



APPENDIX C

Further information in response to paragraph 4 of Commission's letter of 23 January 2018

The cover letter provides context and commentary to the below:

- The total administration and operating expenses ratio time series can be found in the [back-series edition of Annual Fund-level Superannuation Statistics](#), Table 3 column BH. Link: <http://www.apra.gov.au/Super/Publications/Pages/superannuation-fund-level-publications.aspx>
- The back series report (issued 1 February 2017) contains data from the June 2014 period, as well as financial performance information collected under the previous reporting framework for 2004 to 2013.
- Of the 28 funds on the outlier list, as described in the cover letter, there are 15 RSEs that report an operating cost ratio in the bottom quartile (ranging from 0.87%-3.53%) for the period ending 30 June 2016; there are 14 RSEs that have operating cost ratios over 2014-2016 that are in the bottom quartile (ranging from 0.94%-4.09%). Note that APRA does not necessarily consider that operating cost ratios at these levels are unusually high; they simply represent the bottom quartile of ratios reported across the superannuation industry

As outlined in the cover letter commentary, it is also important to note that, a number of RSE licensees on the outlier list have already indicated a plan to exit the industry or restructure the funds. Further, a number of the RSEs listed are employer-sponsored defined benefit funds which are more expensive to operate, but where expenses are borne by the employer sponsor rather than the member, so member outcomes are not adversely affected.

The name of the funds (and RSE licensee) on the outlier list with an operating cost ratio in the bottom quartile are provided in the table below.

RSE licensee	RSE	Total admin & operating expenses as % of average net assets	
		30/6/2016	30/6/14 to 30/6/16
Concept One Pty Ltd	Concept One The Industry Superannuation Fund	0.87%	
Diversa Trustees Limited	LESF Super		0.94%
Diversa Trustees Limited	Smartsave 'Member's Choice' Superannuation Master Plan	1.82%	2.07%
Equity Trustees Limited	EmPlus Superannuation Fund	2.08%	2.35%
NSF Nominees Pty. Limited	Nationwide Superannuation Fund	1.42%	1.57%
Tidswell Financial Services Ltd	Max Super Fund	1.60%	1.60%



RSE licensee	RSE	Total admin & operating expenses as % of average net assets	
		30/6/2016	30/6/14 to 30/6/16
Diversa Trustees Limited	Rexel Australia Superannuation Plan	1.45%	1.40%
Diversa Trustees Limited	The PPS Corporate Superannuation Fund	1.23%	1.24%
Equity Trustees Superannuation Limited	Enterprise Super	1.84%	1.99%
Equity Trustees Superannuation Limited	Itochu Australia Superannuation Plan	3.53%	4.09%
Equity Trustees Superannuation Limited	L&H Group Superannuation Fund	1.69%	1.70%
Tidswell Financial Services Ltd	Tidswell Master Superannuation Plan	2.88%	2.98%
Towers Watson Superannuation Pty Ltd	Dow Australia Superannuation Fund	0.88%	
Towers Watson Superannuation Pty Ltd	Heidelberg Australia Superannuation Fund	1.13%	1.09%
Towers Watson Superannuation Pty Ltd	Jamestrong Packaging Australia Superannuation Fund	1.15%	1.17%
Towers Watson Superannuation Pty Ltd	Nissan Superannuation Plan	0.89%	0.99%

Confidentiality claims

The information referred to in Appendix C is 'protected information' within the meaning of s56(1) of the *Australian Prudential Regulation Authority Act 1998 (APRA Act)* or has been determined based on an assessment of protected information. Except in so far as subsections 56(3) to (7B) of the APRA Act apply, APRA may not disclose and cannot be required to disclose such information.

The information is also highly commercially sensitive.

Subsection 56(5) of the APRA Act gives APRA the power to approve the disclosure of protected information or protected documents to a person approved by APRA by instrument in writing. The Commissioner has requested production to the Commissioner, Counsel assisting the Commissioner, and the Solicitors to the Commission.

Subsection 56(8) of the APRA Act provides that if APRA discloses information or produces a document under s56 of the APRA Act, APRA may impose conditions to be complied with in relation to the information disclosed or the document produced.

A claim of confidentiality is made in respect of the information referred to in Appendix C, except in so far as the information or documents are already lawfully in the public domain, or fall within s57(7B) of the APRA Act. APRA seeks orders that the information in Appendix C not be disclosed other than to the Commissioner, Counsel assisting the Commissioner and the Solicitors to the Commission, on a confidential basis except in so far as the information or documents are already lawfully in the public domain, or fall within s57(7B) of the APRA Act.