

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Q Super

QS19QW:

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 information requested is provided in the table below.

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Fund Members	552,030	558,735	567,150	581,117	588,434

Notes:

- *The amount reported in the table above represent the number of unique members of the Fund. The definition of a member used is consistent with the APRA definition.*

- b. The information requested is provided in the table below.

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Default Member Joins	34,243	30,772	28,884	29,187	23,769

- c. The information requested is provided in the table below.

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Voluntary adoption / Switching member Joins	3,221	3,610	3,716	10,714	11,953

d. The information requested is provided in the table below.

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Average Member Balance	\$143,000	\$157,000	\$166,000	\$175,000	\$193,000

Notes:

- *QSuper has a unique funding model in place with Queensland Treasury (QT) in relation to the Defined Benefit (DB) scheme. Assets held for DB member liabilities are managed between QT (employer-sponsor share) and QSuper Fund (member-share). QT is required under legislation to provide funding to QSuper as defined benefits become payable to members.*
- *For the basis of this calculation, the 'member balance' used also includes amounts held by QT. This provides a more accurate representation of the average member balance of the entire QSuper Scheme (including the DB scheme).*
- *The average balance shown is reported as at 30 June of each financial year.*

e. The information requested is provided in the table below.

Financial Year	Average Insured Member Premium	% share of Insured Member Balance
2014/15	\$750	0.83%
2015/16	\$930	0.96%
2016/17	\$975	0.85%
2017/18	\$940	0.84%
2018/19	\$970	0.76%

- *QSuper members receive one of the highest levels of default insurance cover offered by an industry or public sector fund. This includes salary-based Income Protection as default, delivering 87.75% of salary (including 12.75% Contribution Replacement Benefit) to members on claim.*
- *This high level of cover corresponds to high contribution rates of 17.75% and a stronger relationship with members and employers, which allows a level of cover more aligned to member needs, with lower risk of account erosion from inappropriate levels of cover.*

f. The information requested is provided in the table below.

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Inactive Members	11,646	8,677	10,752	7,472	6,384

Notes:

- *Inactive members have been reported on the basis of the APRA definition*

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Q Super

QS20QW: Please provide the one, five, and ten year net returns after fees, costs, and taxes for the primary default MySuper balanced product.

Answer:

Lifetime MySuper Options	1 Year Return (p.a.)	5 Year Return (p.a.)
QSuper Lifetime Outlook	10.67%	9.40%
QSuper Lifetime Aspire 1	10.85%	9.53%
QSuper Lifetime Aspire 2	11.27%	8.74%
QSuper Lifetime Focus 1	10.36%	8.39%
QSuper Lifetime Focus 2	10.01%	7.76%
QSuper Lifetime Focus 3	9.69%	7.10%
QSuper Lifetime Sustain 1	6.25%	5.64%
QSuper Lifetime Sustain 2	4.29%	3.96%

Regarding the above returns, please note the following:

- QSuper does not have a single, primary default MySuper balanced product. Instead, QSuper offers a Lifetime product suite that consists of eight different options: Outlook, Aspire 1, Aspire 2, Focus 1, Focus 2, Focus 3, Sustain 1 and Sustain 2. The option a member is placed in is determined by the member's age and Lifetime account balance when entering the investment option. The investment option is adjusted as required on a semi-annual basis (May and November). The investment strategy of QSuper's Lifetime product suite is to progressively move from growth assets when members are younger, to more defensive assets as they approach retirement and accumulate more funds. This means that a member's investment mix, return target and risk tolerance may change with each move between options.
- Ten-year investment returns have not been provided as this product suite does not yet have a ten-year return history. The earliest inception date for an option within this product suite is 12 December 2013.
- All investment returns are as at 30 June 2019.

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

Q Super

QS21QW: 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)

Response:

Financial Year	\$ per member
2014/15	\$650
2015/16	\$707
2016/17	\$866
2017/18	\$890
2018/19	\$896

Notes:

- QSuper charges Accumulation and Income members an asset-based administration fee as well as asset management fees. Defined Benefit members do not pay fees directly and so these fees have not been included.
- Please note that QSuper also incurs indirect costs associated with member investments however these are not classified as 'asset management fees' so have not been included.

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

Response:

Financial Year	Percentage
2014/15	0.30%
2015/16	0.28%
2016/17	0.22%
2017/18	0.25%
2018/19	0.22%

Notes:

- 'Fund administration expenses' – administration expenses as reported in the annual audited financial statements of the QSuper Fund.
- 'Funds under management' – net assets as reported in the annual audited financial statements of the QSuper Fund.

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

Response:

Financial Year	Amount
2014/15	\$174 million
2015/16	\$179 million
2016/17	\$159 million
2017/18	\$198 million
2018/19	\$198 million

Notes:

- QSuper Fund engages with a number of wholly owned subsidiaries to provide administration services to members. Payments made to these subsidiaries on a cost recover basis for administration services are considered 'in-house' and have been included in the figures provided.

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

Response:

Financial Year	Percent
2014/15	0.30%
2015/16	0.28%
2016/17	0.22%
2017/18	0.25%
2018/19	0.22%

- QSuper Fund engages with a number of wholly owned subsidiaries to provide administration services to members. Payments made to these subsidiaries on a cost recovery basis for administration services are considered 'in-house' and have been included in the figures provided.

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

Response:

Financial Year	Amount
2014/15	Nil
2015/16	Nil
2016/17	Nil
2017/18	Nil
2018/19	Nil

Notes:

- QSuper does not incur any external administration expenses. QSuper Fund engages with a number of wholly owned subsidiaries to provide administration services to members, which are considered 'in-house'.

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

Financial Year	Percent
2014/15	Nil
2015/16	Nil
2016/17	Nil
2017/18	Nil
2018/19	Nil

Notes:

- QSuper does not incur any external administration expenses. QSuper Fund engages with a number of wholly owned subsidiaries to provide administration services to members, which are considered 'in-house'.

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

Response:

Financial Year	Amount
2014/15	\$174 million
2015/16	\$179 million
2016/17	\$159 million
2017/18	\$198 million
2018/19	\$198 million

Notes:

- QSuper Fund engages with a number of wholly owned subsidiaries to provide administration services to members. Whilst these are considered 'in-house', these amounts have been provided in the table above because they are paid to a related party, yet are not considered to be external administration expenses.
- Wholly owned subsidiaries providing administration services are QSuper Limited (procurement and project management services) and One QSuper Pty Limited (labour services). These subsidiaries pass through all administration-related expenditure at cost, with no profit margin applied.

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

Response:

Financial Year	Percent
2014/15	0.30%
2015/16	0.28%
2016/17	0.22%
2017/18	0.25%
2018/19	0.22%

Notes:

- QSuper Fund engages with a number of wholly owned subsidiaries to provide administration services to members. Whilst these are considered 'in-house', these amounts have been provided in the table above because they are paid to a related party, yet are not considered to be external administration expenses.

- Wholly owned subsidiaries providing administration services are QSuper Limited (procurement and project management services) and One QSuper Pty Limited (labour services). These subsidiaries pass through all administration-related expenditure at cost, with no profit margin applied.

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

Response:

Financial Year	Employees
2014/15	853
2015/16	937
2016/17	885
2017/18	910
2018/19	951

Notes:

- Employees are workers employed and paid by One QSuper at the end of each financial year.
- 'Employees considered part of the administration costs' - excludes roles related to non-administration services to QSuper members including Personal Advice, Insurance and Investment services

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Q Super

QS22QW: What is the total number of statutory fines over the past five years?

Answer: No statutory fines have been imposed on QSuper over the past five years.

QSuper has interpreted a statutory fine to be a fine or penalty imposed by a court, upon conviction, under the law of a Commonwealth, State, Territory or foreign country.

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Q Super

QS23QW:

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?

Answers:

- a. This information is not currently tracked and cannot be provided.

Notes:

- *QSuper does not track instances where a rollover request is not paid out to another fund as the only circumstance where such a rollover request is not actioned are:*
 - 1. *The member does not hold a QSuper account*
 - 2. *The member subsequently calls in and asks for the request to be cancelled.*
 - 3. *The member does not have enough funds to fulfil the requested rollover, in which case we will call the member and ask them to clarify the request, i.e. cancel or request a lower amount.*

- b. The information requested has been provided in the table below.

	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Avg. Rollin \$	\$34,064	\$36,056	\$40,596	\$45,469	\$45,559
Avg. Rollout \$	\$63,237	\$61,437	\$58,596	\$54,902	\$41,916

- c. QSuper does not have any 'clawback' accounts as described in the question.

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Q Super

QS24QW:

- 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) The fund maintains two reserves that have at least partially been funded through insurance premiums, premium rebates and tax benefits arising from insurance. These are the Insurance Reserve and General Reserve.

b)

Reserve	Balance as at 30 June 2019	Value funded through insurance premiums, rebates from an insurance company (such as profit share arrangements) or tax benefits that have arisen from insurance
Insurance Reserve	\$67m	\$67m
General Reserve	\$827m	\$134m

- c) The value of tax rebates received on insurance premiums in FY19 was \$78.5 million; these are indirectly passed back to members through reduced insurance premiums.

Notes:

1. *The Insurance Reserve is held to meet legacy self-insured liabilities for insured events that arose prior to 1 July 2016. The balance equates to the forecast future claims payable with any excess funds transferred to the General Reserve. No premiums, premium rebates or tax rebates were included in the value of this reserve during FY19.*
2. *In addition to the above, the fund received an additional tax rebate (deduction) in respect of self-insured liabilities in respect of defined benefit members of \$17.3m. The value of the rebate is calculated by the Queensland State Actuary for the purposes of subsection 295-465(2) of the Income Tax Assessment Act 1997. The tax rebate is included in the total valuation of assets held by the QSuper Board in respect of the Fund's Defined Benefit liabilities.*

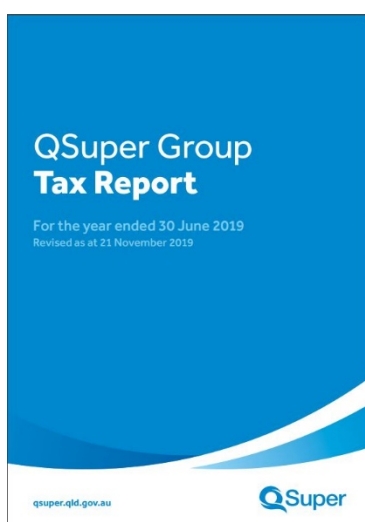
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Q Super

QS25QW: The number of trusts or investment vehicles the fund controls in each of the low tax regions, including 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?

Answer: Each year QSuper publishes the QSuper Group Tax Report.



The aim of this document is to provide public disclosure of QSuper's tax affairs and ensures QSuper is transparent about its compliance with tax laws. As disclosed in this report, QSuper has established or invested in entities located in countries with low effective income tax rates (see below). The QSuper Board does not sanction tax structures that are not supportable under the law. In undertaking its offshore investments, QSuper does not seek to shift profits to low tax rate jurisdictions or rely on secrecy provisions in any foreign locations to hide income or gains. An excerpt from this report is provided below:

The QSuper Board does not sanction tax structures that are not supportable under the law. In undertaking its offshore investments, QSuper does not seek to shift profits to low tax rate jurisdictions or rely on secrecy provisions in any foreign locations to hide income or gains. QSuper typically invests in a limited number of entities in low tax rate jurisdictions in order to access investments offered by collective investment vehicles by investment managers. These vehicles are common investment structures established by overseas investment managers to aggregate equity capital from investors around the world to invest for a specific purpose. Aggregating funds in these locations means that income tax is generally payable in the investor's home country (Australia) and the country where the underlying asset and economic activity are located, rather than where the funds are aggregated.

QSuper maintains an open, transparent relationship with the Australian Taxation Office and other tax authorities, and as a key taxpayer, participates in real-time reporting on a quarterly basis. We also participate in regular reviews of our tax returns and actively seek advice from revenue authorities where tax positions are significant and unclear.

Please find below a summary of trusts and investment vehicles that QSuper controls in low tax regions as at 17 March 2020.

Low Tax Region	Number of trusts or investment vehicles
Cayman Islands	1
Guernsey	4
Jersey	8
Luxembourg	2
Total	15

When considering which regions should be regarded as “low tax regions”, we have used the list of “specified countries” published on the Australian Taxation Office’s website (being defined by the Australian Taxation Office as “tax jurisdictions of interest”).

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Q Super

QS26QW:

- 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?

Answers:

- a. The information requested has been provided in the table below.

	October 2019 PYS sweep
Members	17,400

- b. The information requested has been provided in the table below.

	October 2019 PYS sweep
\$ Value	\$22,936,972

- c. QSuper has not transferred any amounts into an eligible rollover fund in the 2019 financial year.
- d. QSuper has not transferred any amounts into an eligible rollover fund in the 2019 financial year.

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Q Super

QS27QW: 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

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Q Super

QS28QW: 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:

QSuper has not engaged external consultants for any advocacy services.

QSuper has engaged Newgate Communications Pty Limited for the provision of specialist consultancy services and advice in relation to QSuper’s reactive media strategies and content planning, including content creation and direct media engagement where required. The table below sets out the costs over 5 years.

	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019
Newgate	\$ -	\$ -	\$ -	\$ 32,956	\$56,733
Total					\$89,689

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Q Super

QS29QW:

- 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:

- a. QSuper considers policy research and analysis to be referring to activity that:
 - identifies legislative and regulatory policy problems, issues, options or approaches;
 - helps assess likelihood of success in the environment/context;
 - crafts policy proposals;
 - works to achieve a desired policy change, including advocacy with external stakeholders where necessary.In this context, QSuper employs one person with duties that most closely align to this definition. There are other employees who, as part of their business as usual activities may be required from time-to-time, to assess proposed legislative and regulatory change and co-ordinate responses to consultations and inquiries. This may include co-ordinating internally the impact of changes on QSuper processes and products.
- b. In the context of the definition provided in response to part (a) of this question, QSuper has not engaged external consultants that provide these services.
- c. QSuper has paid membership fees to the following superannuation industry advocacy organisations:
 - a. Australian Institute of Superannuation Trustees (AIST)
 - b. Association of Superannuation Funds Australia (ASFA)
 - c. Australian Council of Superannuation Investors (ACSI)

The fees paid for the most recent membership periods commencing with financial year 2018/19 are included in the table below. The membership periods included in the table refer to either calendar years or financial years, depending on the organisation.

Note – The superannuation industry advocacy organisations listed provide a range of services of which policy and data analysis are included. The membership fees included in the table do not exclusively refer to policy and data analysis services.

Organisation	Period	\$ excl GST	Service	Notes
ASFA	Financial Year 2018/19	\$ 74,480.00	Annual membership	Membership not renewed for Financial Year 2019/20
AIST	2019	\$ 41,818.00	Annual membership	
AIST	2020	\$ 50,000.00	Annual membership	
ACSI	Financial year 2018/19	\$ 273,240.00	Annual membership	ACSI also provides proxy voting services to QSuper. This is not included in the membership fee.
ACSI	Financial year 2019/20	\$ 273,240.00	Annual membership	ACSI also provides proxy voting services to QSuper. This is not included in the membership fee.

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Q Super

- QS30QW:** 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 management of all unlisted assets is outsourced to external investment managers.
- a. Yes
 - b. No
 - c. Yes. An investigation and risk assessment process has been undertaken across relevant assets, that, where required, proposed mitigation processes for issues relating to unacceptable materials found to be in use at assets within the portfolio.
 - d. Yes. As part of the investigation and risk assessment process, recommended actions have been provided for relevant assets to bring them to an overall 'low risk' rating and meet building standards. Remediation programs are scheduled to commence during 2020.
 - e. No, not to our knowledge

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Q Super

- QS31QW:**
- a. What external parties manage your investments, if any?
 - b. What are the fee structures per member from external management?

