

Minutes of the Maritime Super Annual Members' Meeting

Held via live stream on 24 February 2021, 2:00 pm (AEDT)

Speakers:

Paddy Crumlin, Chair
Lynelle Briggs, Deputy Chair
Peter Robertson, Chief Executive Officer

Moderator Q&A

Glenn Davis, Executive Officer/Company Secretary.

Other Attendees

Directors

Paul Garrett
Jamie Newlyn
Norm Pack
Will Tracey
Jason Varsamidis
Jeff Weber
Tony Wilks

Apologies

Mick Doleman
Sam Kaplan

Auditor

Hayley Watson – Ernst & Young

Actuary

Chris Porter – Willis Towers Watson

Quorum

The Chair announced that a quorum of Board Directors had joined the meeting online and that as such, the Chair declared the meeting open at 2:00pm.

Item 1: Welcome and Introduction

The CEO, Mr Peter Robertson welcomed and thanked all those who joined online for the inaugural Maritime Super Annual Members' Meeting (AMM) and advised that the meeting was being broadcast from Sydney.

The CEO invited members to submit their questions through the event streaming page until the end of the AMM, confirming that questions submitted prior would be responded to later in the meeting during the Q&A section.

The CEO noted that a full video recording along with the responses to all unanswered questions would be made available on the Maritime Super website within the coming weeks.

The CEO introduced the other presenters being the Chair Mr Paddy Crumlin and the Deputy Chair Ms Lynelle Briggs.

Item 2: Message from the Chair

The Chair spoke to the following matters:

- Acknowledged and thanked all Board members, the executive team and staff for their contributions to delivering great member outcomes throughout a very difficult year.
- Recognised and reinforced the history of the fund and its dedication to the maritime industry and its workers and employers. The growth of the fund over more than 50 years to the size it is today \$6b in assets under management and over 24,000 members.
- Recognised that 2020 was a challenging year for many personally and professionally, noting the impact of COVID-19 on the maritime industry and investment markets.
- Acknowledged the provision of strong membership benefits and financial outcomes for members, with membership categories that deliver above standard employer contribution arrangements and benefits associated with the maritime industry, that see members retiring typically with far greater account balances than the industry average super balance.
- Recognised that as a niche fund for the maritime industry, Maritime Super offers a highly personalised service as evidenced by exceptional member satisfaction results, year on year.
- The Fund is continuing to seek out strategies that will continuously improve member outcomes, seeking to maximise returns by having asset managers that fit best practice.
- The outsourcing of investments to Hostplus gives the Fund the ability to bring down the overall cost of administration while still delivering that wonderful idiosyncratic and characteristic culture of Maritime Super.
- The Board will continue to maintain governance over the Fund and will continue to deliver strong member outcomes through tailored insurance cover for maritime occupations, a national network of financial planners, exceptional member services and worksite visit program.
- The Maritime Super Board of Directors is made up of an equal number of employer and member representatives and two independent Directors, all providing strong governance and commitment to the Fund, acting in the best interest of all members.
- Recognised changes to the structure of the Board of Directors that will take effect from 1 March 2021. The current Chair will step down from the Board at the end of 2021 but will retain his role as National Secretary of the MUA.
- The Deputy Chair, Ms Lynelle Briggs AO, has been appointed by the Board as the Chair Elect and will work closely with the Chair to assist in the transition to the role of Chair at the end of the year. Lynelle has enjoyed a very successful government career in policy, strategy, regulation and operations, with significant experience in executive management and board participation across a wide range of companies and industries. Lynelle is also currently a Royal Commissioner on the investigation into quality and safety in aged care.
- Acknowledged the contributions made to the Fund two longstanding directors Mick Doleman and Tony Wilks, who are retiring from the Board. Welcomed new directors to the Board in Teresa Lloyd, Garry Keene and Alisha Bull.
- Recognised the strong combination of skills and experience on the renewed Board to serve our members and deliver to them the best possible financial outcomes.

The Chair then invited the Deputy Chair Ms Lynelle Briggs to address the meeting.

Item 3: Message from Deputy Chair

The Deputy Chair spoke to the following matters:

- Acknowledged appointment as Chair Elect and the exceptional level of leadership provided by the current Chair Paddy Crumlin. Will work with current Chair to ensure a smooth transition of roles and to deliver the best outcomes for members.
- Recognised the importance of having independent Board members who can use their experience and knowledge of other sectors to help identify risks that might be on the horizon and indeed, to open up the thinking about ideas and reforms that need to be taken.
- Confirmed commitment to the industry super fund model and Maritime Super's focus on working in the best interests of members and will continue to be so under the renewed Board. Affirmed belief that the not-for-profit industry superannuation model is the right model and it's the model that does the best by members across the country, as shown by the Hayne Royal Commission very directly.
- Committed to working in collaboration with other industry super funds to enhance the position of the industry fund movement collectively so that we maintain our position in the market and fight efforts to undermine the social enterprise of the industry superannuation fund model.
- Working with Hostplus to achieve strategic objectives of investments for Maritime Super, ensuring members get desired returns. Hostplus arrangement is an opportunity to keep fees down.
- Continue to enhance customer service and continue to focus on the best interests of members.

