

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### ME Bank

**ME43QW:** In the context of ME25QW that provides a share register for ME Bank, Jennifer Tomlins and Stanley Tomlins both owned and disposed of a single share in 2016:

- a. Who are these individuals?
- b. Did they work for ME Bank?
- c. Why did they own shares?
- d. What was the value of their shares at point they were allocated?
- e. Did they surrender the shares?
- f. Did they sell the shares, and if so, to whom?
- g. At the point of disposal was there a difference in their value from when they were allocated, and if so, what was the difference in their value?

**Answer:**

ME Bank notes the following preliminary matters:

1. ME Bank's answer to ME25QW indicated that Jennifer Tomlins and Stanley Tomlins each owned and disposed of a single share in 1996. ME Bank has proceeded on the basis that the reference to '2016' in ME43QW should be read as '1996'.
2. ME Bank's answer to ME25QW contained covering '*Notes to interpretation*' which ME Bank refers to and relies on in the context of its answers to questions ME43QW to ME48QW.
  - a. This question relates to events that occurred in 1996. ME Bank does not have a record of this information and, having conducted reasonable inquiries, ME Bank has been unable to ascertain the information requested.
  - b. This question relates to events that occurred in 1996. ME Bank does not have a record of this information and, having conducted reasonable inquiries, ME Bank has been unable to ascertain the information requested.
  - c. ME Bank understands that Jennifer Tomlins and Stanley Tomlins were allotted shares as part of the legal process of incorporating the company now known as Members Equity Bank Limited. The shares held by Jennifer Tomlins and Stanley Tomlins were transferred to National Mutual Funds Management (Global) Limited on the day of their allotment.
  - d. As part of the process of incorporation, these two shares were allocated for the nominal consideration of \$1 each.
  - e. No. The shares were transferred to National Mutual Funds Management (Global) Limited (please refer to c above).
  - f. The shares were transferred (please refer to c above).

- g. This question relates to events that occurred in 1996. ME Bank does not have a record of this information and, having conducted reasonable inquiries, ME Bank has been unable to ascertain the information requested.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**ME Bank**

**ME44QW:** In the context of ME25QW, it appears that between 1996 and 1999 only National Mutual Funds Management held shares in ME Bank after the disposal of shares by Jennifer Tomlins and Stanley Tomlins:

- a. Is this correct?
- b. If not, who else was a shareholder during this period?

**Answer:** For the purpose of responding to this question, ME Bank has interpreted the reference to National Mutual Funds Management as a reference to National Mutual Funds Management (Global) Limited.

- a. Yes.
- b. N/A.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**ME Bank**

**ME45QW:** In the context of ME25QW, it appears that Industry Fund Services purchased 1,000,002 shares from 2000 and built it up to 4,243,977 shares before disposing of them in 2007:

- a. Who did IFS purchase shares from in 2000, or were new shares issued?
- b. Were subsequent increases in IFS's shareholdings as a result of new capital injections into ME Bank?

**Answer:**

- a. New shares were allotted to Industry Fund Services Pty Ltd in 2000.
- b. From 2000 to 2007, Industry Fund Services Pty Ltd was allotted 2,743,975 shares, being new capital injections into ME Bank.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

ME Bank

- ME46QW: In the context of ME25QW, in 2001 the National Mutual and IFS shareholdings both increased to 1,500,002. The 1,500,002 shares held by National Mutual were sold in 2003. It has been indicated that National Mutual was bought out from retained earnings ([https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Corporations\\_and\\_Financial\\_Services/Completed\\_inquiries/2004-07/superannuation/report/e04](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/Completed_inquiries/2004-07/superannuation/report/e04)). However this is not disclosed in the information provided:
- a. Who did National Mutual sell its shares to? (There is not a commensurate change in other holdings disclosed.)

Answer:

ME Bank notes the following preliminary matters:

1. Question ME46QW states, *'It has been indicated that National Mutual was bought out from retained earnings'* and cites Appendix 4 of the Parliamentary Joint Committee on Corporations and Financial Services' August 2007 report titled "The structure and operation of the superannuation industry".

Appendix 4, in fact, refers to the entity IFS-SET Pty Ltd having paid a subsidiary of Colonial Mutual out of retained earnings. That is, the 2007 report does not refer to ME Bank or former shareholder National Mutual Funders Management (Global) Limited

2. As such, the premise of ME46QW is inaccurate. Nevertheless, ME provides an answer below.
  - a. National Mutual Fund Management (Global) Limited transferred the 1,500,002 shares to Industry Fund Services Pty Ltd in FY2004 (1 July 2003).

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**ME Bank**

**ME47QW:** In the context of ME25QW, in 2008 Industry Super Holdings (ISH) took a position in ME Bank of 388,480 shares. This built up to 2,351,985 shares by 2012 and was in addition to the IFBT stake, resulting in the IFBT stake being diluted:

- a. Were the shareholdings of IFBT and ISH identical?
- b. If not, how were the shareholders of IFBT compensated for the dilution in their shareholding?

**Answer:** a. No, as set out in ME Bank's answer to ME25QW, the shareholdings of IFBT Company Pty Ltd and Industry Super Holdings Pty Ltd in ME Bank were not identical in the period FY2008 to FY2012.

b. In the period from 2008 to 2012, ME Bank issued further shares to its shareholders in consideration for the capital contributions made by those shareholders. The amounts of those capital contributions are confidential and commercially sensitive.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

ME Bank

ME48QW: In 2007 ME Bank was acquired by a non-operating holding company, IFBT Company Pty Limited, who bought all 4,243,977 shares from IFSIFBT, IFS and ME Bank were related parties.

- a. Why was the ownership transferred from IFS to ME Bank?
- b. IFBT was reported as also taking over IFS ('Record profit for Members', The Herald Sun, 6 February 2007 <https://www.heraldsun.com.au/businessold/record-profit-for-members/news-story/57971d02f13c1e2a2b88a071df176e16?sv=1a25befdea0596731feabb7e92baee40>).

The IFBT board included Bernie Fraser, who was also a director of Australian Super and Cbus, both of which were likely shareholders of both IFBT and IFS. Mr Fraser was also a director of ME Bank between 2000 and 2015. How did Mr Fraser manage these conflicts of interest?

**Answer:** For the purpose of responding to this question, ME Bank has read the question as "*shares from IFS, IFBT, IFS and ME Bank were related parties*" and "*Why was the ownership transferred from IFS to IFBT?*"

- a. ME Bank is unable to answer this question as it is directed to the intention of two entities in 2007 (IFBT Company Pty Ltd and Industry Fund Services Pty Ltd), which is not a matter within the knowledge of ME Bank.
- b. ME Bank is unable to answer this question as it is directed to matters within the knowledge of Mr Fraser.