



Maritime Super (the Fund) ABN 77 455 663 441
 Trustee: Maritime Super Pty Limited ABN 43 058 013 773
 Administrator: Maritime Financial Services Pty Limited
 ABN 16 105 319 202 AFSL No. 241735

16 February 2018

Mr Simon Daley
 Solicitor Assisting the
 Royal Commission
 Send via email – FSRCSolicitor@royalcommission.gov.au

ROYAL COMMISSION – Response to Questions

We write in reference to your letter of 8 January 2018 requesting information to assist the Commission and provide the following responses:

Question 1

Maritime Super, or its associated entity, has not identified any incidents of misconduct by its directors, officers or employees. Specifically,

- there have been no incidents that constitute an offence against a Commonwealth, State or Territory Law;
- there has been no misleading or deceptive conduct;
- there has been no breach of trust, breach of duty or unconscionable conduct; and
- there have been no breaches of professional standards.

In satisfying ourselves in respect of the above, the Trustee has taken into consideration both the internal and external audit reports, the complaints received over the period and in particular complaints that went to the Superannuation Complaints Tribunal or resulted in Statements of Claim made against the Trustee.

By way of further explanation, we note the following.

- In respect of misleading or deceptive conduct, the Trustee has also considered regulatory disclosure guidance and advertising standards. There have been no incidents of deceptive or misleading conduct identified. The Trustee reports that there has been only one breach reported to the regulator, ASIC, which arose from the failure to disclose a single item on the annual member statements for MySuper members the year MySuper was introduced. The incident was minor and was rectified. No action was taken by the regulator.
- The Trustee has received nine statements of claim over the relevant period, all of which related to disability claims. As part of the claim statement, the plaintiff lawyers will usually site the Trustee's failure to "act in good faith", or that the Trustee's decision to decline the claim as "in breach of Trustee duties as a trustee". Most of these claims did not proceed to judgement as they were either withdrawn or settled. Of those that proceeded to judgement, at no time was the Trustee found to be in breach of trust or breach of duty. In addition, as the insurer is responsible in the first instance for reaching decisions on disability claims, we



Maritime Super (the Fund) ABN 77 455 663 441
 Trustee: Maritime Super Pty Limited ABN 43 058 013 773
 Administrator: Maritime Financial Services Pty Limited
 ABN 16 105 319 202 AFSL No. 241735

confirm that the Trustee pursues all claims with a reasonable prospect of success on behalf of its members.

- While the industry does not have formal industry standards, the Trustee included regulatory guidance and industry codes of conduct in considering its response. The Trustee holds itself to the highest standard of conduct at all times and has continued to meet the level of conduct commensurate with public expectations. The Trustee has adopted the Australian Institute of Superannuation Trustees (AIST) Governance Code 2017 and monitors itself against the Code's guidelines and principles.

Question 2

Maritime Super has not identified any conduct, practice, behavior or business activity it, or its directors, officers or employees, has engaged in, which falls below community standards and expectations. On the contrary, the Trustee considers that the standard required to meet public expectations is high and as a profit-to-member fund, the Trustee sets itself to a high standard of governance.

The Trustee presents the following comments on some areas key to meeting community standards and expectations.

Privacy

Members rightly have an expectation that their personal information will be protected and used only for the purposes for which it is collected. The Fund has experienced only three breaches of member privacy. Immediate remedial action successfully contained the data breaches, with no financial loss to the members concerned or compromise of their data.

Insurance

The expectation of members is that they have sufficient cover which is activated when they become disabled or die. The maritime industry is a high risk industry and members enjoy an insurance premium that generally cannot be met outside of the Fund.

The Trustee has been a leader in providing insurance cover for members in the event of their death or disablement. As an industry fund, participating employers contribute to the insured benefit by subsidising the premiums, either by contributing under a defined benefit scheme or paying a levy which covers the premiums. Importantly, there is no reduction in cover and no loading of the premium when a member changes employer or is moved to a different membership category.

