

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Prime Super**

**PS101QW:**

Please advise the total remuneration package of your:

- a. company secretary, and
- b. Chief Executive Officer, including:
  - i. total remuneration
  - ii. base salary
  - iii. annual bonuses
  - iv. deferred bonuses
  - v. equity or other options
  - vi. additional compensation not covered in the above.

**Answer:**

The CEO of Prime Super is also the Company Secretary.

The remuneration of the CEO is disclosed on the Fund's website, and for the year ended 30 June 2020 was:

Base Remuneration	\$504,011
Salary Continuance insurance	\$10,989
Superannuation	<u>\$25,000</u>
Total package	\$540,000

The CEO is not entitled to any annual or deferred bonus.

As an Industry Fund Prime Super does not offer any equity stake in the business to the CEO or any staff.

There is no other remuneration that the CEO receives that is not included in the above.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Prime Super

#### PS102QW:

For each year of the past decade, please advise the:

- a. annual remuneration of the average worker who contributes to your fund
- b. average annual superannuation contribution from an employee to your fund
- c. multiple your CEO is remunerated compared to the annual remuneration of the average worker who contributes to your fund.

#### Answer:

Prime Super is an industry superannuation fund that focuses on providing superannuation to those in rural and regional Australia. Prime Super has completed two mergers in the designated period:

- HIP – April 2014 merger with a fund focused on the health and aged care industries;
- Combined Super – December 2018 merger with a fund focused on private education in Victoria

The majority of members of the Fund (circa 76.4%) are employed in rural and regional Australia, and a high proportion of these members are employed in casual or contract roles. Prime Super also sources membership from the Recruitment industry and therefore has a higher exposure to casual and contract based employees (5.5%).

In addition, Prime Super does not collect or maintain salary details of members that make contributions to the Fund.

#### **a. annual remuneration of the average worker who contributes to your fund**

As noted above, Prime Super does not collect remuneration details for members that contribute to the Fund.

With a high number of casual and contract employees as members of the Fund the simple average income calculated will be lower than the actual average income of those members that are employed on a full-time basis.

Average income has been calculated on the following basis:

- total employer contributions received divided by the number of active members;
- the resulting figure is the average employer contribution per annum per member;

- the average employer contributions per annum per member is then divided by the Superannuation Guarantee rate for that particular year, the result is an estimated average income per active member; and
- the SG contributions rate used is 9.0% for 2011 and 2012, 9.25% for 2013 and 9.5% for other years.

	<b>Active Members</b>	<b>Employer Contributions</b>	<b>Average Contributions</b>	<b>Average Member income</b>
30 June 2011	68,482	\$133,200,000	\$1,945	\$21,612
30 June 2012	66,677	\$143,955,000	\$2,159	\$23,989
30 June 2013	80,673	\$153,179,459	\$1,899	\$20,527
30 June 2014	95,085	\$168,267,000	\$1,770	\$18,628
30 June 2015	89,440	\$226,985,000	\$2,538	\$26,714
30 June 2016	80,868	\$232,897,000	\$2,880	\$30,315
30 June 2017	79,160	\$233,201,409	\$2,946	\$31,010
30 June 2018	80,296	\$236,663,000	\$2,947	\$31,025
30 June 2019	93,153	\$280,714,000	\$3,013	\$31,721
30 June 2020	99,543	\$321,632,000	\$3,231	\$34,011

**b. average annual superannuation contribution from an employee to your fund**

The average annual employer contribution per member calculated as outlined in the response to (a) above is:

	<b>Active Members</b>	<b>Employer Contributions</b>	<b>Average Contributions</b>
30 June 2011	68,482	\$133,200,000	\$1,945
30 June 2012	66,677	\$143,955,000	\$2,159
30 June 2013	80,673	\$153,179,459	\$1,899
30 June 2014	95,085	\$168,267,000	\$1,770
30 June 2015	89,440	\$226,985,000	\$2,538
30 June 2016	80,868	\$232,897,000	\$2,880
30 June 2017	79,160	\$233,201,409	\$2,946
30 June 2018	80,296	\$236,663,000	\$2,947
30 June 2019	93,153	\$280,714,000	\$3,013
30 June 2020	99,543	\$321,632,000	\$3,231

- c. **multiple your CEO is remunerated compared to the annual remuneration of the average worker who contributes to your fund.**

	<b>Active Members</b>	<b>Average Member income*</b>	<b>Average Contributions*</b>	<b>Total CEO Remuneration</b>	<b>CEO Remuneration as Multiple of Average Member Income</b>
30 June 2011	68,482	\$21,612	\$1,945	\$252,293	11.67
30 June 2012	66,677	\$23,989	\$2,159	\$290,000	12.09
30 June 2013	80,673	\$20,527	\$1,899	\$298,000	14.52
30 June 2014	95,085	\$18,628	\$1,770	\$315,000	16.91
30 June 2015	89,440	\$26,714	\$2,538	\$361,267	13.52
30 June 2016	80,868	\$30,315	\$2,880	\$417,500	13.77
30 June 2017	79,160	\$31,010	\$2,946	\$423,763	13.67
30 June 2018	80,296	\$31,025	\$2,947	\$440,000	14.18
30 June 2019	93,153	\$31,721	\$3,013	\$490,000	15.45
30 June 2020	99,543	\$34,011	\$3,231	\$540,000	15.88

\* Note – Calculated as per answer to question (a) above.

It is difficult to determine the actual income of members in the Fund given the high number of casual and contract employees that contribute to the Fund. Prime Super has a broad exposure to employees across a range of industry segments.

Income for those members of the Fund in the Education division and the Health and aged care divisions are higher than those in the remainder of the Fund.

