

Minutes of the 2022 BUSSQ Annual Members' Meeting

held online

Wednesday 22 February 2023

12:00 pm – 1:00pm (AEST)

Directors present:	Chris Taylor (Chair)
	Jacqui Collie
	Michael Ravbar
	Geoffrey Baguley
	Paul Hick
	Linda Vickers
	Ben Young
	Emma Eaves
In attendance:	Damian Wills, Chief Executive Officer
	Angela de Vine, Executive Manager, Marketing, Brand & Communications
	Leigh Mackay, Executive Manager, Member Engagement
	Lisa Cumberland, Executive Manager, Governance, Risk and Compliance
	Peter Laity, Chief Investment Officer
	David Jewell, Auditor (Ernst & Young)
Apologies:	Nil

1. Chair's Welcome address

Chris Taylor, Chair of the Board of BUSS (Queensland) Pty Ltd, welcomed members to the third BUSSQ Annual Member's Meeting. He acknowledged the traditional custodians of the land on which the meeting took place and from the various lands from which they watched, and paid respects to their elders past, present and emerging.

Chris spoke to the following points:

- noted that the purpose of this meeting was to give all BUSSQ members an overview of how the Fund has performed over the last financial year and to provide an outlook for the year ahead.
- provided an overview of what would be discussed at the meeting, including the Fund's operations, key highlights, challenges and achievements, and an update on our future direction, and how BUSSQ planned to deliver for members.

- noted that he was appointed Chair of the Board after joining the Board in March 2022, and that he brought to BUSSQ extensive experience as a builder and employer based in Townsville but working throughout Queensland, and has chaired and sat on several boards in the construction industry and tightly regulated education industry.
- noted that he sees BUSSQ's members on site day-in and day-out and know what it's like for members in the construction and allied industries to put in a hard day's work in what can be a tough and demanding industry.
- noted that he is used to dealing with regulators and complying with legislative requirements - he is a lawyer and accountant.
- noted that working with the BUSSQ's experienced Board and executive team, he is using his experience with the aim of ensuring members' best financial interests are protected and that they enjoy the retirement they deserve.
- acknowledged and welcomed fellow directors and the executive team and thanked them for their dedication and support of BUSSQ members' interests.
- noted that the last financial year had been one of change for the Fund, the Board had increased to eight members, and he welcomed a number of new directors.
- noted that new to the current Board were Ben Young, Geoff Baguley, Linda Vickers, Michael Ravbar and Paul Hick. They joined existing Board member Jacqui Collie, and Emma Eaves who had recently re-joined the Board. Together they are a cohesive and experienced board with an excellent mix of industry, superannuation, legal and professional expertise that he had no doubt will continue to serve our members' interests.
- noted that a quorum of directors was present for the Annual Members' Meeting.
- noted the presence of David Jewell, representing the company auditor, Ernst & Young, and that David had been with the firm since 1984 and a partner since 2002, is a registered company auditor and meets APRA's fit and proper tests for superannuation auditors.
- noted that the meeting is all about the members, and the focus and purpose at BUSSQ is to improve members' retirement outcomes and make the difficult easy when it comes to members' super.
- noted that members are at the centre of everything done at BUSSQ, and BUSSQ is a profit for member fund with a duty to act in the best financial interests of members.

- noted that every decision and activity undertaken is based around what will be the best outcome for our members.
- noted that the Board will always strive to deliver strong long-term returns for members. We offer tailored insurance for the industry and provide personalised service to help members get their super sorted and on track.
- noted that this event is one of many events to be undertaken by BUSSQ this year. Our strategy was to give members the right information at the right time, with access to subject matter experts and to the executive team at our various events and webinars. So, members should watch for when these events are announced on the BUSSQ website or via other member communication channels.
- stated that: We are required by law to let you know that the information presented here during this meeting is general information only and does not take into account or consider your personal objectives, financial situation or needs. Before acting, you should review the Product Disclosure Statement to ensure you all have all the information on the relevant BUSSQ product and how it works and consider the appropriateness of the information to your needs or obtain financial advice tailored for your personal circumstances. The Product Disclosure Statements and Target Market Determinations are available on the BUSSQ website bussq.com.au. Past performance is not a reliable indicator of future performance. BUSSQ's quoted investment returns are net of investment fees and costs, taxes, and the percentage-based administration fee.
- noted in summary, that his job and that of his colleagues on the Board is to always act in the best financial interests of members. The Board aims to ensure that members retire with dignity.
- noted that delivering dignity also means delivering financial products and services that support members all the way through their working life and beyond, and that BUSSQ must strive to achieve this in an increasingly regulated environment where legislative change is having wide reaching consequences in the industry.
- thanked the entire BUSSQ team for their ongoing commitment to members and particularly for the support they have provided for our members through the challenges of the last financial year.
- thanked each one of BUSSQ's members for their membership of BUSSQ and took the opportunity to affirm the Board's commitment to putting your interests first.

