

From: Matthew Linden
To: [REDACTED]
Subject: Urgent - Additional Information for Inquiry
Date: Friday, 20 October 2017 3:09:07 PM
Attachments: [REDACTED]

Importance: Low

RE: Senate Economics Committee Hearings 10 October ***Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 1) Bill 2017 and the Superannuation Laws Amendment (Strengthening Trustee Arrangements) Bill 2017***

Dear Mr Fitt,

At the recent Senate Standing Committee on Economics hearings referred to above, I was asked a number of questions about specific matters relating to TWUSUPER and a 2012 payment. This related to the provision of a 'Superannuation Liaison Officer' function undertaken by the Transport Workers Union.

ISA have since liaised with TWUSUPER and they have provided the attached letter for the committee. Could I request this is included as an additional document relevant to the Inquiry and questions asked at the hearings on 10 October?

Please don't hesitate to contact me further in relation to this matter.

Regards
Matt Linden

Matthew Linden
Director – Public Affairs
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20 October 2017



The Secretary
Senate Standing Committees on Economics
Parliament House
CANBERRA ACT 2600
Email: economics.sen@aph.gov.au

Dear Mr Fitt,

I write to provide further information regarding the relationship between the Transport Workers Union (TWU) and TWUSUPER, which was raised at the Senate Standing Committee on Economics hearings held in Sydney on 10 October 2017.

Various claims were put to witnesses at the hearing about the work undertaken by TWU Superannuation Liaison Officers (now known as Superannuation Services Officers) which did not take into account the full evidence and facts tendered to the Royal Commission into Trade Union Governance and Corruption in 2014.

The role of Superannuation Services Officers for TWUSUPER

The transport industry is inherently difficult for a superannuation fund to service. Via the extensive TWU network, Superannuation Services Officers act as the lynch pin between TWUSUPER and thousands of workplaces across Australia. The TWU network is a vital service and education delivery channel for the Fund, which is largely responsible for 120,000 members and \$5 billion in funds under management.

The strategic and dollar value to TWUSUPER of these services is considerable, essential and not easily replicated by alternative means due to security issues in accessing transport worksites. The example below will illustrate the cost savings for a simple task such as distributing education materials to workplace lunchrooms, particularly in the outer reaches of large states such as Queensland and Western Australia.

Example: Delivering of education materials to 2,000 worksites:

Without the TWU distribution network, we conservatively estimate that it would take a TWUSUPER staff member 25 months or 2 years to deliver an average of 4 kits per day (80 per month). Such a method is simply not feasible but illustrates the distribution ability of TWU for a relatively straightforward task as well as the logical economic sense

Correcting the record

The questioning at the Royal Commission covered a period mostly between June 2010 to July 2012, and relate specifically to the inaccurate claim the TWU was paid '\$93,000 for two and a half days work'.

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TWU Nominees Pty Ltd **ABN** 67 002 835 412 **AFSL** 239163 is the trustee of TWUSUPER (ABN 77 343 563 307)

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The Commission was aware of, and noted by a later witness, a draft 'Superannuation Services Agreement' that highlighted the services that could be rendered on behalf of TWUSUPER across TWU

Branch activity. This would relate to services conducted across both Victoria and Tasmania – not just Tasmania, nor limited to one person. The draft "Superannuation Services Agreement" documented the services being provided at that time.

This model maximises member engagement by leveraging the distribution breadth of the TWU, its network of officials and more than 300 Victorian and Tasmanian workplace representatives. This enables TWUSUPER to reach, in the most cost-effective way, into workplaces to help build the retirement savings of thousands of transport employees.

The Updated Superannuation Services Agreement

The agreement around these services was in development at the time of the Royal Commission hearings, but reflected what was occurring in terms of broad activity. The *Superannuation Services Agreement* has since been finalised and enhanced to include greater commercial rigour around these arrangements.


The current *Superannuation Services Agreement* (dated 4 March 2015) sets out the framework and terms for services delivery. It is a commercial contract designed to deliver the optimum outcomes. It describes:

- The nature of services provided,
- Terms and conditions,
- Remuneration,
- Regular activity reporting.

In addition, on an ongoing basis we are working with the TWU to further strengthen mutual accountability and transparency and are increasing the level of reporting to better capture the breadth of activity.

Without the TWU distribution network, TWUSUPER would be in a difficult position in that the costs to duplicate the service (if this was possible) would be prohibitive.

Yours sincerely,



Frank Sandy
Chief Executive Officer
TWUSUPER