The Trustee aims to treat members fairly and reasonably at all time. Of the disability claims lodged by members the vast majority are in fact paid. For example, recent analysis of the time period between 2012 and 2015 shows that 96.2 percent of claims had been accepted and paid. Of the disability claims that went to the Superannuation Complaints Tribunal



Maritime Super (the Fund) ABN 77 455 663 441
 Trustee: Maritime Super Pty Limited ABN 43 058 013 773
 Administrator: Maritime Financial Services Pty Limited
 ABN 16 105 319 202 AFSL No. 241735

since 2008, most were either withdrawn or referred back to the Trustee for further consideration, strongly suggesting the Trustee's decisions have been fair and reasonable.

The Fund does not pay compensation to members. Generally, settlements of claims made by the Trustee are based on the member's benefit entitlement, so members are not advantaged beyond their entitlement. We are of the view that this meets members expectations of fairness and reasonableness.

The Board and its Directors

As an industry fund, the Trustee operates under the equal representation rules. There are four employer directors; two are elected by the participating seafaring employers and two are nominated by stevedore employers. The Board includes two independent directors appointed by the Board. In conducting director nomination and elections, the Trustee undertakes a detailed skills analysis and conducts due diligence on nominated directors.

The directors not only have a broad skill set but also have strong knowledge of the membership (both as a whole and as individuals) through their involvement in the industry. This deep understanding of the membership it serves means the Trustee can develop the features of the Fund that best meet the members' needs. Board members are remunerated for their time, equally and without favour. Where a director is employed, fees may be paid back to the employer to compensate the employer for the director's time on the Board and committees.

Related entities

The Trustee engages Maritime Financial Services as the administrator of the Fund. Maritime Financial Services is a wholly owned subsidiary of the Trustee. In line with community expectations and the prudential standards, the Trustee periodically appoints an independent party to conduct due diligence on the arrangement. In making its assessment of the engagement, the independent party has endorsed the arrangements in respect of functionality, deliverables and cost.

Advertising

Maritime Super is relevant only to the maritime industry. Over time, the marketing and advertising undertaken by the Trustee is to engage with our members. Its purpose has been to raise awareness within the industry of the benefits of the fund and to educate members on super and support them in their workplace. As a consequence, our members are informed and are more likely to have improved retirement outcomes.

Question 3

We have not identified any issues to report.

Question 4



Maritime Super (the Fund) ABN 77 455 663 441
Trustee: Maritime Super Pty Limited ABN 43 058 013 773
Administrator: Maritime Financial Services Pty Limited
ABN 16 105 319 202 AFSL No. 241735

- (a) The Fund has applied member funds to uses that do not fall under fund administration (investment, administration and payment of benefits types you have identified in your letter) and these are detailed in Attachment A.
- (b) We have also provided an explanation as to why we have allocated funds to each of these expense codes in Attachment A.
- (c) We have provided a summary of all our major cost codes consistent with our reported management accounts in Confidential Attachment B including the fund administration costs and have highlighted all fund costs that do not fall into those identified as fund administration.

The information provided in Attachment B is confidential and a note setting out the basis of the confidentiality claim accompanies this response.

Please do not hesitate to contact me if you require any further information or clarification from the documentation provided.