2. Chief Executive Officer's address

Damian Wills, BUSSQ's Chief Executive Officer, spoke to the following points:

- noted that he had been fortunate to be the CEO of BUSSQ since 1 January 2021. Before that he had worked in the Fund as the Chief Operating Officer for six years, and before that for the Fund's administration partner for 10 years, so all in all he had spent half his career working for BUSSQ.
- noted that it was an absolute privilege to lead a Fund that had its members' best interests at its heart and soul. Staff shared this privilege too and had members' interests as their primary focus each day, as they meet members at their workplace, invest members' hard-earned money well, and that the services members receive in-person and over-the-phone met members' high expectations.
- noted that after achieving record returns in our MySuper option in the 2021 financial year, the 2022 financial year had certainly been a challenging one for all investors around the world.
- noted that economic and geopolitical events around the world saw global markets retreat and returns to members for the 2022 year were negative for the first time since the Global Financial Crisis.
- noted that better times will return, and history provides evidence of this. There were always more sunny than rainy days in investment markets, and as a long-term investor, BUSSQ knew this to be true. Over its 38-year history, BUSSQ had delivered an average return to members of 9.29% per annum on the Balanced Growth Super option, calculated at 30 June 2022. Superannuation was likely to be Australians' largest investment after housing and had a long investment horizon, even for members at retirement age, when their account balance as likely to be its highest.
- noted that the Fund had seen another year of positive overall membership growth, its best superannuation contribution receipts in many, many years and strong positive cashflow. These were all positive pointers to the sustainability and health of the Fund. Not all super funds could say the same. These results were underpinned by a strong building and construction industry, an industry that was the third largest employer of Australians and had bright prospects over the next 10 years here in Queensland as we build for the Olympics and other large scale civil and commercial projects for the growing population.
- noted that last year saw a change of federal government, and that it had announced a review into some of the super laws introduced by the coalition. The outcomes of this review are expected soon, but he expected there will be changes to make the overall super system fairer for all types of funds. The last government introduced a performance test, which conceptually BUSSQ did not have an issue with, however, amongst funds it was causing unintended negative investment behaviours, which detracted from taking appropriate risk to maximise returns.

- moved onto BUSSQ's key highlights, challenges and achievements over the last financial year, and what the Fund is aiming for with the year ahead.
- noted that as a profit to members fund, BUSSQ was committed to growing its membership and funds under management for the benefit of all members. Looking back over the last financial year, BUSSQ delivered on this goal as it welcomed over 8,500 new members into the Fund and managed over \$5.6 billion in members' retirement savings.
- noted that he was proud to see that BUSSQ was delivering on other important areas for members, in particular BUSSQ:
 - continued to ensure members received the super they're entitled to by collecting \$12.6 million in late contributions on their behalf through BUSSQ industry leading arrears process.
 - continued to provide members with personalised service, when and how they needed it, with BUSSQ representatives personally answering over 56,000 queries.
 - continued to offer competitively tailored insurance for high-risk jobs – which many other funds may not cover.
 - continued to deliver strong long-term returns for members.
 - continued to go the extra mile by travelling to worksites and workplaces, where BUSSQ held over 468 information sessions that helped members and employers sort their super.
- noted his pride in these achievements, and that it highlighted how BUSSQ was constantly focused on delivering value to members.
- noted that it didn't come without its challenges, as the past year tested BUSSQ and the entire superannuation industry.

