

13 September 2021

By email: economics.reps@aph.gov.au

Mr Danton Leary
Inquiry Secretary
Inquiry into the Implications of Common Ownership and Capital Concentration in Australia
Standing Committee on Economics
Department of the House of Representatives
Parliament House
Canberra ACT 2600

Dear Mr Leary

Inquiry into the Implications of Common Ownership and Capital Concentration in Australia

AustralianSuper welcomes the opportunity to make a submission in response to the Terms of Reference for this Inquiry.

AustralianSuper is Australia's largest superannuation fund and is run only to benefit members. Almost 2.5 million Australians are members of AustralianSuper and we invest over \$230bn of their retirement savings on their behalf. Our purpose is to help members achieve their best financial position in retirement. We are proud to be the nation's top performing superannuation fund over the past 7, 10, 15 and 20 years (to 30 June 2021).

AustralianSuper is a patient long term investor and to this end we seek outcomes that create or enhance companies' value over the longer term. This approach accords with our obligation to act in the best financial interests of members.

Noting the Committee's terms of reference relate to common ownership theory, we provide the following information for the assistance of the Inquiry:

No instances of common ownership

- AustralianSuper voluntarily discloses all portfolio holdings of ASX-listed companies on a look-through basis on our website.
- An analysis of the most recently publicly available portfolio holdings, and of the Fund's current portfolio holdings, shows no incidents of common ownership.
- To undertake this analysis, we adopted the Corporations Act substantial holding threshold and considered at least two of the four largest companies in an industry.
- While we consider this threshold to be unrealistic and overly strict, it is useful for the purposes of demonstrating AustralianSuper does not hold assets where common ownership arises. Using more realistic measures of control and influence (for example a 10% or 15% shareholding) would obviously also produce no evidence of common ownership in our equity portfolio.

AustralianSuper shareholdings

- The Australian equity market is currently valued at approximately \$2.62 trillion. AustralianSuper currently invests around \$53 billion of members' assets in that market, equating to approximately 2% of the market.
- AustralianSuper's investment process in Australian equities is focussed on identifying companies we want to invest in for the long term as part of a diversified portfolio actively managed on behalf of 2.5 million Australians.
- The investment process identifies companies focussed on creating long term shareholder value, by implementing sustainable strategies with good corporate governance.
- Our investment approach has not and is unlikely to lead to circumstances where the adverse impacts of common ownership will arise. This is borne out by the analysis set out above.

AustralianSuper as an investor

- As an institutional investor, AustralianSuper has a right and responsibility to vote on company resolutions. These include resolutions regarding Board election, remuneration, governance and ESG considerations.
- AustralianSuper exercises our voting rights actively and independently which can involve direct engagement with companies ahead of shareholder votes. Our approach is informed by the desire to produce outcomes that create and/or enhance company value. Each vote by AustralianSuper is consistent with this approach and reflects our regulatory obligations, including to act in the best financial interests of members.
- Our votes on resolutions for Australian and international listed companies are publicly declared each quarter.

Regulatory framework

- AustralianSuper complies with all regulatory requirements relating to disclosure and acquisition of interests in companies, including where the Corporations Act:
 - Requires disclosure of substantial shareholdings in listed companies of 5% or more and any movement in substantial shareholdings of 1% or more. These disclosures are made to the relevant market operator and are publicly available on the website of the Australian Securities Exchange.
 - Prohibits the acquisition of relevant interests greater than 20% in listed companies or widely held unlisted companies, except in very limited circumstances.
 - Requires trustees of superannuation funds to make information relating to portfolio holdings publicly available on their websites, including investments in companies.
- Australian Super currently exceeds the disclosure requirements in the Corporations Act by making public all relevant shareholdings.
- AustralianSuper complies with other applicable regulatory settings, including the Australian Competition and Consumer Act.
- We are not aware of any instance where a company in which AustralianSuper invests has been investigated or prosecuted by Regulators where there has been a finding that our ownership has encouraged or resulted in unlawful conduct occurring.

Please do not hesitate to contact me should you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sarah', is displayed on a light gray rectangular background.

Sarah Adams
Group Executive
Strategy, Reputation & Corporate Affairs