Reference should also be given to broad data published by the Australian Bureau of Statistics (“ABS”). The ABS published details of the average personal income of Australians on 17 December 2019:

<https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/personal-income-australia/latest-release>

Using the data quoted in the above-mentioned ABS statistics for median employee income:

	<b>Average Employee Income</b>	<b>CEO Salary</b>	<b>CEO Salary Multiple</b>
30 June 2012	\$43,173	\$290,000	6.72
30 June 2013	\$44,644	\$298,000	6.68
30 June 2014	\$45,725	\$315,000	6.89
30 June 2015	\$46,999	\$361,267	7.69
30 June 2016	\$48,413	\$417,500	8.62
30 June 2017	\$49,083	\$423,763	8.63

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Prime Super

#### PS103QW:

In the context of marketing and advertising campaigns:

- a. How many is your fund currently running individually, or in collaboration with others?
- b. How many have run, or are currently running since the beginning of calendar year 2020?
- c. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) to 30 June 2020?
- d. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) budgeted?
- e. What is the budgeted cost for each campaign (including development, production, broadcasting, and distribution) from 1 July 2020 – 31 December 2020?
- f. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 January 2021 – 30 June 2021?
- g. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 July 2021 – 31 December 2021?

#### Answer:

- a. How many is your fund currently running individually, or in collaboration with others?**

Prime Super does not undertake any marketing activities in conjunction with any other superannuation fund.

There are three categories of marketing and advertising campaigns:

1. Broad based digital advertising campaigns;
2. Direct member marketing;
3. Advertising campaigns through organisations

Under these three categories the number of active campaigns are:

1. Broad based digital advertising campaigns

Prime Super's advertising is primarily digital. The campaigns are aimed at the awareness, consideration and preference stages for new employers and new members, i.e. they are mainly acquisition focused.

The campaigns are 'always-on' campaigns'. That is, they are continuous.

## 2. Direct member marketing

Prime Super undertakes the following marketing campaigns directly to members of the Fund:

- Consolidation – aiming at having members consolidate their superannuation into Prime Super;
- Super Savvy – the key objective of the campaign was to give members the tools and resources they need to self-educate on super. Members who make informed decisions about their super and their finances will achieve better retirement outcomes, a key objective for the fund;
- MOL Sign-up – encouraging members to join the Fund on-line;
- Email opt-in – encouraging members to receive communications from the Fund electronically; and
- Prime Super well being campaigning – aimed at members taking the opportunity to consider their well-being in the current COVID-19 environment.

## 3. Advertising campaigns through organisations

Prime Super is not a major beneficiary of award and enterprise bargaining based superannuation membership. To raise the profile of the Fund and assist in the generation of membership Prime Super has relationships with a number of organisations:

- Recruitment, Consulting and Staffing Association (RCSA) - Prime Super actively markets directly to the recruitment industry through the RCSA.
- Awards Australia – Prime Super sponsors two awards through Awards Australia. This relationship targets potential membership in rural and regional Australia.
- Australian Rural Leadership Foundation – Prime Super sponsors one candidate through the Australian Rural Leadership Programme each year. This activity is aimed at promoting Prime Super to leaders within rural and regional centres. The relationship also assists in broad brand awareness across the industry.
- Prime Super also has a relationship with the National Farmers' Federation ("NFF") and the Australian Workers Union ("AWU"), as well as a number of other smaller associations. Broad based advertising is carried out through these organisations as well. Details of payments made to these organisations is included in the response to PS10QW.

**b. How many have run, or are currently running since the beginning of calendar year 2020?**

1. Digital campaigns are 'always on'. That is, Prime Super runs a number of individual campaigns aimed at raising the profile of the Fund and encouraging new members to join the fund;
2. There are currently five campaigns being run as noted in the response to (a) above; and
3. The relationship with the organisations named in the response to (a) above are on an 'always on' basis. That is the Prime Super brand is always visible, and digital campaigns of Prime Super are promoted through these organisations.

**c. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) to 30 June 2020?**

Prime Super does not undertake television or radio advertising, therefore there are no true broadcasting costs associated with any marketing campaign of the Fund.

1. From 1 January 2020 through to 30 June 2020 the cost of digital campaigns was \$150,000, including development, production and distribution;
2. The total cost of all five campaigns for the period from 1 January 2020 through to 30 June 2020 was \$60,000; and
3. There is no additional cost to the marketing campaigns promoted through the nominated Associations, as Prime Super campaigns are digital it is simply a process of making the relevant campaigns active through these associations.

**d. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) budgeted?**

Prime Super does not undertake television or radio advertising, therefore there are no true broadcasting costs associated with any marketing campaign of the Fund.

Prime Super has engaged an external party to assist in the development of the creative aspects of marketing campaigns. Given the small scale of the individual campaigns any unused budget is recycled to the next campaign development. Therefore, the actual cost of campaigns is the same as the budgeted cost.

The response to this question in dollar terms is therefore the same as that for (c) above.

1. From 1 January 2020 through to 30 June 2020 the cost of digital campaigns was \$150,000, including development, production and distribution;

2. The total cost of all five campaigns for the period from 1 January 2020 through to 30 June 2020 was \$60,000; and
3. There is no additional cost to the marketing campaigns promoted through the nominated Associations, as Prime Super campaigns are digital it is simply a process of making the relevant campaigns active through these associations.

**e. What is the budgeted cost for each campaign (including development, production, broadcasting, and distribution) from 1 July 2020 – 31 December 2020?**

Prime Super does not undertake television or radio advertising, therefore there are no true broadcasting costs associated with any marketing campaign of the Fund.

The budgeted cost for campaigns for the period from 1 July 2020 through to 31 December 2020 is:

1. The budgeted cost of digital campaigns is \$150,000, including development, production and distribution;
2. The budgeted cost of the five direct member campaigns is \$60,000; and
3. There is no additional cost to the marketing campaigns promoted through the nominated Associations, as Prime Super campaigns are digital it is simply a process of making the relevant campaigns active through these associations.

**f. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 January 2021 – 30 June 2021?**

Prime Super does not undertake television or radio advertising, therefore there are no true broadcasting costs associated with any marketing campaign of the Fund.

The budgeted cost for campaigns for the period from 1 January 2021 through to 30 June 2021 is:

1. The budgeted cost of digital campaigns is \$150,000, including development, production and distribution;
2. The budgeted cost of the five direct member campaigns is \$60,000; and
3. There is no additional cost to the marketing campaigns promoted through the nominated Associations, as Prime Super campaigns are digital it is simply a process of making the relevant campaigns active through these associations.



**g. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 July 2021 – 31 December 2021?**

Prime Super does not undertake television or radio advertising, therefore there are no true broadcasting costs associated with any marketing campaign of the Fund.

