

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC01QW:** Please provide the details of any fund member briefings where it was possible to ask fund managers, executives or directors questions over the past five years.

**Answer:** LUCRF has not had any fund member briefings over the last five years. However, the fund will have such a meeting before the end of 2020.

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**LUCRF Super**

**LUC02QW:                   Details of all ASIC fines and infringement notices incurred over the past  
five years.**

**Answer:                    LUCRF has not incurred any ASIC fines or infringement notices over the past  
five years.**

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**LUCRF Super**

**LUC03QW:                   The name and company of your auditor for the past five years.**

**Answer:**                   David Coogan, Pricewaterhouse Coopers – 2015 – 2019.

Nicole Osborne, Pricewaterhouse Coopers – 2019 – 2020.

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LUCRF Super

LUC04QW For the past five years the total value in dollars and as a percentage of the total value of a fund:  
a. Listed investments.  
b. Unlisted investments.  
c. Total investments.

**Answer:** Details of LUCRF's asset allocation is reported to APRA (SRF 530.0) and published in its Fund Level Superannuation Statistics (Annual and Backseries) at Table 9, Columns M to S. APRA does not report asset allocation by listed and unlisted.

However, the split between listed and unlisted investments as at 30 June 2019 is provided in the table below.

Asset Class	Market Value (\$ mil)	Weight (%)
Alternative debt [inc. Curr overlay]	247.55	3.62
Australian equities active	1,401.57	20.52
Australian equities active managed vol	235.82	3.45
Australian equities indexed	59.65	0.87
Balanced option DAA overlay	21.90	0.32
Cash operational	148.87	2.18
Cash strategic	309.95	4.54
Fixed interest duration agnostic	168.24	2.46
Fixed interest long duration	380.15	5.57
Infrastructure listed	61.42	0.90
Infrastructure unlisted closed [inc. Curr overlay]	29.56	0.43
Infrastructure unlisted open	278.04	4.07
International equities developed active (inc. Curr overlay)	1,192.83	17.46
International equities developed indexed	406.38	5.95
International equities emerging active	347.98	5.09
Liquidity (cash allocation)	18.49	0.27
Multi-asset funds	174.52	2.55
Portfolio diversifiers	497.08	7.28
Private equity	81.70	1.20
Property AREITS	57.36	0.84
Property GREITS	91.04	1.33
Property unlisted [inc. Curr overlay]	435.10	6.37
Super cash management	185.66	2.72
<b>Total Fund</b>	<b>6,830.88</b>	<b>100.00</b>
<b>Listed Assets</b>	<b>5,758.93</b>	<b>84.31</b>
<b>Unlisted Assets</b>	<b>1,071.95</b>	<b>15.69</b>

Source: J.P.Morgan

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LUCRF Super

**LUC05QW** For the past five years the total value in dollars and as a percentage of the total return for the fund:  
a. Listed investments.  
b. Unlisted investments.  
c. Total investments.

**Answer:** As mentioned in our response to LUC04QW, APRA does not require the Fund to report asset allocation or performance by listed and unlisted asset classes. The Fund does not measure the percentage total return for the fund for its unlisted and listed investments.

The Fund does not have unlisted investments Member Investment Choice (MIC) options available to members, but does have a series of listed investments available for investment (such as Australian Shares, International Shares, etc). The performance of these MIC options to 30 June 2019 can be found at:

<https://lucrf.com.au/investments/performance>

An estimate of the returns split between listed and unlisted assets for the 2018/19 financial year is provided below. Please note that this split is only calculated by our custodian on a before tax, but after all investment fees and costs basis.

Asset Classes: 2018/19 Financial Year (Before Tax, After all Investment Fees and Costs)	Market Value (\$ mil)	Weight (%)	Estimated Weighted average return
Listed Assets	5,758.93	84.31	5.37
Unlisted Assets	1,071.95	15.69	1.09
Total	6,830.88	100.00	6.46

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**LUCRF Super**

**LUC06QW**

**A copy of your asset valuation policy (covering amongst other things independence of valuation, managing conflicts of interest, frequency of valuation, publication of latest valuation timings to members etc).**

**Answer:**

Please find LUCRF'S Super Asset Valuation Policy (21 May 2019) **enclosed.**



# **IGF-P11:**

## ***Asset Valuation Policy***

**Version 4.00**  
(21 May 2019)

## Document version control & approval

Version	Date	Approval (if applic.)	Author (name & title)	Details of amendments or approval
0.03	6 Mar 2014	David McCusker	Michael Chien, Senior Investment Officer	Updated policy document. (SPS 530, SPG 531)
1.00	12 Mar 2014	<b>LUCRF Investment Committee</b>	Michael Chien, Senior Investment Officer	Reviewed and approved, version 0.03 to 1.00
1.01	12 Nov 2014	Roger McIntosh, David McCusker, Nikki Schimmel	Michael Chien, Senior Investment Officer	Updated policy document to include feedback from APRA from the prudential review in May 2014
2.00	12 Nov 2014	<b>LUCRF Investment Committee</b>	Michael Chien, Senior Investment Officer	Reviewed and approved, version 1.01 to 2.00.
2.01	10 Feb 2016	David McCusker, Nikki Schimmel	Michael Chien, Senior Investment Analyst	Reviewed and updated policy.
2.02	6 Apr 2016	n/a	Yasuyuki Toyosaki, Senior Analyst	Migration of v2.01 into this new policy document within the LUCRF Trustee Investment Governance Framework (IGF). Content from v2.01 copied unamended
2.03	29 Aug 2016	n/a	Michael Chien, Senior Investment Analyst	Created Schedule 1 from the Appendix. Removed reference to AAS25 as it is no longer applicable after 1 July 2016. Added references to AASB1056. Formatting changes. It is presented at the IC meeting of 15 Sep 2016 for approval.
3.00	15 Sep 2016	<b>LUCRF Investment Committee</b>	Michael Chien, Senior Investment Analyst	V2.03 approved by the IC at the 15 Sep 2016 meeting and finalised (amended with IC feedbacks) as V3.00.
3.01	11 Apr 2019	n/a	Michael Chien, Senior Investment Analyst	Reviewed and updated policy.
4.00	21 May 2019	<b>LUCRF Investment Committee</b>	David Tieu, Senior Analyst	Version 3.01 approved by the IC on 21 May 2019 with no amendments, and therefore finalised as version 4.00.



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## 1. INTRODUCTION

This policy is designed to enable LUCRF Pty Ltd (“**Trustee**”) to effectively manage the governance of its investment activities in its capacity as trustee of the Labour Union Co-operative Retirement Fund (“**Fund**”). The Trustee is both a registrable superannuation entity licensee and the holder of an Australian financial services licence.

As a regulated superannuation fund, the Fund is required to follow the valuation requirements established by Australian Accounting Standard Board 1056 (“**AASB1056**”) “Superannuation Entities”.

In addition, Section 52(6)(a)(iv) of the SIS Act and SPS 530 require Trustees to consider the available, reliable asset valuation information when formulating, implementing and reviewing an investment strategy.

This policy forms part of the Fund’s Investment Governance Framework (“**IGF**”) and should be considered in conjunction with the other policies within the framework.

## 2. OBJECTIVE

The purpose of this policy is to ensure that the Fund’s investments accurately reflect their net market value at any point in time and to enable the Trustee to confidently produce financial statements that represent a true and fair view of the net position of the Fund and fulfil the Trustee’s regulatory requirements.

This policy is designed to provide the framework for the Fund’s investment valuation process, which is important to the Fund’s investment strategy and implementation, is a key component of the Fund’s unit pricing process and financial statements. This policy outlines the Trustee’s approach to valuation issues such as instruction, frequency, and review, and aligns to APRA’s guidance on valuations detailed in Prudential Practice Guide (“**SPG531**”), where appropriate for the Fund.

## 3. OVERVIEW OF VALUATION PROCESS

In accordance with the Fund’s investment strategy and objectives, members’ funds are invested across a range of asset classes, containing both listed and unlisted assets.

This includes investments in listed asset classes such as shares, fixed interest and cash, as well as investments in unlisted assets including private equity, property and infrastructure.

Each member investment choice (“MIC”) option of the Fund represents a different allocation to the listed and unlisted asset classes, or in the case of the asset class options to a single asset class.

The Trustee uses unit pricing as the means by which the Fund’s net assets and investment earnings are attributed equitably to each MIC option. It is essential for member equity that the value of net assets is current at any point in time to calculate accurate unit prices for each MIC option. The Fund has documented procedures for the calculation of unit prices.

To satisfy AASB1056, the Fund is required to hold its investments at “fair value through profit or loss”. In determining the fair value measurements and accounting for any transaction costs, the Fund is required to apply relevant principles and requirements from Australian Accounting Standard Board 13 (“AASB13”) “Fair Value Measurement”.

For the Fund’s listed assets, the market values are derived from the relevant securities exchange. The Fund’s unlisted assets are re-valued at least once a year, but many are revalued more frequently (on a quarterly basis). The Trustee will monitor the valuation frequency of the unlisted directly held assets to ensure investments continue to reflect their value accurately. In times of heightened market volatility or uncertainty, the Trustee may conduct more frequent valuations, and where possible, valuations are staggered to reduce the risk of valuation concentration at any point in time.

If there are any material changes or other factors/circumstances that may have caused the existing valuation of the unlisted investment to now be inappropriate, the Fund will engage an independent valuer to determine a more appropriate valuation. The ability to obtain reliable valuations is incorporated into the due diligence process of assessing a potential manager.

For unlisted unit trusts the valuation requirements include (but not limited to):

- 1) At least annual valuation by a suitably qualified independent valuer of each asset in the portfolio<sup>1</sup>
- 2) Annual audited financial statements for the trust including any audit opinion
- 3) The Investment Team will obtain details of the manager’s valuation policy as part of the due diligence prior to the appointment of the manager and will continue to monitor the policy post appointment

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1 Private Equity unlisted unit trusts often use fair value determined by the General Partner, taking into account purchase cost, estimates of liquidation value, prices received in recent private placements of securities of same issuer. The General Partner may also utilise available market data and additional factors such as observations of the trading multiples of public companies comparable to the private companies.

- 4) The investment manager to advise the Fund of any change of valuation policy prior to it being implemented. The Fund relies upon the valuations determined by the responsible entity of the investment unit trust

For very infrequently traded assets (i.e. unlisted Holding Company shares), a professional opinion is formed on the valuation of the company's underlying assets and provided to the Investment Team. The valuation is reviewed by the Investment Team. Where required, this professional valuation opinion is supported by the company's annual audited accounts.

Where the Investment Team believes the value being reported by a manager is either too high or low, the Investment Team will engage with the manager to discuss the basis of valuation and information sources used. In the event a mutually agreed valuation cannot be achieved, and the IC gives the approval to do so, the Fund's custodian will be instructed via approved procedures to write the value of the investment up or down to the value the Trustee believes to be appropriate.

In the case of a major valuation movement, the investment manager will be requested to provide details of the methodology and data used to calculate the valuation. This is reviewed in detail by the Fund to determine its validity.

For unlisted directly held assets, the valuation requirements include (but not limited to):

- 1) At least annual valuation by a suitably qualified independent valuer and a detailed valuation report
- 2) A requirement that annual revaluations be reviewed by the Investment Team
- 3) Specialised valuations are undertaken prior to the sale of the asset
- 4) The external valuers undertake all independent valuations of the Fund's assets in local currencies, and the valuation is generally adopted by the Investment Committee ("IC")

In the case of a material change in valuation due to significant events / circumstances (such as loss of a tenant, significant move in market comparable or large moves in the underlying components of discount rates), the report provided by the independent valuer will be reviewed closely by the Investment Team to determine the validity of the methodology and valuation model used to determine the valuation.

## **4. ROLES AND RESPONSIBILITIES**

### *The role of the Investment Committee*

The IC is ultimately responsible for valuations, guidelines for what are and are not acceptable approaches and this policy itself. The IC has been delegated the authority by the Fund's Board to set, review and approve this policy.

### The role of the Investment Team

The Investment Team is responsible for the general oversight of the valuation process and is responsible for sourcing the independent valuation on directly held assets. The role of the Investment Team is to provide information and assistance to the valuer where required throughout the process, to review the valuer's report and to make recommendations to the Trustee about the appropriateness of the valuation based upon its own knowledge of the asset and its expertise.