- Answer:**
- a. A list of the external managers managing our investments as of 31 December 2019 is as follows:
 - ADM Capital
 - AEW Europe LLP
 - Alinda Capital Partners
 - AMP Capital Investors Limited
 - Bridgewater Associates, LP
 - CIM Investment Advisors, LLC
 - DFA Australia Limited
 - First Quadrant, L.P.
 - Global Endowment Management . LP
 - Global Infrastructure Management LLC
 - Graham Capital Management L.P.
 - Invesco Advisers Inc
 - Jamestown Premier GP, L.P.
 - JPMorgan Asset Management (Australia) Limited
 - Makena Capital Management LLC
 - Northwater Capital Management Inc
 - Partners Group
 - QIC Limited
 - State Street Global Advisors, Australia Limited
 - Vanguard Investments Australia Limited
 - b. Using the QSuper Balanced Option as the representative fund, the total fee for the 12 months to 30 June 2019 paid for external management per member is as follows:
 - i. Base fees 0.23%
 - ii. Performance fees 0.29%
 - iii. Indirect Costs 0.09%

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Q Super

QS32QW: 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: Responses to the above:

- a. 9 Trustees
- b. \$649,657 for the 2018/2019 financial year
- c. \$72,184 based on the 2018/2019 financial year
- d. No
- e. \$157,826 for the 2018/2019 financial year – this amount has been included in the responses to (b) and (c) above and not additional to those amounts
- f. 2.5 years as at end of February 2020
- g. 10.75 years
- h. Yes
- i. See Attachment QS32.1QW
- j. Gender Diversity within listed companies is addressed as part of QSuper's stewardship activity, most notably voting and engagement. As a member of the Australian Council of Superannuation Investors (ACSI) QSuper has encouraged listed companies, through engagement and voting, to increase their gender diversity and/or balance. These activities have seen women directors on ASX200 boards reach 30 per cent in 2019, up from 8.3 per cent in 2009.
- k. Yes – 5 men and 4 women

QSUPER'S CONFLICT OF INTEREST POLICY

Conflicts of Interest

A conflict of duty or interest is a circumstance which may unduly or inappropriately influence the Board or a Responsible Person's ability to carry out its / their role and functions with the degree of probity and independence required, or with regard to the duty of care, to superannuation fund members and their beneficiaries.

In addition to representing and acting in the best interests of QSuper, a Responsible Person may have multiple outside duties and interests, such as:

- personal interests (financial, investments, etc);
- personal beliefs (religious, political, ideological, etc);
- business duties and interests (employment, positions held on other Boards, etc); and
- related party duties (family, close friends or associates, etc).

As part of the Board's commitment to sound corporate governance practices, the Board recognises the importance of having a robust process for dealing with the disclosure and management of Responsible Persons' competing duties and interests.

1.1 Objectives

This section of the Policy aims to ensure that the Board and Responsible Persons identify, take all reasonably practicable actions to avoid, or where unavoidable, prudently manage all potential and actual conflicts pertaining to QSuper's business operations. Where there is a conflict between the duties of the Board to members and their beneficiaries, or the interests of the members and their beneficiaries, and the duties and interests of the Board or individual Responsible Persons, then the Board must:

- give priority to the duty to, and interests of, the members and their beneficiaries over the duties to and interests of other persons; and
- ensure that the duties to members and their beneficiaries are met despite the conflict; and
- ensure that the interests of the members and their beneficiaries are not adversely affected by the conflict.

This section of the Policy has been prepared in compliance with the SIS Act and the requirements of Prudential Standard, *SPS 521 'Conflicts of Interest'*.

1.2 What are interests and duties?

To speak of someone having an interest in a decision or a matter is to say that the person has an involvement that is more than arm's length or objective involvement. An interest can be pecuniary or non-pecuniary. A pecuniary interest is an interest that a person has in a matter because of the reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated. Associated persons include relatives, partners and employers. A non-pecuniary interest may include family relationships, friendships, positions in associations, and other interests that do not involve financial gain or loss. It is also possible for a person to have responsibilities or duties to more than one individual or group.

SPS 520 defines duty and interest as follows:

- a **relevant duty** refers to any duty owed by the RSE licensee, or a responsible person of the RSE licensee, to beneficiaries or to any other person; and
- a **relevant interest** of an RSE licensee, an associate of the RSE licensee or a responsible person of the RSE licensee refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by the RSE licensee, the associate or the responsible person, that the RSE licensee has determined to be relevant.

1.3 Conflicts of interest and duty

A conflict of duty or interest arises when a person has more than one duty / interest in the decision that is made and the duties / interests are not aligned or conflict. A conflict can arise in respect of one's own interest (what is best for me personally) and in respect of one's professional responsibility or duty. Examples include:

- a person is a member of the Board and a member of QSuper; or
- a person is a member of the Board and an associate of the owner of a company supplying services to the Board.

Conflicts include actual, potential or perceived conflicts of interest. If either a potential or actual conflict is not managed they have the potential to compromise the quality of the services that QSuper provides. A perceived conflict of interest arises where the conflict itself can be managed but an appearance of a conflict of interest remains. Not only must the Board and each Responsible Person's actions be free of conflict, but they must ensure that they are seen to be free of any conflicts of interest. It is therefore important that the Board and all Responsible Persons consider what other people might think of the situation. These other people could include, for example, unsuccessful tenderers, other potential suppliers, other businesses, fellow Board members or other Responsible Persons, members and employers, regulators and members of the public.

Conflicts of interest and duty are two different things but can be identified and managed in the same way. For the purposes of this Policy the term 'conflict of interest' is used to describe both conflicts of interest and conflicts of duty.

1.4 Considering, Identifying and Disclosing Interests

In each decision making role a person is expected to put the interests represented by that role, first.

Responsible Persons are responsible for identifying interests involving themselves (giving consideration to relevance), and disclosing any such matters that either conflict or align, such that any actual, potential or perceived benefits may call in to question the motivation for any related decision. In many cases, only the individual Responsible Person will be aware of the potential for conflict. Therefore, the onus is on that person to notify the Board, Committee or Fund & Company Secretary as soon as practicable after the Responsible Person becomes aware of the potential or actual conflict of interest. If a Responsible Person has any doubt as to what should be disclosed or whether a situation involves a conflict of interest, they should seek guidance from the Fund & Company Secretary. On-going consideration and early disclosure of interests is essential, so that the matter can be assessed and managed up front and mitigation measures put in place.

The Board is responsible for identifying any such situations involving the Board as a whole including half-yearly consideration of conflicts arising from QSuper's relationship, or the relationship of a Responsible Person, with an existing or prospective service provider or adviser, particularly those that have the potential to affect the service provider's performance in respect of the obligations undertaken in relation to QSuper's business operations.

When QSuper's interests are considered in conjunction with the Responsible Persons' outside interests, the interests may:

- **conflict** – a decision in favour of one party's interest is detrimental or in opposition to the interest of the other party. For example, if a Trustee had a financial interest in a potential service provider and the Board was considering awarding a contract for service provision to a competitor company, the Trustee's ability to objectively consider the decision may be called into question.

A Responsible Persons' sole consideration should be to the benefit of QSuper members and their beneficiaries. A Responsible Person should consider actual, potential and perceived conflicts in order to remain above reproach.

- **align** – a decision in favour of one party's interest is also in favour of the other party's interest. An example of this may be where the Board makes a decision to enhance the insurance terms offered to QSuper members. Trustees who are also QSuper members benefit from this decision. However, if the decision was made in the best interest of all QSuper members, then the benefit to individual Trustees would be incidental to the outcome.

Responsible Persons need to consider actual, potential and perceived benefits for both parties and ensure that an objective person would consider that the motivation for the decision was primarily for the benefit of QSuper (i.e. the other party benefit was incidental to the outcome).

- **be unrelated** – a decision in favour of one party's interest has no bearing on the interest of the other party. In this situation, the interests are mutually exclusive and the Trustee / member should be able to make an objective decision.

Set out below are examples of circumstances that might give rise to a conflict:

- where a Responsible Person is also a director / key officeholder of a service provider, including a related party service provider;
- where a Trustee is an executive of a participating employer;
- where a Trustee is an executive of a participating employer and in that executive role, provides specialist advice to the Board;
- where a Responsible Person is also a member of QSuper;
- decisions regarding the selection of, or ongoing dealings with, service providers, consultants or staff;
- business or close personal relationships with competitors or businesses operating in the same area as QSuper or one of its business units;
- directorships, executive roles, consultancies, shareholdings, ownership or other interests in other businesses, organisations or funds;
- relevant personal interests, such as financial interests;
- decisions regarding insurance claims or other disputes involving a member where the member is known to a Trustee (see note 1 below);
- access to and use of information acquired in the course of Board or QSuper business;
- use of QSuper premises or facilities (e.g. vehicles, office equipment, taxi vouchers, credit cards etc) for personal benefit or benefit of a third party;
- provision or acceptance of sponsorship of any kind;
- giving or accepting cash or substantial non-cash benefits such as gifts, meals (excluding working meals), travel, accommodation or entertainment as the guest of service providers (see note 2 below);
- public comment, including speeches, comments on radio, television or in newspapers; and
- participating in politics.

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1. Knowing about a member is not the same as knowing a member, and knowing a member is not the same as having an interest in the outcome of a decision as to whether a member is entitled to a disablement benefit. Equally, having prior knowledge of a member's position is not the same as having formed a view prior to the meeting based on extraneous information. It will therefore not always be the case that a Trustee has a conflict of interest when a person who the Trustee knows is the subject of a resolution as to whether the member is entitled to a disablement benefit.
 2. In considering conflicts of interest, the Board notes that it is regarded as acceptable for the purpose of building and maintaining relationships with service providers, for Responsible Persons to participate in an element of the hospitality and professional development extended by such service providers from time to time. Any potential or perceived conflicts should be managed in accordance with this policy and consideration also given to the Gifts Policy for appropriate reporting.

Prior to, or on appointment, each Responsible Person is required to complete the Disclosure of Interest Form and submit it to the Fund & Company Secretary or the Chairman. The Disclosure of Interest Form will be tabled at the next Board meeting.

There is also a standing item in Board and Committee meeting agenda that requires Responsible Persons to disclose at the beginning of the meeting, any new conflicts, or changes to those interests previously disclosed. Responsible Persons not attending regular meetings will be required to review and update their disclosures half-yearly.

Refer Attachment 1 for the Conflicts Process Map.

The Responsible Person's disclosure of interests will be reviewed by the Fund & Company Secretary and consideration given to potential mitigation strategies. The disclosures and proposed conflict management strategies will subsequently be reviewed by the Chairman for appropriateness, with the Chairman's disclosure information to be reviewed by the Board.

1.5 Relevance

The issue of whether an interest will constitute a "relevant interest" in a specific conflict situation will depend on the actual facts and circumstances. Accordingly, there is no definitive test that can be applied to determine the relevance of a potential conflict of interest. However, set out at the end of this section are some high level principles which are designed to assist in the determination of whether a particular conflict of interest is relevant for the purposes of this Policy and Prudential Standard SPS 521.

If a Responsible Person has any uncertainty as to whether a particular interest is relevant and should be disclosed, then the Responsible Person has as a duty to disclose the interest so that a determination can then be made on its relevance and potential impact on QSuper.

Where a Responsible Person's Disclosure of Interest Form indicates a relevant conflict of interest (whether actual, potential or perceived), the Chairman of the Board will discuss the matter with the Responsible Person to:

- confirm the most appropriate options to manage the conflict of interest; and
- determine whether the nominee's appointment is untenable because of the conflict (this would include the person being appointed to, or seeking to be appointed to, the board of another RSE Licensed superannuation fund).

Any relevant conflicts, including the procedures to be adopted to manage such conflicts, will be tabled at the next Board meeting.

1.6 Managing Conflicts of Interest

Conflicts of interest should be assessed in terms of the likelihood that Responsible Persons could be influenced, or might appear to be influenced, in the performance of their duties on a particular matter. Responsible Persons should avoid any financial or other interest or undertaking that could directly or indirectly compromise the performance of their duties.

Where a Responsible Person has two roles, each with different (conflicting) obligations, for example, as a Trustee and as a senior executive with an employer-sponsor, under trust law such conflict of interest must be resolved in favour of QSuper members.

Where the Board or a Committee has recorded a conflict of interest involving a Responsible Person, the Board or Committee, as appropriate, may request that the Responsible Person:

- provide information and participate in the discussion at the Board or Committee meeting if the conflict of interest is considered insignificant or irrelevant; or

- leave the Board or Committee meeting for the duration of the relevant agenda item and, if warranted, not receive any further papers or minutes on the relevant matter; or
- remain in the meeting but abstain from any discussion on, or vote on, the agenda item; or
- provide information on the agenda item because of their knowledge or expertise on the particular agenda item; or
- such other action as considered appropriate by the Board or Committee, to manage the conflict of interest.

In order to ensure that Board and Committee consideration is above reproach, the Chairman of the Board or Committee has the authority to direct a Responsible Person to take a particular course of action in order to manage an actual, potential, or perceived conflict.

As stated above, one of the methods available to Trustees to handle a conflict of interest is to abstain from consideration of the particular matter. It must be noted that section 2O(3) of the *Superannuation (State Public Sector) Regulations 2017* states that 'a Trustee present at a meeting who abstains from voting is taken to have voted for the negative'. Trustees should therefore be aware of this outcome should they choose this option to manage a conflict.

Alternatively, and subject to a quorum¹ being maintained, a Trustee who leaves the Board or Committee meeting for the duration of the relevant agenda item is able to abstain without a vote being recorded as the Trustee would not be present when a decision is reached.

Where a conflict of interest involving a related party is identified, the Board may consider any of the following measures to manage the conflict of interest:

- an appropriate agreement between itself and the related party, setting out the service standards required of the related party, the reporting requirements and the fees;
- a dedicated relationship manager to manage the Board's day-to-day relationship with the related party, including monitoring the related party's performance and compliance with the agreement;
- regular monitoring and review of fee arrangements to ensure the fees are reasonable and reflect value-for-money for members;
- regular reporting by the related party, to the Board;
- an annual review of the suitability of the related party;
- market research to assess member satisfaction with the services provided; and
- the performance of the related party relative to competitors.

It is accepted that some conflicts of interest have such a serious potential to impact QSuper and its members and beneficiaries that the only way to adequately manage the conflict is to avoid them. In such cases merely disclosing them and imposing internal controls will be inadequate.

1.7 Widespread Conflicts of Interest

Although rare, the situation may occur where several Board or Committee members have a conflict of interest in relation to an issue, such that a quorum of members is not available to consider a decision. In the event that the matter is for decision by a Committee, it may be necessary to escalate the matter to the Board in order to have sufficient non-conflicted members to consider the decision.

For the Board, in the event a resolution cannot be passed by reason of too few members being able to vote on the matter, the matter for resolution could be delegated by the Board to the Chief Executive Officer

¹ A quorum at any given time, means the number that is two-thirds of the number of trustees holding appointment under Schedule 1 of the *Superannuation (State Public Sector) Regulations 2017* at the time or, if that is not a whole number, the next highest whole number.

or to a committee formed for the purpose. It should be noted however that whether or not the decision is one which is appropriate for delegation is a matter for the Board's consideration at the time.

Alternatively, the Board as a trustee, can apply to the Supreme Court of Queensland for directions concerning any property subject to a trust, or respecting the management or administration of that property, or respecting the exercise of any power or discretion vested in the trustee. In the event there was no practical alternative to a stalemate this course of action could be taken however it could be expensive and should therefore be considered a last resort.

Ultimately, the Board must:

- give priority to the duty to, and interests of, the members and their beneficiaries over the duties to and interests of other persons; and
- ensure that the duties to members and their beneficiaries are met despite the conflict; and
- ensure that the interests of the members and their beneficiaries are not adversely affected by the conflict.

1.8 Conflicts of Interest in the QSuper Group

Separate conflicts of interest policies have been established and are utilised for QSuper subsidiaries and staff employed by these entities that are not covered by this Policy.

From time to time, a conflict of interest may arise between entities within the QSuper Group (i.e. QSuper and its subsidiaries), or for a director or member of staff holding multiple positions within the Group. Whilst it is recognised and appropriate that these subsidiary entities may have their own conflict management policy and processes (which must comply with the entity's AFSL condition), the QSuper Board (through the Chairman) may provide direction in these situations to ensure that the conflict is managed in the best interest of QSuper holistically.

