

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

TWUSUPER

TWU125QW:

In dollar terms, how much advertising space did your fund book (directly or indirectly through a broker or agent) in the second half of 2020 that was unused on:

- a. radio?
- b. television?
- c. print?

Answer:

There was no advertising space that was paid for that was unused over the second half of 2020.

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TWUSUPER

TWU126QW:

In minutes, how much advertising space did your fund book (directly or indirectly through a broker or agent) in the second half of 2020 that was unused on:

- a. radio?
- b. television?
- c. print?

Answer:

There was no advertising space that was paid for that was unused over the second half of 2020.

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TWUSUPER

TWU127QW:

Please complete the table for the last five financial years outlining your financial contribution to Industry Super Australia.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Contribution (\$)	\$482,152	\$488,419	\$773,677	\$530,790	\$518,823

Answer:

The contribution represents a range of bundled services including their website which contains educational content, advocacy, education and increasing awareness of industry super fund benefits. A key aspect of the campaign has been to increase knowledge of retirement planning to a market where many Australians are unaware of key aspects of our retirement system.

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TWUSUPER

TWU128QW:

What is your current policy on whether your funds are permitted to invest in:

- a. residential property?
- b. Build-to-Rent housing?
- c. social housing?

Answer:

The Fund's investment policy is detailed in its Investment Governance Framework, which is consistent with the laws and regulations that govern Superannuation, particularly APRA Prudential Standard SPS530.

The Framework does not rule-in or rule-out any investments in residential property, Build-to-Rent Housing or Social Housing. If the Fund were to be presented with an investment opportunity in such investments, they would be considered on the relevant criteria of contribution to investment returns and risk alongside other investment opportunities. We may invest if the opportunity is attractive and is consistent with the best interests of members.

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TWUSUPER

TWU129QW:

What data do you have on the home ownership rates of fund members?

Answer:

Research conducted on behalf of TWUSUPER in 2016, included a range of questions about product and service offerings as well as some demographic information. Of the 2,000 respondents, 59% indicated they owned their home or had a mortgage. This may not reflect the position of all members and is indicative only.

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TWUSUPER

TWU130QW:

Have you ever:

- a. completed *internal* research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not?
- b. commissioned *external* research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not?

Answer:

- a. No
- b. No

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TWUSUPER

TWU131QW:

For the last five financial years, please complete the table for the average return on all your investments.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Average return (%)					

Answer:

TWUSUPER offers three investment options to members, each of which is duplicated for pension members.

The returns shown below are an asset weighted average of the returns from TWUSUPER options and the Fund's reserves. Returns are net of investment costs and tax.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Average return (%)	4.4%	11.3%	8.1%	5.0%	-0.7%

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TWUSUPER

TWU132QW:

For the last five financial years, please complete the table for investments across all your funds in all forms of residential property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Nominal value (\$)					
Share of portfolio (%)					
Average return (%)					

Answer:

The Fund has not had any direct investments into residential property over the last five years. However, it does invest into the shares that are listed on Australian and global share markets. A small proportion of these listed companies will have invested into residential property. We do not have sufficient data to estimate how much is indirectly invested into residential property, but it is likely to be very small as a proportion of total assets.

The Fund has held an interest in US Residential Property through a US Property Fund. Details of this are included in the table below. Returns are in USD.

Financial year	2015/2016	2016/2017	2017/2018	2019/2019	2019/2020
Nominal value (\$)	\$12,371,136	\$13,677,033	\$30,974,058	\$34,734,742	\$38,211,349
Share of portfolio (%)	0.19%	0.20%	0.35%	0.36%	0.33%
Average return (%)	6.61%	16.42%	6.99%	7.51%	16.54%

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TWUSUPER

TWU133QW:

For the last five financial years, please complete the table for investments across all your funds in Build-to-Rent property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Nominal value (\$)					
Share of portfolio (%)					
Average return (%)					

Answer:

The Fund has not had any direct investments into Build-to-Rent properties over the last five years. However, it does invest into the shares that are listed on Australian and global share markets. A small proportion of these listed companies will have invested into build-to-rent property. We do not have sufficient data to estimate how much is indirectly invested into build-to-rent property, but it is likely to be very small as a proportion of total assets.

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TWUSUPER

TWU134QW:

For the last five financial years, please complete the table for investments across all your funds in social housing property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment.

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Nominal value (\$)					
Share of portfolio (%)					
Average return (%)					

Answer:

The Fund has not had any direct investments into social housing over the last five years. However, it does invest into the shares that are listed on Australian and global share markets. A small proportion of these listed companies will have invested into social housing. We do not have sufficient data to estimate how much is indirectly invested into social housing, but it is likely to be very small as a proportion of total assets.