The budgeted cost for campaigns for the period from 1 July 2021 through to 31 December 2021 is:

1. The budgeted cost of digital campaigns is \$150,000, including development, production and distribution;
2. The budgeted cost of the five direct member campaigns is \$60,000; and
3. There is no additional cost to the marketing campaigns promoted through the nominated Associations, as Prime Super campaigns are digital it is simply a process of making the relevant campaigns active through these associations.

# HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

### Prime Super

**PS104QW:** For each of the following categories, please provide the percentages of employees that are women, men, or who identify otherwise:

- a. all employees
- b. non-executive employees
- c. executive employees
- d. senior executive employees

### Answer:

#### a. all employees

Details of staff employed by Prime Super as at 31 August 2020 is as follows:

Number of female employees	23 (52.2%)
Number of male employees	21 (47.8%)
Other gender identities	<u>0 (0%)</u>
Total number of employees	44 (100%)

#### b. non-executive employees

Non-executive staff employed as at 31 August 2020:

Number of female executives	19 (52.8%)
Number of male employees	17 (47.2%)
Other gender identities	<u>0 (0%)</u>
Total number of employees	36 (100%)

#### c. executive employees

The Executive team, including the CEO is as follows, as at 31 August 2020:

Number of female executives	4 (50%)
Number of male employees	4 (50%)
Other gender identities	<u>0 (0%)</u>
Total number of employees	8 (100%)

**d. senior executive employees**

Prime Super does not have a further break down of the Executive team.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Prime Super

- PS105QW:** Do you have a target for the employment of:
- a. women as a share of:
    - i. all employees?
    - ii. executive employees?
    - iii. senior executive employees?
  
  - b. people who are gender non-binary as a share of:
    - i. all employees?
    - ii. executive employees?
    - iii. senior executive employees?

#### **Answer:**

#### **Do you have a target for the employment of:**

- a. **women as a share of:**
  - i. **all employees?**
  - ii. **executive employees?**
  - iii. **senior executive employees?**

As noted in the response to PS104QW Prime Super currently has gender balance in the staff employed and within the Executive team.

Prime Super does not have a target for the employment of women, as Prime Super has long had a gender balance throughout the organisation. Through the natural appointment and resignation of staff the actual number of female staff as a proportion of the entire work force will vary, but over the long term there has been gender balance.

#### **Do you have a target for the employment of:**

- b. **people who are gender non-binary as a share of:**
  - i. **all employees?**
  - ii. **executive employees?**
  - iii. **senior executive employees?**

As a small organisation Prime Super does not have a target for the employment of people who are gender non-binary or any other category.

Prime Super has an established framework to ensure discrimination does not factor into the employment of people based on race, gender, gender identity, sexuality or any other criteria. Prime Super is an equal opportunity employer and seeks to employ the right person for the role.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Prime Super

- PS106QW:** Since the introduction of Superstream, which has standardised the transfer of funds, has there been:
- a. A reduction in the cost to the fund for transferring funds, and if so, by how much?
  - b. A reduction in the fees charged to members reflecting any saving, and if so, by how much?

#### Answer:

Prime Super outsources the core administration function of receiving contributions and paying benefits to Australian Administration Services Pty Ltd (“AAS”), part of the Link Group Limited.

The process of receiving contributions through Superstream is embedded in the outsourced administration function to AAS, and the cost of Superstream is also embedded in the outsourced administration function and consequently cost.

AAS is engaged as a material outsourced service provider under a contract that is typically renewed on a three year basis.

Superstream has been functioning since 2015, and there have been improvements in the efficiency in the receipt of contributions into the Fund, that is, in the accuracy of data received, the timeliness of allocation to a members accounts, and an overall reduction in the error rate around fund inflows.

Over this period there have also been significant increases in other regulatory requirements, including, but not limited to:

- Protecting Your Super changes;
- Putting Members Interests First; and
- Early Release for Financial Hardship as a result of COVID-19.

The implementation of these changes goes some way to offsetting of the benefits that have arisen through the introduction of improvements such as Superstream.

The cost of superannuation services as charged by AAS has not reduced since the introduction of Superstream.

A further offsetting factor has been an increasing focus by Prime Super in the servicing of members through direct engagement with members and employers and the provision of on-site education sessions for members. In our opinion, members that have a person to talk to

are more likely to be engaged with their superannuation and make informed decisions about their superannuation.

Please also refer to the response to PS110QW. The real cost of member fees levied on members of Prime Super has reduced over time, as a result of no increases in member fees.

Specific responses to the questions are:

**a. A reduction in the cost to the fund for transferring funds, and if so, by how much?**

There has been no reduction in the cost of outsourced administration services provided to Prime Super as a result of the introduction of Superstream.

**b. A reduction in the fees charged to members reflecting any saving, and if so, by how much?**

As there has been no reduction in the cost of operations for Prime Super, there consequently has been no reduction in the fees charged to members as a result of the introduction of Superstream.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Prime Super**

**PS107QW:**

Greenhouse gas emissions

- a. Does your fund have an internal target for your own greenhouse gas emissions footprint by:
  - i. 2030?
  - ii. 2035?
  - iii. 2040?
  - iv. 2045?
  - v. 2050?
- b. Does your fund have a target for reducing greenhouse gas emissions from investments by:
  - i. 2030?
  - ii. 2035?
  - iii. 2040?
  - iv. 2045?
  - v. 2050?
- c. Does your fund intend to divest from investments if they do not reach their greenhouse gas emissions reduction targets by:
  - i. 2030?
  - ii. 2035?
  - iii. 2040?
  - iv. 2045?
  - v. 2050?

**Answer:**

Prime Super does not currently:

- a. have an internal target for the business's greenhouse gas emissions footprint;
- b. have a target for reducing greenhouse gas emissions from investments; or
- c. intend to divest from investments if they do not reach their greenhouse gas emissions.

As opposed to setting a 'target' that is many years in the future and so is less of a real objective, Prime Super considers these matters now and assesses whether an investment will be positively or negatively affected by such matters. This assessment assists in determining whether an asset should continue to be held, purchased or sold.

Such considerations form a component of the overall assessment criteria, that feeds into the investment strategy and performance monitoring process. The core aim of the investment portfolio of Prime Super is to deliver a return that out-performs peers over the medium and long term.