1.9 Potential Conflicts between the QSuper Group and QInsure Limited

From time to time, a conflict of interest may arise between the QSuper Group and QInsure Limited. These conflicts may be at an entity level, or for a Trustee / Committee member / Director or a member of staff holding multiple positions within these entities.

Conflicts of Interest are, by their nature, dynamic issues that can change not only over time in relation to whether something is or is not a conflict, but also in relation to the materiality / severity of the conflict. The range of perceived, potential and actual conflict may be extremely broad given the multiple entities and persons involved. For these reasons it has been determined that it is imprudent to have a prescribed course(s) of action given that the circumstances of the individual conflicts will need to be considered in context in order to determine the most appropriate path forward.

Board to Board

- The QSuper and QInsure Boards have different memberships with each Board to consider decisions in the best interest of their respective organisations and in accordance with the regulatory requirements governing Superannuation Funds and Life Insurers respectively.
- Where decisions need to be made separately by both the QSuper and QInsure on the same subject matter, clear process flows have been created which show the delineation between QSuper and QInsure responsibilities.
- For matters that have a material potential financial or strategic implication for each of the QSuper Group and QInsure, the QInsure Board will be provided with options and analysis however Management will not propose a recommendation.

- The Governance Policy states that the Board or a Board member may seek independent professional advice if there is a perceived conflict of interest.
- Neither Board is remunerated on the performance of either organisation. The interests of both groups are generally aligned as QInsure, being a wholly owned entity, provides insurance coverage to members at a competitive market price and is able to return any profit to QSuper.
- QSuper / QInsure Secretariat, Chairmen and Board / Committee members will monitor agendas and information for potential conflicts. Board / Committee papers and/or information can be redacted or removed depending on the extent of the conflict.
- Any conflicted member can be asked by the applicable Chairman to leave a meeting for the duration of the conflicted matter depending on the extent of the conflict.
- The QSuper / QInsure Conflicts Registers will be updated to record the matter and these will periodically be reviewed by the respective Boards.
- In the unlikely situation that a conflict became unmanageable, QSuper could replace a QInsure Board or QSuper Committee member on one or both Boards / Committees. QSuper Secretariat has successfully managed potential and actual conflicts for QSuper over several years.

Several situations in which a potential conflict of interest is apparent are outlined below along with commentary on the conflict and potential mitigants. This is not an exhaustive list and the specifics of each conflict and the potential courses of action will be considered at the time.

1) QInsure's solvency and requests for additional funding – As an investment of the Fund, and one in which it has a 100% shareholding, QSuper will monitor the financial performance and position of QInsure on a regular basis. QSuper would need to consider the merits of any request for additional funding on an arms-length business / investment case basis and may consider a range of options from providing the funding to, not providing the funding and considering the cessation of QInsure, to recommending that additional shareholders (i.e. new capital) be sought. As the QSuper Board is independent, it should be able to (and is legally required to), undertake these considerations on an un-biased basis and ensure that any determination is made in the best interest of QSuper members.

2) QInsure pricing its insurance offering at an amount that is un-competitive with the broader market or not offering suitable insurance products / coverage for QSuper's needs – As a client of QInsure, the QSuper Board will regularly need to assess QInsure's offering both from a price and suitability perspective. The considerations would be made regardless of whether the insurance coverage was provided from a related entity or a third party vendor. Indeed a comparison of QInsure's offerings against those offered by third party vendors in the broader market will provide the QSuper Board with benchmarks to help mitigate potentially favourable treatment of QInsure.

3) Poor insurance claims handling – Again, as a client, the QSuper Board will need to regularly assess QInsure's claims handling to ensure member satisfaction with service levels is maintained. Previous experience, industry benchmarks and member feedback (i.e. complaints), could be used as comparators / indicators of service standards. In order to act in the best interest of members, if service levels deteriorated, the QSuper Board would provide feedback to QInsure and seek a plan of action to address these concerns. Failure to adequately respond to these matters in an appropriate timeframe may require QSuper to seek insurance coverage from an alternative provider.

4) Poor oversight by the Board in relation to the operation of QInsure – If the QSuper Board considered that the QInsure Board of Directors was failing to discharge their duties appropriately and/or oversight of the entity was sub-optimal, QSuper, as sole shareholder, would have the right to instigate changes to the QInsure Board. As the QSuper Board is independent, it should be able to (and is legally required to), undertake these considerations on an un-biased basis and ensure that any determination is made in the best interest of QSuper members.

Whilst it is recognised and appropriate that QInsure has its own conflict management policy and processes, the QSuper Board (through the Chairman) may provide direction in these situations to ensure that the conflict is managed in the best interest of QSuper and QInsure holistically. This statement reflects the fact that QSuper members' monies ultimately fund both entities (contributions for QSuper – capital and insurance premiums for QInsure) and that the operation and performance of QInsure are equally beneficial for QSuper members (i.e. value for money premiums and any profits of QInsure can be returned to the Fund).

Board to Management

The organisational design for QInsure has been prepared to minimise the situations where a conflict could arise between management and the respective Boards. For example, there are separate dedicated product and pricing teams as well as a dedicated QSuper team to review claims decisions made by QInsure.

There is the potential for conflict to arise if services are provided to one entity in preference to the other or in situations where the interests of the separate entities are not completely aligned. This risk will be managed by having robust service level agreements between the entities in the Group including conflict and dispute resolution processes and escalation to the respective Boards. The Master Services Deed, which covers the transfer of goods and services between QSuper Group entities, includes the process to be followed by a dual hatted employee if they find themselves in a situation where they are conflicted. Where the employee assesses that they owe a duty to a specific QSuper Group entity and to QInsure and they are conflicted and not able to fulfil both duties, this situation would be escalated via senior management to both the QSuper Chairman and QInsure Chairman for resolution, if necessary. Performance measures and scorecards will be developed which identify performance metrics for the separate entities.

It should be noted that both QSuper and QInsure will not have any lower performance expectations of staff members who have dual responsibilities. Each Board will need to be satisfied on an on-going basis that each dual hatted staff member is performing his/her job to an appropriate standard. Should the situation arise that either Board considers that a dual hatted staff member may not have sufficient capacity to properly fulfil his/her role, or that the conflict is not sufficiently managed, the Board(s) would be obliged to consider the overall workloads and resourcing and have the option to consider increasing resources or establishing dedicated QSuper / QInsure roles as considered necessary.

Each Board has access to independent specialists to verify the information put forward by Management (i.e. actuary, accounting, legal, etc).

Management to Management

A corporate structure has been developed which includes QSuper Group specific roles, QInsure specific roles, and a number of dual hatted roles. Each Chief will need to be satisfied on an on-going basis that each dual hatted staff member is performing his/her job to an appropriate standard and that the business operations of the QSuper Group are not impeding those of QInsure, and vice-versa. Should the situation arise that a Chief considers that a dual hatted staff member may not have sufficient capacity to properly fulfil his/her role, the Chief would be obliged to consider the overall workloads and resourcing and raise the possibility of increasing resources as considered necessary. Any dual hatted staff member who was faced with a situation of potential or actual conflict has the option of raising this with their supervisor and/or HR.

1.10 Recording Conflicts of Interest

The Board has established a Conflicts of Interest Register. All instances where relevant conflicts of interests, whether actual, apparent or potential, are disclosed, are to be recorded in the Register together with the measures taken to manage the conflict.

The Fund & Company Secretary will record in the minutes how the conflict of interest has been managed. If a Responsible Person who has a conflict of interest remains in the meeting and participates in the discussion and decision-making in respect of the relevant agenda item, the Fund & Company Secretary will note this in the minutes together with the reason why the Board or committee considered this was appropriate. Conflict disclosure and conflict management actions recorded in minutes will subsequently be transferred to the Conflicts of Interest Register.

1.11 Reporting and Monitoring Conflicts of Interest

The Conflicts of Interest Register is submitted to the Board on a half-yearly basis to ensure the advised disclosures are still current, the Board is aware of the potential conflicts for it as a whole as well as each Responsible Person, and that the method to manage the conflict is still appropriate.

Responsible Persons should continue to monitor the situation for changes in their interest, changes in QSuper's interest, and changes to the subject in conflict. It is the duty of each Responsible Person to advise Secretariat of any changes to their disclosed conflicts as soon as possible following the change.

Secretariat will on an annual basis, review the conflicts management framework and report the results of this review to the Board. The review will consider:

- to the extent possible, whether all relevant duties and all relevant interests have been identified and are being addressed in accordance with QSuper's conflicts management framework;
- the level of compliance with the conflicts management policy, including reporting on the Conflicts of Interest Register which denotes conflicts of interest and of duty;
- any non-compliance with the conflicts management policy, including steps taken to return to, and improve, ongoing compliance; and
- any changes in legislative, prudential or best practice requirements in relation to managing conflicts of interest.

1.12 Roles and responsibilities

All Responsible Persons are required to identify, disclose, avoid where possible, and manage any conflicts of interest on appointment and on an on-going basis.

Secretariat is responsible for the day to day implementation of this policy and in doing so will review, record and report on conflicts of interest, as well as steps taken to manage disclosed conflicts.

The Chairman will regularly review any disclosed conflicts and affirm the proposed conflict management strategies.

The Board is ultimately responsible for the conflicts of interest framework, the management of disclosed conflicts, ensuring the integrity of the Fund is maintained and that decisions are made in the best interest of QSuper members and their beneficiaries.

The Board must ensure that all Responsible Persons clearly understand this Conflicts of Interest Policy and their responsibilities in order to comply with it.

1.13 Regular review

At least every three (3) years the Board must engage an operationally independent, appropriately trained and competent person or persons to conduct a comprehensive review of the Boards' conflicts management framework of which this Policy forms part to ensure the appropriateness, effectiveness and adequacy of the framework. The review must consider:

- whether all relevant duties and all relevant interests have been identified and are being addressed in accordance with the Board's conflicts management framework;
- the level of compliance with the conflicts management policy, including reporting on the Conflicts of Interest Register; and
- any non-compliance with the conflicts management policy, including steps taken to return to, and improve, ongoing compliance.

On an annual basis in between this triennial review, the Board will conduct its own review of QSuper's conflicts management framework.

1.14 Conflicts of Interest Training

Newly appointed Responsible Persons¹ will receive training on conflicts of interest as part of the general induction program. The training will cover the identification, disclosure and management of conflicts, and attendees will be required to sign a declaration after attending to confirm that they have received this training.

As part of the annual Fit & Proper Assessment, all Responsible Persons will be required to read the Conflicts of Interest section of this document, and attest that it has been read and understood.

1.15 Gifts

Whether or not to accept a gift is a matter of judgement. Responsible Persons need to satisfy themselves that their position will not be compromised or appear to be compromised by acceptance of a gift or entertainment.

Speaking engagements at conferences

Where a QSuper Responsible Person¹ is invited to be a speaker /presenter at a superannuation and/or investment related conference, the provision of a conference ticket, travel and/or accommodation will not be deemed to be a gift or benefit given that there is a contribution by the QSuper Responsible Person and the fact that the exposure should be beneficial for QSuper. However, it may be accepted only if it complies with all of the following principles:

- it does not influence, or have the potential to influence, a Responsible Person in such a way as to compromise or appear to compromise integrity and impartiality or to create a conflict of interest or perception of conflict of interest; and
- it is not related to consideration of, or decisions about (but not limited to):
 - members' benefits, entitlements, or conditions; or
 - contracts or agreements for the provision of services to QSuper; and
- the conference ticket, travel and/or accommodation is disclosed to Secretariat prior to attendance.

Principles for acceptance of gifts / benefit

A gift or benefit may be accepted only if it complies with all of the following principles:

- it does not influence, or have the potential to influence, a Responsible Person in such a way as to compromise or appear to compromise integrity and impartiality or to create a conflict of interest or perception of conflict of interest; and
- it is not related to consideration of, or decisions about (but not limited to):
 - members' benefits, entitlements, or conditions; or
 - contracts or agreements for the provision of services to QSuper; and
- the obligation or potential obligation implied in acceptance of gifts or benefits of all values and types has been dealt with in accordance with the terms below.

Principles for non-acceptance of gifts / benefits

The gift or benefit shall not be accepted or given if any of the following principles apply:

- it is intended, or is likely, to impact the recipient in carrying out their fiduciary or other responsibilities; or
- a reasonable observer considers that the recipient may be under obligation to the offerer; or
- it is not offered openly; or
- it is an offer of money or anything readily convertible to money—for example, shares.

Appropriateness of gifts / benefits

To assist in determining whether a gift or entertainment is appropriate, the following questions should be considered:

- what is the purpose of the gift or entertainment?
- is the gift or entertainment offered openly, from a reputable source and without any implicit obligations? (it is inappropriate for a Responsible Person to accept money, gifts or entertainment in return for a favour, benefit or other obligation).
- is the value of the gift or entertainment low or high? (for example, entertainment which includes airfares and hotel accommodation may be considered excessive.)
- is the gift or entertainment appropriately infrequent (in most cases entertainment or gifts from any entity or person will be very infrequent)?
- is the gift or entertainment appropriate in terms of the other undertakings given under this Policy?
- what is the timing of the gift or entertainment? (for example, if the gift or entertainment is given around the time of a tender, the gift or entertainment would be inappropriate).

If in doubt, Responsible Persons should decline the offer or seek the guidance of the CEO (for staff) or the Chairman (for other Responsible Persons and the CEO) before making a decision on the offer.

Acceptance guidelines

In setting the limits below, Responsible Persons accept the need for the balance between personal responsibility and the potential risk to QSuper of inappropriate acceptance of entertainment or gifts.

The gift / benefit may only be accepted under the following conditions:

Type of gift / benefit	Value*	Approval	Notification	Acceptable
Cash or anything readily convertible to cash.	Any	N/A	N/A	No
Travel (accommodation, airfares, etc.)	Any	QSuper Board	QSuper Board	Yes
Entertainment / gifts / etc.	Less \$250	N/A	Personal records if over \$50	Yes
Entertainment / gifts / etc.	\$250 - \$500	Chief approves staff Other Responsible Persons and CEO notify Secretariat	Secretariat	Yes
Entertainment / gifts / etc.	Over \$500 - \$1,000	CEO approves staff Chairman approves other Responsible Persons and CEO	Secretariat	Yes
Entertainment / gifts / etc.	\$1,000 - \$5,000	Chair	QSuper Board	Yes

Type of gift / benefit	Value*	Approval	Notification	Acceptable
Entertainment / gifts / etc.	Over \$5,000	N/A	N/A	No

* Value is the individual value in any single circumstance. However if the cumulative value over the financial year from any one person / entity (i.e. several small gifts over a 12 month period) collectively breaches double the above disclosure thresholds, this would need to be disclosed and approved even though each in isolation may be less than the threshold amount. Value should be assessed as apparent market value where the gift / benefit obtained in an arms length transaction.

Notification

Notification (whether to QSuper or in a Responsible Person's personal records), of any gifts or benefits received, must include a description of the gift, value, the date of receipt, name of the provider, name of recipient (including third parties) and reason for accepting the gift. Any disclosure of gifts or benefits received that are reported to QSuper (in accordance with the table above) will be recorded on the QSuper Gifts Register. Secretariat will review the Gifts Register each quarter to determine if any gifts constitute a relevant interest that requires disclosure on the QSuper website.

In addition to on-going disclosure, a half-yearly submission will be tabled at the respective Board meeting requiring Responsible Persons¹ to disclose any gifts or benefits not currently disclosed and to affirm that they have not received any other or prohibited gifts or benefits (i.e. cash, etc).

1.16 Whistle blowing

QSuper strongly supports disclosures being made by Responsible Persons that disclose unethical conduct, illegality or a substantial waste of fund assets. QSuper aims to provide protection to employees who make such disclosures from any detrimental action in reprisal.