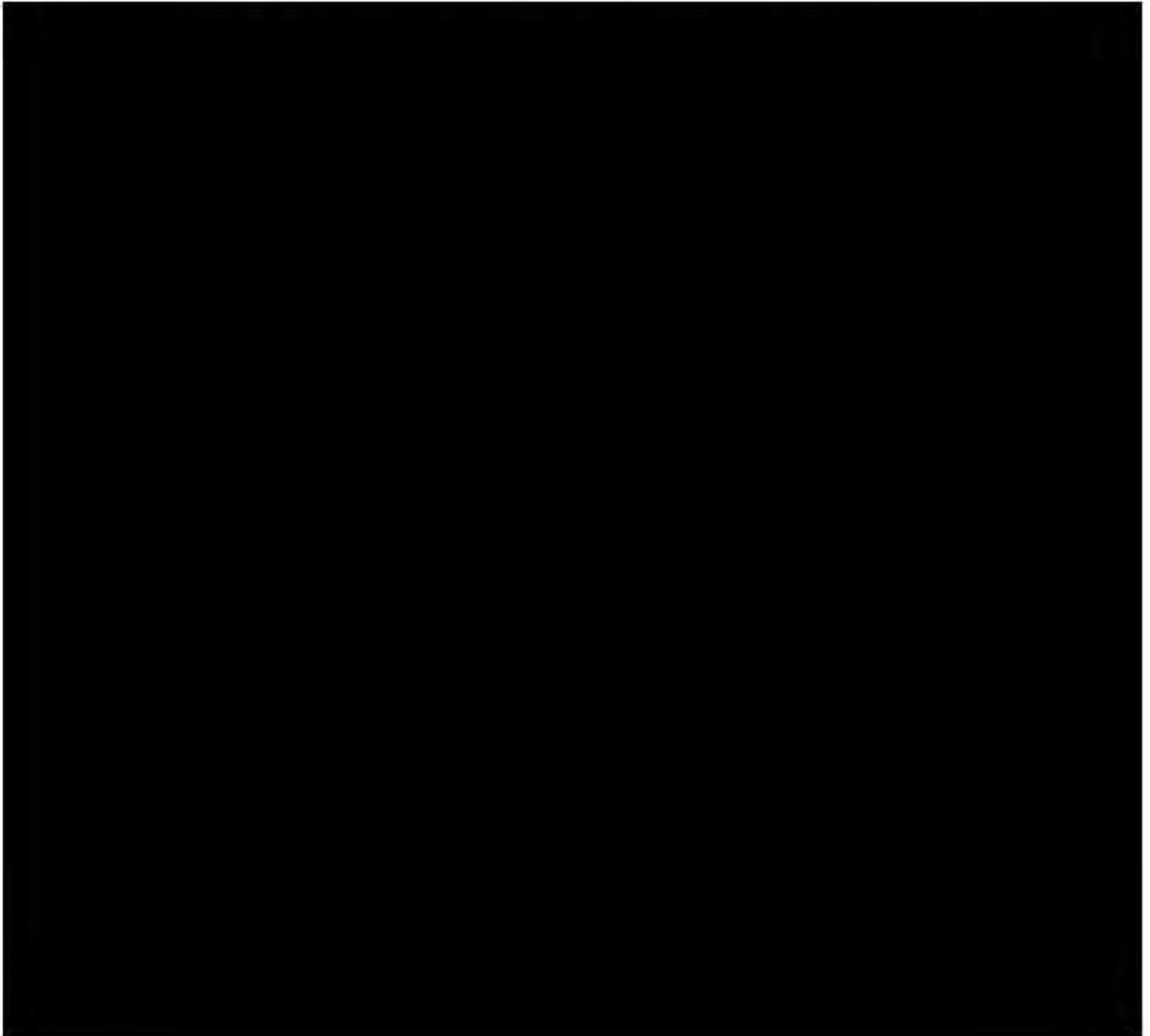
Yours sincerely

Peter Robertson
Chief Executive Officer



Maritime Super (the Fund) ABN 77 455 663 441
Trustee: Maritime Super Pty Limited ABN 43 058 013 773
Administrator: Maritime Financial Services Pty Limited
ABN 16 105 319 202 AFSL No. 241735