Valuations of the Fund's investment portfolio are performed externally in accordance with the Fund's managers' valuation policies or, in the case of directly-held assets, by independent third party valuers. If the Investment Team believes that the investment manager and valuer are not reflecting the correct valuation for an asset, the Investment Team will report the finding to the IC. If the proposed valuation is adopted by the IC, the Investment Team will instruct the Custodian to adopt the proposed valuation. Reliable valuation approach and sources are incorporated into the due diligence process of assessing a potential manager.

The Investment Team will confirm that any new valuation for any directly held assets is in accordance with this policy and relevant accounting standards.

In addition, the Investment Team reviews the weekly portfolio performance for reasonableness and performs quarterly valuation reconciliation between the investment managers and the custodian. At the financial year end, the Investment Team performs valuation reconciliation between investment managers and custodian for external audit purpose.

### The role of the Asset Consultant

The Asset Consultant is required to provide reports on the relevant performance of the Fund's assets at least on a quarterly basis. In this report, the consultant will give consideration to the appropriateness of the current valuation

The Trustee, assisted by asset consultant, regularly review the valuation policies of each of the Fund's managers of unlisted investments based on the requirements as prescribed by APRA in SPS530 and the detailed guidance on valuations contained in SPG531.

### The role of the Custodian

J.P. Morgan ("JPM") acts as custodian for the Trustee. As part of this custodial service, JPM reports the value of the underlying investments which it holds on behalf of the Fund.

The valuation policies and practices of JPM are set out in its asset pricing guidelines and by this reference are incorporated into the Fund's policies and practices. JPM have rigorous sources, validation and reconciliation processes with regular audits to ensure the integrity of the valuation data.

JPM provides daily portfolio valuation data as part of the unit pricing process. JPM works closely with Finance and Investment Team to resolve any discrepancies in the valuations of the underlying assets.

#### *The role of the Finance team*

The Fund's Finance team is responsible for instructing the Fund's custodian to update its pricing for any directly held assets following receipt of updated valuations for directly-held assets. As part of the Fund's unit pricing process Finance checks for valuation movement provided by the custodian, calculate the tax expenses on the investment income and apply the management expense. Finance resolves any valuation discrepancies (if any) in the accounting data with the custodian.

#### *The role of the Auditor (Internal / External)*

The role of the Auditor is to provide an opinion on the fairness and reasonableness of the Fund's financial statements as at 30 June each year. In forming such an opinion, the Auditor will test and review valuations and the process used to arrive at them.

The Trustee requires that its Auditor has a comprehensive understanding of the Fund's investment approach and the valuation issues that this entails. As such, a significant part of the annual audit is devoted to reviewing of the valuation process and the Fund's investment valuations for the assets.

The role of the Auditor does not require it to prepare a detailed valuation of any assets, and it does not have the requisite input information to undertake such a task. The Auditor does not provide a second valuation for the Trustee to consider or a second opinion on the valuation the Trustee has adopted. The Auditor sources investment managers' valuation report from Investment Team and investment managers as part of the valuation audit process.

During the audit process, the Auditor may identify a valuation discrepancy or may question a particular aspect of a valuation report. If such a discrepancy or issue has a material impact on the financial statements of the Fund, the Trustee will seek advice from Fund's internal teams (Investments, Finance), custodian and external advisers. The Trustee may seek a new independent valuation to assist in determining a revised asset valuation.

In circumstances where a new valuation is not deemed to be necessary, the Trustee may liaise with the custodian to further explore the issue raised and take any actions as required to resolve the auditor's query.

#### *The role of the Independent Valuer*

All valuations of directly held investments will be undertaken by persons with recognised expertise in such matters, working to written instructions under formal engagements, and providing their valuations in writing. Valuers will be rotated so that the same party is not used to value a particular asset over a period greater than three years in most circumstances.

The Trustee is responsible for the instructions and parameters of engagement for independent valuers. While the Trustee relies on the reports of independent valuers and experts, it acknowledges that all valuations are by necessity, Trustee valuations. The Fund's Investment Team and Finance team assists the Trustee in the appointment and management of the independent valuers.

## **5. VALUATION METHODOLOGY**

The Fund acknowledges that listed and unlisted investments have different pricing frequencies and information on valuations is derived from different sources and as a result, requires different valuation techniques to arrive at net market values.

The Fund sources the valuations of the underlying assets via the Custodian. Please see schedules below for valuation method/source/frequency of various asset classes and individual investment managers. Refer to Schedule 2 of this policy for details.

## **6. REVIEW OF THIS POLICY**

This policy will be reviewed by the Trustee at least biennially. The Trustee may also review this policy at any time for any reason, but in particular, where it becomes aware that:

- this policy is out of date or is no longer relevant to the circumstances of the Trustee;
- there are material changes to the Trustee's Investment Strategy;
- there are material changes to relevant standards;
- there are reasons to believe that this policy has failed or may fail to ensure the risk management of the valuation process.

Investment Team is responsible for identifying the need for reporting any changes to the Trustee.



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**LUCRF Super**

**LUC07QW**

**Details of each individual asset currently held at a value other than available listed market prices (an unlisted asset) wholly owned by the fund or funds under your control, including:**

- a. The asset name and location.**
- b. The frequency of the revaluation of the asset.**
- c. The most recent valuation.**
- d. A copy of that valuation.**
- e. The methodology used for its valuation.**
- f. Whether the valuation was completed internally or externally.**
- g. The details of any external party involved in the valuation.**

**Answer:**

The Fund does not currently wholly own any individual asset.

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**LUCRF Super**

**LUC08QW**

**Details of each individual asset currently held at a value other than available listed market prices (an unlisted asset) partly owned by the fund or funds under your control, including:**

- a. The asset name and location.**
- b. The frequency of the revaluation of the asset.**
- c. The most recent valuation.**
- d. A copy of that valuation.**
- e. The methodology used for its valuation.**
- f. Whether the valuation was completed internally or externally.**

**Answer:**

The Fund has a partial interest in three direct property assets (totalling less than 0.2% of total Fund assets in aggregate) where the fund could reasonably be defined to have some level of control over the asset. These assets are:

- 833 Bourke St, Docklands (VIC) (50% interest);
- 87 St Vincent St, Port Adelaide (SA) (25% interest); and
- 17 Cribb St, Milton (Qld) (50% interest)

Details relating to the valuation of these assets are confidential and commercially sensitive.

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**LUCRF Super**

**LUC09QW**                    **Details of arrangements for the temporary or permanent use for corporate venue hire (including corporate boxes), including additional non-hire costs such as catering, at sporting venues over the past five years.**

**Answer:**                    LUCRF does not have any such arrangements.

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

LUCRF Super

**LUC10QW**                    **Details of sponsorship or sponsorship-like arrangements, marketing or marketing-like or in-kind arrangements for the past five years.**

**Answer:**                    LUCRF's sponsorship, marketing and in-kind arrangements are aimed at increasing brand awareness, member engagement and facilitating growth of the fund.

The sponsorships, in addition to providing opportunities for brand awareness, member engagement and growth, provide us the opportunity for:

- Branding/naming rights
- Media exposure
- Onsite signage
- Event advertising

LUCRF's sponsorships have included:

- Association of Market and Social Research Organisations
- Moonee Valley Racing Club
- Mother's Day Classic
- National Apprenticeship Racing Series
- Australian Jockeys Association
- Professional Footballers Association.
- Community Program

In conjunction with other industry funds, LUCRF participates in various advertising, advocacy and promotional activities led by Industry Super Australia (**ISA**). This arrangement allows us to participate in marketing and policy activities on a scale that would otherwise not be possible, assisting LUCRF to build trust and brand awareness.

Sponsorships, together with LUCRF's contribution to ISA, form a part of the Advertising and Promotions expenditure listed in LUCRF's Financial Statement which can be accessed in the link below:

<https://lucrf.com.au/sites/lucrf.com.au/files/publications/Governance/Financial-Statement-2019.pdf>

The LUCRF Super Community Program is a marketing initiative aimed at building the brand, retaining members and growing our membership. The Community Program is aligned to our values and provides us with:

- Content
- Point of difference
- Media exposure

LUCRF Super Community Program provides support, in a form of grants, to organisations that enrich the lives of disadvantaged Australians to encourage them to develop skills and attitudes that will assist them throughout their lives. Community partners are organisations that deliver important services to people in the communities in which LUCRF Super members live and work. All applications for grants are assessed by the Community Program's Board of Directors.

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**LUCRF Super**

**LUC11QW**

**Details of costs for advertising campaigns for the past five years, including:**

- a. The companies invited to tender for all or parts of any advertising campaign.**
- b. The companies awarded campaigns.**
- c. The total cost of each campaign.**
- d. The cost of the campaign's development.**
- e. Broadcasting (television, radio and internet) and publishing costs.**
- f. Assessment reports of the efficacy of campaigns in either retaining or gaining new members.**

**Answer:**

<b>Year</b>	<b>Details of companies invited to tender for advertising campaigns</b>
2015 – 2017	Advertising campaigns managed internally.
2017	Media buying element of advertising campaign outsourced. The following agencies were invited to quote for the campaign: - Hatched Media (who were successful); - InFront Media; - Sphere; and - The Creative Works.
2018	Initiative was engaged as the media and creative agency.
2019	Initiative continued to provide media buying and creative development. In 2019 the production of a television commercial saw the need for an agency to produce this piece of content. The agencies quoted for this project were Paper Dragon (who were successful), Airbag and Collider.

The costs associated with advertising campaigns are confidential and commercially sensitive.

LUCRF has undertaken assessments of the effectiveness of its campaigns.

Campaigns have been measured using the following metrics:

- Website traffic
- Campaign content visitation
- Media monitoring and reporting
- eDM reporting
- Member engagement
- Brand awareness
- Social media engagement
- Digital activity – including paid search, adwords and SEO
- Share of voice

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**LUCRF Super**

**LUC12QW:**

**Over the last five financial years:**

- a. **What is the total budget for all costs associated with the fund?**
- b. **What were the total assets under management?**
- c. **What are the total number of employees?**
- d. **What are the total number of contractors?**
- e. **What are the total number of externally hired contracts, and their value?**

**Answer:**

- a. What is the total budget for all costs associated with the fund?

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>A. Budgeted Costs</b>	\$ 53,383,352.00	\$ 54,699,900.00	\$ 61,304,895.00	\$ 67,593,321.00	\$ 67,294,666.00

- b. What were the total assets under management?

FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
\$ 4,916,334,000.00	\$ 5,172,318,000.00	\$ 5,817,781,000.00	\$ 6,460,427,000.00	\$ 6,883,530,000.00

- c. What are the total number of employees?

FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
128	135	135	134	132

- d. What are the total number of contractors?

FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1	2	6	5	6

- e. What are the total number of externally hired contracts, and their value?

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>E. Externally Hired Contracts</b>	0.5	0.5	3.5	11.5	7.5

The value of the contracts is confidential and commercially sensitive.

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**LUCRF Super**

**LUC13QW**

**Over the last five financial years:**

- a. What is the total number of member accounts?**
- b. What is the total increase in the number of members as a result of the fund's default status?**
- c. What is the total increase in the number of members through voluntary adoption or switching?**
- d. What was the average member balance?**
- e. What was the average dollar amount deducted in insurance fees per member, across all fund products in dollar terms and as a share of a member account?**
- f. What was the total number of inactive accounts? (Please use the APRA definition: no contributions for two years)**

**Answer:**

- a. The total number of member accounts is as follows:

2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019
174,838	169,971	164,037	163,658	131,621

- b. LUCRF is unable to identify whether an individual joins the fund as a result of the fund's default status.
- c. LUCRF is unable to identify whether an individual joins the fund as a result of voluntary adoption or switching.
- d. The average member balance is as follows:

2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019
\$27,339.51	\$29,661.36	\$34,483.02	\$38,246.50	\$50,575.21

- e. Fees are not charged for insurance (LUCRF charges insurance premiums to members on a cost recovery basis).
- f. The total number of inactive accounts is as follows:

2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019
60,434	58,824	53,682	48,983	22,077

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**LUCRF Super**

**LUC14QW**

**Please provide the one, five, and ten year net return after fees, costs, and taxes for the primary default MySuper balanced product.**

**Answer:**

Returns on MySuper products are disclosed to APRA quarterly, and one, three and five year returns can be found in the Quarterly MySuper Statistics Table 2a and 2b Column AK-AM, which can be found in the link below:

[https://www.apra.gov.au/sites/default/files/Quarterly\\_MySuper\\_Statistics\\_September2019\\_FinalVersion\\_revised3.xlsx](https://www.apra.gov.au/sites/default/files/Quarterly_MySuper_Statistics_September2019_FinalVersion_revised3.xlsx)

Returns to 30 June 2019, net of fees, costs and taxes are available on our website:

<https://lucrf.com.au/investments/performance>

The table below sets out one and five year returns for MySuper Balanced product. The 10 year return has not been included as the MySuper Balanced product only commenced in June 2013.