Discussed key industry challenges and achievements:

- noted that in 2022, a number of Australian businesses experienced an increased level of cybercrime activity and some data breaches. For BUSSQ, data security remained a top priority over the last year and continues to be a priority. BUSSQ and its partners took pride in taking strong measures to keep Fund and member data safe and secure.
- recognised that the personal information BUSSQ managed on behalf of its members, was some of the most valuable and important information BUSSQ held, and took this responsibility seriously. Over the year, BUSSQ had continued to work closely with its

service providers to keep up with evolving security threats, maintain strong controls, and ensure member data remained safe and secure. He expressed confidence that BUSSQ's best practice protocols and security measures provided an appropriate and proportionate response in the current environment.

- noted that another challenge faced by BUSSQ and the industry, was the Government's Your Future, Your Super reforms, which came into effect on 1 July 2021. The reforms required the superannuation industry to improve its efficiency, transparency and accountability.
- noted that under the Your Future, Your Super reforms, the Australian Prudential Regulation Authority, or APRA, was required to conduct an annual performance test for MySuper products. The assessment under the performance test, in conjunction with the Australian Taxation Office's Your Super comparison tool, was intended to hold superannuation funds to account for underperformance through greater transparency and increased consequences.
- noted that members would be pleased to know that BUSSQ's MySuper product passed this test for the second time it has been conducted.
- noted that in addition to passing APRA's annual MySuper performance test, BUSSQ completed its member outcomes assessment. This assessment showed how BUSSQ's super and income account products compared to other funds in the industry. BUSSQ conducted the assessment across such areas as our investment returns, level of investment risk and fees and costs. He noted that BUSSQ performed well, and a summary of the assessment could be viewed on the BUSSQ website.
- noted that in further support of enhancing members' outcomes, over the year BUSSQ developed its Retirement Income Strategy. The requirement to develop a Retirement Income Strategy was intended to keep the superannuation industry aligned and held accountable.
- noted that BUSSQ's Retirement Income Strategy would play a pivotal role for the Fund in the future, to ensure we're helping members who are approaching or in retirement, to maximise their expected retirement income, manage expected risks to the sustainability and stability of their expected retirement income, and provide flexible access to expected funds during retirement.
- noted that the Retirement Income Strategy now forms a key part of BUSSQ's overall strategic plan, which aims to improve member outcomes on cost, investment performance, products and service.
- noted that a summary of the BUSSQ Retirement Income Strategy was available to view on our website.

- noted that for the next year, BUSSQ's core focus will be to improve investment returns for members and ensure we are talking to members of all ages about how to maximise their super savings. He noted that BUSSQ had already seen improvements on its short-term investment returns this financial year, and their ambition is to continue this journey.
- noted that BUSSQ employs an active investment management style, actively working on its overall investment portfolio every day with our investment managers. Last year, seven of the top 10 funds for performance employed active management styles. These funds also tended to be smaller funds, as mega funds have increasingly internalised their investment operations functions and embraced passive investing, chasing moderate indexed returns in shares.
- noted that Chief Investment Officer, Peter Laity would provide more detailed insights into BUSSQ's investment performance, approach and future outlook.
- noted that another key focus for BUSSQ in the year ahead would be to continue to take the time to provide a high level of personalised service to members, when and how they need it. BUSSQ aims to offer a range of expert assistance at members' worksites, in their home, over-the-phone or in our office. BUSSQ prides itself on its service to members, it was built by and for the building, construction and allied industries in Queensland. As a smaller fund, members are not just a number, as may be the case in mega funds. BUSSQ is passionate about ensuring workers in these industries received the very best service in the market to achieve their retirement dreams.
- thanked all BUSSQ's loyal members for their continued support of their Fund and looked forward to delivering further positive outcomes for their retirement savings in the coming year.

3. Chief Investment Officer's address

Peter Laity, BUSSQ's Chief Investment Officer, gave a presentation which was accompanied by slides. He spoke to the following points:

- noted that he had joined BUSSQ last July and had over 20 years in superannuation having held senior positions at some of Australia's largest funds.
- noted that he would provide, an investment recap for the last financial year, discuss how BUSSQ has performed, highlight what BUSSQ is doing in the responsible investing space, and give an outlook on markets and our investments for the next year
- noted that investment performance over the FY21/22 period was disappointing, and that rising inflation, rising interest rates and supply chain issues negatively impacted both share and bond markets.