Prime Super does take the risk of climate change seriously. The following activities occur in relation to this matter:

a. The businesses operations of Prime Super:

Prime Super locates its head office in Melbourne in a building that is described as follows:

*500 Collins is the first high rise refurbished CBD office building in Australia to achieve a 5-star Green Star Office Design V1 rating from the Green Building Council of Australia. We have also achieved a 5 Star Australian Business Greenhouse Rating under a preliminary assessment, as well as being the first multi-tenanted building to achieve an EcoRecycle Victoria Waste Wise accreditation.*

Where possible, Prime Super seeks similar tenancies in other locations around Australia.

A key consideration for the location of the Head Office was the ability to demonstrate that the Fund was located in an office that was at the leading edge in management of the environmental impact of offices. Together with the ability to manage the operational needs of a leading superannuation business.

b. Listed investments of the Fund

Climate change and greenhouse gases pose a risk to the economy in the long run. In addition, a business's ability to deal with risk and change is a key element of the assessment of the likelihood of the business providing long term returns to shareholders. In a similar way good governance has always been an indicator of a good business that will deliver long term returns, whilst Companies with poor governance are more likely to underperform in the short to medium term.

Prime Super does not have a 'target' for reducing greenhouse gas emission, rather, through the investment managers employed by Prime Super we seek to understand how companies are addressing these risks. With this knowledge it is possible to form an opinion on the likelihood of that business being successful in the medium and long term. Successful businesses that are likely to deliver dividends and increases in share price will be held in the portfolio.

Holdings of companies that perform poorly on these measures, that is, they are less prepared for future change, will either not be held or the holding will be underweight when compared to the appropriate benchmark.

c. Direct investments of the Fund

Prime Super directly invests up to 30% of the portfolio in property, infrastructure and direct credit related assets.

Environmental, Social and Governance, aspects of direct investments are considered at the time of the initial investment and are monitored throughout the holding of the investment.



Prime Super has invested into the following direct assets that would be seen as ‘green investments’:

- Equity investment in a waste to energy facility in Norway;
- Equity investment in a wind farm in Finland;
- Equity investment in a Victorian windfarm; and
- Debt facility for UK based green power generation.

### *Direct Property Portfolio*

Within the direct property portfolio held by Prime Super there has been a programme instituted for the improvement in the overall environmental impact of the properties. Prime Super has a number of properties that are tenanted by Federal and State Government bodies and as such the properties have either been upgraded, or are in the process of being upgraded, to levels that satisfy the requirements of Australian Federal and State Governments.

Two properties have been upgraded to 5 star NABERS ratings. A NABERS rating of 5 stars is defined as Excellent Performance with only a dozen buildings achieving a 6 star rating in Australia (they are mostly new or complete rebuilds).

Specifically, across the five direct properties held by Prime Super:

- The upgrade of ageing plant and equipment at 1 King William Street, Adelaide improved the NABERS Base Building Energy Rating from 2 stars to 4 stars. This is a significant achievement for a 1960’s built property. Fine tuning of the building’s operations will target a 4.5 star NABERS energy rating in 2021. The upgrades have also enabled the major tenant to achieve a 5 star NABERS Tenancy Energy rating. Furthermore, the building has implemented a programme aimed at achieving a NABERS Waste rating and is anticipating a 4 star certification.
- Ongoing investment at 111 Alinga Street, Canberra has enabled the building to retain its 5 star NABERS base building Energy Rating. This asset also has a 4.5 star NABERS Water rating and the tenant, Department of Infrastructure, Transport, Regional Development and Communications also has a 4.5 star NABERS Tenancy Energy Rating. Recent works on the asset include the installation of solar panels which will shortly be commissioned and an electric vehicle charging station in the basement.
- Upgrades at 50 Miller Street, North Sydney have been completed, and it is anticipated that there will be a return to the 5 star NABERS base building Energy rating once the major tenant commences occupancy.
- 313 Adelaide Street, Brisbane was purchased in December 2019 with a 5 star NABERS Base Building Energy and 4 star NABERS Water rating and is on track to maintaining and possibly improving these in 2021.
- Upgrade works are underway at 153 Campbell Street, Bowen Hills, including mechanical equipment, lighting and the development of an End of Trip Facility. The current 3 star NABERS Base Building Energy Rating is expected to improve to 4.5 stars once the upgrades are completed.

- The “end of trip” facility in each property is also important from a greenhouse gas emissions perspective. Prime Super has developed End of Trip Facilities at 1 King William Street, 111 Alinga Street and 50 Miller Street to encourage and support its tenants using non-motorised ways of travelling to and from work. 313 Adelaide Street has an end of trip Facility and planning is underway to develop one at 153 Campbell Street, Bowen Hills.

#### *Other Direct Investments*

Where there are opportunities to develop an asset to better manage ESG risks that are broadly in line with the long term best interests of the asset in its ability to deliver long term and sustainable returns to Prime Super as an investors, these opportunities will be investigated.

As an example, Prime Super invests in a strategic oil storage facility in the Netherlands. A recent report to the investment Committee of Prime Super noted the following:

*Vopak Terminal Eemshaven aims to be a responsible neighbour. Its objective is to maintain low levels of emission to the environment (minimizing its footprint), not only to soil and water but also vapor emissions, carbon emissions in the air, odours and noise. In pursuing this objective, Vopak Terminal Eemshaven consistently adheres to guidelines set out in its operating licenses, legislation and internal standards.*

*The company is committed to maintaining a sound waste management system and minimizing energy and water consumption, air emissions, and preventing soil and surface water emissions.*

*Vopak Terminal Eemshaven is actively exploring the integration of a solar farm within its site activities that will provide renewable energy to the site as well as become a source for renewable energy for new industries that are settling in Groningen Seaport area (Project Helios).*

*Vopak Terminal Eemshaven, together with Groningen Sea Ports and Royal Vopak is developing a solar PV plant on the terminal’s premises. Construction of the 27 MW solar park is expected to begin before the end of 2019.*

*The KPI’s reflect an increase in electricity and Gas/Diesel use for the last two years. This is a consequence of the gasoline refreshment that took place in 2017 and 2018. Refreshments take part every 5-7 years. The refreshment of the Diesel tanks is expected to be conducted between 2019 and 2020.*

In addition, this investment was recognised at the annual Global Tank Storage Awards, being awarded winner of the Biggest Commitment to Environmental Protection.