Returns to 30 June 2019 (% p.a.)	1 Year	5 Year
MySuper Balanced (Default)	6.06	7.11



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC15QW:**

**Over the last five financial years:**

- a. **What was the average dollar amount deducted for administration and asset management fees per member, across all fund products? (please do not include insurance fees)**
- b. **What was the cost (%) of fund administration expenses as a proportion of funds under management?**
- c. **What was the total cost of in-house administration expenses?**
- d. **What was the cost of in-house administration expenses as a proportion of funds under management?**
- e. **What was the total cost of any external administration expenses?**
- f. **What was the cost of any external administration expenses as a proportion of funds under management?**
- g. **What was the total cost of any external administration expenses to Related Parties?**
- h. **What was the cost of any external administration expenses to Related Parties as a proportion of funds under management?**
- i. **How many staff are employed in roles considered part of the administrative cost?**

**Answer:**

- a. What was the average dollar amount deducted for administration and asset management fees per member, across all fund products? (please do not include insurance fees)

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
\$ 253.83	\$ 271.95	\$ 294.39	\$ 280.79	\$ 318.06

- b. What was the cost (%) of fund administration expenses as a proportion of funds under management?

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
0.08%	0.07%	0.09%	0.08%	0.06%

- c. What was the total cost of in-house administration expenses?

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
\$ 2,826,424.23	\$ 2,749,995.22	\$ 2,551,922.90	\$ 2,713,999.69	\$ 2,425,857.25

- d. What was the cost of in-house administration expenses as a proportion of funds under management?

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
0.06%	0.05%	0.04%	0.04%	0.04%

- e. What was the total cost of any external administration expenses?

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
\$ 1,092,306.20	\$ 1,051,099.32	\$ 2,455,191.75	\$ 2,385,321.45	\$ 1,703,978.55

- f. What was the cost of any external administration expenses as a proportion of funds under management?

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
0.023%	0.021%	0.043%	0.038%	0.025%

- g. What was the total cost of any external administration expenses to Related Parties?

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
\$ -	\$ -	\$ -	\$ -	\$ 7,454.11

- h. What was the cost of any external administration expenses to Related Parties as a proportion of funds under management?

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
0.000%	0.000%	0.000%	0.000%	0.000%

- i. How many staff are employed in roles considered part of the administrative cost?

<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
29.00	23.00	22.00	15.00	14.00

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC16QW:                   What is the total number of statutory fines over the past five years?**

**Answer:                    Nil.**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC17QW**

**Over the last five financial years:**

- a. The number of rollover requests that the fund did not pay out to another fund for each year?**
- b. The average dollar value of a rollover for each year?**
- c. The value of any clawback accounts and/or funds held that is used to hold funds between financial years?**

**Answer:**

a. To the best of our knowledge, we are not aware of any rollover requests that have not been paid out to another fund over the last 5 financial years.

b. The average dollar value of a rollover for each year is as follows:

<b>Financial year ending</b>	<b>Average value of a rollover</b>
30 June 2019	\$18,586
30 June 2018	\$17,218
30 June 2017	\$16,603
30 June 2016	\$16,957
30 June 2015	\$17,873

c. LUCRF does not have any clawback accounts or accounts that hold back funds between financial years.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

- LUC18QW:**
- a. Does the fund maintain a reserve at least partially funded through insurance premiums, rebates from an insurance company (such as profit share arrangements) or tax benefits that have arisen from insurance?**
  - b. The total value of that reserve?**
  - c. The total value of tax rebates received from the ATO on insurance premiums?**

- Answer:**
- a. LUCRF does not maintain a dedicated insurance reserve. From 1 October 2017, members directly receive the tax benefit on insurance premiums as the net (after-tax) premium is deducted from the members' account. The fund does not receive insurance rebates and does not have any profit share arrangements in place.
  - b. As at 30 June 2019 the value of the fund reserve was \$73,491,636.73 (as disclosed in the Annual Report on the Statement of Financial Position).
  - c. LUCRF does not receive a tax rebate from the ATO. LUCRF does, however, receive a tax deduction, which is passed on to members in the form of a net (after tax) premium.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC19QW**

**The number of trusts or investment vehicles the fund controls in each of the low tax regions, including but not limited to Andorra, the Bahamas, Belize, Bermuda, the British Virgin Islands, the Cayman Islands, the Channel Islands, the Cook Islands, Hong Kong, the Isle of Man, Mauritius, Lichtenstein, Luxembourg, Monaco, Panama, St Kitts and Nevis? Or tax efficient arrangements such as a 'double Dutch sandwich'?**

**Answer:**

The Fund does not control any trusts or investment vehicles in the aforementioned jurisdictions.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC20QW:**

- a. The number of accounts that have been transferred to the ATO as a result of 'Protecting your Super' legislation?**
- b. The value of the money that will be paid to the ATO as a result of the 'Protecting your Super' legislation?**
- c. The number of accounts that has been transferred into an eligible rollover fund in the 2019 financial year?**
- d. The value of the money that has been transferred into an eligible rollover fund in the 2019 financial year?**

**Answer:**

- a. On 25 October 2019 we transferred 359 Low Balance Inactive accounts to the ATO as a result of 'Protecting your Super' legislation.
- b. We estimate that a further transfer of \$3.5 million will occur prior to 30 April 2020.
- c. In FY19, 29,431 accounts were transferred into an eligible rollover fund.
- d. In FY19, \$55,535,919.81 was transferred into eligible rollover funds.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC21QW**

**Have you ever made a donation and/or subscription fee to the ACTU Member Connect and/or ACTU Superannuation Partnerships program, and if so, to what value over the past five years?**

**Answer:**

No.



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC22QW**

**Does the fund pay any external consultants for any advocacy and communication services, and if so can you please name them and the costs incurred over the past five years?**

**Answer:**

LUCRF has previously engaged The Agenda Group, who provided strategic communication advice. LUCRF is also a member of Industry Super Australia (ISA), who undertake advocacy and policy work on behalf of industry super funds.

The value of these arrangements is confidential and commercially sensitive.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

- LUC23QW:**
- a) How many staff are employed for the purpose of policy research or analysis?**
  - b) How much was spent on engaging external policy and data analysis consultants?**
  - c) How much was spent on membership of industry advocacy organisations that provide policy and data analysis service to member funds?**

**Answer:** There are two roles performed at LUCRF which are partially dedicated to policy research and analysis.

LUCRF is a member of Industry Super Australia, however the details of this arrangement are confidential and commercially sensitive.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC24QW**

**In the context of building investments:**

- a. Have you completed assessments of the prevalence of flammable cladding across some properties?**
- b. Have you completed assessments of the prevalence of flammable cladding across all properties?**
- c. Have you taken any remediation to reduce your exposure to risk to identify flammable cladding, and if so, what?**
- d. Have you taken any remediation to reduce your exposure to risk to remove flammable cladding, and if so, what?**
- e. Do you hold any properties where insurance has been refused or are uninsured due to defective building construction such as cladding?**

**Answer:**

The investment managers retained by LUCRF are responsible for performing, and have performed, assessments relating to the existence of flammable cladding in relation to certain properties in which LUCRF has invested.

LUCRF is also aware of properties that are in the process of being externally assessed by the Victorian Building Authority under the 'risk based assessment tool' which was developed for the Victorian Statewide Cladding Taskforce. LUCRF is awaiting the outcome of this assessment to determine if it is required to take any further action.

LUCRF does not invest in any properties where insurance has been refused, or are insured, due to defective building construction such as cladding.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC25QW**

- a. What external parties manage your investments, if any?**
- b. What are the fee structures per member from external management?**

**Answer:**

Our external investment manager list is constantly updated and can be found on our website, or in the **enclosed** LUCRF Investment Managers booklet.

Our outsourcing arrangements comply with relevant APRA prudential standards on Outsourcing, which can be found in the link below:

<https://www.apra.gov.au/industries/33/standards#category-4>

Our fee structures per member are disclosed in the **enclosed** LUCRF Fees and Cost Booklet.

# LUCRF Super's Investment Managers



**Acadian Asset Management (Australia) Limited**  
ABN: 41 114 200 127



**Airlie Funds Management Pty Ltd**  
ABN: 75 159 022 974



**Ardea Investment Management Pty Ltd**  
ABN: 50 132 902 722



**Baillie Gifford Overseas Limited**  
REG: SC084807



**Bell Asset Management Limited**  
ABN: 84 092 278 647



**Black Creek Investment Management Inc.**



**Brandywine Global Investment Management LLC**



**Bridgewater Associates Inc.**  
ABN: 84 092 278 647



**CBRE Clarion Securities**



**DFA Australia (Dimensional)**  
ABN: 46 065 937 671



**First Sentier Investors (Australia) IM Ltd**  
ABN: 89 114 194 311

**First Sentier Investors (Australia)  
Infrastructure Managers Pty Ltd**  
ABN: 19 101 384 294



**GMO Australia Limited**  
ABN: 30 071 502 639



**GSA Capital Partners LLP**



**IFM Investors Pty Ltd**  
ABN: 67 107 247 727



**Ironbark Copper Rock Asset Management**  
ABN: 63 116 232 154



**Lazard Asset Management Limited**  
ABN: 13 064 523 619



**Macquarie Investment Management Limited**  
ABN: 66 002 867 003



**ME Bank**  
ABN: 56 070 887 679



**Northern Trust**



**OAKTREE** Oaktree Capital Management, L.P.



**QIC Limited**  
ABN: 95 942 373 762



**Palisade Investment Partners**  
ABN: 32 124 326 361



**Pzena Investment Management, LLC**  
ABN: 10 874 3415



**Schroder Investment Management Australia Limited**  
ABN: 22 000 443 274



**Stewart Investors**



**TCW Asset Management Company**



**Touchstone Asset Management Pty Ltd**  
ABN: 34 605 911 519



**Veritas Asset Management (UK) Limited**



**Wellington Management**  
ABN: 54 075 981 270

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Contact us  
**1300 130 780**  
[lucrf.com.au](http://lucrf.com.au)

**LUCRF**  
**super**





# Super Member Guide

Fees and costs

1 October 2019

You should read the information in this document as well as the relevant Super Member Guide – Product Disclosure Statement (PDS), and our Super Member Guide – Additional Information, Insurance Guide, Investments Guide and Financial Services Guide (FSG), before making a decision to invest. All documents are available at [lucrf.com.au](http://lucrf.com.au) or by calling 1300 130 780. The information in this document is general only and does not take into account your personal financial situation, objectives or needs. It is essential that you read the PDS and FSG and consider obtaining financial advice tailored to your own circumstances before making a decision about the Fund.

Ratings (awards) are only one factor to be taken into account when deciding whether to join LUCRF Super. Visit [lucrf.com.au](http://lucrf.com.au) or call 1300 130 780 to find out more. The Trustee holds Australian Financial Services Licence No. 258481 which authorises it to provide personal financial advice.

This Fees and Costs booklet, the PDS, the Super Member Guide – Additional Information, the Insurance Guide, the Investments Guide and the FSG do not take the place of the Trust Deed, which is a legal document governing the operation of the Fund.

The Trust Deed is binding on the Trustee, all contributing employers and all members of the Fund. A copy of the Trust Deed and Rules is available at [lucrf.com.au](http://lucrf.com.au). Information contained in this document, the PDS and the FSG is current at the date of preparation.

## Changes and updates

Where advance notice is not required or is otherwise impossible, information on changes will be provided as soon as practicable following the change. The most up-to-date copy of this document is available by contacting LUCRF Super on 1300 130 780 or at [mypartner@lucrf.com.au](mailto:mypartner@lucrf.com.au), or by visiting [lucrf.com.au](http://lucrf.com.au).