- noted that there was a substantial swing in share market behaviour in the 2022 financial year compared to 2021. Investor confidence in the share market took a significant hit, driven by factors such as:
 - high and rising inflation, following spikes in energy, food, and other commodity prices
 - rising bond yields, and expected increases in cash rates
 - the war in the Ukraine and rising political tensions between the US, Russia, and China
 - a large drop in sentiment around technology companies and their growth prospects, given the inflation outlook.
- noted that looking at how share markets have performed over the long term, it was important to compare the current market fall to other market correction events that had occurred, such as the dotcom crisis in early the 2000s, the GFC in 2008 and 2009 and more recently, the COVID-19 pandemic.
- noted that markets hated uncertainty. Rising inflation and rising interest rates meant company earnings were likely to take a hit, but no one knew the extent of this or how long another slowdown might last.
- noted that share markets have been fluctuating from month to month, with a low in October last year, and that over the long term the share market continued to trend higher once confidence was restored.
- noted that inflation has become an issue, and it had forced the Reserve Bank of Australia (and other central banks) to respond swiftly with increased interest rate rises, in order to dampen demand.
- noted that the Bloomberg Global Aggregate index which was created in the 1970s, shows that virtually every year had been positive except for one, and last year there were sharp and significant increases by central banks.
- noted BUSSQ's Super and Transition to Retirement returns, and BUSSQ's Income account returns.
- noted that the Fund's asset class performance over the 2022 financial year shows why BUSSQ diversified away from shares as both a growth and return driver. The infrastructure and property assets were strong double-digit performers, with retail and commercial property assets continually improving post-COVID-19 and investments in industrial and logistics property adding the most value, and he noted the positive result for investment in Agriculture, particularly cattle and timber.
- noted that looking forward, BUSSQ will continue to maintain a diversified portfolio of investments, seek opportunities to add value and look to take advantage of current markets through changes to our investment strategy.

- noted that BUSSQ's Investment Managers continued to make progress with sustainability, and that in Property, managers had improved waste and water management, made greater use of renewable energy, and made improvements in energy, and material efficiency.
- noted that in the Agriculture portfolio, managers had been benchmarking greenhouse gas emissions and identifying ways to reduce emissions and capture carbon, some have made Net Zero by 2050 commitments for the Pastoral assets including an interim 2030 target of 30% reduction in both Carbon and Methane, and Duxton Vineyards has become the largest sustainably certified vineyard business under the Freshcare Australian Wine Industry Standard of Sustainable Practice in Viticulture and Winemaking.

Looking ahead

- noted that the global economy recovered very well after the most significant COVID19 pandemic stage, however had gone sideways since, but remained quite strong, and that leading indicators had begun to roll over, suggesting a slowdown, and the impacts of years of easy fiscal and monetary policy had flowed through to the economy.
- noted that global supply bottlenecks such as China lockdowns, and the impact of the Ukraine war on energy prices, had been contributors to higher inflation.
- noted that it appeared that inflation will remain high for some time, particularly as workers demanded wage rises to help balance their own budgets, that given the high inflation, bond yields were likely to stay high, and Central banks continued to increase interest rates to curb inflationary pressure through demand, whilst supply issues continued to increase prices.
- noted that the Federal Reserve recently raised interest rates by only 0.25%, following on four rises of 0.75% in 2022, they increased by 0.50% in December; however, the target range of 4.5%-4.75% is the highest since October 2007.
- noted that the Reserve Bank had tempered its rate rises to 0.25%. The tempering in rate rises reflected the higher transmission mechanism of interest rates in Australia as compared to the US, and the RBA did not want to overshoot and induce a recession.
- noted that the threat of short range tactical nuclear strike by Russia was real but unlikely, and that continued trade wars are likely.
- noted that with regard to portfolio structure, every year BUSSQ set its strategic asset allocation and each quarter reassessed its allocations based on changes in economic outlook.

- