

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Maritime Super

MAR136QON: **Mr SIMMONDS:** To what percentage or extent will that translate to lower fees for members? In deciding to go into the arrangement with Hostplus, you obviously would have figured out the savings you were going to make and what would flow through to your members in reduced fees. So what is the figure that you intend to reduce your fees to on the back of the Hostplus arrangement?

Mr Robertson: Could you be specific? Are you talking about administration fees or investment fees? If investment fees, which portfolio?

Mr SIMMONDS: Why don't you give me both? Give me the whole story.

Mr Robertson: The administration fees were reduced marginally because there were a couple of staff on board, investment analysts, who will no longer be required within the fund, so the administration costs will go down marginally. As far as investment fees are concerned, I would have to take that on notice and provide more detail, because there are a lot of portfolios and in some of them the costs will go down. Certainly, in terms of the underlying managers we had in the portfolio, the costs will be reduced. However, one of the constraints on our portfolio was the inability to invest more money into illiquid assets—good long-term high-performing assets like infrastructure, property and private equity. We were becoming constrained. Those types of assets cost more money. So it could be that in some portfolios, because of the higher allocation to those illiquid assets, the investment costs or RG 97 costs may go up. So I would have to take that question on notice to provide detail for each individual portfolio.

Answer: Investment costs related to asset consulting and custody will reduce. Also, for investment managers used by both funds, the larger asset scale will reduce the investment fee rates paid to those managers.

But the required disclosure of all investment fees and costs under RG97 is much broader than management fees paid to third parties. It includes a range of transaction costs and is dependent on a number of factors including asset class mix, managers within asset classes, investment performance fees, the active/passive mix.

These RG97 costs can vary materially from year to year as shown in the table below; orange highlights where the Maritime Option costs were lower than the parallel Hostplus PST options.

PST Options	PST 2020/21	maritime parallel	PST 2019/20	maritime parallel	PST 2018/19	maritime parallel
MySuper	1.10%	0.63%	0.91%	1.27% 0.81%	1.06%	1.32%
Balanced	1.10%	1.03%	0.91%	1.19%	1.06%	1.25%
Capital Stable	0.54%	1.04%	0.64%	0.72%	0.75%	0.76%
Conservative Balanced	0.71%	1.10%	0.69%	1.27%	0.82%	1.32%
Indexed Balanced	0.06%	0.15%	0.05%	0.15%	0.07%	0.15%
Shares Plus	1.00%	1.00%	0.86%	1.14%	1.04%	1.19%
Australian Shares	0.75%	0.54%	0.70%	0.63%	0.97%	0.67%
International Shares	0.80%	0.67%	0.63%	0.72%	0.74%	0.73%
Cash	0.02%	0.11%	0.02%	0.10%	0.03%	0.11%

RG97 numbers reflect the estimated investment costs incurred in delivering the investment return in the prior year. Importantly the investment returns delivered to members are NET of all the RG97 costs. And compared to the Maritime options, the excess net investment returns of the parallel Hostplus options have been substantial over all longer term periods.

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MAR137QON: Mr Robertson: I have 10-year performance through to the end of April, which is when we closed our portfolios and transitioned across to the Hostplus PST. Let me give you the one-year numbers through to 30 June and then the end of April. Most of our members—more than 60 per cent—sit in the growth and balanced funds, not My Super, as I've already said. Our growth fund net of fees and charges returned 24.9 per cent. Our balanced fund returned 20.6 per cent through to 30 June this year for the year. As at 30 April, the 10-year performance for our balanced fund was 7.4 per cent net of all fees and charges, including administration, and our growth fund was 8.62 per cent over 10 years.

Dr MULINO: Where did the balanced and growth fit in the ranking broadly?

Mr Robertson: I don't know. I honestly don't know over 10 years. Certainly at 30 April our growth fund was ranked seventh in the SuperRatings survey and our balanced fund was ranked fourth in the SuperRatings survey.

Dr MULINO: Is that over one year?

Mr Robertson: The financial year to date at 30 April. It's the only number I have to hand. I'm more than happy to provide longer-term figures, but I have to take it on notice because I don't have it in front of me.

Dr MULINO: That would be great, thanks.

Answer: The position of the Maritime Super Growth and Balanced options in the 30 April 2021 SuperRatings survey were as follows:

Option	FYTD	10 years
Growth	7 out of 49	26 out of 44
Balanced	4 out of 50	40 out of 48

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Maritime Super

MAR138QW: Do you support superannuation funds delisting public companies?

Answer: Maritime Super does not hold direct shares in public companies.

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MAR139QW: Property investments

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

Answer:

- a. No
- b. Nil

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Maritime Super

- MAR140QW:** Subscriptions to the New Daily
- a. Has your fund ever considered subscribing your members to The New Daily through an opt-out model? If so:
 - i. Was this proposed initially internally, or externally?
 - ii. Who proposed it?
 - iii. Who approved it?
 - iv. What was the approval process?
 - v. What legal advice was sought?
 - vi. On what date did it proceed, or is it proposed to proceed?
 - b. Have the following groups ever enquired or requested your fund to subscribe your members to The New Daily:
 - i. Industry Super Holdings?
 - ii. The New Daily?

- Answer:**
- a. No
 - b. No

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Maritime Super

MAR141QW: What arrangements, including donations, commissions, marketing expenditure or partnerships, do you have that lead to payments to research organisations or 'think tanks'?

Please provide:

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

Answer: Maritime Super has no arrangements or made any contribution to 'think tanks'.

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- MAR142QW:** According to the Australian Financial Review (IFM's Tandem leaves workers in the lurch, 7 July 2021), IFM Investors have invested in a business that has left them wholly owning a subsidiary, Tandem Networks, that avoids them paying out the full entitlements of subcontractor. Therefore, if you are an owner of IFM Investors:
- a. Do you think it is acceptable that an investment made by your investment vehicle dishonours contractual arrangements with subcontractors?
 - b. What inquiries have been made to ensure that subcontractors are being paid?
 - c. What steps do you expect IFM Investors to go through should they not honour entitlements to subcontractors?
 - d. Would you divest from IFM Investors should they not honour entitlements to subcontractors?

Answer: Maritime Super does not have any director ownership of IFM Investors.

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MAR143QW: At the House Economics superannuation hearing on 8 July 2021 representatives of Australian Super and CBUS outlined they were not aware that IFM Investors (a company wholly owned by industry funds) had paid a bonus of \$12m, and were asked whether they had asked questions about the bonus and the bonus structures within IFM Investors.

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

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

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

- a. What inquiries have been made, or will be made, about bonuses of that size with IFM Investors?
- b. What information you have sought, or will seek, from IFM investors about bonus structures within IFM Investors?

Answer: Maritime Super does not have any direct ownership of IFM Investors.