## Contact us




**1300 130 780**



**[lucrf.com.au](http://lucrf.com.au)**







**It's important that you understand the impact of fees and costs on your super benefit and on your long-term returns.**

## **What's inside**

Fees and costs – an overview	<b>4</b>
Fees and costs tables	<b>7</b>
Defined fees	<b>10</b>

# Fees and costs – an overview

Fees and other costs that you may be charged are outlined here. These may be deducted from your account, from the returns on your investment, or from Fund assets as a whole.

Costs such as insurance premiums and fees for personal advice may also be charged. These will depend on the nature of the insurance or advice chosen by you.

## IMPORTANT

Taxes related to your super are explained in the 'How super is taxed' section of the Super Member Guide – Additional Information. Insurance costs are outlined in our Insurance Guide. Both publications are available at [lucrf.com.au](http://lucrf.com.au) or by calling **1300 130 780**.

You should read all the information about fees and costs because it's important to understand their impact on your investment.

**Please note that the fees you pay are net of tax.**

## Our administration fees

Our administration fee has two components:

1. a **fixed fee** of \$1.50 per week net of tax (\$1.76 per week gross of tax). The fee net of tax is the amount that's actually deducted from your account on a quarterly basis
2. a percentage-based **variable fee** of 0.18% net of tax (0.21% gross of tax) per annum. This is calculated on your daily account balance and is deducted from your account on a monthly basis. An upper variable administration fee cap of \$495 per annum applies to all accounts, regardless of balance.

## Fees for financial advice

Our qualified financial advisers can generally provide simple advice relating to super and pensions free of charge. All of our advisers are salaried employees of the Fund and don't receive bonuses or commissions.

## Our investment fees

Investment fees are deducted from the investment earnings of the Fund, not from your account balance. These fees cover investment management, asset custody, and other related costs. The investment fees are regularly reviewed and may change from time to time.

## Indirect cost ratio

Government regulations require all super funds to disclose indirect costs (known as the 'indirect cost ratio' or 'ICR') that relate to the costs of managing investments, such as transaction costs. These costs do not change our net investment returns.

The ICR is not a dollar-based fee and is not deducted directly from your account balance. Instead, it represents indirect costs incurred by our investment managers in generating the Fund's net investment earnings. The ICR is calculated based on costs incurred in the previous financial year and is likely to change each year. See page 8 for each investment option's ICR for the 2018/19 financial year.

## Transactional and operational costs

Included in the ICR are transactional and operational costs incurred by the underlying investment managers when buying and selling investments. They may include costs such as brokerage, settlement costs (including settlement-related custody costs), stamp duty on investment transaction costs and clearing costs.

These costs will differ between investment options. They'll be influenced by numerous factors, including:

- the complexity of investments involved in transactions
- the different asset classes and investment managers that make up the investment option(s) involved in the transaction
- the time and cost of services provided in relation to the processing of investment transactions.

Based on information provided by managers we invest with, estimated transactional and operational costs incurred in the Fund's underlying investments range from 0.00% to 0.12% p.a. (based on the experience of the Fund's investments for the year ending 30 June). See page 9 for the transactional and operational costs included in each investment option's ICR for the 2018/19 financial year.

## Buy/sell spread

We don't charge buy/sell spreads.

## Fees and costs – an overview

### GOOD NEWS!

We've removed our exit fee and adopted a 3% total fee cap for members with a balance below \$6,000. This is in line with the Government's *Protecting Your Super* package that's designed to protect Australians' super savings from being eroded unnecessarily by fees.

We fully support this legislation and, in fact, have taken it one step further. We've also introduced an upper cap of \$495 per annum for our variable administration fee, regardless of what your account balance is.



# Fees and costs – an overview



## Fee changes

All fees are current at the time of publication and may be revised or adjusted by us at any time without your consent. If there's a new or increased fee, we'll notify all members at least 30 days in advance of the change commencing.

## Reserves policy

The following reserves are maintained.

### Capital adequacy reserve

The capital adequacy reserve provides access to adequate financial resources in the event of non-operational risk events and/or other major infrastructure projects in accordance with the Fund's reserves strategy.

### Operational risk financial reserve

The Fund's operational risk financial reserve is invested in the MySuper Balanced option. It's funded up to the target level determined by the Trustee in accordance with its reserve strategy and Australian Prudential Regulation Authority (APRA) requirements. It's maintained to ensure that the Fund has access to adequate financial resources in the event of losses arising from an operational risk event.

## Consumer advisory warning\*

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (e.g. reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. Your employer may be able to negotiate to pay lower administration fees. Ask the fund or your financial adviser.

### To find out more

If you'd like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investment Commissions (ASIC) website ([moneysmart.gov.au](http://moneysmart.gov.au)) has a superannuation calculator to help you check out different fee options.

\*This consumer advisory warning is a government-prescribed warning for every product disclosure statement and is not relevant to LUCRF Super in relation to negotiating fees. The fees for LUCRF Super are the same for all members and cannot be negotiated.

# Fees and costs tables

These tables show fees and other costs that you may be charged. The costs may either be deducted from your super account, from the returns on your investment or from the assets of the Fund as a whole.

## Administration and activity fees and costs

Type of fee or cost	Amount	How and when paid
<b>Administration fee</b>	\$1.50 per week (\$1.76 per week gross of tax) <i>plus</i> 0.18% (0.21% gross of tax) per annum of your account balance Note: An upper variable administration fee cap of \$495 per annum applies to all accounts, regardless of balance. This means that if your account balance is greater than \$275,000, your variable admin fee will be capped at \$495.	The <b>fixed fee</b> of \$1.50 per week is deducted from your account balance on a quarterly basis. The <b>variable fee</b> of 0.18% per annum is calculated on your daily account balance and deducted from your account on a monthly basis. Both fees are calculated on a pro rata basis when you close your account.
<b>Switching fee</b>	Nil	Not applicable
<b>Family law split fee</b>	\$136 (\$160 gross of tax)	This fee of \$136 is evenly split between your account and your spouse's account when the split is made.
<b>Contribution/transfer-in fee</b> The fee on each amount contributed to your account by you, your employer or a rollover from another fund.	Nil	Not applicable
<b>Family law enquiry fee</b>	\$33	This is charged to the non-member spouse for a request for information (Form 6 Declaration) under the <i>Family Law Act</i> .

Note: All fee calculations are inclusive of GST.

For information related to fees for financial advice, please refer to page 4.

# Fees and costs tables

## Investment fees and costs

These vary according to your chosen investment choice.

Type of fee or cost	Amount			How and when paid	
<b>Investment fee</b> The fees and costs for managing your investment	<b>Pre-mixed options</b>		<b>% p.a. (net of tax)</b>	<b>% p.a. (gross of tax)</b>	This fee (net of tax) is deducted from the gross earnings of the Fund, not directly from your account.
	MySuper Balanced (default)		0.25	0.30	
	High Growth		0.28	0.33	
	Targeted Return		0.19	0.23	
	Moderate		0.22	0.26	
	Conservative		0.18	0.22	
	<b>Asset class options</b>		<b>% p.a. (net of tax)</b>	<b>% p.a. (gross of tax)</b>	
	Australian Shares		0.27	0.33	
	International Shares		0.36	0.43	
	Indexed Shares		0.07	0.08	
	Property		0.18	0.21	
	Cash		0.02	0.03	
	<b>Indirect cost ratio (ICR)</b> These costs include estimated transactional and operational costs (as detailed on the next page) and performance-related fees.	<b>Pre-mixed options</b>		<b>% p.a.</b>	
MySuper Balanced (default)		0.32			
High Growth		0.33			
Targeted Return		0.53			
Moderate		0.28			
Conservative		0.26			
<b>Asset class options</b>		<b>% p.a.</b>			
Australian Shares		0.05			
International Shares		0.03			
Indexed Shares		0.00			
Property		0.00			
Cash		0.00			
<b>Buy/sell spread</b>		Nil			Not applicable

# Fees and costs tables

## Transaction and operational costs

Each investment option incurs transactional and operational costs to different extents. These typically include items such as:

- brokerage
- stamp duty
- settlement and clearing costs
- buy/sell spreads
- market impact
- borrowing and property operating costs for options which invest in property-related interposed vehicles.

Type of fee or cost	Amount	
<b>Transactional and operational costs</b> These costs are reflected in the calculation of unit prices by the Fund's investment managers.	<b>Pre-mixed options</b>	
		<b>% p.a.</b>
	MySuper Balanced (default)	0.10 (which has already been included in the ICR)
	High Growth	0.12 (which has already been included in the ICR)
	Targeted Return	0.10 (which has already been included in the ICR)
	Moderate	0.09 (which has already been included in the ICR)
	Conservative	0.07 (which has already been included in the ICR)
	<b>Asset class options</b>	
		<b>% p.a.</b>
	Australian Shares	0.05 (which has already been included in the ICR)
	International Shares	0.03 (which has already been included in the ICR)
	Indexed Shares	0.00 (which has already been included in the ICR)
	Property	0.00 (which has already been included in the ICR)
Cash	0.00 (which has already been included in the ICR)	

**Borrowing costs** may be incurred where money is borrowed to buy an asset, or through interposed vehicles in which we invest. These costs are deducted from the assets or income of the relevant underlying investment option before returns are allocated to that option. They're included in the calculation of unit prices and are not deducted directly from your account. For the 2018/19 financial year, these costs only applied to the diversified investment options of MySuper Balanced (0.06% p.a.), Conservative (0.05% p.a.), Moderate (0.07% p.a.) and High Growth (0.08% p.a.).

**Property operational costs** are expenses related to real property and can include council rates, water rates and utilities. They do not relate to the acquisition or disposal of real property, and are not management costs. These costs are included in the calculation of unit prices and are not deducted directly from your account. For the 2018/19 financial year, these costs only applied to the diversified investment options of MySuper Balanced (0.06% p.a.), Conservative (0.05% p.a.), Moderate (0.06% p.a.) and High Growth (0.08% p.a.).

# Defined fees

Type of fee or cost	Definition
<b>Activity fee</b>	<p>A fee that relates to costs incurred by the trustee, or the trustees, of a superannuation entity that are directly related to an activity of the trustee, or the trustees:</p> <ul style="list-style-type: none"> <li>• that is engaged in at the request, or with the consent of a member, or</li> <li>• that relates to a member and is required by law, and</li> </ul> <p>those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an advice fee or an insurance fee.</p>
<b>Administration fee</b>	<p>A fee that relates to the administration or operation of a superannuation entity and includes costs incurred by the trustee, or the trustees, of the entity that:</p> <ul style="list-style-type: none"> <li>• relate to the administration or operation of the entity, and</li> <li>• are not otherwise charged as an investment fee, a buy/sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.</li> </ul>
<b>Advice fee</b>	<p>A fee that relates directly to costs incurred by the trustee, or the trustees, of a superannuation entity because of the provision of financial product advice to a member by:</p> <ul style="list-style-type: none"> <li>• the trustee of the entity, or</li> <li>• another person acting as an employee of, or under an arrangement with, the trustee or trustees of the entity, and</li> </ul> <p>those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an insurance fee.</p>
<b>Buy-sell spread</b>	<p>A fee to recover transaction costs incurred by the trustee, or the trustees, of a superannuation entity in relation to the sale and purchase of assets of the entity.</p>
<b>Exit fee</b>	<p>The trustee, or the trustees, of a regulated superannuation fund or an approved deposit fund must not charge exit fees, except in circumstances prescribed by the regulations.</p> <p>An exit fee is a fee, other than a buy-sell spread, that relates to the disposal of all or part of a member's interests in a superannuation entity.</p>
<b>Indirect cost ratio (ICR)</b>	<p>The ICR, for a MySuper product or an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper product or investment option.</p> <p>Note: A dollar-based fee deducted directly from a member's account is not included in the ICR.</p>



## Defined fees

Type of fee or cost	Definition
<b>Insurance fee (premiums)</b>	<p>A fee that relates directly to either or both of the following:</p> <ul style="list-style-type: none"><li>• insurance premiums paid by the trustee, or the trustees, of a superannuation entity in relation to a member or members of the entity</li><li>• costs incurred by the trustee, or the trustees, of a superannuation entity in relation to the provision of insurance for a member or members of the entity, and<ul style="list-style-type: none"><li>– the fee does not relate to any part of a premium paid or cost incurred in relation to a life policy or a contract of insurance that relates to a benefit to the member that is based on the performance of an investment rather than the realisation of a risk, and</li><li>– the premiums and costs to which the fee relates are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an advice fee.</li></ul></li></ul>
<b>Investment fee</b>	<p>A fee that relates to the investment of the assets of a superannuation entity and includes:</p> <ul style="list-style-type: none"><li>• fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees), and</li><li>• costs incurred by the trustee, or the trustees, of the entity that:<ul style="list-style-type: none"><li>– relate to the investment of assets of the entity, and</li><li>– are not otherwise charged as an administration fee, a buy/sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.</li></ul></li></ul>
<b>Switching fee</b>	<p>A fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest in the entity to another.</p>



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**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC26QW:**

**Governance:**

- a. How many trustee board members did the fund have?**
- b. What was the total salary of all trustee board members?**
- c. What was the average salary of all trustee board members?**
- d. Are there any performance-based assessments that determine trustee board remuneration, and if so what are they?**
- e. What was the salary of the trustee board chair?**
- f. What was the average length of service of all trustee board members?**
- g. What is the length of service of the longest serving trustee board member?**
- h. Are trustee board members asked whether they have conflicts of interest at each meeting, and if not, why not?**
- i. What is the conflict of interest policy for trustee board members?**
- j. Does your fund have a policy on gender diversity and/or balance for listed companies?**
- k. Does your board have gender balance?**

**Answer:**

- a. There are currently 10 board members on the LUCRF board. LUCRF is currently in the process of filling two director positions as a result of two recent resignations.
- b. For the 10 current board members: \$707,370, inclusive of Super Guarantee Charge (**SGC**).
- c. The average salary including the salaries of the chair and deputy chair is \$70,737 including SGC. The average salary excluding the chair and deputy chair is \$66,248 including of SGC.
- d. Nil.
- e. \$98,550 including SGC.
- f. 5.1 years.
- g. 16.1 years.
- h. Yes, this is a standing agenda item at all board and committee meetings, and any conflict/s, and discussion thereof, is recorded in the board minutes.
- i. As attached.

j. LUCRF does not set criteria regarding gender diversity in relation to its investment in listed companies, however, we aim to apply the ACSI Governance Guidelines and will vote against boards of ASX 200 companies with poor gender diversity (on a case by case basis).

k. The LUCRF board has 7 males and 4 females.



# Conflicts Management Policy

**Version 6.00 – December 2019**

## Document Control

Document Version	Author	Date	Amendment Details
3.01	Sonal Vydhyam Nikki Schimmel	February 2017	Review of the Policy Section on Conflicts Management Culture has been added; an update on review of the policy and minor changes to the document.
4.00	Sonal Vydhyam	14 Mar 2017	Accepted all the changes made following approval by the Board on 9-March-2017.
4.01	Sonal Vydhyam Nikki Schimmel	Jan 2018	Review of the policy with minor changes to the document. Major changes being: included the definition and threshold for related party investments and transactions as per APRA recommendation. Appendix 2 has been added to the policy.
5.00	Sonal Vydhyam	28-Feb-2018	Accepted all the changes made following approval by the Board on 26-Feb-2018.
5.01	Sonal Vydhyam & Alison Anthony	Nov 2019	The conflicts management policy was updated with the recommendations that were suggested during the triennial comprehensive review: the conflicts management procedure has been updated; the procedures to provide clarity between the Register of Relevant Duties and Interests and the Master Register of Conflicts of Interests and Duties (previously known as Master Conflicts Register).
6.00	Sonal Vydhyam	December 2019	Accepted all the changes made following approval by the Board on 11-Dec-2019.

## Document Review & Approval

Document Version	Date	Name	Function/ Role
1.00	11-Dec-2012	Compliance & Audit Committee	Meeting held on 11-Dec-2012
1.00	19-Dec-2012	LUCRF Board	Meeting held on 19-Dec-2012
1.01	3-Dec-2013	Compliance & Audit Committee	Meeting held on 3-Dec-2013
1.02	11-Feb-2014	Compliance & Audit Committee	Meeting held on 11-Feb-2014
1.02	28-Feb-2014	LUCRF Board	Meeting held on 28-Feb-2014
2.01	10 Feb 2015	Compliance and Audit Committee	Meeting held on 10 Feb 2015
3.00	29 April 2015	LUCRF Board	Meeting held on 29 April 2015
3.01	21-Feb-2017	Compliance, Risk and Audit Committee	Meeting held on 21 March 2017
3.01	9-Mar-2017	LUCRF Board	Meeting held on 9 March 2017
4.01	13-Feb-2018	Compliance, Risk and Audit Committee	Meeting held on 13 <sup>th</sup> Feb 2018
4.02	26-Feb-2018	LUCRF Board	Meeting held on 26 <sup>th</sup> Feb 2018
5.01	26- Nov-2019	Compliance, Risk and Audit Committee	Meeting held on 26 <sup>th</sup> Nov 2019
5.01	11-Dec-2019	LUCRF Board	Meeting held on 11 Dec 2019

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## 1. INTRODUCTION

L.U.C.R.F Pty Ltd as Trustee for the Labour Union Co-Operative Superannuation Fund (“the Fund”) has developed a Conflicts Management Framework and is responsible for this framework. This framework consists of the structures, policies, clearly defined roles and responsibilities, processes and resources that are in place to identify, avoid where possible, manage and/or disclose any actual, perceived or potential conflicts of duty and interest.

The objective of the policy is to ensure that all actual, potential and perceived conflicts of interest are identified and that all reasonably practicable actions are taken to ensure that they are avoided or prudently managed to provide highest level of integrity to our members. LUCRF Super also acknowledges that conflicts of interest exist especially when we rely on outsourced service providers for some tasks that have been.

LUCRF has maintained a Board-approved Conflicts Management Policy that describes the key elements of the Conflicts Management Framework. Prompt and full disclosure is a significant part of LUCRF Super’s conflicts management framework.

LUCRF Super acknowledges that strong conflicts management culture is essential for the effective management of conflicts throughout the business operation.

## 2. LEGISLATIVE REQUIREMENTS

Section 52(2)(d) of the Superannuation Industry (Supervision) Act (‘SIS’ Act) provides that where there is a conflict between the duties of the trustee to the beneficiaries, or the interests of the beneficiaries, and the duties of the trustee to any other person or the interests of the trustee or an associate of the trustee:

- (i) To give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons;
- (ii) To ensure that the duties to the beneficiaries are met despite the conflict; and
- (iii) To ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
- (iv) To comply with the prudential standards in relation to conflicts.

A similar provision exists for the management of conflicts between the duties of the directors to the beneficiaries.

LUCRF Super’s Conflicts Management Framework has been established with reference to the following guidance:

- Prudential Standard SPS 521 – Conflicts of Interest;
- Prudential Practice Guide SPG 521 – Conflicts of Interest.

These standards identify the requirements for the identification, avoidance and management of conflicts of duty and interest.



### 3. CONFLICTS MANAGEMENT CULTURE

A strong conflicts management culture, as part of LUCRF Super's risk culture, is essential for the effective management of conflicts.

LUCRF's conflicts management culture is demonstrated through:

- Encouraging an environment of openness and disclosure of relevant duties and interests and managing fairly and effectively;
- Annual refresher training to all staff and induction program on the Conflicts Management Framework;
- Whistleblower policy in place;
- Disclosure of gifts and hospitality received from service providers.

### 4. CONFLICTS MANAGEMENT FRAMEWORK

The Trustee has developed a conflicts management framework and is responsible for the framework and has the ultimate responsibility for the framework. This framework consists of the structures, policies, clearly defined roles and responsibilities, processes and resources that are in place to identify, avoid and manage conflicts of duty and interest. In particular, the Framework includes:

- The Conflicts Management Policy
- The Master Register of Conflicts of Interests and Duties
- The Register of Relevant Duties and Interests
- The Gift & Hospitality Policy
- The Gifts & Hospitality Register
- Annual declarations and declarations as required
- Whistleblower policy
- People and Culture Policies

The Board delegates certain responsibilities of the conflicts management policy to the Compliance, Risk and Audit Committee. The Compliance, Risk and Audit Committee is responsible for the regular review of this Policy and the recommendation of any changes to the Trustee. All compliance breaches/incidents and any rectification actions are reported to the Committee.

### 5. CONFLICTS MANAGEMENT POLICY

Against the background noted above the Board has developed this Conflicts Management Policy reflecting the Trustee's legal and regulatory obligations and their commitment to the interests of Fund members.

This Policy will apply to the RSE licensee, an associate of an RSE licensee and all “Responsible Persons” of the trustee. “Responsible Persons” are defined in the Fit and Proper Policy. This policy will also apply to all Trustee staff.

## 6. DEFINITIONS

The Prudential Standard provides the following definitions, and this has been adopted in this Policy:

“**Relevant duty**” refers to any duty owed by the Trustee, or responsible person to beneficiaries or to any other person that the Trustee has deemed to be a relevant duty.

“**Relevant interest**” refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by the Trustee, an associate, a responsible person or a staff member that the Trustee has deemed to be relevant.

A duty or interest is deemed relevant if it might reasonably be considered to have the potential to have a significant impact on the capacity of the RSE licensee, associate, responsible person or staff member to act in a manner that is consistent with the best interests of the beneficiaries. Factors such as frequency and timing of the benefits received will need to be considered to assist in the determination. For example, receiving significant hospitality during a tender process.

Investments Related party investments and transactions:

The Trustee has determined that it must hold over a **threshold** amount in the entity for it to amount to a relevant interest. The threshold amount is 5%.

For clarity, LUCRF has no associate party investment managers, based on the definition of “associate provider” provided in the SIS Act, s.12; Prudential Standard SPS 231 *Outsourcing*, and the Corporations Act 2001, Section 50 AAA *Associated Entities*.

### Obligations

All persons covered by this Policy have an obligation to identify potential conflicts and to disclose these in accordance with the requirements of the Policy in a timely manner. At all times the primary obligation is on the individual themselves to identify and disclose potential conflicts. If there is any doubt as to whether a declaration is required, the affected person should be open about the situation giving rise to the potential Conflict and discuss the issue with the Risk & Compliance team, the CEO, or the Chair.

## 7. THE CONFLICT MANAGEMENT PROCESS

The process involves the following steps:

- a) Identify (including regular and thorough inquiry)
- b) Assess (relevance and management type)
- c) Manage and monitor
- d) Escalate if necessary

**Identifying conflicts of interest and duty:**

- All Responsible Persons declare any actual, potential and perceived conflicts on appointment and in an annual declaration.
- All Directors, Committee members and Board and Committee attendees are asked to declare any previously undeclared conflicts/new conflicts at the beginning of each meeting.
- All staff and Responsible Persons are expected to declare any conflicts of interest as soon as practical and advise the Chief Risk Officer and Company Secretary.
- The Register of Relevant Duties and Interests is tabled at each Board and Committee meeting.
- Documented Whistleblower Policy in place.
- Internal audit review compliance with this policy at least annually.

**Assessing identified conflicts for relevance and management style:**

- Identified interests and duties are recorded on the Master Register of Conflicts of Interests and Duties.
- The CRO and Company Secretary assesses the relevance of the duty or interest in light of the definition of relevance in Section 6 of this policy.
- The CRO and Company Secretary recommends a management approach for a relevant conflict that is disclosed, actively oversee or avoid. The management approach ensures that conflicted Directors and Responsible Persons are not placed in a position of influence or decision making that could lead to beneficiaries' interests not being prioritised.
- The CRO and Company Secretary updates the Master Register of Conflicts of Interests and Duties and the Register of Relevant Duties and Interests.

**Managing and monitoring relevant conflicts:**

- The Register of Relevant Duties and Interests outlines the management and monitoring required for each relevant conflict.
- Meeting minutes record whether there are any additional conflicts to be disclosed and how any Actively Oversee conflicts are managed in the meeting.
- Where the Compliance, Risk and Audit Committee and or Board has determined to manage the conflict, details of such management are to be recorded in the minutes, and must be reviewed at each CRAC meeting and or Board to ensure the conflict is monitored and the management plans remains appropriate.
- If the duty or interest is disclosed, actively oversee or to be avoided, any changes to these duties or interests is to be updated in the Master Register of Conflicts of Interests and Duties to review the management action plan. Where applicable, the Register of relevant Interests and Duties will be updated accordingly.

- Internal Audit reviews the stated management approach with practice to assure the Board that conflicts are appropriately disclosed, avoided or prudently managed.