The Deputy Chair then invited the Chief Executive Officer to address the meeting.

Item 4: Chief Executive Officer Update

The Chief Executive Officer (CEO) spoke to the following matters:

- Impact of COVID-19 on fund operations and how technology and operations were adapted to enable 70% of staff to work remotely, with no disruption in service to members.
- Maritime Super established in 1967 and now has \$6 billion in funds under management. Average account balance is almost \$340,000. Continued focus on long-term growth and service to members.

Outsourced Investment Management

- The Hostplus partnership is a strategy to improve long-term financial outcome and it will provide investment scale, lower fees and greater access to investment opportunities.
- Members take an active interest in the investment of their super and the Fund supports this through access to education and advice to help members along the way.
- We have 85% of members' money actively invested across our range of investment options. Over half of membership assets are invested in the Growth and Balanced options, with the remaining portion invested mostly across Conservative, Moderate and Cash options.
- While our core investment options have achieved their long-term return objectives, the Board would like to achieve further investment growth to help members make the most of their super.
- We're excited to announce our new partnership with Hostplus super fund to access scale and deliver greater investment opportunities and performance for our members. Maritime Super will be investing the Fund's assets in the Hostplus investment pool, effective 30 April 2021.
- Hostplus has over \$50 billion in assets under management and growing. This provides

members with access to a much larger pool of assets and the benefits of scale that come along with it; wider investment opportunities and lower management fees. Being an industry super fund, Hostplus is run only for the benefit of members with a view to optimise investment returns to members' accounts and keep operating costs low. And Hostplus has now created a unique facility where other super funds can access their investment pools. No other large 'profit to member' industry fund has this facility.

- The decision to invest with Hostplus is a deliberate and rational strategy to give our members access to greater scale, and the benefits that brings, while maintaining the high level of personal service our members have come to expect. It's a 'win-win' for members to access all the benefits of Maritime Super's personal level of service and connection to the industry; including comprehensive insurance cover tailored to maritime occupations, worksite visits, access to financial planners and exceptional, personalised member services.
- This new arrangement does not change any other benefits or services you receive from Maritime Super.
- On the transfer date, 30 April 2021, your account balance will initially be invested in the most similar investment option at Hostplus under a pooled investment arrangement with Maritime Super.
- Importantly Hostplus has a wide range of investment options and you will be able to choose the one(s) that you prefer, under the pooled investment arrangement Maritime Super will establish with Hostplus.
- The investment strategies across each of our options and the Hostplus options have been closely reviewed by expert external consultants and the Board's investment committee. The Fund's investment options will be matched with the parallel Hostplus investment options, by way of asset allocation breakdown and risk/return profile.
- You don't need to do anything; on 30 April 2021 your account will be invested according to the most similar matching investment option within Hostplus
- We will issue detailed communications to all members in the coming weeks and conduct member seminars across the major ports to answer your questions.

Item 5: The 2019/20 Year Review

- The 2019/20 financial year began reasonably well, but from mid-February attention shifted to the global spread of COVID-19 which had a profound impact on investment markets
- Governments around the world implemented varying degrees of lockdowns, leading to a sharp contraction in economic activity. Markets fell but soon recovered over the remainder of the financial year, recapturing much of their losses.
- In Australia, the RBA reduced the cash rate twice in March and again in November to an all-time low of 0.10%. The Federal Government announced three separate stimulus packages of over \$200 billion, in addition to state-based initiatives.
- The impact of COVID-19 on economies and investment markets led to subdued results for all super funds, including Maritime Super, for the 2019/20 financial year.
- However, this crisis also led to strong engagement with members, as we took to helping members with questions on investment strategy and in some cases access to early release of super, which was not as prominent for our fund as it was for other industry-based funds.
- Our Member Services team went above and beyond to manage very high call volumes from March through to August, an increase of almost 20% compared to the same period last year
- At the same time, we also saw website visits and member app registrations increase during the year, with over 20% of members using the app. We turned our attention to evolving online solutions, on the go, to help members and quickly introduced the Info Hub to provide

additional education and support during this time particularly around financial wellbeing and money matters.