Through direct engagement on an asset by asset basis Prime Super can deliver asset specific improvements that deliver more substantive climate outcomes than a broad carbon reduction target, as well as lead to improvements in the valuation and investment return of an investment.

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INSTITUTIONS  
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**Prime Super**

**PS108QW:**

The New Daily

- a. Have you ever completed a cost benefit analysis of The New Daily to your fund?
  - i. If so, when did you complete this cost benefit analysis?
  - ii. Please provide a copy of the cost benefit analysis.
- b. Have you ever completed a cost benefit analysis of The New Daily to your members?
  - i. If so, when did you complete your cost benefit analysis of the New Daily to your members?
  - ii. Please provide a copy of the cost benefit analysis.

**Answer:**

Prime Super has no relationship of any type with The New Daily. In response to the question, there has therefore never been an assessment of The New Daily on any basis.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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**Prime Super**

- PS109QW:** Financial advisers remuneration
- a. Are your financial advisers paid:
    - i. a base salary?
    - ii. non-salaried remuneration, including bonuses?
  - b. Are your financial advisers, who are only remunerated with a base salary, eligible to provide:
    - i. personal advice?
    - ii. general advice?

**Answer:**

- a. Are your financial advisers paid:**
- i. a base salary?**

Financial advisers are paid a base salary based on market rates.

- ii. non-salaried remuneration, including bonuses?**

Financial advisers are eligible for a bonus based on the overall performance of Prime Super and personal performance. The bonus is not based in any way on the volume of business written by a financial advisers.

No bonuses are paid to any employees of Prime Super in relation to the provision of general advice.

- b. Are your financial advisers, who are only remunerated with a base salary, eligible to provide:**
- i. personal advice?**

Prime Super does not provide personal advice to members of the fund or non-members of the Fund.

- ii. general advice?**

Financial advisers are eligible to provide general advice to members of the Fund and non-members.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Prime Super

- PS110QW:** Have any technology innovations within the fund reduced the cost of operating the fund over the past decade?  
If so, please outline:
- a. the technological innovations
  - b. the cost saving
  - c. the cost saving passed through to fees charged to members.

#### Answer:

##### a. The technological innovations

There have been a number of technological innovations over recent years that have improved the efficiency of superannuation. The key innovations have been:

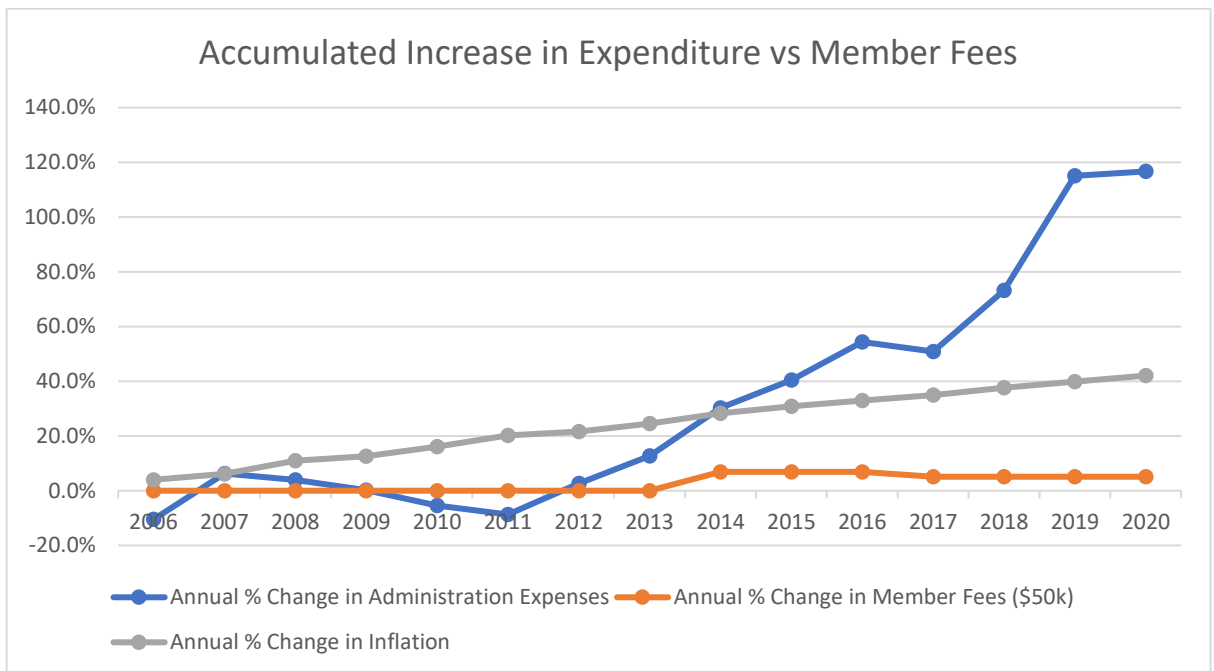
- Superstream, the automation of employer contributions into superannuation funds;
- Online tools to allow members to make voluntary contributions and switch investment choice options;
- Online delivery of member statements; and
- Electronic transfer of funds in relation to benefit payments.

##### b. The cost saving

The following graph shows the operating costs and member fees of Prime Super over a period of fifteen years (slightly longer than the period requested in the question), measured against inflation over the same period.

Internal business efficiencies were delivered for the years from 2006 through to 2011 which saw the total cost of running the business decrease. From 2011 through to 2013 the business focused strongly on organic growth of membership and engagement of members with the Fund, which is seen through an increase in costs. The focus included the expansion of a network of persons to engage directly with the membership of the Fund based throughout regional Australia.

In 2014 the Fund merged with HIP, and in 2018 a merger with Combined Super occurred. Both mergers led to increases in the number of members administered and the value of the funds under management. The merger with Combined Super also resulted in the Fund now offering Defined Benefit capabilities to three sub-plans.



