM's Tandem leaves workers in the lurch, 7 July 2021), IFM Investors have invested in a business that has left them wholly owning a subsidiary, Tandem Networks, that avoids them paying out the full entitlements of subcontractor. Therefore, if you are an owner of IFM Investors:

- a. Do you think it is acceptable that an investment made by your investment vehicle dishonours contractual arrangements with subcontractors?
- b. What inquiries have been made to ensure that subcontractors are being paid?
- c. What steps do you expect IFM Investors to go through should they not honour entitlements to subcontractors?
- d. Would you divest from IFM Investors should they not honour entitlements to subcontractors?

#### **Answer:**

- a. CareSuper expects that all its Investment Managers, with Private Equity stakes, in operating companies; act ethically & legally, exercise good judgement and act in a considered manner with respect to obligations to employees, contractors and other stakeholders, whether a business succeeds or fails.
- b. CareSuper is not an investor in Tandem Networks via any IFM Investment funds. Accordingly, CareSuper is not involved in discussions regarding payment details or any other matters raised regarding Tandem Networks
- c. CareSuper expects IFM to act in accordance with the expectation described above at answer (a).

CareSuper assesses and makes decisions regarding all investment managers in accordance with its Policies that apply to manager review and selection.

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**CARE142QW:** At the House Economics superannuation hearing on 8 July 2021 representatives of Australian Super and CBUS outlined they were not aware that IFM Investors (a company wholly owned by industry funds) had paid a bonus of \$12m, and were asked whether they had asked questions about the bonus and the bonus structures within IFM Investors.

According to the Australian Financial Review (IFM Investors gives \$12.7m bonus to UK Director, 14 February 2020) a bonus of \$12.7 million bonus was paid.

According to the Sydney Morning Herald (A lot of bling: Industry shocked at \$36 million bonus allegation, 22 March 2019) bonus structures existed to allow for bonuses of up to \$36m to be paid.

Therefore, if you are an owner of IFM Investors, please advise:

a. What inquiries have been made, or will be made, about bonuses of that size with IFM Investors?

What information you have sought, or will seek, from IFM investors about bonus structures within IFM Investors?

#### **Answer:**

Bonus arrangements tied to performance are a feature of the Global funds management industry. CareSuper is generally not privy to the detail of remuneration arrangements for individuals within any of the Fund Managers it employs.

However, CareSuper is focussed on ensuring that the fees charged by Fund Managers including IFM are appropriate for the investment services performed and the level of outperformance generated by the manager. This assessment and review is made in accordance with CareSuper's Investment Fee Policy and Investment Monitoring and review policy.