### The escalation or alternative action procedure is as follows:

- Failure to comply with the requirements of this policy, including not declaring conflicts, or failing to take such actions will lead to disciplinary action. Disciplinary action is at the discretion of the Board and will be determined by the facts and severity of each individual case.
- If there is disagreement about how a relevant conflict is managed, then the Board may seek legal advice as per section 14 of this Policy.
- If a staff member or responsible person has declared a conflict that relates to themselves or another staff or responsible person and is unsatisfied that it is being treated appropriately, they can report this to their Manager and or the Manager, People and Culture. The Manager, People and Culture may escalate to the Chair of the Board for assessment.
- In the event that a declared conflict involves the CRO and Company Secretary, the CEO will provide the assessment of relevance and management approach.
- Directors and staff employees may also take action under LUCRF Super's Whistleblowing Policy where there has been a breach, or apparent breach, of this policy.

### Outsourced and Third-Party Providers:

If a conflict arises with an outsourced provider or third party, and it cannot be resolved by LUCRF Super Executive and Management team, it must be reported to the Compliance, Risk and Audit Committee. The Committee must then determine how the conflict will be resolved and may take any of the actions below. The Committee may escalate to the Board if necessary.

Actions:

- Require the external service provider to take rectification action to resolve the conflict
- Obtain independent expert advice
- Notify the regulator(s) of the conflict and the action taken/to be taken to resolve it
- Document the details of the conflict including a summary of the trustee's findings and action taken to resolve the conflict
- Terminate the agreement with the service provider if appropriate (as outlined in the Fund's outsourcing policy).

## **8. GIFTS AND HOSPITALITY**

For the purposes of this policy, relevance relating to gifts and hospitality are dependent on the type of interest and has been set on a cumulative per annum basis. Limits have been set to assist in assessing relevance and are based on one-off events as well cumulative amounts arising from several events. The levels are as follows:

- No gifts are to be accepted or retained when received from a current service provider of the Trustee by a staff member or Director.
- For entertainment benefits the level is set at \$300 per person per financial year per service provider for each person and provided by a current service provider of the Trustee.
- For emolument, the level is set at zero where the person holds a Directorship position with a current or potential service provider or competitor.

Where the person deals with a current service provider in a personal capacity, the materiality level is zero in which they receive terms and conditions more favourable than publicly available. For example, receiving a higher interest rate from an investment manager solely due to their position at LUCRF Super.

In the case of educational or research programs, the level will be determined on a case to case basis, approved by the CEO and reported to the Compliance, Risk and Audit Committee.

The levels have been approved by the Board having regard to the nature and size of our business operations. These levels will be reviewed on a biennial basis to ensure that the levels remain appropriate. If the Trustee or Responsible Person exceed these limits, it does not automatically deem their capacity to act in a manner that is consistent with the interests of beneficiaries to be significantly impacted.

As hospitality is typically a one-off event and is subject to a separate approval process with pre-set limits in place, it will typically not appear on the Register of Relevant Duties and Interests. However, should there be an ongoing hospitality event accepted that is outside the limits, this will be assessed for relevance by the CRO and Company Secretary.

Directors and staff should not accept gifts (excluding promotional gifts of immaterial value). Please refer to the Gifts & Hospitality Policy for the Trustee's policy on receiving of gifts and hospitality by Directors and staff, including the required authorisation requirements.

## 9. CONFLICT SITUATIONS

A conflict arises in circumstances where a person has a relevant duty or relevant interest that exists independently of his or her role at LUCRF Super and that relevant duty or relevant interest has the potential to, or might reasonably appear to, influence the person in the independent performance of his or her functions and duties.

A circumstance, position, information or interest that might reasonably be regarded as influencing a person's capacity to act wholly in the interests of the company in its capacity will constitute a conflict.

For example, an actual conflict would be the solicitation of gifts of benefits in relation to the performance of their duties. This is strictly forbidden. Likewise, the acceptance of monetary gifts, such as cash or cheques is not allowed.

An example of a potential conflict would be the involvement of a responsible person who is a director of an external company that is relevant to our business operations. That person should not receive the relevant meeting papers and should not be present when that matter is discussed.

Where the obligation is to avoid conflict, it is absolute and acting honestly and in good faith is not a defence to a claim of a breach of the obligation. Equally, the conflict arises even if the fiduciary does not put their personal interest or other duty ahead of their duty as Responsible Person.

It is not possible to list all situations, interests or relationships which might create a conflict of interest however the Conflicts Management Table in Appendix 1& 2 outlines possible conflict situations and possible management approaches.

In the event of a conflict of duty or interest, the Directors must prioritise the beneficiaries' interests over any other interest or duty the Director owes to another party.

Fund membership and Union/Employer association are both permissible potential conflicts.

This policy does not cover anything received by a Responsible Person or employee of the Fund in the course of discharging any Fund Sponsorship contractual obligations.

## **10. DISCLOSURE – COMPANY**

Disclosure of a conflict is the starting point for addressing a conflict. In a commercial context disclosure may itself be sufficient to meet the conflict (see rule 1 of the Constitution) which provides that subject to disclosure of an interest a Director may nonetheless participate.

## **11. DISCLOSURE – TRUSTEE DIRECTORS**

The position on disclosure in respect of Trustees and Trustee Directors is different to that arising in ordinary commercial matters. Disclosure alone on the part of Trustee Directors may not be adequate. In the event of a conflict of interest or duty in respect of the Fund and its members, a Trustee Director must disclose the interest or duty immediately it is identified and may be asked not to participate in the decision-making process concerning the matter.

## **12. MAJORITY CONFLICT**

In circumstances where a conflict cannot be avoided and sufficient Trustee Directors are conflicted so as to render the obtaining of the required two thirds majority of Directors impossible, the following approach will be adopted:

- a) the whole Board will identify the matter for decision and in respect of which a majority conflict exists;
- b) the whole Board will by resolution (satisfying the two thirds majority requirement) refer the matter identified for decision to:

- i. Sub-Committee of non-conflicted Directors;
  - ii. an officer(s) or employee(s) of the Fund; or
  - iii. a Committee consisting of the non-conflicted Directors and such other persons as it may determine;
- c) The Sub-Committee, person(s) or Committee as the case may be, will determine the matter referred and advise the Board of its decision.

### 13. ROLES, RESPONSIBILITIES AND REPORTING

Function (Title)	Key Responsibilities
<b>Board</b>	<p>Ultimately responsible for developing and maintaining the Conflicts Management Framework</p> <p>Approving the Conflicts Management Framework</p>
<b>Compliance, Risk and Audit Committee (CRAC)</b>	<p>Review the Conflicts Management Framework and recommend changes to the Board</p>
<b>Board Chair</b>	<p>Ensuring conflicts are appropriately managed in accordance with this policy in Board meetings</p> <p>Raising an alternate conflicts management approach to conflicts assessed by the CRO and Company Secretary</p> <p>Addressing any escalated conflicts including conducting any relevant investigations and managing the conflict accordingly</p>
<b>Committee Chair</b>	<p>Ensuring conflicts are appropriately managed in accordance with this policy in Committee meetings</p>
<b>Board and Committee Secretaries</b>	<p>Maintaining a record of conflicts management in the meeting minutes</p>
Function (Title)	Key Responsibilities
<b>CEO</b>	<p>Overall responsibility for the management of conflict</p> <p>Recommending a course of action for conflict management when the CRO and company Secretary is not an appropriate person to conduct the assessment (i.e. where it involves the CRO and Company Secretary) or where the CRO and Company Secretary is unavailable</p>
<b>CRO and Company Secretary</b>	<p>Maintaining the Register of Relevant Duties &amp; Interests</p> <p>Maintaining the Master Register of Conflicts of Interests and Duties</p> <p>Assessing the relevance of the conflict</p> <p>Recommending a course of action for conflicts management</p>

	<p>Ensuring the Conflicts Management Policy is reviewed in accordance with Section 20 of this policy</p> <p>Report instances of non-compliance with the Conflicts Management Framework to the Compliance, Risk and Audit Committee</p> <p>Maintain the Register of Relevant Duties and Interests on LUCRF Super's website</p>
<b>Manager, People and Culture</b>	<p>Point of escalation for staff who are not satisfied with the management of a conflict</p> <p>Escalates concerns with supporting information to the CEO</p>
<b>Responsible Persons</b>	<p>Declare all interests and duties promptly and honestly</p> <p>Complete the annual conflicts declaration</p> <p>Directors can escalate any conflict management issues to the Chair of the Board or the Deputy Chair of the Board</p> <p>Disclose all actual, perceived or potential conflicts of interests or duties.</p>
<b>Internal Audit</b>	<p>Annual review of compliance with the Conflicts Management Framework</p>
<b>Staff</b>	<p>Declare all interests and duties promptly and honestly</p> <p>Complete the conflicts declaration annually</p> <p>Complete the conflicts training</p> <p>Disclose all actual, perceived or potential conflicts of interests or duties</p>

## 14. MINUTES

Minutes in respect of a conflict of interest and duty matters will be maintained to record:

- Directors' declarations of a conflict of interest or duty whether general, such as relating to all transactions with a particular entity, or specific to a particular transaction or matter;
- The absence from a meeting or part of a meeting of any Directors arising from a conflict;
- The abstaining from voting by any Director on account of a conflict of interest or duty; and
- The details of the Conflict Process adopted, and each step of that process.

This applies to the Board, all Board Committees and other relevant meetings.



## 15. ADVICE

In the event of any doubt as to the question of whether or not a conflict exists on the part of a person, the Board will authorise obtaining appropriate advice.

## 16. APPROVED AUDITOR

The Approved Auditor is required to report any conflicts or potential conflicts to the Trustee in the engagement letter provided to the provision of any audit service or whenever the approved auditor becomes aware of a conflict or a potential conflict.

The approved auditor provides an independence letter to the Compliance, Risk and Audit Committee and an annual declaration of independence for the financial statements.

## 17. DECLARATIONS

Upon appointment, Responsible Persons provide a declaration that they are not aware of any real or potential conflicts of interest which may adversely affect them as acting as a Responsible Person of the Trustee.

On an annual basis, all Responsible Persons declare any actual (real), perceived or potential conflicts of interests which may adversely affect them acting as a Responsible Person. Responsible Persons also declare that they will disclose any conflicts of interest which potentially may arise in the future whilst they are a Responsible Person.

## 18. THE REGISTERS

The CRO and Company Secretary will maintain the Register of Relevant Duties and Interests and the Master Register of Conflicts of Interests and Duties. As referred to in section 6, interests in related parties over the threshold limit (threshold is 5%) will be recorded in the Register of Relevant Duties and Interests. To ensure it is kept up-to date, the Register of Relevant Duties Register will be tabled at each Board and Committee meeting.

The Master Register of Conflicts of Interests and Duties will be tabled at the Compliance, Risk and Audit Committee Meetings and Board on an annual basis.

## 19. COMMUNICATION

The Compliance & Risk department will provide annual refresher training to all staff and induction program on the Conflicts Management Framework and conflicts management culture at LUCRF Super to ensure staffs at all levels are aware of their responsibilities.

## 20. REVIEW

On a triennial basis, a comprehensive review of the conflict's management framework will be undertaken by an operationally independent, competent and appropriately trained person. This review will comply with the requirements of Prudential Standard SPS 521. The review at minimum will include:

- Whether all relevant duties and all relevant interests have been identified and are being addressed in accordance with the RSE licensee's conflicts management framework;
- The level of compliance with the conflicts management policy, including reporting on the registers of relevant duties and relevant interests; and
- Any non-compliance with the conflicts management policy, including steps taken to return to, and improve, ongoing compliance.

On each year which a comprehensive review does not take place, a review of the conflicts management framework will take place and the results will be reported to the Board.

The Chief Risk Officer and Company Secretary is responsible for reviewing this policy:

- at least biennially on the review date, or
- as soon as is reasonably practicable if there is a significant change to LUCRF Super's operating environment, or
- as soon as is reasonably practicable if there is a material change to SPS 521.

The outcome of each review will be reported to the Compliance, Risk and Audit Committee.

In respect of this policy the Chief Risk Officer and Company Secretary will record its:

- Issue date
- Review date
- Reasons for amendment
- Board approval date

## Appendix 1: Conflicts management table

The following table sets out the conflicts of interests and duties that the Trustee will avoid, actively oversee or disclose. This is not an exhaustive list.