The above graph shows that over this extended period:

- The costs of running the business included two mergers, an increased complexity in the product offering, and many regulatory compliance obligations (such as introduction of MySuper). The cumulative effect of the increases in the annual cost of running the business are 116% over fifteen years;
- The cumulative effect of the increase in inflation over this fifteen year period has been 42.1%, and
- The fees levied on members were increased in 2014, and were subsequently reduced in 2017 and again in 2019. The cumulative effect of the increased fees levied on members over this fifteen year period has been an increase of 5.2%, based on the fees levied on a member account of \$50,000.

It is clear that the cost and complexity of running a superannuation Fund over the last fifteen years has increased. However, at the member level the fees paid by members have only increased marginally, and in fact have grown at a lower rate than inflation has over this period.

Therefore, in real terms member fees have decreased over the last fifteen years.

Member fees have been designed to deliver a surplus from operations to the Trustee. This surplus is used to develop future products and services for members, and to absorb CPI increases that flow through to the cost of operations of the Fund. This delivers a stable fee structure which is not indexed from year to year, so leading to a reduction in real terms at the member account level.

**c. The cost saving passed through to fees charged to members.**

As noted above, the cost savings passed on to members have been through the fact that member fees have been maintained over an extended period of time without increase. Delivering a saving in real terms.

There have been two instances where direct member fees have reduced over the last decade:

- The administration fee of the fund was reduced from \$1.40 per member per week to \$1.30 per member per week from 1 July 2016; and
- The administration fee was for one cohort of members. The member fee was reduced to zero dollars on an account balance of less than \$6,000 from 1 July 2019, as a result of the change in legislation to place a cap on fees for account balance of less than \$6,000.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Prime Super**

**PS111QW:**

Valuations

- a. What data is provided to valuation teams to assess the value of unlisted assets?
- b. When the fund provides data to valuation teams to assess the value of unlisted assets, does this include internal modelling of asset valuations?
- c. What assumptions are provided to valuation teams when assessing the value of unlisted assets?
- d. When valuation teams assess the value of unlisted assets, do they solely take account of past performance?
- e. When valuation teams assess the value of unlisted assets, what weighting do they take on the projected value of the market for such unlisted assets to inform their valuations?
- f. For the past decade can you please complete the below table

For each unlisted asset valued under your valuation policy.

Asset Class	i.e., Airport	
Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	i.e., Deloitte	i.e., Ernst & Young
2011/2012		
2012/2013		
2013/2014		
2014/2015		
2015/2016		
2016/2017		
2017/2018		
2018/2019		
2019/2020		

**Answer:**

Prime Super invests in a number of direct property and infrastructure assets. In each case Prime Super invests in an underlying business that is separate from that of Prime Super and its investment advisor Whitehelm Capital Pty Ltd (“Whitehelm”). Prime Super and Whitehelm receive reports from and monitor the performance of the business.



Prime Super does not value assets internally. The only exception to this was in the period immediately after the COVID-19 market correction where Directors revalued assets downwards to take account of potential falls in valuations prior to a full external valuation being completed post market correction. The valuation adjustment made by Directors was to move the carrying value from the mid-point valuation to the low point valuation as determined by the external Valuer at the most recent valuation.

**a. What data is provided to valuation teams to assess the value of unlisted assets?**

Prime Super appoints an independent valuer to undertake all valuations of directly held assets, all information requested by the Valuer is provided, including:

- Cashflow forecasts for the life of the investment;
- Business strategy and plans;
- Recent and historical audited financial statements;
- Management financial reporting;
- Any specific tax arrangements for the business;
- Any core operational agreements, such as Operation and Maintenance (O&M) Agreements;
- Any significant events that will/may impact the business;
- Financing arrangements including details of any refinancing times and risks;
- Any income abatements or restrictions that may be in place;
- Capital expenditure expectations for the future; and
- Technological developments that may deliver business improvements.

All cash flow forecast models have the ability to be flexed and adjustments made to important assumptions in specific years affecting the valuation. The independent Valuer is able to speak to management of the investee company as they require and receive a broad range of management reporting information to verify the efficacy of the model provided.

The above is used to prepare a valuation based on a discounted cash flow model basis. The outcome of this calculation is then compared to other market transactions of similar assets to determine whether the valuation is reasonable.

Where possible the valuation may also be compared to similar assets that are quoted on listed markets as a benchmarking exercise.

**b. When the fund provides data to valuation teams to assess the value of unlisted assets, does this include internal modelling of asset valuations?**

Prime Super does not provide any data to the Valuer. Typically, all data that is used as an input in the cash flows are provided by management of the underlying investments and in most cases approved by the board of that company.

Furthermore, Prime Super's investment adviser spends considerable time in discussions with the valuers providing information and challenging the assumptions that underpin the independent valuations.

**c. What assumptions are provided to valuation teams when assessing the value of unlisted assets?**

As Prime Super utilises third party professional Valuers. All valuation assumptions are made by the Valuer, including:

- Discount rates;
- Risk free rate;
- Relative risk measure – Beta;
- Equity/market risk premium;
- Size premium;
- Specific risk premium;
- Control premium; and
- Terminal value assumptions.

The Valuer will also give consideration to any other factor that may affect the valuation of the assets, including whether Prime Super has a controlling or minority interest, the marketability of the asset and the likelihood of a sale under normal terms and conditions.

All external valuation reports commissioned by Prime Super clearly state the assumptions applied in determining the valuation. Prime Super and its investment adviser monitors and reviews all assumptions, ensuring they are consistently applied from period to period and across similar assets, and will challenge the Valuer's assumptions if required.

**d. When valuation teams assess the value of unlisted assets, do they solely take account of past performance?**

As noted in (a) above past performance is used as a component of the valuation process. Past operational and financial performance is used to inform the assessment of the future performance of the business, and cashflow expectations.

Past performance is not the sole consideration for the determination of an investments value.

The primary method for valuing Prime Super's unlisted assets is applying an appropriate discount rate to the predicted future cash flows of the investment. As such, future cash flow expectations, long term business plans and strategies are the core driver in the determination of the valuation of the asset.

**e. When valuation teams assess the value of unlisted assets, what weighting do they take on the projected value of the market for such unlisted assets to inform their valuations?**

As discussed above the primary method for valuing Prime Super's unlisted assets is the discounted cash flow approach, with market comparable transactions and current trading

multiples of similar asset used as a cross check. This method has been consistently applied by all independent valuers.