This section of the Policy is designed to complement normal communication channels within QSuper. Responsible Persons are encouraged to raise appropriate matters at any time through normal communication channels, but as an alternative have the option of making disclosures in accordance with this Policy.

Protected Disclosures

Disclosures are protected under this section of the Policy (Protected Disclosures) if they are made in accordance with this Policy, and:

- identify or attempt to identify unethical conduct, illegality, or serious and substantial waste of fund assets; and
- are made voluntarily by a QSuper Responsible Person.

A disclosure is not protected under this Policy if it relates to a disclosure which:

- is made frivolously or spitefully; or
- is made solely or substantially with the motive of avoiding dismissal or other disciplinary action.

The making of a false or misleading statement when making a disclosure under this Policy constitutes gross misconduct and may be grounds for removal.

Reporting Disclosures under this Policy

Disclosures can be made in accordance with this Policy to a Nominated Disclosure Officer:

- Chairman of the Board;
- Chief Executive Officer;
- Fund & Company Secretary.

Where persons contemplating making a disclosure are concerned about publicly approaching one of the officers named above they can request that the relevant officer attend a meeting outside of the usual place of work.

Roles and Responsibilities

Responsible Persons

Responsible Persons are encouraged to report known or suspected incidences of unethical conduct, illegality or substantial waste in accordance with this Policy.

All Responsible Persons must abstain from any activity that is or could be perceived to be victimisation or harassment of persons who make disclosures. The confidentiality of persons they know or suspect to have made disclosures should be maintained.

Nominated Disclosure Officers

The Nominated Disclosure Officer is responsible for receiving, forwarding and acting upon disclosures in accordance with the Policy. The Nominated Disclosure Officer will:

- clearly explain to persons making disclosures what will happen in relation to the information received;
- when requested, make arrangements to ensure that disclosures can be made privately and, if necessary, away from the workplace;
- record in writing and date any disclosures received orally (and have the person making the disclosure sign the document);
- consider the appropriate action to be taken in relation to the disclosure, for example:
 - no action / decline;
 - the appropriate person to take responsibility for dealing with the disclosure;
 - the need for a preliminary, informal, formal investigation and / or disciplinary action;
 - referral to an investigating authority for investigation or other appropriate action;
- deal with disclosures impartially;
- report to the Board, the findings of any investigation and recommended remedial action;
- take all necessary and reasonable steps to ensure that the identity of persons who make disclosures, and the subjects of disclosures, are kept confidential; and
- support persons who make disclosures and protect them from victimisation, harassment or any other form of reprisal.

External Disclosures

Disclosures to persons or bodies external to QSuper will only be deemed Protected Disclosures if certain conditions are met:

- the person making the external disclosure must have already made the same disclosure through the internal reporting system;
- the employee must have reasonable grounds for believing that the disclosure is substantially true and the disclosure itself must be substantially true; and
- the officer to whom the matter was originally referred has:
 - decided not to investigate the matter; or
 - decided to investigate the matter but not completed the investigation within six months of the original disclosure; or
 - investigated the matter but not recommended any action in respect of the matter.

The Board supports the disclosure of relevant information to APRA and the Board will not restrict, by confidentiality clauses or other means, any Responsible Person from disclosing information or providing documents to APRA.

Rights of Responsible Persons

Where investigations or other enquiries do not substantiate disclosures, the fact the enquiry has been carried out, the results of the enquiry, and the identity of persons the subject of the disclosure will be kept confidential, unless the subjects of the disclosures request otherwise.

Any employee being the subject of disclosures has the right to:

- be informed as to the substance of the allegations.
- be given a reasonable opportunity to put their case (either orally or in writing) to the Nominated Disclosure Officer.

Before any final decision is taken:

- where the allegation in a disclosure has been investigated and the person the subject of the allegation is aware of the substance of the allegation that person should be formally advised as to the outcome of the investigation.
- where the allegations contained in a disclosure are clearly wrong or unsubstantiated, the person the subject of the disclosure is entitled to the support of the Board and / or Executive management (the nature of the support could include a public statement of support or a letter setting out management's views that the allegations were wrong or unsubstantiated).

Protection against Reprisals

The Board will, and would expect all QSuper Responsible Persons to, take all reasonable steps to ensure that no person making a disclosure in good faith is subject to, or threatened with, a detriment because of any notification in purported compliance with this Policy. Any member of staff who believes that detrimental action is being taken against them substantially in reprisal for the making of an internal disclosure in accordance with this Policy should immediately bring the allegations to the attention of the Nominated Disclosure Officer.

Protection against Actions

This Policy provides that a person is not subject to any liability for making a protected disclosure and no action, claim or demand may be taken or made of or against the person for making the disclosure. A person who has made a protected disclosure is taken not to have committed any offence against any legislation which imposes a duty to maintain confidentiality with respect to any information disclosed.

Confidentiality

No disclosure of information that might identify the person who made the disclosure must be made with the following exceptions:

- the person consents in writing to the release of the information; or
- the principles of natural justice require that the information be disclosed to a person whom the disclosure may concern; or
- the disclosure is in the public interest or is required by law.

Notification of Action Taken

A person who makes a Protected Disclosure must be notified, within six months of the disclosure being made, of the action taken or proposed to be taken in respect of the disclosure.

If a Protected Disclosure is made in accordance with this Policy, the Nominated Disclosure Officer is responsible for the six month notification to the person who made the disclosure.

The notification should contain sufficient information to demonstrate that adequate and appropriate action was taken, or is proposed to be taken, in respect of the disclosure.

1.17 Conflict of Interest – Relevance Principles

If a Responsible Person has any uncertainty as to whether a particular interest is relevant and should be disclosed, then the Relevant Person has a duty to disclose the interest so that a determination can then be made on its relevance and potential impact on QSuper.

Area of potential conflict	Guidelines for determining relevance
Fiduciary responsibility	<p>Must disclose if:</p> <ul style="list-style-type: none"> a) employed by an associated employer or member entity. b) appointed to other Board positions. c) member of another regulated superannuation fund. <p>Responsible Person’s judgement should be used regarding disclosure of:</p> <ul style="list-style-type: none"> a) membership of SMSF. b) other interests or duties which may cause conflict.
Fund membership, design and/or benefits	<p>Must disclose if a QSuper member:</p> <ul style="list-style-type: none"> a) account type and if account balance is greater than \$1 million. b) and insurance coverage is greater than the standard offering (i.e. additional units).
Investments	<p>Must disclose:</p> <ul style="list-style-type: none"> a) shareholdings of listed entities where single entity shareholding is greater than \$250,000. b) ownership of investments greater than \$500,000 in relation to commercial real estate, infrastructure, private equity and bonds. c) if a director, partner, key officeholder or employee of any investment services or financial services provider (investment manager, investment advisor, etc). d) close personal relationships with staff of an investment services or financial services provider. <p>Responsible Person’s judgement should be used regarding disclosure of:</p> <ul style="list-style-type: none"> a) business relationships with staff of an investment services or financial services provider.
Insurance claims matters	<p>Must disclose if:</p> <ul style="list-style-type: none"> a) close personal or business relationship with a member (or beneficiary) whose insurance claim is being determined. <p>Responsible Person’s judgement should be used regarding disclosure of:</p> <ul style="list-style-type: none"> a) knowledge of a member whose insurance claim is being determined.
Relevant service providers	<p>Must disclose:</p> <ul style="list-style-type: none"> a) if a director, partner, key officeholder or employee of a relevant service provider. b) ownership of a relevant service provider, either directly or indirectly, is greater than 10%. c) close personal relationships with staff of a relevant service provider. d) any gifts / benefits received from a relevant service provider should be disclosed in accordance with the Gifts Policy. <p>Responsible Person’s judgement should be used regarding disclosure of:</p> <ul style="list-style-type: none"> a) business relationships with staff of a relevant service provider.
Employment, associations and other	<p>Must disclose:</p> <ul style="list-style-type: none"> a) nature of association with QSuper. b) any gifts / benefits received from a third party as a result of the Responsible Person’s duty to QSuper should be disclosed in accordance with the Gifts Policy. <p>Responsible Person’s judgement should be used regarding disclosure of:</p> <ul style="list-style-type: none"> a) political party memberships or similar affiliations. b) religious views which could potentially cause, or appear to cause, a situation of conflict. c) ideological views which could potentially cause, or appear to cause, a situation of conflict.

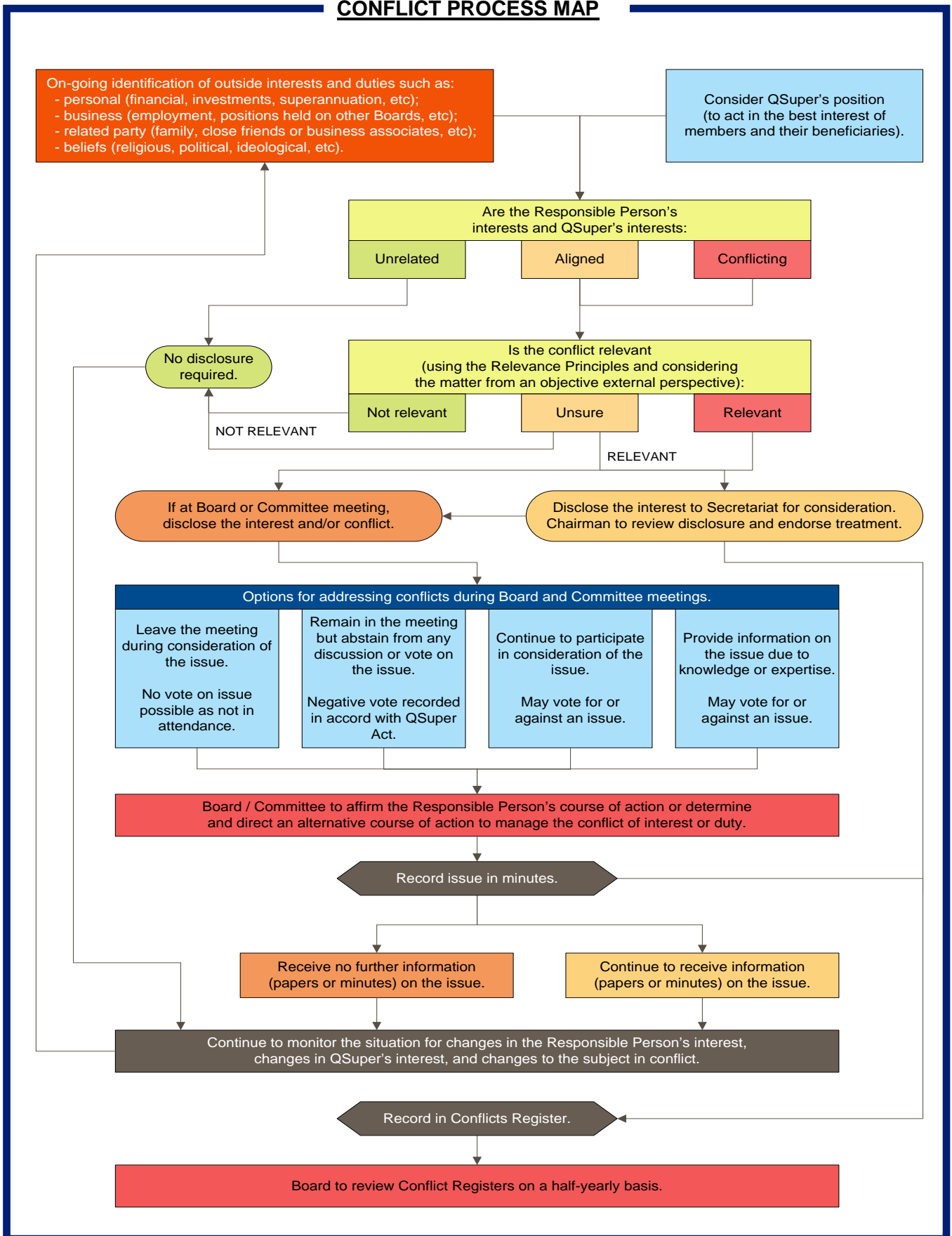
1.18 Conflict of Interest – Relevance Principles (Rationale)

The following information is provided as a rationale as to whether an interest is likely to have a significant impact on the capacity of the Board, Committee or the Responsible Person holding the relevant interest, to act in a manner that is inconsistent with the best interests of QSuper members and beneficiaries.

Fiduciary responsibility	Employment, other Board positions and membership of another regulated superannuation fund are all considered to be matters which could potentially cause conflict and disclosure is therefore required. The relative size of an average SMSF in comparison to QSuper would suggest a low likelihood of conflict and therefore warrants Responsible Person judgement regarding disclosure. This section also includes a broad requirement for Responsible Person's judgement regarding disclosure of other interests or duties which may cause conflict.
Fund membership, design and/or benefits	The dollar limit reflects the fact that the likelihood for QSuper Responsible Persons to personally benefit from QSuper's product design and offering is extremely remote given the broad nature of decisions with respect to these matters. Insurance coverage greater than the standard offering (i.e. additional units), should be disclosed notwithstanding the relatively stable nature of insurance terms minimises the opportunity for personal gain in this area.
Investments	<p>QSuper's size and scale, as well as the complexity and wholesale nature of its investment program, significantly mitigates any potential conflicts and/or influence that any Responsible Person individually, or the Board as a whole, may have. Whilst there may be a perception that the opportunity might arise for Responsible Persons to position themselves (via personal holdings) to benefit from an improved price arising from QSuper's market activities, it is important to note that:</p> <ul style="list-style-type: none"> - In listed markets: <ul style="list-style-type: none"> Day to day trading within existing policy is activity restricted to key people who are subject to specific policies (e.g. PO9 Personal Trading). In many instances, these exposures are undertaken at underlying manager level to which QSuper has no advance knowledge. Implementation of new policy would occur over such timeframes that ensure that QSuper volumes do not in of themselves influence price. Given the depth of these markets, the profile of QSuper's exposures (typically passive) and the trading disciplines applied, these factors combine to significantly restrict the ability to 'front-run'. - In unlisted markets: <ul style="list-style-type: none"> QSuper's exposure to unlisted assets (Real Estate, Infrastructure, Private Equity) occurs via tailored mandates which invest in specific (typically large) assets. Individuals would not be able to replicate exposure to these assets. <p>Therefore the ability for QSuper Responsible Persons to personally benefit from QSuper's investment activities is extremely remote and this has been reflected in relatively large dollar limits. It is noted that involvement in and relationships with related party investment service providers is the most likely area to give rise to conflict of interest and it is considered that these can be managed through appropriate disclosure and mitigation strategies.</p>
Insurance claims matters	Predominantly applies to the QSuper Board, Chief Executive Officer, Chief Officer Member Administration, as well as the Fund & Company Secretary as these are generally the only Responsible Persons privy to the insurance claims information and considerations. Disclosure of close personal or business relationship is required in contrast to 'knowledge of a member' where a Responsible Person's judgement regarding disclosure should be utilised.
Relevant service providers	Involvement, ownership or a close personal relationship with a relevant outsourced provider (as defined in QSuper's Outsourcing Policy), are all considered to be matters which could potentially cause conflict and disclosure is therefore required. Business relationships with relevant outsourced providers are inevitable and Responsible Persons are expected to use their judgement regarding disclosure. This section also requires disclosure of gifts from relevant outsourced providers, in line with the Gifts Policy.
Employment, associations and other	This section requires disclosure of association with QSuper (primarily for external parties), as well as gifts from third parties as a result of the Responsible Person's duty to QSuper (in accordance with the Gifts Policy). Responsible Persons judgement is recommended in relation to political party affiliations and/or other views which may constitute a conflict with the person's role and obligations to QSuper.

Attachment 1 Conflicts Process Map

CONFLICT PROCESS MAP



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Q Super

QS33QW: 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 or oligopoly pricing?
- c. If so, can you provide details of the likely impact, and what is the project impact on revenue and income?