<b>Avoid</b>	The Trustee will avoid the conflict
<b>Actively Oversee</b>	The Trustee will accept the conflict but recognises that it requires active management to ensure the conflicted party is not placed in a position of influence when decisions are being made. These conflicts may become Avoid or Disclose as circumstances change or as the Trustee's risk appetite for governance risk changes
<b>Disclose</b>	The Trustee accepts the conflict, and this is managed through disclosure only. These conflicts may become Actively Oversee as circumstances change or as the Trustee's risk appetite for governance risk changes
<b>Disclose internal</b>	LUCRF Super records these duties/interests internally but they do not automatically go on the Master Register of Conflicts of Interests and Duties or the Register of Relevant Duties and Interests (they may be captured elsewhere i.e. the Gifts and Hospitality Register)

Management methods for Actively Oversee to ensure beneficiaries' interests are always prioritised:

- Potential service provider excluded from becoming a service provider to avoid the conflict
- Current service provider limited to current service offering to limit expanding the nature of the conflict
- Director or Committee Member not present in fee and tender discussions.
- Director or Committee Member may be asked to leave when discussing the performance of a service provider in which they have an interest or duty.
- Director or Committee Member may not receive papers relevant to a discussion regarding their conflicting interest or duty.
- CRO and Company Secretary and Manager, People and Culture to assess whether any disclosed staff level conflict needs extra controls to ensure no inappropriate behaviour goes undetected.
- Directors and Committee Members to disclose their investment option if there are changes to the Fund's investment strategy or rectification regarding an investment option. The Chair will determine if they should remain present in the discussion.
- Director or Committee Member may be asked to step down if it is no longer desirable to manage the conflict and the Board or Committee's decision is to avoid this instead.
- Benchmarking fee structures for Trustee level conflicts to ensure the fees are competitive.

There may be exceptional circumstances where the Board may accept for a short period of time a conflict they would ordinarily avoid where it would be detrimental to members to avoid the conflict. In this case, the conflict would be actively oversee, and the Board would effect a plan to remove the conflict.

Actual, potential and perceive conflicts	L.U.C.R.F Pty Ltd	Independent Directors	Other Directors	Responsible Persons (LUCRF employed)	Responsible Persons (service provider)	LUCRF Staff
Director of another Superannuation Trustee (excluding SMSFs)		Avoid	Avoid	Avoid	Avoid	Avoid
Appointment to service provider Board		Avoid	Actively Oversee	Actively Oversee	Actively Oversee	Actively Oversee
Appointment to service provider Committee		Actively Oversee	Actively Oversee	Actively Oversee	Actively Oversee	Actively Oversee
Other appointments		Actively Oversee	Actively Oversee	Actively Oversee	Disclose	Actively Oversee
Majority shareholdings in material service provider	Actively Oversee	Avoid	Avoid	Avoid	Disclose	Avoid
Other majority shareholdings or shareholdings over \$10,000 held directly in any service provider	Disclose internal	Disclose internal	Disclose internal	Disclose internal	Disclose internal	
Staff member of a service provider		Avoid	Actively Oversee	Actively Oversee	Disclose	Disclose
Related party transactions	Actively Oversee					
Interest in consultant engaged by LUCRF		Avoid	Actively Oversee	Actively Oversee	Disclose	
LUCRF fund membership		Avoid	Actively Oversee	Actively Oversee		
Immediate family members' interests: majority shareholdings or shareholdings over \$10,000 held directly in any service provider in material service provider		Disclose internal	Disclose internal	Disclose internal		
Executive management on Board	Avoid					
Monetary gifts (including discounts) from service provider		Disclose	Disclose	Disclose	Disclose	Disclose

Gifts*		Avoid	Avoid	Avoid	Avoid (from work done in connection to LUCRF or associated entities)	Avoid
Gifts and entertainment during tender process (until the decision is made)		Avoid	Avoid	Avoid		Avoid
Entertainment (under \$300 p.a. per service provider)		Disclose internal	Disclose internal	Disclose internal	Disclose internal	Disclose internal
Entertainment (over \$300 p.a. per service provider)		Disclose	Disclose	Disclose	Disclose	Disclose

\* where the receipt of gifts cannot be avoided, they will be raffled as part of the Christmas event.

Appendix 2

Examples of circumstances that may give rise to conflicts and potential management strategies include, but not limited to:

Conflict	Avoidance and management of conflicts	Management Process
<p><b>Decision makers may have a personal interest</b> Directors and employees may have a personal interest in the outcome of a decision.</p>	<p>Control</p>	<ul style="list-style-type: none"> <li>▪ Staff declare all interest and duties promptly and complete the annual training and declaration.</li> <li>▪ The Declaration of conflict is a standing item on the agenda for each committee and Board meeting.</li> <li>▪ All Directors &amp; staff must comply with the Conflicts Management Policy adopted by the Board.</li> <li>▪ All Committee papers will be distributed to the Trustee Director's with subject to any conflicts management which excludes being distributed to conflicted Directors.</li> </ul>
<p><b>Independence of the Risk and Compliance and the Internal Audit function</b> The decision and judgement of the internal audit function may be impaired or compromised if they are also involved in the operation of the business.</p>	<p>Control</p>	<ul style="list-style-type: none"> <li>▪ Internal Auditor's independence is detailed in the Internal Audit Plan.</li> <li>▪ Where the Internal Auditor's independence and objectivity may be impaired or compromised, another individual (internal or external) may be tasked with performing the review.</li> <li>▪ Internal Auditor has direct access to the Compliance, Risk &amp; Audit Committee and has closed sessions without Executive/ Management present.</li> </ul>
<p><b>Financial Advice</b> Conflict of interest which may arise as a result of the recommendation or advice.</p>	<p>Control</p>	<ul style="list-style-type: none"> <li>▪ Financial Service Guide is provided with Statement of Advice so that members can read and understand before deciding whether to use any of the advice services.</li> <li>▪ Authorised representatives comply with obligation to the AFSL license.</li> </ul>

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**LUCRF Super**

**LUC27QW**

**In the context of the ACCC's legal action and question for competition in monopoly infrastructure entities:**

- a. What are the implications for infrastructure investment returns if the ACCC is successful in its legal action?**
- b. Have you analysed your infrastructure investment portfolio to examine the risk of ACCC action to reduce anti-competitive monopoly of oligopoly pricing?**
- c. If so, can you provide details of the likely impact, and what is the project impact on revenue and income?**

**Answer:**

As the ACCC's legal action is before the Court it would be premature to speculate on its implications.

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LUCRF Super

LUC28QW

In dollar terms, for each of your superannuation products, can you please provide annual data for the past five financial years on average, for a member with a balance of \$6,000, \$50,000 and \$150,000?

- a. Investment fees
- b. Administration fees
- c. Indirect costs
- d. Any other cost to a member which is incurred or foregone by way of a lesser return pre-unit price (but not included in the indirect cost ratio) including any other costs, charges, fees, direct or indirect benefits including any benefit by way of rebate, set-off, commission, in-kind, tax credit/offset retained, interest (or interest rebate) retained by any party involved in the management, custody, review, compliance, administration, servicing, asset consulting, valuation, operation and maintenance, financing, auditing, brokerage, execution, settlement, or otherwise of the assets in the fund, or their underlying assets.
- e. An aggregate total of all fees mentioned above.

**Answer:**

Information on aggregate fees paid, fee rebates and discounts costs and rates of return are reported to APRA and can be found in the Annual Fund Level Statistics Backseries, which can be accessed in the link below:

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

Additional information on member fees and costs are available in LUCRF's disclosure documents:

- Product Disclosure Statements (PDS), Fees and Costs Guide - <https://lucrf.com.au/forms-and-publications/super>
- MySuper Dashboard - <https://lucrf.com.au/investments/dashboard>



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LUCRF Super

LUC29QW

As a percentage of the value of the member account, for each of your superannuation products, can you please provide annual data for the past five financial years on average, for a member with a balance of \$6,000, \$50,000 and \$150,000?

- a. Investment fees
- b. Administration fees
- c. Indirect costs
- d. Any other cost to a member which is incurred or foregone by way of a lesser return pre-unit price (but not included in the indirect cost ratio) including any other costs, charges, fees, direct or indirect benefits including any benefit by way of rebate, set-off, commission, in-kind, tax credit/offset retained, interest (or interest rebate) retained by any party involved in the management, custody, review, compliance, administration, servicing, asset consulting, valuation, operation and maintenance, financing, auditing, brokerage, execution, settlement, or otherwise of the assets in the fund, or their underlying assets.
- e. An aggregate total of all fees mentioned above.

**Answer:**

Information on aggregate fees paid, fee rebates and discounts costs and rates of return are reported to APRA and can be found in the Annual Fund Level Statistics Backseries, which can be accessed in the link below:

<https://www.apra.gov.au/sites/default/files/Annual%20Fund-level%20Superannuation%20Statistics%20Back%20Series%20June%202019.xlsx>

Additional information on member fees and costs are available in LUCRF's disclosure documents:

- Product Disclosure Statements (PDS), Fees and Costs Guide - <https://lucrf.com.au/forms-and-publications/super>
- MySuper Dashboard - <https://lucrf.com.au/investments/dashboard>

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**LUCRF Super**

**LUC30QW**

**To the extent that any of the fees and costs listed in the previous two questions are paid to a related entity or associate of the trustee, or any of their respective related entities or associates, please set out the function performed or service provided by that person, and the amount (total quantum) paid to that entity or person at a whole-of-fund level.**

**Answer:**

All related party transactions for the past five years are disclosed in the Financial Statements of the Trustee Company:

- 2014/15: Copy attached
- 2015/16: Copy attached
- 2016/17: Copy attached
- 2017/18: Copy attached
- 2018/19: <https://lucrf.com.au/sites/lucrf.com.au/files/publications/Governance/Financial-Statement-2019.pdf>

The above statements reference a Service Agreement with the National Union of Workers (now United Workers Union). The purpose of the Service Agreement (and its predecessor arrangements) has been to help retain and grow the Fund's membership base. The agreement is in the best interest of members as it supports the RSE Licensee in its efforts to retain and grow members, which in turn leads to a growth in funds under management and reduced costs. Details of each Service Agreement have been provided to APRA as part of their prudential reviews of the RSE Licensee's activities.

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**LUCRF Super**

**LUC31QW**

**For the past five years:**

- a. What was the total cost of all advertising and/or marketing?**
- b. What was the total cost of all advertising and/or marketing per member?**
- c. What was the total cost of all advertising per new (FY19) member?**
- d. What was the total cost of all television advertising and/or marketing?**
- e. What was the total cost of all radio advertising and/or marketing?**
- f. What was the total cost of all print advertising and/or marketing?**
- g. What was the total cost of all online advertising and/or marketing?**
- h. How many in-house staff are employed in advertising and marketing roles?**
- i. How much was spent on engaging external advertising and marketing consultants?**
- j. Do you advertise and/or directly financial contribute to the New Daily?**

**Answer:**

LUCRF has engaged in advertising across various media and channels such as radio, outdoor and online to support its growth objectives. The amounts spent by LUCRF on various, specific advertising channels and media is confidential and commercially sensitive. The total spend on advertising and promotions are disclosed in the financial statements as referred to in LUC10QW.

LUCRF has 4 in-house staff employed in advertising and marketing roles.

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**LUCRF Super**

**LUC32QW**

**How much money have you spent on advertising on the following platforms in the past decade:**

- a. Google?**
- b. Facebook?**
- c. Twitter?**
- d. Instagram?**
- e. A non-Google search engine?**
- f. Any social media platform that is not mentioned in (b) – (d)?**

**Answer:**

LUCRF has engaged in advertising on Google and Facebook. LUCRF have provided the total costs of its overall marketing expenditure in previous questions by reference to its financial statements (see LUC10QW). However, the specific amounts spent in relation to these platforms are confidential and commercially sensitive.

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**LUCRF Super**

**LUC33QW**

**Can you provide details if you have purchased the following over the past decade:**

- a. Google advertisements**
- b. Google search terms**

**Answer:**

LUCRF has used Google advertisements and search terms. The specific details of these arrangements are confidential and commercially sensitive.

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**LUC34QW**

- a. Do you use Google Ad Words, or any Google provided or supported service to advertise any of your funds or your brand in any way whatsoever?**
- b. Please list what terms you have used in Google Ad Words in the last five years to generate an impression on particular search queries.**

**Answer:**

LUCRF uses Google Ad Words and other Google services to advertise the fund. The specific terms used are confidential and commercially sensitive.

