

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**REI Super**

**REI40QW:**                   What is the current annual average return for your unlisted assets?

**Answer:**                   Please refer to attached spreadsheet.

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

*Since inception in 1994 the ISPT Core Fund has achieved a total gross return of 9.62% p.a. and a total net return of 9.21%*

**RETURNS – 30 JUNE 2020**

	Net returns	Gross returns		
	Total	Income	Capital <sup>2</sup>	Total
1 mth	1.09%	0.03%	1.06%	1.09%
3 mths	1.80%	0.81%	1.04%	1.84%
FYTD	0.98%	4.32%	-3.06%	1.27%
1 yr	0.98%	4.32%	-3.06%	1.27%
3 yrs (p.a.)	6.71%	4.71%	2.28%	6.99%
5 yrs (p.a.)	9.39%	5.26%	4.43%	9.69%
7 yrs (p.a.)	9.57%	5.76%	4.13%	9.89%
10 yrs (p.a.)	9.39%	6.14%	3.58%	9.72%
15 yrs (p.a.)	8.28%	6.27%	2.34%	8.61%
20 yrs (p.a.)	9.05%	6.89%	2.50%	9.39%
Since inception (p.a.) <sup>1</sup>	9.21%	7.43%	2.19%	9.62%

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**REI Super**

**REI41QW:** Given the size of your large joint investments, why are they not listed for liquidity, valuation and public disclosure purposes?

**Answer:** This does not apply to REI Super

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**REI Super**

- REI42QW:**
- 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. 1
  - b. i. 4.3 %
  - ii. 100%

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**REI Super**

**REI43QW:**

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:**

Please refer to attached ISPT valuation policy.

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SUPERANNUATION SECTOR**

**REI Super**

**REI44QW:** Of the unlisted assets, how many have outperformed the average return on investments in superannuation over the past five years?

**Answer:** Please refer to attached spreadsheet.

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

	Unlisted Assets	Growth	Balanced	Stable	Premium Income	Cash	Australian Shares	International Shares	Australian Property *	Global Property *	Bonds
Super											
5 Year Net Returns	<b>9.39%</b>	5.66%	4.92%	3.29%	3.38%	1.26%	5.48%	7.10%	4.50%	1.15%	3.60%
Pension											
5 Year Net Returns	<b>9.39%</b>	5.84%	5.08%	3.51%	3.71%	1.50%	5.78%	8.74%	3.21%	1.56%	3.76%

**Unlisted assets have outperformed all of REI's Investment Options over the past five years**

#### RETURNS – 30 JUNE 2020

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FYTD	0.98%	4.32%	-3.06%	1.27%
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**REI Super**

**REI45QW:** 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:** Yes. The Trustee has recently completed a review and analysis of our current strategies across all asset classes, including unlisted assets.



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**REI Super**

**REI46QW:** 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 – by 5.4%
- b. No
- c. No
- d. No
- e. ISPT

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**REI Super**

**REI47QW**

For each year of the past decade:

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

**ANSWERS**

a)

FY – 09/10 – 31,537

FY – 10/11 – 31,682

FY – 11/12 – 31,197

FY – 12/13 – 30,876

FY – 13/14 – 30,428

FY – 14/15 – 30,838

FY - 15/16 – 29,950

FY – 16/17 – 29,533

FY – 17/18 – 28,538

FY – 18/19 – 27,326

b) & c) in relation to questions b and c, REI Super does not employ financial planners; this service is outsourced to Mercer.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### SUPERANNUATION SECTOR

##### REI Super

##### REI48QW:

For each year of the past decade:

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

##### ANSWERS:

a, b & d) REI Super does not charge financial planning fees, as financial planning is entirely outsourced to Mercer. Where a member chooses financial advice, any fees are disclosed prior to a Statement of Advice being completed. Fees are deducted only against a signed letter of engagement and are subject to the Sole Purpose test. Non-super related advice is paid separately by invoice.

c) Nil

## **HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

#### **REI Super**

#### **REI49QW:**

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?