Answer:

- a. The implications will depend on the nature of the regime that the ACCC is seeking to apply for a given underlying asset. The imposition of pricing regulation without robust merits and legal review may increase investment risk, reduce returns and investment, noting that capital is mobile and can be reallocated.
- b. Infrastructure assets generally provide an essential service and in some cases are the sole operator for the particular service in a jurisdiction. Our external investment managers manage the pricing of assets in our infrastructure portfolio in an appropriate and responsible manner to minimise the risk of regulatory pricing intervention. A broad range of scenarios are run across all relevant risks potentially impacting on a business. The key mitigant to this risk is through responsible pricing practices.
- c. There is no generic impact on revenues and income from considering the risk of regulatory pricing intervention. Each investment is considered with respect to its industry and the relevant factors affecting its value chain.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Q Super

QS34QW: 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:

Refer overleaf

	FY2019 - \$6,000 Member Balance					FY2019 - \$50,000 Member Balance					FY2019 - \$150,000 Member Balance				
	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)
Choice Investment Options - Accumulation															
International Shares	4.20	9.60	0.60	-	14.40	35.00	80.00	5.00	-	120.00	105.00	240.00	15.00	-	360.00
Cash	3.60	9.60	-	-	13.20	30.00	80.00	-	-	110.00	90.00	240.00	-	-	330.00
Australian Shares	4.20	9.60	0.60	-	14.40	35.00	80.00	5.00	-	120.00	105.00	240.00	15.00	-	360.00
Diversified Bonds	9.60	9.60	12.00	-	31.20	80.00	80.00	100.00	-	260.00	240.00	240.00	300.00	-	780.00
QSuper Socially Responsible Investment	43.20	9.60	10.80	-	63.60	360.00	80.00	90.00	-	530.00	1,080.00	240.00	270.00	-	1,590.00
QSuper Aggressive	38.40	9.60	5.40	-	53.40	320.00	80.00	45.00	-	445.00	960.00	240.00	135.00	-	1,335.00
QSuper Balanced	34.80	9.60	5.40	-	49.80	290.00	80.00	45.00	-	415.00	870.00	240.00	135.00	-	1,245.00
QSuper Moderate	19.80	9.60	3.00	-	32.40	165.00	80.00	25.00	-	270.00	495.00	240.00	75.00	-	810.00
Weighted Average	29.33	9.60	4.60	-	43.53	244.38	80.00	38.30	-	362.68	733.15	240.00	114.89	-	1,088.04
MySuper Lifetime Options															
Focus 3	27.00	9.60	4.20	-	40.80	225.00	80.00	35.00	-	340.00	675.00	240.00	105.00	-	1,020.00
Aspire 2	31.80	9.60	6.00	-	47.40	265.00	80.00	50.00	-	395.00	795.00	240.00	150.00	-	1,185.00
Sustain 2	18.00	9.60	2.40	-	30.00	150.00	80.00	20.00	-	250.00	450.00	240.00	60.00	-	750.00
Sustain 1	18.00	9.60	2.40	-	30.00	150.00	80.00	20.00	-	250.00	450.00	240.00	60.00	-	750.00
Outlook	39.60	9.60	6.60	-	55.80	330.00	80.00	55.00	-	465.00	990.00	240.00	165.00	-	1,395.00
Focus 1	27.00	9.60	4.20	-	40.80	225.00	80.00	35.00	-	340.00	675.00	240.00	105.00	-	1,020.00
Focus 2	27.00	9.60	4.20	-	40.80	225.00	80.00	35.00	-	340.00	675.00	240.00	105.00	-	1,020.00
Aspire 1	31.80	9.60	6.00	-	47.40	265.00	80.00	50.00	-	395.00	795.00	240.00	150.00	-	1,185.00
Weighted Average	30.32	9.60	5.08	-	45.00	252.66	80.00	42.31	-	374.97	757.97	240.00	126.94	-	1,124.91
Choice Investment Options - Pension															
International Shares	4.20	9.60	0.60	-	14.40	35.00	80.00	5.00	-	120.00	105.00	240.00	15.00	-	360.00
Cash	3.60	9.60	-	-	13.20	30.00	80.00	-	-	110.00	90.00	240.00	-	-	330.00
Australian Shares	4.20	9.60	0.60	-	14.40	35.00	80.00	5.00	-	120.00	105.00	240.00	15.00	-	360.00
Diversified Bonds	9.60	9.60	12.00	-	31.20	80.00	80.00	100.00	-	260.00	240.00	240.00	300.00	-	780.00
QSuper Socially Responsible Investment	43.20	9.60	10.80	-	63.60	360.00	80.00	90.00	-	530.00	1,080.00	240.00	270.00	-	1,590.00
QSuper Aggressive	38.40	9.60	5.40	-	53.40	320.00	80.00	45.00	-	445.00	960.00	240.00	135.00	-	1,335.00
QSuper Balanced	34.80	9.60	5.40	-	49.80	290.00	80.00	45.00	-	415.00	870.00	240.00	135.00	-	1,245.00
QSuper Moderate	19.80	9.60	3.00	-	32.40	165.00	80.00	25.00	-	270.00	495.00	240.00	75.00	-	810.00
Weighted Average	29.70	9.60	4.64	-	43.94	247.46	80.00	38.70	-	366.16	742.38	240.00	116.09	-	1,098.47

	FY2018 - \$6,000 Member Balance					FY2018 - \$50,000 Member Balance					FY2018 - \$150,000 Member Balance				
	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)
Choice Investment Options - Accumulation															
International Shares	6.00	9.60	1.20	-	16.80	50.00	80.00	10.00	-	140.00	150.00	240.00	30.00	-	420.00
Cash	3.60	9.60	-	-	13.20	30.00	80.00	-	-	110.00	90.00	240.00	-	-	330.00
Australian Shares	4.80	9.60	-	-	14.40	40.00	80.00	-	-	120.00	120.00	240.00	-	-	360.00
Diversified Bonds	10.80	9.60	10.80	-	31.20	90.00	80.00	90.00	-	260.00	270.00	240.00	270.00	-	780.00
QSuper Socially Responsible Investment	42.00	9.60	11.40	-	63.00	350.00	80.00	95.00	-	525.00	1,050.00	240.00	285.00	-	1,575.00
QSuper Aggressive	43.20	9.60	8.40	-	61.20	360.00	80.00	70.00	-	510.00	1,080.00	240.00	210.00	-	1,530.00
QSuper Balanced	39.60	9.60	7.80	-	57.00	330.00	80.00	65.00	-	475.00	990.00	240.00	195.00	-	1,425.00
QSuper Moderate	22.20	9.60	4.20	-	36.00	185.00	80.00	35.00	-	300.00	555.00	240.00	105.00	-	900.00
Weighted Average	32.65	9.60	6.47	-	48.72	272.09	80.00	53.92	-	406.01	816.27	240.00	161.75	-	1,218.02
MySuper Lifetime Options															
Focus 3	31.80	9.60	6.00	-	47.40	265.00	80.00	50.00	-	395.00	795.00	240.00	150.00	-	1,185.00
Aspire 2	37.20	9.60	7.20	-	54.00	310.00	80.00	60.00	-	450.00	930.00	240.00	180.00	-	1,350.00
Sustain 2	21.00	9.60	3.60	-	34.20	175.00	80.00	30.00	-	285.00	525.00	240.00	90.00	-	855.00
Sustain 1	21.00	9.60	3.60	-	34.20	175.00	80.00	30.00	-	285.00	525.00	240.00	90.00	-	855.00
Outlook	45.00	9.60	8.40	-	63.00	375.00	80.00	70.00	-	525.00	1,125.00	240.00	210.00	-	1,575.00
Focus 1	31.80	9.60	6.00	-	47.40	265.00	80.00	50.00	-	395.00	795.00	240.00	150.00	-	1,185.00
Focus 2	31.80	9.60	6.00	-	47.40	265.00	80.00	50.00	-	395.00	795.00	240.00	150.00	-	1,185.00
Aspire 1	37.20	9.60	7.20	-	54.00	310.00	80.00	60.00	-	450.00	930.00	240.00	180.00	-	1,350.00
Weighted Average	35.31	9.60	6.63	-	51.54	294.21	80.00	55.22	-	429.43	882.63	240.00	165.66	-	1,288.29
Choice Investment Options - Pension															
International Shares	6.00	9.60	1.20	-	16.80	50.00	80.00	10.00	-	140.00	150.00	240.00	30.00	-	420.00
Cash	3.60	9.60	-	-	13.20	30.00	80.00	-	-	110.00	90.00	240.00	-	-	330.00
Australian Shares	4.80	9.60	-	-	14.40	40.00	80.00	-	-	120.00	120.00	240.00	-	-	360.00
Diversified Bonds	10.80	9.60	10.80	-	31.20	90.00	80.00	90.00	-	260.00	270.00	240.00	270.00	-	780.00
QSuper Socially Responsible Investment	42.00	9.60	11.40	-	63.00	350.00	80.00	95.00	-	525.00	1,050.00	240.00	285.00	-	1,575.00
QSuper Aggressive	43.20	9.60	8.40	-	61.20	360.00	80.00	70.00	-	510.00	1,080.00	240.00	210.00	-	1,530.00
QSuper Balanced	39.60	9.60	7.80	-	57.00	330.00	80.00	65.00	-	475.00	990.00	240.00	195.00	-	1,425.00
QSuper Moderate	22.20	9.60	4.20	-	36.00	185.00	80.00	35.00	-	300.00	555.00	240.00	105.00	-	900.00
Weighted Average	33.34	9.60	6.57	-	49.51	277.82	80.00	54.74	-	412.56	833.46	240.00	164.21	-	1,237.67

	FY2017 - \$6,000 Member Balance					FY2017 - \$50,000 Member Balance					FY2017 - \$150,000 Member Balance				
	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)
Choice Investment Options - Accumulation															
International Shares	6.60	10.80	0.60	-	18.00	55.00	90.00	5.00	-	150.00	165.00	270.00	15.00	-	450.00
Cash	3.60	10.80	-	-	14.40	30.00	90.00	-	-	120.00	90.00	270.00	-	-	360.00
Australian Shares	4.80	10.80	0.60	-	16.20	40.00	90.00	5.00	-	135.00	120.00	270.00	15.00	-	405.00
Diversified Bonds	10.20	10.80	13.20	-	34.20	85.00	90.00	110.00	-	285.00	255.00	270.00	330.00	-	855.00
QSuper Socially Responsible Investment	42.60	10.80	18.60	-	72.00	355.00	90.00	155.00	-	600.00	1,065.00	270.00	465.00	-	1,800.00
QSuper Aggressive	45.00	10.80	12.00	-	67.80	375.00	90.00	100.00	-	565.00	1,125.00	270.00	300.00	-	1,695.00
QSuper Balanced	42.60	10.80	12.00	-	65.40	355.00	90.00	100.00	-	545.00	1,065.00	270.00	300.00	-	1,635.00
QSuper Moderate	24.00	10.80	6.00	-	40.80	200.00	90.00	50.00	-	340.00	600.00	270.00	150.00	-	1,020.00
Weighted Average	33.74	10.80	9.45	-	53.99	281.20	90.00	78.78	-	449.98	843.61	270.00	236.33	-	1,349.94
MySuper Lifetime Options															
Focus 3	34.80	10.80	9.00	-	54.60	290.00	90.00	75.00	-	455.00	870.00	270.00	225.00	-	1,365.00
Aspire 2	40.80	10.80	10.80	-	62.40	340.00	90.00	90.00	-	520.00	1,020.00	270.00	270.00	-	1,560.00
Sustain 2	23.40	10.80	5.40	-	39.60	195.00	90.00	45.00	-	330.00	585.00	270.00	135.00	-	990.00
Sustain 1	23.40	10.80	5.40	-	39.60	195.00	90.00	45.00	-	330.00	585.00	270.00	135.00	-	990.00
Outlook	49.20	10.80	12.60	-	72.60	410.00	90.00	105.00	-	605.00	1,230.00	270.00	315.00	-	1,815.00
Focus 1	34.80	10.80	9.00	-	54.60	290.00	90.00	75.00	-	455.00	870.00	270.00	225.00	-	1,365.00
Focus 2	34.80	10.80	9.00	-	54.60	290.00	90.00	75.00	-	455.00	870.00	270.00	225.00	-	1,365.00
Aspire 1	40.80	10.80	10.80	-	62.40	340.00	90.00	90.00	-	520.00	1,020.00	270.00	270.00	-	1,560.00
Weighted Average	38.80	10.80	9.96	-	59.56	323.37	90.00	83.03	-	496.40	970.10	270.00	249.10	-	1,489.20
Choice Investment Options - Pension															
International Shares	6.60	10.80	0.60	-	18.00	55.00	90.00	5.00	-	150.00	165.00	270.00	15.00	-	450.00
Cash	3.60	10.80	-	-	14.40	30.00	90.00	-	-	120.00	90.00	270.00	-	-	360.00
Australian Shares	4.80	10.80	0.60	-	16.20	40.00	90.00	5.00	-	135.00	120.00	270.00	15.00	-	405.00
Diversified Bonds	10.20	10.80	13.20	-	34.20	85.00	90.00	110.00	-	285.00	255.00	270.00	330.00	-	855.00
QSuper Socially Responsible Investment	42.60	10.80	18.60	-	72.00	355.00	90.00	155.00	-	600.00	1,065.00	270.00	465.00	-	1,800.00
QSuper Aggressive	45.00	10.80	12.00	-	67.80	375.00	90.00	100.00	-	565.00	1,125.00	270.00	300.00	-	1,695.00
QSuper Balanced	42.60	10.80	12.00	-	65.40	355.00	90.00	100.00	-	545.00	1,065.00	270.00	300.00	-	1,635.00
QSuper Moderate	24.00	10.80	6.00	-	40.80	200.00	90.00	50.00	-	340.00	600.00	270.00	150.00	-	1,020.00
Weighted Average	35.35	10.80	9.86	-	56.01	294.56	90.00	82.21	-	466.77	883.67	270.00	246.62	-	1,400.29

	Investment	Admin Fee	Indirect Costs	Other	Total Costs	Investment	Admin Fee	Indirect Costs	Other	Total Costs	Investment	Admin Fee	Indirect Costs	Other	Total Costs
	Fee (\$)	(\$)	(\$)	Costs (\$)	(\$)	Fee (\$)	(\$)	(\$)	Costs (\$)	(\$)	Fee (\$)	(\$)	(\$)	Costs (\$)	(\$)
Choice Investment Options - Accumulation															
International Shares	6.00	12.00	-	-	18.00	50.00	100.00	-	-	150.00	150.00	300.00	-	-	450.00
Cash	3.60	12.00	-	-	15.60	30.00	100.00	-	-	130.00	90.00	300.00	-	-	390.00
Australian Shares	4.20	12.00	-	-	16.20	35.00	100.00	-	-	135.00	105.00	300.00	-	-	405.00
Diversified Bonds	9.00	12.00	-	-	21.00	75.00	100.00	-	-	175.00	225.00	300.00	-	-	525.00
QSuper Socially Responsible Investment	40.20	12.00	-	-	52.20	335.00	100.00	-	-	435.00	1,005.00	300.00	-	-	1,305.00
QSuper Aggressive	39.60	12.00	-	-	51.60	330.00	100.00	-	-	430.00	990.00	300.00	-	-	1,290.00
QSuper Balanced	36.00	12.00	-	-	48.00	300.00	100.00	-	-	400.00	900.00	300.00	-	-	1,200.00
QSuper Moderate	19.80	12.00	-	-	31.80	165.00	100.00	-	-	265.00	495.00	300.00	-	-	795.00
Weighted Average	28.03	12.00	-	-	40.03	233.60	100.00	-	-	333.60	700.79	300.00	-	-	1,000.79
MySuper Lifetime Options															
Focus 3	31.80	12.00	-	-	43.80	265.00	100.00	-	-	365.00	795.00	300.00	-	-	1,095.00
Aspire 2	36.60	12.00	-	-	48.60	305.00	100.00	-	-	405.00	915.00	300.00	-	-	1,215.00
Sustain 2	20.40	12.00	-	-	32.40	170.00	100.00	-	-	270.00	510.00	300.00	-	-	810.00
Sustain 1	20.40	12.00	-	-	32.40	170.00	100.00	-	-	270.00	510.00	300.00	-	-	810.00
Outlook	43.80	12.00	-	-	55.80	365.00	100.00	-	-	465.00	1,095.00	300.00	-	-	1,395.00
Focus 1	31.80	12.00	-	-	43.80	265.00	100.00	-	-	365.00	795.00	300.00	-	-	1,095.00
Focus 2	31.80	12.00	-	-	43.80	265.00	100.00	-	-	365.00	795.00	300.00	-	-	1,095.00
Aspire 1	36.60	12.00	-	-	48.60	305.00	100.00	-	-	405.00	915.00	300.00	-	-	1,215.00
Weighted Average	34.80	12.00	-	-	46.80	290.03	100.00	-	-	390.03	870.08	300.00	-	-	1,170.08
Choice Investment Options - Pension															
International Shares	6.00	12.00	-	-	18.00	50.00	100.00	-	-	150.00	150.00	300.00	-	-	450.00
Cash	3.60	12.00	-	-	15.60	30.00	100.00	-	-	130.00	90.00	300.00	-	-	390.00
Australian Shares	4.20	12.00	-	-	16.20	35.00	100.00	-	-	135.00	105.00	300.00	-	-	405.00
Diversified Bonds	9.00	12.00	-	-	21.00	75.00	100.00	-	-	175.00	225.00	300.00	-	-	525.00
QSuper Socially Responsible Investment	40.20	12.00	-	-	52.20	335.00	100.00	-	-	435.00	1,005.00	300.00	-	-	1,305.00
QSuper Aggressive	39.60	12.00	-	-	51.60	330.00	100.00	-	-	430.00	990.00	300.00	-	-	1,290.00
QSuper Balanced	36.00	12.00	-	-	48.00	300.00	100.00	-	-	400.00	900.00	300.00	-	-	1,200.00
QSuper Moderate	19.80	12.00	-	-	31.80	165.00	100.00	-	-	265.00	495.00	300.00	-	-	795.00
Weighted Average	29.45	12.00	-	-	41.45	870.08	300.00	-	-	1,170.08	736.18	300.00	-	-	1,036.18