NOTE TO SUPPORT MARITIME SUPER'S CLAIM OF CONFIDENTIALITY



ATTACHMENT A

Maritime Super: Commentary on non-administration expenditure

Cost Code	Description	Benefits to Members
Marketing - Stakeholders	<p>The Fund develops marketing and advertising campaigns to enhance and grow brand awareness throughout the maritime industry. The Fund does not conduct any of these activities outside of the maritime industry. This includes fund specific merchandise which gives a sense of belonging and ownership to our membership.</p> <p>The Fund also engages in partnerships or sponsorship arrangements with unions, employers, industry associations and other stakeholders.</p> <p>These sponsorships allow us to engage with members at work-sites, meetings, functions etc, to provide them with a greater understanding of the Fund and their benefits.</p>	<p>These arrangements allow us to promote the Fund and our brand to increase awareness for members and prospective members within the maritime industry.</p> <p>By retaining and attracting new members into the fund we can increase our economies of scale and save on costs.</p> <p>Direct engagement with members assists them to be better informed about their superannuation benefits and their retirement outcomes.</p> <p>It also assists in educating members about financial matters and literacy to ensure they can make better decisions and take greater control of their retirement outcomes.</p>
Subscriptions & Licence's	<p>The Fund has attained membership of several superannuation industry associations including;</p> <ul style="list-style-type: none"> • Australian Institute of Super Trustees (AIST) • Association of Super Funds of Australia (ASFA) • Corporate Super Association (CSA) • Australian Council of Superannuation Investors (ACSI) • Council of Institutional Investors (CII) • Industry Funds Forum (IFF) 	<p>These memberships allow directors and staff access to discounted training opportunities, latest industry research findings and expert advice.</p> <p>The Fund receives regular reports, updates and seminar opportunities from each of these industry associations.</p>
Financial Planning *	<p>Financial Planners have been on staff from 1 July 2012. Prior to that date planners were contracted through IFS.</p> <p>These costs relate to general financial advice only. Personal financial advice fees are paid in addition by the members who utilise the service.</p>	<p>Advice provided by financial planners enables members to be well-informed about superannuation and their options upon retirement.</p> <p>Members who are properly advised are more likely to have improved retirement outcomes.</p>

*We consider financial planning to be part of normal administration costs, but have highlighted in this section to explain that these costs ceased to be shown in Attachment B as external services from 2012 and became part of internal staff salaries.