**f. For the past decade can you please complete the below table**

Please refer to the attached table setting out the valuation firm used by Prime Super for each direct investment held by the Fund.

**International Parking Group****Asset Sub-class** Carparks**Divestment\_Date** n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	KPMG
2011/2012	n/a	KPMG
2012/2013	n/a	KPMG/Deloitte
2013/2014	n/a	Deloitte
2014/2015	n/a	Deloitte/KPMG
2015/2016	n/a	KPMG
2016/2017	n/a	KPMG
2017/2018	n/a	KPMG
2018/2019	n/a	EY
2019/2020	n/a	EY

**Southern Water****Asset Sub-class** Water Utility**Divestment\_Date** n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	EY
2011/2012	n/a	EY/ Grant Thornton
2012/2013	n/a	Grant Thornton
2013/2014	n/a	Grant Thornton
2014/2015	n/a	Grant Thornton
2015/2016	n/a	EY
2016/2017	n/a	EY
2017/2018	n/a	EY
2018/2019	n/a	EY/KPMG
2019/2020	n/a	KPMG

**Carrix****Asset Sub-class** Seaports**Divestment\_Date** 16/01/2014

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	PWC
2011/2012	n/a	American Appraisal
2012/2013	n/a	American Appraisal/Value Adviser Associates
2013/2014	n/a	divested

2014/2015	n/a	divested
2015/2016	n/a	divested
2016/2017	n/a	divested
2017/2018	n/a	divested
2018/2019	n/a	divested
2019/2020	n/a	divested

**GasValpo**

**Asset Sub-class** Gas pipeline  
**Divestment\_Date** 24/07/2018

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	PWC
2011/2012	n/a	PWC/Grant Thornton
2012/2013	n/a	Grant Thornton
2013/2014	n/a	Grant Thornton
2014/2015	n/a	Grant Thornton/PWC
2015/2016	n/a	PWC
2016/2017	n/a	PWC
2017/2018	n/a	PWC
2018/2019	n/a	divested
2019/2020	n/a	divested

**Angel Train**

**Asset Sub-class** Rolling Stock  
**Divestment\_Date** 8/10/2015

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	KPMG
2011/2012	n/a	PWC
2012/2013	n/a	PWC
2013/2014	n/a	PWC
2014/2015	n/a	EY
2015/2016	n/a	EY
2016/2017	n/a	divested
2017/2018	n/a	divested
2018/2019	n/a	divested
2019/2020	n/a	divested

**Southern Way Group**

**Asset Sub-class** Toll Road  
**Divestment\_Date** n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	Deloitte
2011/2012	n/a	Deloitte
2012/2013	n/a	Deloitte
2013/2014	n/a	BDO
2014/2015	n/a	BDO
2015/2016	n/a	BDO
2016/2017	n/a	BDO/KPMG
2017/2018	n/a	KPMG
2018/2019	n/a	KPMG
2019/2020	n/a	KPMG/Leadenhall

**Igasamex**

**Asset Sub-class**

Gas Pipeline

**Divestment\_Date**

n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	n/a
2011/2012	n/a	PWC
2012/2013	n/a	PWC
2013/2014	n/a	PWC
2014/2015	n/a	PWC
2015/2016	n/a	PWC
2016/2017	n/a	PWC/KPMG
2017/2018	n/a	KPMG
2018/2019	n/a	KPMG
2019/2020	n/a	KPMG/PWC

**Rowville**

**Asset Sub-class**

Electricity Transmission

**Divestment\_Date**

n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	PWC
2011/2012	n/a	PWC
2012/2013	n/a	PWC
2013/2014	n/a	PWC/Grant Thornton
2014/2015	n/a	Grant Thornton
2015/2016	n/a	Grant Thornton
2016/2017	n/a	Grant Thornton/Leadenhall

2017/2018	n/a	Leadenhall
2018/2019	n/a	Leadenhall
2019/2020	n/a	Leadenhall/EY

**Storrund AB Vindkraft**

**Asset Sub-class** OnShore Wind Farm

**Divestment\_Date** n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	Grant Thornton
2016/2017	n/a	Grant Thornton
2017/2018	n/a	Grant Thornton
2018/2019	n/a	KPMG
2019/2020	n/a	KPMG

**Worsley Multi-Fuel Cogeneration Plant**

**Asset Sub-class** Cogeneration Plant

**Divestment\_Date** n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	Value Advisers Associates/PWC
2017/2018	n/a	PWC
2018/2019	n/a	PWC
2019/2020	n/a	PWC/KPMG

**Saren Energy**

**Asset Sub-class** Waste to Energy Plant

**Divestment\_Date** n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	PWC
2017/2018	n/a	PWC
2018/2019	n/a	PWC
2019/2020	n/a	PWC/KPMG

**Vopak Terminal Eemshaven BV**

**Asset Sub-class** Fuel Storage Tank  
**Divestment\_Date** n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	n/a
2017/2018	n/a	EY
2018/2019	n/a	EY
2019/2020	n/a	EY

**ITE College West**

**Asset Sub-class** Social Infrastructure (School)  
**Divestment\_Date** n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a



2016/2017	n/a	n/a
2017/2018	n/a	n/a
2018/2019	n/a	n/a
2019/2020	n/a	Leadenhall

**Kinland AS**

**Asset Sub-class**

Preschools

**Divestment\_Date**

n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	n/a
2017/2018	n/a	n/a
2018/2019	n/a	n/a
2019/2020	n/a	KPMG

**1 King William Street**

Asset Sub-class Property

Divestment\_Date n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	Savills
2014/2015	n/a	Savills
2015/2016	n/a	Savills
2016/2017	n/a	Savills
2017/2018	n/a	Colliers
2018/2019	n/a	Colliers
2019/2020	n/a	Colliers

**Australian Logistics Property Trust No.2**

Asset Sub-class Property

Divestment\_Date 24/06/2016

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	CBRE
2015/2016	n/a	CBRE
2016/2017	n/a	divested
2017/2018	n/a	divested
2018/2019	n/a	divested
2019/2020	n/a	divested