	FY2015 - \$6,000 Member Balance					FY2015 - \$50,000 Member Balance					FY2015 - \$150,000 Member Balance				
	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)	Investment Fee (\$)	Admin Fee (\$)	Indirect Costs (\$)	Other Costs (\$)	Total Costs (\$)
Choice Investment Options - Accumulation															
International Shares	5.40	13.20	-	-	18.60	45.00	110.00	-	-	155.00	135.00	330.00	-	-	465.00
Cash	3.60	13.20	-	-	16.80	30.00	110.00	-	-	140.00	90.00	330.00	-	-	420.00
Australian Shares	4.80	13.20	-	-	18.00	40.00	110.00	-	-	150.00	120.00	330.00	-	-	450.00
Diversified Bonds	12.00	13.20	-	-	25.20	100.00	110.00	-	-	210.00	300.00	330.00	-	-	630.00
QSuper Socially Responsible Investment	42.00	13.20	-	-	55.20	350.00	110.00	-	-	460.00	1,050.00	330.00	-	-	1,380.00
QSuper Aggressive	38.40	13.20	-	-	51.60	320.00	110.00	-	-	430.00	960.00	330.00	-	-	1,290.00
QSuper Balanced	32.40	13.20	-	-	45.60	270.00	110.00	-	-	380.00	810.00	330.00	-	-	1,140.00
QSuper Moderate	18.60	13.20	-	-	31.80	155.00	110.00	-	-	265.00	465.00	330.00	-	-	795.00
Weighted Average	25.76	13.20	-	-	38.96	214.70	110.00	-	-	324.70	644.11	330.00	-	-	974.11
MySuper Lifetime Options															
Focus 3	31.20	13.20	-	-	44.40	260.00	110.00	-	-	370.00	780.00	330.00	-	-	1,110.00
Aspire 2	35.40	13.20	-	-	48.60	295.00	110.00	-	-	405.00	885.00	330.00	-	-	1,215.00
Sustain 2	21.00	13.20	-	-	34.20	175.00	110.00	-	-	285.00	525.00	330.00	-	-	855.00
Sustain 1	21.00	13.20	-	-	34.20	175.00	110.00	-	-	285.00	525.00	330.00	-	-	855.00
Outlook	41.40	13.20	-	-	54.60	345.00	110.00	-	-	455.00	1,035.00	330.00	-	-	1,365.00
Focus 1	31.20	13.20	-	-	44.40	260.00	110.00	-	-	370.00	780.00	330.00	-	-	1,110.00
Focus 2	31.20	13.20	-	-	44.40	260.00	110.00	-	-	370.00	780.00	330.00	-	-	1,110.00
Aspire 1	35.40	13.20	-	-	48.60	295.00	110.00	-	-	405.00	885.00	330.00	-	-	1,215.00
Weighted Average	33.72	13.20	-	-	46.92	281.01	110.00	-	-	391.01	843.03	330.00	-	-	1,173.03
Choice Investment Options - Pension															
International Shares	5.40	13.20	-	-	18.60	45.00	110.00	-	-	155.00	135.00	330.00	-	-	465.00
Cash	3.60	13.20	-	-	16.80	30.00	110.00	-	-	140.00	90.00	330.00	-	-	420.00
Australian Shares	4.80	13.20	-	-	18.00	40.00	110.00	-	-	150.00	120.00	330.00	-	-	450.00
Diversified Bonds	12.00	13.20	-	-	25.20	100.00	110.00	-	-	210.00	300.00	330.00	-	-	630.00
QSuper Socially Responsible Investment	42.00	13.20	-	-	55.20	350.00	110.00	-	-	460.00	1,050.00	330.00	-	-	1,380.00
QSuper Aggressive	38.40	13.20	-	-	51.60	320.00	110.00	-	-	430.00	960.00	330.00	-	-	1,290.00
QSuper Balanced	32.40	13.20	-	-	45.60	270.00	110.00	-	-	380.00	810.00	330.00	-	-	1,140.00
QSuper Moderate	18.60	13.20	-	-	31.80	155.00	110.00	-	-	265.00	465.00	330.00	-	-	795.00
Weighted Average	26.58	13.20	-	-	39.78	221.51	110.00	-	-	331.51	664.53	330.00	-	-	994.53

The QSuper Board also provides Defined Benefit accounts (closed to new membership). The retirement benefit for Defined Benefit account holders is calculated by multiplying a number that reflects their years of service and contribution rates with a final salary on retirement. The Defined Benefit account is not reduced by any fees or costs.

Also note that no indirect costs have been identified in respect of the years ending 30 June 2015 and 30 June 2016. As there was no regulatory requirement to identify and disclose these costs in respect of these costs for those years, this data is not available.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Q Super

- QS35QW:** 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:

Refer overleaf for details.

The QSuper Board also provides Defined Benefit accounts (closed to new membership). The retirement benefit for Defined Benefit account holders is calculated by multiplying a number that reflects their years of service and contribution rates with a final salary on retirement. The Defined Benefit account is not reduced by any fees or costs.

Member balance of \$6,000, \$50,000 and \$150,000
(fees are a set % regardless of member balance, with a administration fee cap of \$900)

FY2019

Choice Investment Options - Accumulation	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.07%	0.16%	0.01%	0.00%	0.24%
Cash	0.06%	0.16%	0.00%	0.00%	0.22%
Australian Shares	0.07%	0.16%	0.01%	0.00%	0.24%
Diversified Bonds	0.16%	0.16%	0.20%	0.00%	0.52%
QSuper Socially Responsible Investment	0.72%	0.16%	0.18%	0.00%	1.06%
QSuper Aggressive	0.64%	0.16%	0.09%	0.00%	0.89%
QSuper Balanced	0.58%	0.16%	0.09%	0.00%	0.83%
QSuper Moderate	0.33%	0.16%	0.05%	0.00%	0.54%
Weighted Average	0.49%	0.16%	0.08%	0.00%	0.73%

MySuper Lifetime Options	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
Focus 3	0.45%	0.16%	0.07%	0.00%	0.68%
Aspire 2	0.53%	0.16%	0.10%	0.00%	0.79%
Sustain 2	0.30%	0.16%	0.04%	0.00%	0.50%
Sustain 1	0.30%	0.16%	0.04%	0.00%	0.50%
Outlook	0.66%	0.16%	0.11%	0.00%	0.93%
Focus 1	0.45%	0.16%	0.07%	0.00%	0.68%
Focus 2	0.45%	0.16%	0.07%	0.00%	0.68%
Aspire 1	0.53%	0.16%	0.10%	0.00%	0.79%
Weighted Average	0.51%	0.16%	0.08%	0.00%	0.75%

Choice Investment Options - Pension	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.07%	0.16%	0.01%	0.00%	0.24%
Cash	0.06%	0.16%	0.00%	0.00%	0.22%
Australian Shares	0.07%	0.16%	0.01%	0.00%	0.24%
Diversified Bonds	0.16%	0.16%	0.20%	0.00%	0.52%
QSuper Socially Responsible Investment	0.72%	0.16%	0.18%	0.00%	1.06%
QSuper Aggressive	0.64%	0.16%	0.09%	0.00%	0.89%
QSuper Balanced	0.58%	0.16%	0.09%	0.00%	0.83%
QSuper Moderate	0.33%	0.16%	0.05%	0.00%	0.54%
Weighted Average	0.49%	0.16%	0.08%	0.00%	0.73%

Member balance of \$6,000, \$50,000 and \$150,000
(fees are a set % regardless of member balance, with a administration fee cap of \$900)

FY2018

Choice Investment Options - Accumulation	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.10%	0.16%	0.02%	0.00%	0.28%
Cash	0.06%	0.16%	0.00%	0.00%	0.22%
Australian Shares	0.08%	0.16%	0.00%	0.00%	0.24%
Diversified Bonds	0.18%	0.16%	0.18%	0.00%	0.52%
QSuper Socially Responsible Investment	0.70%	0.16%	0.19%	0.00%	1.05%
QSuper Aggressive	0.72%	0.16%	0.14%	0.00%	1.02%
QSuper Balanced	0.66%	0.16%	0.13%	0.00%	0.95%
QSuper Moderate	0.37%	0.16%	0.07%	0.00%	0.60%
Weighted Average	0.54%	0.16%	0.11%	0.00%	0.81%

MySuper Lifetime Options	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
Focus 3	0.53%	0.16%	0.10%	0.00%	0.79%
Aspire 2	0.62%	0.16%	0.12%	0.00%	0.90%
Sustain 2	0.35%	0.16%	0.06%	0.00%	0.57%
Sustain 1	0.35%	0.16%	0.06%	0.00%	0.57%
Outlook	0.75%	0.16%	0.14%	0.00%	1.05%
Focus 1	0.53%	0.16%	0.10%	0.00%	0.79%
Focus 2	0.53%	0.16%	0.10%	0.00%	0.79%
Aspire 1	0.62%	0.16%	0.12%	0.00%	0.90%
Weighted Average	0.59%	0.16%	0.11%	0.00%	0.86%

Choice Investment Options - Pension	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.10%	0.16%	0.02%	0.00%	0.28%
Cash	0.06%	0.16%	0.00%	0.00%	0.22%
Australian Shares	0.08%	0.16%	0.00%	0.00%	0.24%
Diversified Bonds	0.18%	0.16%	0.18%	0.00%	0.52%
QSuper Socially Responsible Investment	0.70%	0.16%	0.19%	0.00%	1.05%
QSuper Aggressive	0.72%	0.16%	0.14%	0.00%	1.02%
QSuper Balanced	0.66%	0.16%	0.13%	0.00%	0.95%
QSuper Moderate	0.37%	0.16%	0.07%	0.00%	0.60%
Weighted Average	0.56%	0.16%	0.11%	0.00%	0.83%

Member balance of \$6,000, \$50,000 and \$150,000
(feas are a set % regardless of member balance, with a administration fee cap of \$900)

FY2017

Choice Investment Options - Accumulation	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.11%	0.18%	0.01%	0.00%	0.30%
Cash	0.06%	0.18%	0.00%	0.00%	0.24%
Australian Shares	0.08%	0.18%	0.01%	0.00%	0.27%
Diversified Bonds	0.17%	0.18%	0.22%	0.00%	0.57%
QSuper Socially Responsible Investment	0.71%	0.18%	0.31%	0.00%	1.20%
QSuper Aggressive	0.75%	0.18%	0.20%	0.00%	1.13%
QSuper Balanced	0.71%	0.18%	0.20%	0.00%	1.09%
QSuper Moderate	0.40%	0.18%	0.10%	0.00%	0.68%
Weighted Average	0.56%	0.18%	0.16%	0.00%	0.90%

MySuper Lifetime Options	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
Focus 3	0.58%	0.18%	0.15%	0.00%	0.91%
Aspire 2	0.68%	0.18%	0.18%	0.00%	1.04%
Sustain 2	0.39%	0.18%	0.09%	0.00%	0.66%
Sustain 1	0.39%	0.18%	0.09%	0.00%	0.66%
Outlook	0.82%	0.18%	0.21%	0.00%	1.21%
Focus 1	0.58%	0.18%	0.15%	0.00%	0.91%
Focus 2	0.58%	0.18%	0.15%	0.00%	0.91%
Aspire 1	0.68%	0.18%	0.18%	0.00%	1.04%
Weighted Average	0.65%	0.18%	0.17%	0.00%	0.99%

Choice Investment Options - Pension	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.11%	0.18%	0.01%	0.00%	0.30%
Cash	0.06%	0.18%	0.00%	0.00%	0.24%
Australian Shares	0.08%	0.18%	0.01%	0.00%	0.27%
Diversified Bonds	0.17%	0.18%	0.22%	0.00%	0.57%
QSuper Socially Responsible Investment	0.71%	0.18%	0.31%	0.00%	1.20%
QSuper Aggressive	0.75%	0.18%	0.20%	0.00%	1.13%
QSuper Balanced	0.71%	0.18%	0.20%	0.00%	1.09%
QSuper Moderate	0.40%	0.18%	0.10%	0.00%	0.68%
Weighted Average	0.59%	0.18%	0.16%	0.00%	0.93%

Member balance of \$6,000, \$50,000 and \$150,000
(fees are a set % regardless of member balance, with a administration fee cap of \$900)

FY2016

Choice Investment Options - Accumulation	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.10%	0.20%	0.00%	0.00%	0.30%
Cash	0.06%	0.20%	0.00%	0.00%	0.26%
Australian Shares	0.07%	0.20%	0.00%	0.00%	0.27%
Diversified Bonds	0.15%	0.20%	0.00%	0.00%	0.35%
QSuper Socially Responsible Investment	0.67%	0.20%	0.00%	0.00%	0.87%
QSuper Aggressive	0.66%	0.20%	0.00%	0.00%	0.86%
QSuper Balanced	0.60%	0.20%	0.00%	0.00%	0.80%
QSuper Moderate	0.33%	0.20%	0.00%	0.00%	0.53%
Weighted Average	0.47%	0.20%	0.00%	0.00%	0.67%

MySuper Lifetime Options	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
Focus 3	0.53%	0.20%	0.00%	0.00%	0.73%
Aspire 2	0.61%	0.20%	0.00%	0.00%	0.81%
Sustain 2	0.34%	0.20%	0.00%	0.00%	0.54%
Sustain 1	0.34%	0.20%	0.00%	0.00%	0.54%
Outlook	0.73%	0.20%	0.00%	0.00%	0.93%
Focus 1	0.53%	0.20%	0.00%	0.00%	0.73%
Focus 2	0.53%	0.20%	0.00%	0.00%	0.73%
Aspire 1	0.61%	0.20%	0.00%	0.00%	0.81%
Weighted Average	0.58%	0.20%	0.00%	0.00%	0.78%

