



Australian Government
Department of Veterans' Affairs

DEFENCE
SERVICE HOMES
INSURANCE SCHEME

Submission No. 4

26 October 05

Mr Bob Baldwin MP
The Chairman
Joint Committee on Public Accounts and Audit
Parliament House
Canberra ACT 2600

Dear Mr Baldwin

RE : JCPAA hearing on audit reports 22 and 42 on 5 September 05

Please find attached copies of the response from the Department of Veterans Affairs to the questions taken on notice at the above hearing of the committee.

Sincerely

A handwritten signature in black ink, appearing to read 'Wayne Penniall'.

Wayne Penniall
General Manager

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QUESTIONS ON NOTICE

JCPAA Hearing 5 September 2005

ANAO Audit Report 22 – Investment of Public Funds

Senator HOGG-And has that fee changed from 0.2 percent over that period of time, or has it been stayed? Has it been renegotiated?

The Defence Service Homes Insurance Scheme first placed investments with UBS Global Asset Management (formerly SBC Australia) in 1995. The fee for funds management and custodial services were 0.45%. This fee has been renegotiated several times throughout this period and the current fee is 0.2%

CHAIR-Could you provide that to the Committee [fund manager's credit risk policy]?

The UBS Global Asset Management Risk Management Statement (16 June 2005) is attached. [Attachment 1]

Senator WATSON-I would like you now to also ask your investment adviser whether they received any fee as a result of that particular investment that was undertaken?

All fees and expenses received by the fund manager are disclosed on pages 27 and 28 of UBS's Cash Bond Fund's Product Disclosure Statement. [Attachment 2]

The only fee applicable to DSHIS is the publicly available 'Ongoing Fee' normally 0.3%. DSHIS has negotiated a reduced fee of 0.2%. No other fees or commissions are received by UBS in relation to DSHIS.

The management fee paid is for investment management and custodial services only and is not for financial advice.

Senator WATSON-Finally, could we have a list of those investments listed which were outside the authorised permits by naming the actual investments where this occurred? You talked about sums of money, but I am interested in the particulars.

A list of the DSHIS investments managed by UBS as at 30 June 2004 is attached. [Attachment 3]