#### **ANSWERS:**

- a) General advice is considered part of administrative services, which are outsourced entirely to Mercer.
- b) Zero

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**SUPERANNUATION SECTOR**

**REI Super**

**REI50QW**

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?

**ANSWERS:**

- a) Refer to REI51QW
- b) Zero

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

**SUPERANNUATION SECTOR**

**REI Super**

**REI51QW**

For each year of the past decade:

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

**ANSWER:**

- a) REI Super does not employ financial planners. This function is outsourced to Mercer. Fees deducted from member accounts are disclosed prior to Statements of Advice being completed, and subject to a signed Letter of Engagement. Further, these are stress-tested against the Sole Purpose test. Fees for advice which falls outside of this are charged to the member by their financial planner via invoice. As such, REI Super does not charge these fees.
- b) Zero

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SUPERANNUATION SECTOR**

**REI Super**

**REI52QW:**

For each year of the past decade:

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

**Answer:**

a. Intra-fund advice for REI Super members is provided by Mercer and is not charged as a separate fee.

b. N/A.

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SUPERANNUATION SECTOR**

**REI Super**

**REI53QW:** How many employees does the fund have?

**Answer:** 13 staff  
9 directors



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**REI Super**

**REI54QW:** How do you define employee misconduct?

**Answer:** Behaviours in contradiction of the behaviours and expectations outlined in the Employee Handbook.

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

**REI Super**

**REI55QW:**

Over the past five years:

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

**Answer:**

- a. 0
- b. 0
- c. 0
- d-f – N/A

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

**REI Super**

**REI56QW:** Do you support current Corporations Law provisions for the disclosure of corporate remuneration?

**Answer:** Yes

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

**REI Super**

**REI57QW:** Of the twenty highest remunerated employees over the past decade, please provide the number whose total remuneration in a financial year (including all forms of remuneration, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

**Answer:**

<b>Total remuneration package value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	ALL
\$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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SUPERANNUATION SECTOR**

**REI Super**

**REI58QW:** Of the twenty highest incentive bonuses paid over the past decade, please provide the number that fall within these brackets?

**Answer:** [Insert answer]

<b>Total incentive bonuses value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	1
\$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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**REI Super**

**REI59QW:** Of the twenty highest performance bonuses paid over the past decade, please provide the number that fall within these brackets?

**Answer:**

<b>Total performance bonuses value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	<b>1</b>
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
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\$16,000,001 - \$17,000,000	
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\$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	

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

**REI Super**

**REI60QW:** Of the twenty highest severance packages over the past decade, please provide the number whose total package (including all forms of accumulated severance package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

**Answer:**

<b>Total severance package value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	1
\$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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**REI Super**

**REI61QW:** Of the twenty highest termination payments over the past decade, please provide the number whose total package (including all forms of accumulated termination package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

**Answer:**

<b>Total termination package value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	<b>1</b>
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
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\$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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**REI Super**

**REI62QW:** Of the twenty highest redundancy payments over the past decade, please provide the number whose total package (including all forms of accumulated redundancy package, including but not limited to, base salary, regularized and deferred bonuses and incentives including, but not limited to, shares) falls within these brackets?

**Answer:**

<b>Total redundancy package value</b>	<b>Number (ie 1 employee)</b>
<\$1,000,000	<b>1</b>
\$1,000,001 - \$2,000,000	
\$2,000,001 - \$3,000,000	
\$3,000,001 - \$4,000,000	
\$4,000,001 - \$5,000,000	
\$5,000,001 - \$6,000,000	
\$6,000,001 - \$7,000,000	
\$7,000,001 - \$8,000,000	
\$8,000,001 - \$9,000,000	
\$9,000,001 - \$10,000,000	
\$10,000,001 - \$11,000,000	
\$11,000,001 - \$12,000,000	
\$12,000,001 - \$13,000,000	
\$13,000,001 - \$14,000,000	
\$14,000,001 - \$15,000,000	
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\$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	