Choice Investment Options - Pension	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.10%	0.20%	0.00%	0.00%	0.30%
Cash	0.06%	0.20%	0.00%	0.00%	0.26%
Australian Shares	0.07%	0.20%	0.00%	0.00%	0.27%
Diversified Bonds	0.15%	0.20%	0.00%	0.00%	0.35%
QSuper Socially Responsible Investment	0.67%	0.20%	0.00%	0.00%	0.87%
QSuper Aggressive	0.66%	0.20%	0.00%	0.00%	0.86%
QSuper Balanced	0.60%	0.20%	0.00%	0.00%	0.80%
QSuper Moderate	0.33%	0.20%	0.00%	0.00%	0.53%
Weighted Average	0.49%	0.20%	0.00%	0.00%	0.69%

Member balance of \$6,000, \$50,000 and \$150,000
(fees are a set % regardless of member balance, with a administration fee cap of \$900)

FY2015

Choice Investment Options - Accumulation	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.09%	0.22%	0.00%	0.00%	0.31%
Cash	0.06%	0.22%	0.00%	0.00%	0.28%
Australian Shares	0.08%	0.22%	0.00%	0.00%	0.30%
Diversified Bonds	0.20%	0.22%	0.00%	0.00%	0.42%
QSuper Socially Responsible Investment	0.70%	0.22%	0.00%	0.00%	0.92%
QSuper Aggressive	0.64%	0.22%	0.00%	0.00%	0.86%
QSuper Balanced	0.54%	0.22%	0.00%	0.00%	0.76%
QSuper Moderate	0.31%	0.22%	0.00%	0.00%	0.53%
Weighted Average	0.43%	0.22%	0.00%	0.00%	0.65%

MySuper Lifetime Options	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
Focus 3	0.52%	0.22%	0.00%	0.00%	0.74%
Aspire 2	0.59%	0.22%	0.00%	0.00%	0.81%
Sustain 2	0.35%	0.22%	0.00%	0.00%	0.57%
Sustain 1	0.35%	0.22%	0.00%	0.00%	0.57%
Outlook	0.69%	0.22%	0.00%	0.00%	0.91%
Focus 1	0.52%	0.22%	0.00%	0.00%	0.74%
Focus 2	0.52%	0.22%	0.00%	0.00%	0.74%
Aspire 1	0.59%	0.22%	0.00%	0.00%	0.81%
Weighted Average	0.56%	0.22%	0.00%	0.00%	0.78%

Choice Investment Options - Pension	Investment Fee (%)	Admin Fee (%)	Indirect Costs (%)	Other Costs (%)	Total Costs (%)
International Shares	0.09%	0.22%	0.00%	0.00%	0.31%
Cash	0.06%	0.22%	0.00%	0.00%	0.28%
Australian Shares	0.08%	0.22%	0.00%	0.00%	0.30%
Diversified Bonds	0.20%	0.22%	0.00%	0.00%	0.42%
QSuper Socially Responsible Investment	0.70%	0.22%	0.00%	0.00%	0.92%
QSuper Aggressive	0.64%	0.22%	0.00%	0.00%	0.86%
QSuper Balanced	0.54%	0.22%	0.00%	0.00%	0.76%
QSuper Moderate	0.31%	0.22%	0.00%	0.00%	0.53%
Weighted Average	0.44%	0.22%	0.00%	0.00%	0.66%

Also note that no indirect costs have been identified in respect of the years ending 30 June 2015 and 30 June 2016. As there was no regulatory requirement to identify and disclose these costs in respect of these costs for those years, this data is not available.

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

Q Super

QS36QW: 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:

Entity	Function	FY15 (\$'000)	FY16 (\$'000)	FY17 (\$'000)	FY18 (\$'000)	FY19 (\$'000)
QSuper Limited (and its wholly owned subsidiaries)	Investment management	27,593	28,785	36,610	36,855	44,592
QSuper Limited (and its wholly owned subsidiaries)	Procurement and Administration	187,798	187,797	181,958	213,897	214,259
Total		215,391	216,582	218,568	250,752	258,851

Notes:

- QSuper Limited (and its wholly-owned subsidiaries) provide superannuation administration , procurement and investment services to QSuper on a cost recovery basis.

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

Q Super

- QS37QW:** 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 a.

QSuper thoughtfully invests in advertising and/or marketing programs that benefit our members. QSuper runs two categories of programs:

- 1) Existing Members:** Advertising and/or marketing programs that inform and educate members about ways to save and plan for their long-term retirement goals and programs that provide information about the range of product and services that QSuper provides to assist members. From 1 July 2017 Queensland Government employees have been able to choose their own super fund. Advertising and marketing is an efficient way to highlight to existing members the benefits of QSuper including our approach to fees, advice and investment returns.

Financial wellbeing includes informing and educating members on the value of financial advice, educational seminars and insurance - that is, services which aim to improve the financial literacy and retirement outcomes of our members. While these activities predominantly involve education and general advice to QSuper members of their retirement options and opportunities, the costs have been included in Marketing costs. We estimate that of the total spend in Marketing and Advertising category up to 26% can be termed as education.

- 2) Seeking new members:** Advertising and/or marketing programs which aim to attract new members. Whilst marketing campaigns are largely aimed at retaining and

educating existing members, from 1 July 2017 QSuper became an open fund and marketing programs are also aimed at attracting new members to QSuper.

The below table shows the total cost of QSuper’s advertising and marketing expenditure to Existing and New members. The total includes staffing costs, as well as costs associated with Outdoor Advertising (although this form of advertising was not explicitly requested in the following sub-questions that relate to specific types of media spend).

	Year 1 FY 2018-19	Year 2 FY 2017-18	Year 3 FY 2016-17	Year 4 FY 2015-16	Year 5 FY 2014-15	Total 5 year
Advertising and Promotion	\$ 7,556,875	\$ 6,861,252	\$ 2,673,851	\$ 1,648,226	\$ 1,704,423	\$ 20,444,626
Direct Marketing to members	\$ 1,959,617	\$ 1,870,878	\$ 3,734,287	\$ 2,921,731	\$ 2,894,695	\$ 13,381,208
Staffing costs	\$ 3,788,056	\$ 3,283,140	\$ 3,191,722	\$ 3,393,081	\$ 3,310,887	\$ 16,966,886
True Marketing and Advertising %	85%	84%	61%	63%	63%	74%
Education %	15%	16%	39%	37%	37%	26%

b.

The below table shows the total cost (inclusive of staffing) of QSuper’s advertising and marketing expenditure per member. These costs were based on QSuper’s average of reported members to APRA for these financial years.

	Year 1 FY 2018-19	Year 2 FY 2017-18	Year 3 FY 2016-17	Year 4 FY 2015-16	Year 5 FY 2014-15
Cost per Member	\$23	\$21	\$17	\$14	\$14

c.

There are two tables below:

- i) The first is the table that QSuper provided in its November 2019 response to QS11QW – this included Advertising and Promotion (new and existing members).
- ii) The second table shows the total cost of QSuper’s advertising (which includes the information in table i) plus an additional amount to cover internal staff costs) divided by the number of new members who joined the Fund in the relevant financial year. Prior to 1 July 2017 QSuper was a closed superannuation fund and only available to Queensland Government employees. New members joined QSuper as a result of obtaining employment with a Queensland Government employer. The focus of advertising was on retention of existing members, and not acquisition of new members.

Table i)

Total Spend	Year 1		Year 2		Year 3		Year 4		Year 5	
	FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15	
Total Sponsorship costs	\$	839,651	\$	732,413	\$	288,181	\$	86,999	\$	104,000
Number of Sponsorships		41		31		19		6		7
Advertising and Promo (New & Existing members)	\$	6,717,224	\$	6,128,839	\$	2,385,670	\$	1,561,227	\$	1,600,423
Direct Marketing to members	\$	1,959,617	\$	1,870,878	\$	3,734,287	\$	2,921,731	\$	2,894,695
Employee	\$	3,360,135	\$	2,887,224	\$	2,999,849	\$	3,294,724	\$	3,310,887
TOTAL Budget	\$	12,876,627	\$	11,619,353	\$	9,407,987	\$	7,864,681	\$	7,910,005

Table ii)

	Year 1		Year 2		Year 3		Year 4		Year 5	
	FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15	
Total cost of all advertising per new member		\$192		\$157		\$77		\$51		\$47

d.

QSuper did not use television as a channel for advertising and/or marketing prior to FY2018-19. QSuper commenced a television advertising campaign in Queensland in January 2020.

e.

The below table shows the total cost of QSuper's radio advertising and/or marketing.

	Year 1		Year 2		Year 3		Year 4		Year 5	
	FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15	
Radio advertising and/or marketing		\$785,383		\$698,611		\$192,854		\$59,919		\$147,819

f.

The below table shows the total cost of QSuper's print advertising and marketing.

	Year 1		Year 2		Year 3		Year 4		Year 5	
	FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15	
Print advertising and/or marketing		\$480,226		\$530,992		\$319,933	\$	465,095	\$	567,852

g.

The below table shows the total cost of QSuper's online advertising and marketing.

	Year 1		Year 2		Year 3		Year 4		Year 5	
	FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15	
Online advertising and/or marketing	\$	1,509,332	\$	1,141,566	\$	519,111	\$	386,023	\$	90,081

h.

The below table shows the total FTE in roles relating to QSuper's advertising and marketing.

	Year 1		Year 2		Year 3		Year 4		Year 5	
	FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16		FY 2014-15	
QSuper Advertising and Marketing FTE		25		22		18		23		24

QSuper marketing staff support advertising and marketing for the superannuation fund, preparation of all disclosure documents, member communications, forms and other as well as marketing associated financial wellbeing services (financial planning and insurance).

i.

During this five year period QSuper had only one engagement with a traditional type of advisory consultant. All other vendors and agencies used within this period are typical

marketing service providers such as campaign development, media, creative design and printing.

	Year 1 FY 2018-19	Year 2 FY 2017-18	Year 3 FY 2016-17	Year 4 FY 2015-16	Year 5 FY 2014-15
Traditional Consultants				\$ 23,427	\$ 95,434
Marketing Services (Media planning, Creative, Email campaign management)	\$ 941,028	\$ 1,172,551	\$ 886,928	\$ 1,225,912	\$ 1,504,086

j.
No

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QS38QW: 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: QSuper spent the following on advertising¹ on the requested platforms from July 1, 2010 to June 30, 2019:

- a. \$1,689,194.18 on Google²
- b. \$555,410.49 on Facebook
- c. \$11,666.67 on Twitter
- d. \$3,951.20 on Instagram
- e. \$30,380.76 on non-Google search engines (Bing)
- f. \$25,220.45 on other social media platforms, comprising:
 - i. \$25,080.59 on LinkedIn
 - ii. \$139.86 on Snapchat

¹ Advertising spend excludes media agency service fees.

² Google advertising spend includes associated products such as Google Ad Words, Google Display Network, Google Display and Video 360, Gmail, YouTube, Google Marketing Platform and Invite Media.

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**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
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QS39QW: Can you provide details if you have purchased the following over the past decade:

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

Answer:

- a. QSuper has purchased advertisements across Google's platforms including Google Ad Words, Google Display Network, Google Display & Video 360, YouTube, Gmail and Google Marketing Platform and Invite Media.
- b. QSuper has purchased Google search terms to be present for online searches performed by customers engaging with their superannuation. See QS40QW for more detail.

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QS40QW:

- 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:

- a. As outlined in QS38QW and QS39QW, QSuper has purchased advertisements across Google's platforms including Google Ad Words, Google Display Network, Google Display & Video 360, YouTube, Gmail and Google Marketing Platform and Invite Media.
- b. QSuper has generated impressions from broad and exact match search queries from July 1, 2014 to June 30, 2019 in Google Ad Words, examples include "+qsuper +performance", "+qsuper +lifetime outlook" and "[qsuper financial advice]". This has enabled being present for online searches performed by customers engaging with their superannuation.

QSuper considers the comprehensive list of keyword term variations to be commercially sensitive.

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

QS41QW: 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: Typically, asset level returns are driven by a number of factors including impacts of specific asset management strategies and initiatives as well as broader macro factors. It is difficult to attribute the components of return across a large, diversified unlisted portfolio to single factors (such as interest rates), given a number of other variables across the portfolio at any point in time. As outlined in QS44QW, all valuations adhere to QSuper's formally documented valuation process and governance framework.

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Q Super

- QS42QW:** How will the overall fund performance be affected if:
- The income return of unlisted assets declines?
 - The fund can no longer purchase unlisted assets onshore?
 - The fund can no longer purchase unlisted assets offshore?

Answer:

Part a)

QSuper evaluates unlisted assets using total returns (e.g. capital gains plus income). No special consideration is given to the Income return. The fund is mindful of risks that can arise from illiquid investments and have processes in place to manage these.

If a decline in income return also reduced total returns from unlisted assets, fund performance would fall. The precise impact will depend on the cause of these lower returns and whether listed markets are also impacted. Broadly, lower returns to unlisted markets would make it more difficult to meet return objectives.

Parts b and c)

Unlisted assets permit the QSuper Board to fulfil their fiduciary and statutory duty to act in the best financial interests' of QSuper by providing greater diversification of QSuper's portfolios and have historically delivered returns above portfolio objectives. Restrictions on unlisted assets, either offshore or altogether, would produce more concentrated and volatile portfolios with lower returns. If the restriction were only on offshore unlisted assets the portfolio's concentration in both listed assets and Australian unlisted assets would increase.

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Q Super

QS43QW: How have you structured the fund to address the writing back of the increased investment capitalised future returns?

Answer: In preparing this response QSuper understands the question to mean:

Based on the prior question about falling discount rates (QS41QW), how do you manage capital gains due to falling discount rates or a bring-forward of returns?

Using this interpretation our response is as follows:

QSuper sets target asset allocations. These targets are set by considering the best portfolio to achieve objectives and the likely forward path of factors that may influence asset valuations (e.g. interest rates). The portfolio cannot be rebalanced immediately if capital gains in unlisted asset classes were to take actual allocations above the target weight. Instead, weights to listed bond and equity proxies for these unlisted assets are reduced. These proxies are like a funding source for the unlisted allocations.

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

Q Super

QS44QW: 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:

- a. We have not directly conducted such a study however, we have had external assurance reviews that have confirmed QSuper's valuation processes are industry standard.
- b. We implement a formally documented valuation process and governance framework that provides us confidence that the valuations of unlisted assets reflect as best possible, their value to the fund:
 - In accordance with the QSuper Board approved External Manager Due Diligence process, QSuper's Funds Management team appoints external Managers to acquire and manage unlisted assets.
 - As part of the appointment process for Managers of Unlisted assets, the Manager's Valuation Policy is reviewed to ensure compliance with the QSuper Board approved Valuation Policy. This policy is owned by the Chief Financial Officer (CFO) and sets out the principles as well as the roles and responsibilities in determining asset valuations. Compliance with this policy is monitored by the Valuation Review Panel (VRP) which consists of management personnel across the relevant parts of the business. The VRP reports periodically to the Audit & Risk Committee (ARC) on the appropriateness of asset values and application of the Policy.
 - For unlisted assets, the policy requires an independent valuation be struck by an expert and qualified valuer, at least annually. The Manager also completes a 'desktop' valuation on a quarterly basis with the annual financial statements undergoing independent audit.
 - To the extent new information is known about an unlisted asset that is likely to have a material impact on the QSuper Fund, the QSuper VRP provides a formalised forum to adjust valuations within the normal valuation cycle to ensure member equity.

- The Investment Manager is subject to ongoing due diligence by QSuper management which includes an annual review of their valuation policy and the identification of any potential conflicts.
- c. If there are relevant listed comparables, these are used in the valuation process by the relevant external manager/independent third party external valuer, either as a cross check or as a key input to the valuation.
- d. No.
- QSuper is generally a medium to long term holder of assets and does not often look to IPOs as an exit.
 - There is significant uncertainty regarding what an unlisted investment's valuation would be on the listed markets.

As outlined above, relevant listed comparables are incorporated into the valuation process.

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Q Super

QS45QW: What is the current annual average return for your unlisted assets?

Answer: Unlisted asset class returns as of 30 September 2019 are as follows¹:

Infrastructure 17.99%

Real Estate 10.76%

Private Equity 16.53%

1. Returns are since inception (April 2010) net IRRs hedged to AUD

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Q Super

QS46QW: Given the size of your large joint investments, why are they not listed for liquidity, valuation and public disclosure purposes?