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TWUSUPER

TWU135QW:

Please outline your policy on:

- a. Fund members using their superannuation fund for a deposit to buy their first home.
- b. Retirees using their superannuation to:
 - i. renovate their home
 - ii. pay rent.

Answer:

- a. The Fund complies with the government policy and regulations with respect to release of superannuation such as the first home super saver (FHSS) scheme introduced by the Australian Government in the 2017-18 Federal Budget.
- b. The Fund does not have a policy on how retirees spend their money.

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TWUSUPER

TWU136QW:

Within your fund, what percentage of retirees in each of the last five financial years used their superannuation to:

- a. renovate their home?
- b. clear their remaining mortgage?

Financial year	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Super used for renovations (%)					
Super used to clear mortgage (%)					

Answer:

- a. The Fund does not collect this data.
- b. as above.

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TWUSUPER

TWU137QW:

Insurance premiums

- a. Have you ever deducted insurance premiums from fund members for insurance policies that they are not covered by?
- b. Have you ever completed an audit to identify if insurance premiums have been deducted from fund members for insurance policies that they are not covered by?

Answer:

- a. Members receive access to flexible, affordable insurance cover that is tailored to the unique needs of their industry, to help protect them and their family. Many details affect members' insurance cover such as when cover starts and ceases, changes in employment and occupation, and their personal circumstances. Members can reduce or cancel cover at any time, as well as transfer cover to or from another fund or insurer in certain circumstances. Members are able to readily manage their insurance coverage and details via their online account access or by calling the Fund, and full details are available on the Fund website.

Administration of superannuation insurance can be complex, and as employers or members can on occasion provide insufficient information to the fund, therefore processes are in place to continuously review, identify and rectify issues. If a premium were deducted after insurance has been cancelled for a member, for example due to an administrative error or malfunction, steps would be taken to recredit the amount of premium erroneously deducted and a review undertaken.

- b. Administrative checks are completed regularly and, when issues relating to deduction of insurance premiums are identified, root cause analysis (an audit-type activity) is undertaken to understand the breadth of the issue, members impacted, and the steps required to fix the issue and mitigate the likelihood of future occurrence.

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TWUSUPER

TWU138QW:

Material distributed to members

- a. Have you ever distributed materials to members that state and/or suggest that:
 - i. members have coverage under insurance policies that they do not have?
 - ii. members are required to keep a minimum balance in their superannuation fund?
 - iii. their employer may be unwilling to contribute to another superannuation fund?
 - iv. members require a statement of any kind from their employer to move away from your fund?
- b. Have you ever completed an **audit** of materials distributed to members that state and/or suggest that members have coverage under insurance policies that they do not have?
- c. Have you ever completed an **audit** to establish whether you have distributed materials to members that state and/or suggest that:
 - i. they are required to keep a minimum balance in their superannuation fund?
 - ii. their employer may be unwilling to contribute to another superannuation fund?
 - iii. they require a statement of any kind from their employer to move away from your fund?

Answer:

- a.
 - i. In the circumstances outlined in the response to Question TWU137QW a., it is likely that in at least some cases where premiums were unintentionally deducted from members' accounts, the members received a periodic statement before the error was discovered informing them that they had insurance cover when in fact they did not.
 - ii. Various forms and brochures issued on behalf of the Trustee have indicated in accordance with powers conferred under the Superannuation Industry (Supervision) Regulations 1994 (Cth) that a minimum balance must be retained in a member's account upon transfer of funds out of the account where the member is not choosing to close the account or where it is known that the member's employer is obliged by law or agreement to continue contributing the Fund. This is to avoid having to create a new membership when the next contribution is received.
 - iii. The Trustee is not aware of any materials distributed that state or suggest that a member's employer may be unwilling to contribute to another superannuation fund.
 - iv. The Trustee is not aware of any materials distributed that state or suggest that members require a statement of any kind from their employer to move away from the Fund, other than specific instances of communications to individual members in unusual circumstances where written advice of separation or termination of

employment was required from the employer – for example, where the employer had not been contributing to the Fund for the member or the member was seeking to have restricted non-preserved benefits released as unrestricted non-preserved benefits.

- b. Materials distributed to members undergo a thorough internal due diligence process, involving also obtaining external legal sign-off where necessary, to ensure their accuracy and compliance with applicable disclosure laws. If a material error were found in any communication materials issued on behalf of the Fund, steps would be taken to correct the error by amending and re-issuing the materials, communicating with affected members if possible with a view to clarifying the correct position and undertaking any necessary remedial action.
- c. Materials distributed to members undergo a thorough internal due diligence process, involving also obtaining external legal sign-off where necessary, to ensure their accuracy and compliance with applicable disclosure laws. If a material error were found in any communication materials issued on behalf of the Fund, steps would be taken to correct the error by amending and re-issuing the materials, communicating with affected members if possible with a view to clarifying the correct position and undertaking any necessary remedial action.