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**LUC35QW**

**What percentage of the return on investment from your unlisted assets can be attributed to revaluations due to falling interest rates, and capital asset pricing model market yields used as the discount rate in discounted cash flow based valuations?**

**Answer:**

It is not possible to identify the percentage of return on investment from unlisted assets in line with the factors requested in the question. Many factors affect the valuations of unlisted assets.

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**LUC36QW**

**How will the overall fund performance be affected if:**

- a. The income return of unlisted assets declines?**
- b. The fund can no longer purchase unlisted assets onshore?**
- c. The fund can no longer purchase unlisted assets offshore?**

**Answer:**

LUCRF regularly undertakes scenario testing and sensitivity analysis on its investment portfolio in accordance with prudential standards.

Investments in unlisted assets are designed to enhance diversification (compared to a portfolio comprising only of listed assets), decreasing volatility and enhancing risk adjusted returns.

All things being equal, the look-forward projected performance for the overall fund would decline if the income return of unlisted assets declines. However, a declining income return may be accompanied by a positive capital return (for instance, due to yield compression), which can benefit members when it occurs.

It is unlikely that LUCRF will be in a position where it can no longer purchase unlisted assets onshore or offshore.



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**LUCRF Super**

**LUC39QW**

**Valuation methodologies:**

- a. Have you compared your valuation methodologies and assumptions for unlisted assets with other superannuation funds, and if so, what are the differences?**
- b. Are you confident that your valuation methodologies and assumptions for unlisted assets reflect their value to the fund, and how often are they reviewed?**
- c. How do you compare your valuations to listed investments, including, but not limited to, whether there is a cross check to stock prices for similar assets?**
- d. Have you ever calculated whether there would be a difference between valuations if unlisted assets were listed?**

**Answer:**

Please refer to LUCRF's valuation policy in LUC06QW.

LUCRF is confident that its valuation methodologies and assumptions for unlisted assets reflect fair value. In accordance with LUCRF's valuation policy, independent valuers value the unlisted assets, applying relevant accounting standards and appropriate industry guidelines.

LUCRF has not compared its valuation methodologies for unlisted assets with other superannuation funds.

LUCRF cross-checks the valuations of some of its indirect investments (especially the more material exposures) to listed equivalents on at least an annual basis, especially for those with relevant listed peers. For instance, airports' valuation multiples (e.g. EV/EBITDA multiples) in unlisted funds can be compared to listed peers, such as Sydney Airport (ASX Code: SYD).

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**LUC40QW**

**What is the current annual average return for your unlisted assets?**

**Answer:**

LUCRF does not disclose the rate of return on unlisted assets because the assets are not available to members as a distinct investment option. The returns of multi-asset Member Investment Choice options have been positively affected by unlisted asset returns.

By way of example, the ISPT Core Fund has returned 9.56% p.a. since inception (31 August 1994) to 30 June 2019. LUCRF has not been invested for the full period, but has been invested in the ISPT Core Fund for at least five years. Over the five years to 30 June 2019, the ISPT Core Fund has returned 11.43% p.a.

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**LUCRF Super**

**LUC41QW**

**Given the size of your large joint investments, why are they not listed for liquidity, valuation and public disclosure purposes?**

**Answer:**

The Fund notes that the Australian Securities and Investments Commission (**ASIC**) has announced that it has deferred the first reporting date of Portfolio Holdings Disclosure (**PHD**) for 12 months to 31 December 2020. ASIC has made the ASIC Corporations (Amendment) Instrument 2019/1056, which amends ASIC Class Order [CO 14/443] to take account of the deferral.

We would envisage disclosing the valuation of these assets in public disclosures, following the finalisation of the PHD legislation, for the period ending 31 December 2020.

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**LUCRF Super**

**LUC42QW**

- a. How many unlisted assets do you hold in the fund?**
- b. What value share are unlisted assets of the fund's:**
  - i. total value?**
  - ii. total property value?**

**Answer:**

- a. As outlined in LUC07QW, the Fund directly holds three unlisted assets.  
  
The Fund notes that the Australian Securities and Industries Commission (**ASIC**) has announced that it has deferred the first reporting date of Portfolio Holdings Disclosure (**PHD**) for 12 months to 31 December 2020. ASIC has made the ASIC Corporations (Amendment) Instrument 2019/1056 which amends ASIC Class Order [CO 14/443] to take account of the deferral. We intend to comply with the PHD once it takes effect.
- b. Please see response to LUC04QW.

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**LUCRF Super**

**LUC43QW**

**Discount rates:**

- a. For unlisted assets, do you use a consistent discount rate for income across all unlisted assets, or an asset-specific discount rate?**
- b. What is the discount rate you apply to the income from unlisted assets, and has it changed over the past decade, and if so, when and why?**

**Answer:**

- a. Discount rates are set by independent valuers, adopting the relevant accounting standards and industry best practice. We therefore do not use a consistent discount rate for income across all unlisted assets.**
- b. Details of the discount rate are confidential and commercially sensitive.**

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**LUCRF Super**

**LUC44QW**

**Of the unlisted assets, how many have outperformed the average return on investments in superannuation over the past five years?**

**Answer:**

Returns on unlisted assets have generally performed strongly relative to alternative assets with a similar risk profile.

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**LUCRF Super**

**LUC45QW**

**Have you completed any analysis about your capacity to continue to provide returns to fund members at the current, or past rate, into the future based on the valuations of your unlisted assets?**

**Answer:**

LUCRF continually undertakes assessments regarding its ability to continue to deliver medium and long term returns for its members.

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**LUCRF Super**

**LUC46QW**

**Over the past decade:**

- a. Have you ever devalued an unlisted asset?**
- b. Have you ever devalued an unlisted asset by more than \$10 million?**
- c. Have you ever devalued an unlisted asset by more than \$50 million?**
- d. Have you ever devalued an unlisted asset by more than \$100 million?**
- e. Please advise the companies and/or individual valuers that have valued your unlisted assets.**

**Answer:**

In accordance with LUCRF's valuation policy, unlisted assets are typically valued quarterly, or at least annually, at arms-length by independent valuers. These valuers apply relevant accounting standards and industry guidelines.

Given unlisted assets are valued independently, the fund does not itself devalue any assets. Valuations regularly increase and decrease depending on market and economic conditions.



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- LUC47QW:** For each year of the past decade:
- a. How many fund members do you have?**
  - b. How many financial planners do you have in total numbers, and as a member to financial planner ratio?**
  - c. How many financial advisers do you have in total numbers, and as a member to financial planner ratio?**

**Answer:** LUCRF does not differentiate between financial planners and financial advisers. The reference to ‘financial advisers’ in the table below therefore captures all who are employed to provide financial advice and planning.

	2018/ 19	2017/ 18	2016/ 17	2015/ 16	2014/ 15	2013/ 14	2012/ 13	2011/ 12	2010/ 11	2009/ 10
<b>a)</b>	130,282	162,290	162,862	168,519	174,149	181,677	183,566	184,880	185,828	184,391
<b>b)</b>	12	16	20	19	20	16	17	14	3	0
<b>c)</b>	financial advisers; 1 adviser to 10,856 mbrs	financial advisers; 1 adviser to 10,143 mbrs	financial advisers; 1 adviser to 8,143 mbrs	financial advisers; 1 adviser to 8,869 mbrs	financial advisers; 1 adviser to 8,707 mbrs	financial advisers; 1 adviser to 11,355 mbrs	financial advisers; 1 adviser to 10,798 mbrs	financial advisers; 1 adviser to 13,206 mbrs	financial advisers; 1 adviser to 61,943 mbrs	financial advisers; 0 adviser to 184,391 mbrs

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**LUC48QW:**

**For each year of the past decade:**

- a. How much is charged for financial planning annually to fund members, and what is the average per fund member?**
- b. How much is charged for financial planning annually to funds, and what is the average per fund member?**
- c. How much is charged for financial advice annually to fund members, and what is the average per fund member?**
- d. How much is charged for financial advice annually to funds, and what is the average per fund member?**

**Answer:**

- a. \$0. All costs for general/intra-fund advice are included in the administration fee
- b. \$0
- c. \$0. All costs for general/intra-fund advice are included in the administration fee.
- d. \$0

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**LUC49QW:** For each year of the past decade:  
**a. What is the cost of general advice annually, and what is the average per fund member?**  
**b. What are the aggregate value of bonuses provided for general advice, and what is the average per adviser?**

**Answer:**  
a. LUCRF does not track the specific costs of providing general advice to its members.  
b. LUCRF does not pay bonuses to advisers for the provision of general advice.

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**LUC50QW:** For each year of the past decade:  
**a. What is the cost of scaled advice annually, and what is the average per fund member?**  
**b. What are the aggregate value of bonuses provided for scaled advice, and what is the average per adviser?**

**Answer:** LUCRF does not, and has not, provided scaled advice to its members.

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**LUC51QW:**

**For each year of the past decade:**

- a. What is the cost of comprehensive advice annually, and what is the average per fund member?**
- b. What are the aggregate value of bonuses provided for comprehensive advice, and what is the average per adviser?**

**Answer:**

LUCRF does not, and has not, provided comprehensive advice to its members.

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**LUC52QW:**

**For each year of the past decade:**

- a. What is the cost of intra-fund advice annually, and what is the average per fund member?**
- b. What are the aggregate value of bonuses provided for intra-fund advice, and what is the average per adviser?**

**Answer:**

- a. LUCRF does not track the specific costs of providing intra-fund advice to its members.
- b. LUCRF does not pay any bonuses for intra-fund advice.

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**LUC53QW:                   How many employees does the fund have?**

**Answer:**                   As at 18 February 2020, LUCRF has 132 employees.

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**LUCRF Super**

**LUC54QW:                   How do you define employee misconduct?**

**Answer:**                   LUCRF's Performance Counselling and Discipline Policy defines:

“Unsatisfactory Conduct” as including inappropriate behaviour by an employee through a breach of their employment conditions, LUCRF's code of conduct or other relevant legislation.

“Serious Misconduct” as willful or deliberate behaviour that is inconsistent with the continuation of the contract of employment and/or conduct that causes imminent and serious risk to the health and safety of a person or to the reputation of LUCRF.

There is no definition of misconduct in LUCRF's Performance Counselling and Discipline Policy so LUCRF has used the definition of serious misconduct above for the purpose of responding to LUC55QW.



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**LUCRF Super**

**LUC55QW:**

**Over the past five years:**

- a) How many employees have been cautioned for misconduct?**
- b) How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct?**
- c) How many employees have been terminated for misconduct?**
- d) How many employees have been cautioned for misconduct, as a share of all employees over that timeframe?**
- e) How many employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct, as a share of all employees over that timeframe?**
- f) How many employees have been terminated for misconduct, as a share of all employees over that timeframe?**

**Answer:**

- a) 0
- b) 0
- c) 0
- d) 0
- e) 0
- f) 0

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC56QW**

**Do you support current Corporations Law provisions for the disclosure  
of corporate remuneration?**

**Answer:**

Yes

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC57QW: Of the twenty highest remunerated employees over the past decade, please provide the number whose total remuneration in a financial year (including all forms of remuneration, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?**

**Answer:**

<b>Total remuneration package value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	<b>20</b>
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC58QW:**           **Of the twenty highest incentive bonuses paid over the past decade,  
please provide the number that fall within these brackets?**

**Answer:**           LUCRF does not pay incentive bonuses.



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC60QW: Of the twenty highest severance packages over the past decade, please provide the number whose total package (including all forms of accumulated severance package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?**

**Answer:**

<b>Total severance package value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	3
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS  
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**LUCRF Super**

**LUC61QW:** Of the twenty highest termination payments over the past decade, please provide the number whose total package (including all forms of accumulated termination package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

**Answer:**

<b>Total termination package value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	<b>20</b>
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**LUCRF Super**

**LUC62QW: Of the twenty highest redundancy payments over the past decade, please provide the number whose total package (including all forms of accumulated redundancy package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?**

**Answer:**

<b>Total redundancy package value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	12
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
\$15,000,001 - \$16,000,000	
\$16,000,001 - \$17,000,000	
\$17,000,001 - \$18,000,000	
\$18,000,001 - \$19,000,000	
\$19,000,001 - \$20,000,000	
\$20,000,001 - \$25,000,000	
\$25,000,001 - \$30,000,000	
\$30,000,001 - \$35,000,000	
\$35,000,001 - \$40,000,000	
\$40,000,001 - \$45,000,000	
\$45,000,001 - \$50,000,000	
>\$50,000,000	