Answer: There are numerous reasons to maintain the unlisted nature of our large joint investments including:

- Due to the significant existing listed exposure in the QSuper fund, combined with QSuper's strong growth profile, the QSuper fund does not need to list our unlisted assets for liquidity purposes.
- Companies were traditionally listed to access growth capital – given the available capital from QSuper and our co-investors, the listed markets are not required to ensure the sufficient ongoing capital needs of our companies. In fact, due to the growth profile of QSuper the ability to access any additional growth opportunities at our existing assets directly is a comparative advantage to our members.
- Unlisted assets enable shareholders to incorporate additional control protections into shareholder agreements such as pre-emptive rights, providing a comparative advantage to our members.
- Listed companies can tend to focus on short term earnings outcomes potentially at the expense of the long-term value of the company due to listed reporting requirements – we are long-term holders of assets and want to maximise the long-term valuation on behalf of our members.
- One of the inherent characteristics of investing in unlisted markets is the capacity to take advantage of information asymmetries between parties to a transaction.
- Valuations tend to reflect underlying company fundamentals as opposed to market sentiment.
- There are potentially cost benefits due to reduced listing and regulatory reporting costs. While these reporting requirements are critically important to protect minority shareholders on the listed markets– we tend to hold significant ownership stakes in our large unlisted assets which provides us with strong aligned governance and transparency.

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

QS47QW:

- 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. 45 investments across infrastructure, private equity and real estate
- b. i. Approximately 23% of QSuper's accumulation fund assets are held in private equity, infrastructure and real estate as at 31 December 2019.

ii. Approximately 6.2% of QSuper's accumulation fund assets are invested in property (real estate) as at 31 December 2019.

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

Q Super

QS48QW:

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. As outlined in QS44QW, the sourcing and management of all unlisted assets is outsourced to external investment managers. As a part of their duties under the Investment Management Agreement they are required to provide valuations in accordance with their valuation policies and processes which has been diligenced by QSuper. As a part of the onboarding process, QSuper ensures that the external managers valuation policy meets the requirements of the internal QSuper Board approved valuation policy which includes requirements in relation to independent valuations.
As such, discount rates will vary depending upon the asset, manager and independent valuers underlying assumptions.
- b. As outlined above, all unlisted asset valuations are performed by experienced external investment managers and/or independent third party valuers. These parties determine the discount rate that is applied to the income from unlisted assets. We have observed that, in general, the discount rate used by these external parties has reduced over the past decade as interest rates have declined.

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

QSuper

QS49QW: Of the unlisted assets, how many have outperformed the average return on investments in superannuation over the past five years?

Answer: For the purposes of this question:

- i. the average return on investments is defined as the QSuper Balanced Accumulation Option return over 5 years through to 30 June 2019 of 8.76%.
- ii. where an asset has been held less for than 5 years, the asset's average return since inception has been compared to the average return on investments over 5 years.
- iii. 3 of the 45 unlisted investments were acquired post 30 June 2019

Of QSuper's 45 unlisted investments, 30 have outperformed the average return on investments.

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

Q Super

QS50QW: 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: We expect lower returns going forward from all assets, including unlisted assets, than the last ten years due to lower interest rates.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

QS51QW:

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:

- a. Yes
- b. Yes
- c. Yes
- d. No
- e. Valuers appointed by our external managers to value our unlisted assets include CBRE, Cushman & Wakefield, Knight Frank, Jones Lang LaSalle, Ernst & Young, Grant Thornton, National Valuation Consultants, Inc., Deloitte, Altus.

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Q Super

QS52QW:

For each year of the past decade:

- How many fund members do you have?
- How many financial planners do you have in total numbers, and as a member to financial planner ratio?
- How many financial advisers do you have in total numbers, and as a member to financial planner ratio?

Answer:

- The number of fund members are provided in the table below:

	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Fund Members	536,669	543,276	541,752	536,412	539,889	552,030	558,735	567,150	581,117	588,434

- As per the "Corporations Amendment (Professional Standards of Financial Advisers) Act 2017", employee representatives who provide personal advice to retail clients are considered relevant providers and therefore financial planners or advisers (the terms are interchangeable). As the terms are interchangeable, for the purposes of QS52QW to QS57QW, we will provide information (where applicable) in the Financial Adviser sections of questions and Financial Planner data will be zero.

On this basis, QSuper has no Financial Planners.

- The QSuper Board has appointed QInvest Limited (QIL) to provide certain services, including the provision of Financial Advice services to QSuper members. QIL is a wholly owned subsidiary of QSuper.

QSuper pays QIL for the intra-fund component of this Financial Advice via an agreed service fee. The non-intra-fund component, such as scaled and comprehensive advice, is charged by QInvest directly to its clients.

Therefore, while QSuper has no Financial Advisers, QIL has 56 Financial Advisers as at 30 June 2019. In addition, QSuper members may also appoint financial advisers from other unrelated Financial Planning businesses. QSuper works with these external advisers to the extent that individual members have provided the authority to do so.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Q Super

QS53QW:

For each year of the past decade:

- How much is charged for financial planning annually to fund members, and what is the average per fund member?
- How much is charged for financial planning annually to funds, and what is the average per fund member?
- How much is charged for financial advice annually to fund members, and what is the average per fund member?
- How much is charged for financial advice annually to funds, and what is the average per fund member?

Answer:

- QSuper does not provide Financial Planning, as noted in QS52QW.
- QSuper does not provide Financial Planning, as noted in QS52QW.
- QSuper does not charge fund members for Financial Advice.
- The QSuper Board has appointed QInvest Limited (QIL) to provide certain services, including the provision of Financial Advice services to QSuper members. QIL is a wholly owned subsidiary of QSuper. QSuper pays QIL for the intra-fund component of this Financial Advice via an agreed service fee. The non-intra-fund component, such as scaled and comprehensive advice, is charged by QInvest directly to its clients

The amount QSuper pays to QIL for this service is provided in the table below:

	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Financial Advice charged to funds	13,951,046	14,240,599	15,564,999	17,061,378	14,489,490	16,570,835	15,337,650	13,955,612	14,159,657	16,345,124
Average per fund member	26.00	26.21	28.73	31.81	26.84	30.02	27.45	24.61	24.37	27.78

Notes:

As mentioned in QS52QW Part C, QSuper pays QIL an agreed service fee for intra-fund advice which QIL provides to QSuper members. This intra-fund advice may relate solely to intra-fund, or for intra-fund advice as part of a broader service such as scaled or comprehensive advice. For both of these services QSuper only pays for the intra-fund component of the advice, with the client paying a fee for the non-intra-fund component of the Advice. QIL clients may pay some or all of their out of pocket advice fee directly to QIL

or authorise for the fee to be deducted from their account if the advice falls within the parameters of the Sole Purpose Test.

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Q Super

QS54QW:

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. The information requested has been provided in the table below:

	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Annual Cost of general advice	7,903,380	7,377,508	9,112,968	12,633,580	11,881,663	12,747,608	13,270,100	16,239,300	18,854,969	18,763,828
Average per fund member	14.73	13.58	16.82	23.55	22.01	23.09	23.75	28.63	32.45	31.89

Notes:

General Advice is provided by the Member Services contact centre (via phone, written and email channels), in QSuper member centres and by the Member Education teams via Seminars (in the workplace and member-direct), Webinars, trade stands, conferences and digitally (via FinFit module views). It does not include any personal advice.

These teams also offer factual information, for the purposes of this question we have included the total costs of the teams which may include elements of both general advice and factual information. This will inflate the total and average costs provided above.

- b. Neither QSuper nor QIL pay any bonuses in respect of the provision of general advice to members.

Notes:

QInvest representatives receive a salary remuneration package that may include a short-term incentive. This incentive is based on how they have performed against pre-determined business objectives, which are primarily focused on service standards, work quality, behaviour and individual performance. Representatives' remuneration packages do not include commission or fees for the services provided.

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

Q Super

QS55QW:

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:

- a. QSuper does not offer Scaled Advice.

Notes:

The QSuper Board has appointed QInvest Limited (QIL) to provide Financial Advice services to its members, which includes Scaled Advice.

The Scaled Advice offered by QIL may contain elements of intra-fund advice, for which QSuper pays QIL an agreed service fee, as noted in QS53QW Part d.

For the non-intra-fund components of the Advice provided, the QIL client pays for this advice directly to QIL.

QIL clients may pay some or all of their out of pocket advice fee from their account if the advice falls within the parameters of the Sole Purpose Test.

- b. QSuper does not offer Scaled Advice. Scaled Advice is provided by QIL accredited staff.

Notes:

QInvest representatives receive a salary remuneration package that may include a short-term incentive. This incentive is based on how they have performed against pre-determined business objectives, which are primarily focused on service standards, work quality, behaviour and individual performance. Representatives' remuneration packages do not include commission or fees for the services provided.

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

Q Super

QS56QW:

For each year of the past decade:

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

Answer:

- a. QSuper does not offer Comprehensive Advice.

Notes:

The QSuper Board has appointed QInvest Limited (QIL) to provide Financial Advice services to its members, which includes Comprehensive Advice.

The Comprehensive Advice offered by QIL may contain elements of intra-fund advice, for which QSuper pays QIL an agreed service fee, as noted in QS53QW Part d.

For the non-intra-fund components of the Advice provided, the QIL client pays for this advice directly to QIL.

QIL clients may pay some or all of their out of pocket advice fee from their account if the advice falls within the parameters of the Sole Purpose Test.

- b. QSuper does not offer Comprehensive Advice. Comprehensive Advice is provided by QIL accredited staff.

Notes:

QInvest representatives receive a salary remuneration package that may include a short-term incentive. This incentive is based on how they have performed against pre-determined business objectives, which are primarily focused on service standards, work quality, behaviour and individual performance. Representatives' remuneration packages do not include commission or fees for the services provided.

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Q Super

QS57QW:

For each year of the past decade:

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

Answer:

- The information requested in provided in the table below:

	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Financial Advice charged to funds	13,951,046	14,240,599	15,564,999	17,061,378	14,489,490	16,570,835	15,337,650	13,955,612	14,159,657	16,345,124
Average per fund member	26.00	26.21	28.73	31.81	26.84	30.02	27.45	24.61	24.37	27.78

Notes:

- The QSuper Board has appointed QInvest Limited (QIL) to provide certain services, including the provision of Financial Advice services to QSuper members. QIL is a wholly owned subsidiary of QSuper.

QSuper pays QIL an agreed service fee for intra-fund advice, which QIL offers to QSuper members. This intra-fund advice may relate to intra-fund advice only, or for intra-fund advice as part of a broader service such as scaled or comprehensive advice. For both services QSuper only pays for the intra-fund element of the advice, with the client paying for the additional services above this.

- Intra-fund advice is provided by QIL accredited staff.

Notes:

QInvest representatives receive a salary remuneration package that may include a short-term incentive. This incentive is based on how they have performed against pre-determined business objectives, which are primarily focused on service standards, work quality, behaviour and individual performance. Representatives' remuneration packages do not include commission or fees for the services provided.

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

Q Super

QS58QW: How many employees does the fund have?

Answer: 1031 employees

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

Q Super

QS59QW: How do you define employee misconduct?

Answer: The QSuper Group maintains a broad framework of policies, procedures and its Code of Conduct which apply to employees and contractors which defines appropriate behaviours, standards and conduct which is expected.

Misconduct is a broad term that covers a variety of acts or omissions by an employee. Misconduct is behaviour that breaches the trust and confidence an employer should be able to have in an employee. Misconduct is often the result of a breach of a policy, procedure or standard.

Serious misconduct has its regular meaning and a legal definition. It includes wilful or deliberate behaviour, or other wrongful act or omission, by an Employee that is inconsistent with the continuation of the contract of employment.

Serious misconduct may be a single act or course of activity. The result of serious misconduct is that the employer will have no trust and confidence in the Employee and employment may be terminated, following due process.

The following are examples of behaviour that are likely to be deemed serious misconduct:

- causing serious risk to a person's health or safety;
- fighting at work;
- theft; or fraud.

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

Q Super

- QS60QW:** 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. From the period 1 March 2015 to 28 February 2020, a total of 30 employees have received a formal caution (warning) for misconduct.
- b. For the period 1 March 2015 to 28 February 2020, a total of 8 employees have had a penalty (such as, but not limited to, loss of bonus) for misconduct.
- c. For the period 1 March 2015 to 28 February 2020, a total of 10 employees have been terminated for misconduct.
- d. Employees who have received a formal caution (warning) for misconduct represents 1.21% of total employees for the period 30 March 2015¹ to 28 February 2020.
- e. Employees who have received a penalty (such as, but not limited to, loss of bonus) for misconduct represents 0.32% of total employees for the period 30 March 2015¹ to 28 February 2020.
- f. Employees who have been terminated for misconduct represents 0.40% of total employees for the period 30 March 2015¹ to 28 February 2020.

¹ Availability of data due to introduction of new systems impacts ability to report on total employee numbers for a full five year period. Total employee numbers for the period 30 March 2015 to 28 February 2020 are used in calculations of answers d) to e).

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

Q Super

QS61QW: 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: Of the twenty highest remunerated employees from the past decade (2009-2019), two (2) employees were paid between \$1-2million total remuneration in a financial year, whilst the remaining eighteen (18) were paid below \$1million total remuneration in a financial year.

Notes:

Total Remuneration means fixed and variable remuneration from the financial year that the work was performed. Total Remuneration does not include non-monetary items, pension and superannuation post-employment benefits or leave accruals.

Total remuneration package value	Number (ie 1 employee)
<\$1,000,000	18
\$1,000,001 - \$2,000,000	2
\$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**

Q Super

QS62QW: Of the twenty highest incentive bonuses paid over the past decade, please provide the number that fall within these brackets?

Answer: Of the twenty (20) highest incentive bonuses paid over the past decade (2009-2019), 20 bonuses were below \$1million. At QSuper, incentive bonuses are aligned to performance and as such this response also covers QS63QW.

Total incentive bonuses value	Number (ie 1 employee)
<\$1,000,000	20
\$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	

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

QS63QW: Of the twenty highest performance bonuses paid over the past decade, please provide the number that fall within these brackets?

Answer: QSuper's bonuses are referred to as incentives. Therefore, for QSuper this question is a duplication of QS62QW. Please refer to the response provided in QS62QW.

Total performance bonuses value	Number (ie 1 employee)
<\$1,000,000	
\$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	

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

QS64QW: 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:

Total severance package value	Number (ie 1 employee)
<\$1,000,000	20
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0

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

QS65QW: 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:

Total termination package value	Number (ie 1 employee)
<\$1,000,000	20
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0

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Q Super

QS66QW: 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:

Total redundancy package value	Number (ie 1 employee)
<\$1,000,000	20
\$1,000,001 - \$2,000,000	0
\$2,000,001 - \$3,000,000	0
\$3,000,001 - \$4,000,000	0
\$4,000,001 - \$5,000,000	0
\$5,000,001 - \$6,000,000	0
\$6,000,001 - \$7,000,000	0
\$7,000,001 - \$8,000,000	0
\$8,000,001 - \$9,000,000	0
\$9,000,001 - \$10,000,000	0
\$10,000,001 - \$11,000,000	0
\$11,000,001 - \$12,000,000	0
\$12,000,001 - \$13,000,000	0
\$13,000,001 - \$14,000,000	0
\$14,000,001 - \$15,000,000	0
\$15,000,001 - \$16,000,000	0
\$16,000,001 - \$17,000,000	0
\$17,000,001 - \$18,000,000	0
\$18,000,001 - \$19,000,000	0
\$19,000,001 - \$20,000,000	0
\$20,000,001 - \$25,000,000	0
\$25,000,001 - \$30,000,000	0
\$30,000,001 - \$35,000,000	0
\$35,000,001 - \$40,000,000	0
\$40,000,001 - \$45,000,000	0
\$45,000,001 - \$50,000,000	0
>\$50,000,000	0