- Our financial planners continued to meet with members over the phone and via video for financial advice and general catch ups, having built relationships with members over the years.
- We're always ready to help members, but last year, more than ever, we were on the front foot making sure we were doing all we can to be available and help members manage and make the most of their super.
- Every year we participate in a survey conducted by Customer Service Benchmarking Australia (CSBA) who collect feedback from members of various super funds comprising corporate, industry and retail funds. This year they conducted the research across 33 super funds.
- I'm pleased to report that despite the challenges presented by COVID-19 this year, Maritime Super did exceptionally well to maintain and even improve performance in key service measures, delivering positive member experiences.
- Our overall satisfaction score was substantially higher than the all funds average.
- We received the highest score in the survey for ease of dealing with the Fund and also got top marks for handling enquiries quickly and efficiently and providing members with the information they require.
- At Maritime Super what makes us different is our unique understanding of, and involvement, in the maritime industry and our ability to get close to our members to make a real difference. We have the ability and capacity to get to know our members and key stakeholders to truly connect and deliver services through an agile approach.
- Our survey results are a testament to the exceptional service and dedication of all Maritime Super staff going above and beyond to help members and deliver a positive member experience, one we are all proud of.

The CEO declared the conclusion of the presentation and introduced Glenn Davis, the Fund's Executive Officer, who directed questions from members to the Chair, Deputy Chair and CEO. The following is a summary of questions asked and answered.

Item 6: Answers to Submitted questions

With the new Hostplus arrangement, will Maritime keep its website? I like to check its performance regularly and find it easy to understand against the unit prices format.

The CEO responded that the website will be the same or very similar, and the Fund's customer service team will continue to provide all the same services as they do now. The Chair added that the structure and delivery will be the same and that the member investment choices will remain the same.

Maritime Super will now allow you to change investments daily, will there be a charge for this and a limit on how many times you can change?

The Chair responded that daily switching can be a costly exercise, but Maritime is now able to offer daily switching through the Hostplus vehicle which has a high level of liquidity that allows more frequent switching. At present, there is no plan to charge for switching although it is recommended that members consider seeking financial advice regarding switching.

Some media commentary has suggested that Maritime Super's fees appear to be high; how do

they compare with other funds?

The Deputy Chair responded that the Fund's fees are quite competitive compared with other similar sized industry super funds. Time has been spent working through our investment options to absolutely minimise the fees in that area and we look very competitive. The Fund does recognise that there's only so much a small to medium sized fund can do in terms of fee savings compared with what can be achieved by a very much larger organisation and that's one of the key benefits that we see from the arrangement with Hostplus. The bigger pool of funds will enable Maritime Super to push down investment fees and also achieve further administrative efficiencies.

Why can't Maritime Super facilitate benefit payment transfers into international bank accounts?

The CEO responded that foreign banks are outside of the APRA regulated environment so the potential for fraud is escalated dramatically and it's very difficult for an Australian super fund to then chase that money down if something goes wrong. The other issue is the complex regulatory framework that requires us to report through AUSTRAC on any payments to foreign entities. The time required to make a payment to an overseas bank account could potentially be longer than the time taken to post a cheque overseas.

In the past, many members went to accumulation options while some retained their defined benefits. For those that have still retained defined benefits, will that be carried forward into the future?

The CEO responded that Maritime Super have a number of different subcategories with complex benefit designs and defined benefits. These will all be maintained because the partnership with Hostplus is about investing the assets, not about the way the fund is run.

Some members have asked if the Hostplus arrangement affects any of our insurances or income protection deals within the current super structure.

The CEO responded that this is not the case. The fund continues to operate and our insurance contract, which is currently held by MLC, remains in force. There is no variation to any of the products or services we offer, other than outsourcing the fund's investment arrangements.

Can a daily switch be done on the phone app or do you have to ring up?

The CEO's response was that switching can currently be done on the app, so when we move from weekly to daily, it will continue to be available on the app.

Will Maritime Super representatives continue to visit job sites as regularly as they currently are?

The Chair and CEO responded that Maritime Super representatives would continue to visit sites with the same frequency. It is through engagements like this that the Fund continues to develop opportunities to talk to our members because it's your fund.

What are the key factors that have contributed to the longevity and success of Maritime Super?

The Chair responded that the values of the fund are the same today as they were when the fund

was first established in 1967. At that time, union leaders saw a massive change to both shipping and stevedoring far in advance of any other industry. They got together with the employers and said if there is going to be change, then part of that change needs to flow on to the social conditions, not only of stevedores and maritime workers, seafarers of today, but into the future. They established a superannuation fund template that became the model for the industry superannuation funds nearly 20 years later. As a result of this template, we are now seeing workers that have been in the industry for 50 years or more retiring with some of the largest member balances. There is an understanding that what happens in superannuation with insurance, dignity and decent retirements is just as much a matter of duty of care for the employers as it is for the unions and all of the workers.

Item 6: Meeting Close

The CEO thanked the audience for their attendance and for the continuing trust and support of its membership.

The Chair then declared the meeting closed at 3.15pm.