CONFIDENTIAL ATTACHMENT B

Maritime Super operating costs	2017			2016			2015			2014		
	Total \$	Non-Admin \$	Admin \$	Total \$	Non-Admin \$	Admin \$	Total \$	Non-Admin \$	Admin \$	Total \$	Non-Admin \$	Admin \$
Salaries & On Costs			-			-			-			-
Salaries	6,691,495		6,691,495	6,565,369		6,565,369	6,525,364		6,525,364	5,869,985		5,869,985
Employee Leave	830,727		830,727	729,849		729,849	939,932		939,932	837,816		837,816
Superannuation Contributions	1,001,743		1,001,743	946,584		946,584	977,953		977,953	972,418		972,418
Motor Vehicles	92,063		92,063	92,669		92,669	70,611		70,611	64,848		64,848
Casual Staff	20,998		20,998	19,253		19,253	35,099		35,099	24,570		24,570
Payroll Tax	458,792		458,792	445,460		445,460	431,463		431,463	422,030		422,030
Recruitment Costs	134,683		134,683	154,778		154,778	205,120		205,120	113,481		113,481
Workers Compensation	27,641		27,641	24,673		24,673	20,993		20,993	20,760		20,760
Training	186,186		186,186	171,579		171,579	115,211		115,211	130,807		130,807
Tax - FBT	150,223		150,223	136,987		136,987	115,735		115,735	80,927		80,927
	9,594,552	-	9,594,552	9,287,201	-	9,287,201	9,437,481	-	9,437,481	8,537,641	-	8,537,641
Board/Director Costs												
Director Fees	789,730		789,730	746,778		746,778	681,231		681,231	662,605		662,605
Tax-FBT	11,040		11,040	11,000		11,000	11,000		11,000	10,000		10,000
D&O Insurance	127,081		127,081	153,705		153,705	150,136		150,136	147,927		147,927
Training & Subscriptions & Office Equipment Rental	97,417		97,417	99,439		99,439	96,701		96,701	130,056		130,056
Director Meeting Costs and Travel	236,352		236,352	163,459		163,459	155,192		155,192	176,718		176,718
	1,261,619	-	1,261,619	1,174,383	-	1,174,383	1,094,260	-	1,094,260	1,127,306	-	1,127,306
Marketing, Communications & Travel												
Marketing - Stakeholders	190,394	178,647	11,748	233,527	208,056	25,471	232,880	136,243	96,637	68,315	65,158	3,157
Postage ,Printing & Stationery	338,826		338,826	353,884		353,884	326,700		326,700	454,513		454,513
Telephone & Internet	240,323		240,323	225,896		225,896	202,571		202,571	188,432		188,432
On line and Digital Strategy	358,605		358,605	363,467		363,467	67,342		67,342	142,476		142,476
Travel and Member Seminars	319,280		319,280	367,856		367,856	363,933		363,933	369,709		369,709
	1,447,428	178,647	1,268,781	1,544,630	208,056	1,336,574	1,193,425	136,243	1,057,182	1,223,445	65,158	1,158,287
External Services												
Consulting Services - General	903,621		903,621	559,795		559,795	293,995		293,995	440,916		440,916
Taxation Consulting	265,635		265,635	202,574		202,574	159,229		159,229	179,360		179,360
Actuarial Advice	316,064		316,064	174,348		174,348	310,147		310,147	138,359		138,359
Audit Costs	383,587		383,587	426,899		426,899	392,521		392,521	346,139		346,139
Legal and Compliance Fees	49,849		49,849	102,557		102,557	64,650		64,650	187,363		187,363
Unit Pricing Checking (used Bloomberg Leasing before)	44,331		44,331	34,034		34,034	28,551		28,551	27,750		27,750
Computer Support & Maintenance	817,027		817,027	859,431		859,431	948,851		948,851	1,200,128		1,200,128
Medicals Expenses	5,245		5,245	9,658		9,658	8,638		8,638	15,971		15,971
Financial Planners			-			-			-			-
Superstream	95,143		95,143	77,091		77,091	-		-			-
	2,880,504	-	2,880,504	2,446,386	-	2,446,386	2,206,583	-	2,206,583	2,535,986	-	2,535,986
Office General												
Depreciation	318,295		318,295	363,959		363,959	301,425		301,425	369,253		369,253
Electricity	34,619		34,619	32,307		32,307	35,341		35,341	40,838		40,838
Insurance	38,766		38,766	40,924		40,924	40,663		40,663	36,974		36,974
Office Equipment Rental	270,672		270,672	216,945		216,945	201,825		201,825	286,382		286,382
Office Rent	969,061		969,061	915,250		915,250	892,636		892,636	868,337		868,337
Rent Storage Facility	43,454		43,454	38,509		38,509	38,759		38,759	27,326		27,326
Repairs and Maintenance	19,767		19,767	19,969		19,969	19,789		19,789	23,649		23,649
	1,694,635	-	1,694,635	1,627,864	-	1,627,864	1,530,438	-	1,530,438	1,652,760	-	1,652,760
Subscriptions and Licensing												
APRA Levy	495,137		495,137	556,915		556,915	651,354		651,354	890,905		890,905
Subscriptions and Licenses	508,576	82,028	426,548	492,399	84,904	407,495	307,960	68,400	239,560	220,300	63,818	156,482
	1,003,712	82,028	921,685	1,049,314	84,904	964,410	959,314	68,400	890,914	1,111,205	63,818	1,047,387
Miscellaneous												
	73,846		73,846	74,631		74,631	79,749		79,749	73,352		73,352
GST Expense	212,846		212,846	690,753		690,753	602,445		602,445	653,736		653,736
SRF (Pre-Merger) Admin Expenses												
TOTAL OPERATING COSTS (excl Investment costs)	18,169,142	260,674	17,908,468	17,895,162	292,960	17,602,202	17,103,695	204,643	16,899,052	16,915,432	128,976	16,786,455