**52 Lisbon Street**

Asset Sub-class Property

Divestment\_Date 24/06/2016

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a

2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	CBRE
2015/2016	n/a	CBRE
2016/2017	n/a	divested
2017/2018	n/a	divested
2018/2019	n/a	divested
2019/2020	n/a	divested

**Australian Value Enhanced Logistics Strategy III Trust**

**Asset Sub-class** Property  
**Divestment\_Date** 24/06/2016

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	JLL
2015/2016	n/a	CBRE
2016/2017	n/a	divested
2017/2018	n/a	divested
2018/2019	n/a	divested
2019/2020	n/a	divested

**50 Miller Street**

**Asset Sub-class** Property  
**Divestment\_Date** n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	Colliers/Knight Frank
2015/2016	n/a	Knight Frank
2016/2017	n/a	Knight Frank
2017/2018	n/a	Knight Frank/Colliers
2018/2019	n/a	Colliers
2019/2020	n/a	Colliers

**111 Alinga Street**

**Asset Sub-class** Property  
**Divestment\_Date** n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	Knight Frank
2017/2018	n/a	CBRE
2018/2019	n/a	CBRE/JLL
2019/2020	n/a	JLL

**Citilink, Bowen Hills**

**Asset Sub-class** Property  
**Divestment\_Date** n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	n/a
2017/2018	n/a	n/a
2018/2019	n/a	JLL/M3
2019/2020	n/a	M3

**313 Adelaide Street**

**Asset Sub-class** Property  
**Divestment\_Date** n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a

2015/2016	n/a	n/a
2016/2017	n/a	n/a
2017/2018	n/a	n/a
2018/2019	n/a	n/a
2019/2020	n/a	M3

**Alpha Trains Junior Loan**

Asset Sub-class Alternative Credit

Divestment\_Date n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	Leadenhall
2016/2017	n/a	Leadenhall
2017/2018	n/a	Leadenhall
2018/2019	n/a	Leadenhall
2019/2020	n/a	Matured and reacquired

**TDF Holdco Junior Loan**

Asset Sub-class Alternative Credit

Divestment\_Date Refinance December 2019

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	Leadenhall
2017/2018	n/a	Leadenhall
2018/2019	n/a	Leadenhall
2019/2020	n/a	Matured and reacquired

**Green Investment Bank Loan**

Asset Sub-class Alternative Credit

Divestment\_Date 2/08/2019

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a

2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	n/a
2017/2018	n/a	n/a
2018/2019	n/a	Leadenhall
2019/2020	n/a	divested

**Calvin Capital Group Term Loan Facility**

**Asset Sub-class** Alternative Credit  
**Divestment\_Date** 13/12/2018

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	n/a
2017/2018	n/a	Leadenhall
2018/2019	n/a	divested
2019/2020	n/a	divested

**Aunor Senior Secured Bond**

**Asset Sub-class** Alternative Credit  
**Divestment\_Date** n/a

Financial Year	In-house valuation conducted by	External valuation conducted by
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	Leadenhall
2017/2018	n/a	Leadenhall
2018/2019	n/a	Leadenhall
2019/2020	n/a	PWC

**Yorkshire Water Loan**

**Asset Sub-class** Alternative Credit  
**Divestment\_Date** n/a

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	n/a
2011/2012	n/a	n/a
2012/2013	n/a	n/a
2013/2014	n/a	n/a
2014/2015	n/a	n/a
2015/2016	n/a	n/a
2016/2017	n/a	n/a
2017/2018	n/a	Leadenhall
2018/2019	n/a	Leadenhall
2019/2020	n/a	Leadenhall

**LBC Subordinated Debt Junior Acquisition Facility**

**Asset Sub-class**                      Alternative Credit  
**Divestment\_Date**                      14/05/2013

<b>Financial Year</b>	<b>In-house valuation conducted by</b>	<b>External valuation conducted by</b>
2010/2011	n/a	EY
2011/2012	n/a	Grant Thornton
2012/2013	n/a	divested
2013/2014	n/a	divested
2014/2015	n/a	divested
2015/2016	n/a	divested
2016/2017	n/a	divested
2017/2018	n/a	divested
2018/2019	n/a	divested
2019/2020	n/a	divested



## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Prime Super

**PS112QW:** In the Financial Services Royal Commission documentation an ‘Audit and Risk Management Committee’ paper was compiled for CBUS (‘Review of payments made to sponsoring organisations’— <https://financialservices.royalcommission.gov.au/public-hearings/Documents/Additional-exhibits-round-5/EXHIBIT-5.368.pdf>)

Please advise how many times, over the last decade, such a paper, or equivalent, has been prepared for:

- a. your Board?
- b. a Board subcommittee?
- c. executive management?

#### **Answer:**

Prime Super is an independent Superannuation Fund. That is the Trustee of the Fund, Prime Super Pty Ltd is owned by a nominee company, Prime Super Nominees Pty Ltd, which is in turn owned by the Prime Super Fund. This structure simply provides for the members of Prime Super to own the Fund.

Therefore, there are no external parties that own the Trustee.

The Prime Super constitution provides that the National Farmers’ Federation (“NFF”) and the Australian Workers Union (“AWU”) have the right to nominate one Director to the Board of Prime Super Pty Ltd. The Directors of Prime Super Pty Ltd are not obliged to appoint a person nominated by either the NFF or the AWU.

Prime Super therefore does not have ‘sponsoring organisation’ in the same way that CBUS has sponsoring organisations.

Prime Super does pay an amount of money to both the NFF and the AWU, as well as a number of other organisations to assist in raising the profile of the Fund and aid in the growth of membership. Any money spent forms part of the overall Marketing budget, a sub-component of the overall budget of the Fund. The budget is prepared by the Management of Prime Super and approved by the Board of Prime Super on an annual basis.

Over the last decade Prime Super has not engaged any third party to review payments made as sponsorships.

Prime Super has not engaged a third party to review the overall 'sponsorship' spend of the Fund on the basis that:

- There are no parties where there is an actual conflict;
- The approval of the financial spend on the NFF and the AWU is not subject to approval or influence by any person associated with those bodies; and
- The total spend on sponsorships is a small component of the overall budget of Prime Super.