CONFIDENTIAL ATTACHMENT B

Maritime Super operating costs	2013			2012			2011			2010		
	Total \$	Non-Admin \$	Admin \$	Total \$	Non-Admin \$	Admin \$	Total \$	Non-Admin \$	Admin \$	Total \$	Non-Admin \$	Admin \$
Salaries & On Costs												
Salaries	5,306,080		5,306,080	4,227,701		4,227,701	3,942,536		3,942,536	3,823,150		3,823,150
Employee Leave	781,774		781,774	731,609		731,609	567,461		567,461	481,738		481,738
Superannuation Contributions	894,056		894,056	769,027		769,027	677,533		677,533	655,529		655,529
Motor Vehicles	70,202		70,202	59,388		59,388	53,130		53,130	53,331		53,331
Casual Staff	18,303		18,303	38,855		38,855	44,811		44,811	86,636		86,636
Payroll Tax	369,160		369,160	300,448		300,448	266,711		266,711	255,269		255,269
Recruitment Costs	100,111		100,111	88,609		88,609	97,732		97,732	61,331		61,331
Workers Compensation	20,892		20,892	18,390		18,390	19,615		19,615	16,800		16,800
Training	94,529		94,529	100,886		100,886	116,632		116,632	107,991		107,991
Tax - FBT	108,399		108,399	92,856		92,856	75,640		75,640	74,018		74,018
	7,763,506	-	7,763,506	6,427,770	-	6,427,770	5,861,801	-	5,861,801	5,615,792	-	5,615,792
Board/Director Costs												
Director Fees	614,789		614,789	544,912		544,912	495,440		495,440			-
Tax-FBT	7,900		7,900	7,042		7,042	(2,138)		(2,138)			-
D&O Insurance	149,819		149,819	128,536		128,536	128,422		128,422			-
Training & Subscriptions & Office Equipment Rental	47,624		47,624	21,271		21,271	25,851		25,851			-
Director Meeting Costs and Travel	172,487		172,487	173,004		173,004	163,629		163,629	78,398		78,398
	992,618	-	992,618	874,765	-	874,765	811,204	-	811,204	78,398	-	78,398
Marketing, Communications & Travel												
Marketing - Stakeholders	55,297	39,769	15,528	55,732	55,732	-	49,574	49,574	-	67,524	67,524	-
Postage ,Printing & Stationery	544,378		544,378	401,343		401,343	603,639		603,639	636,025		636,025
Telephone & Internet	218,578		218,578	216,701		216,701	204,035		204,035	191,826		191,826
On line and Digital Strategy	139,824		139,824	34,350		34,350	94,242		94,242	17,799		17,799
Travel and Member Seminars	353,524		353,524	337,666		337,666	308,287		308,287	345,682		345,682
	1,311,601	39,769	1,271,832	1,045,793	55,732	990,061	1,259,777	49,574	1,210,202	1,258,856	67,524	1,191,332
External Services												
Consulting Services - General	398,230		398,230	394,786		394,786	423,461		423,461	945,835		945,835
Taxation Consulting	200,697		200,697	191,223		191,223	169,118		169,118	233,311		233,311
Actuarial Advice	225,491		225,491	183,450		183,450	224,676		224,676	180,811		180,811
Audit Costs	326,775		326,775	397,146		397,146	404,632		404,632	336,554		336,554
Legal and Compliance Fees	181,723		181,723	383,909		383,909	332,844		332,844	333,708		333,708
Unit Pricing Checking (used Bloomberg Leasing before)	20,297		20,297	20,363		20,363	-		-	26,118		26,118
Computer Support & Maintenance	1,199,628		1,199,628	1,056,176		1,056,176	1,035,684		1,035,684	1,053,988		1,053,988
Medicals Expenses	14,342		14,342	24,002		24,002	14,614		14,614	57,470		57,470
Financial Planners	98,147		98,147	877,257		877,257	597,444		597,444	437,040		437,040
Superstream			-			-			-			-
	2,665,329	-	2,665,329	3,528,311	-	3,528,311	3,202,472	-	3,202,472	3,604,835	-	3,604,835
Office General												
Depreciation	362,053		362,053	388,840		388,840	808,369		808,369	785,011		785,011
Electricity	41,253		41,253	36,998		36,998	31,400		31,400	27,658		27,658
Insurance	32,485		32,485	33,780		33,780	37,619		37,619	202,579		202,579
Office Equipment Rental	313,697		313,697	260,220		260,220	251,154		251,154	259,555		259,555
Office Rent	903,516		903,516	754,774		754,774	725,404		725,404	680,790		680,790
Rent Storage Facility	30,321		30,321	23,850		23,850	19,601		19,601	16,470		16,470
Repairs and Maintenance	23,757		23,757	19,307		19,307	14,639		14,639	10,782		10,782
	1,707,081	-	1,707,081	1,517,769	-	1,517,769	1,888,186	-	1,888,186	1,982,845	-	1,982,845
Subscriptions and Licensing												
APRA Levy	1,037,948		1,037,948	157,612		157,612	311,640		311,640	243,801		243,801
Subscriptions and Licenses	168,098	64,481	103,617	110,100	63,813	46,287	107,271	44,571	62,700	101,805	42,679	59,126
	1,206,046	64,481	1,141,565	267,712	63,813	203,899	418,911	44,571	374,340	345,606	42,679	302,927
Miscellaneous	76,708		76,708	76,539		76,539	64,253		64,253	83,410		83,410
GST Expense			-			-			-			-
SRF (Pre-Merger) Admin Expenses			-			-			-			-
TOTAL OPERATING COSTS (excl Investment costs)	15,722,888	104,250	15,618,638	13,738,658	119,545	13,619,113	13,506,605	94,145	13,412,459	12,969,741	110,203	12,859,539

CONFIDENTIAL ATTACHMENT B

Maritime Super operating costs	2009			2008		
	Total \$	Non-Admin \$	Admin \$	Total \$	Non-Admin \$	Admin \$
Salaries & On Costs			-			-
Salaries	2,579,216		2,579,216	2,029,719		2,029,719
Employee Leave	483,301		483,301	233,283		233,283
Superannuation Contributions	416,574		416,574	298,766		298,766
Motor Vehicles	17,899		17,899	12,240		12,240
Casual Staff	138,165		138,165	93,890		93,890
Payroll Tax	165,049		165,049	130,870		130,870
Recruitment Costs	52,953		52,953	105,571		105,571
Workers Compensation	6,138		6,138	13,200		13,200
Training	80,771		80,771	86,867		86,867
Tax - FBT	32,972		32,972	48,038		48,038
	3,973,038	-	3,973,038	3,052,445	-	3,052,445
Board/Director Costs						
Director Fees			-			-
Tax-FBT			-			-
D&O Insurance			-			-
Training & Subscriptions & Office Equipment Rental			-			-
Director Meeting Costs and Travel	54,103		54,103	9,385		9,385
	54,103	-	54,103	9,385	-	9,385
Marketing, Communications & Travel						
Marketing - Stakeholders	54,398	54,398	-	42,154	42,154	-
Postage ,Printing & Stationery	293,059		293,059	346,198		346,198
Telephone & Internet	147,518		147,518	117,950		117,950
On line and Digital Strategy	14,039		14,039	5,337		5,337
Travel and Member Seminars	181,568		181,568	90,908		90,908
	690,582	54,398	636,184	602,547	42,154	560,393
External Services						
Consulting Services - General	1,135,041		1,135,041	1,058,984		1,058,984
Taxation Consulting	180,375		180,375			-
Actuarial Advice	135,431		135,431	149,571		149,571
Audit Costs	320,198		320,198	211,930		211,930
Legal and Compliance Fees	295,275		295,275	245,311		245,311
Unit Pricing Checking (used Bloomberg Leasing before)	34,553		34,553	29,182		29,182
Computer Support & Maintenance	384,188		384,188	249,473		249,473
Medicals Expenses	38,293		38,293	26,333		26,333
Financial Planners	420,667		420,667	287,313		287,313
Superstream			-			-
	2,944,020	-	2,944,020	2,258,097	-	2,258,097
Office General						
Depreciation	731,347		731,347	621,934		621,934
Electricity	19,052		19,052	17,500		17,500
Insurance	179,483		179,483	154,941		154,941
Office Equipment Rental	160,254		160,254	44,236		44,236
Office Rent	445,084		445,084	319,363		319,363
Rent Storage Facility	7,948		7,948	1,577		1,577
Repairs and Maintenance	17,542		17,542	23,998		23,998
	1,560,710	-	1,560,710	1,183,548	-	1,183,548
Subscriptions and Licensing						
APRA Levy	325,355		325,355	251,468		251,468
Subscriptions and Licenses	79,941	20,350	59,591	88,742	35,860	52,882
	405,296	20,350	384,946	340,210	35,860	304,350
Miscellaneous	44,413		44,413	29,143		29,143
GST Expense			-			-
SRF (Pre-Merger) Admin Expenses	4,501,668		4,501,668	5,054,199		5,054,199
TOTAL OPERATING COSTS (excl Investment costs)	14,173,830	74,748	14,099,082	12,529,573	78,014	12,451,559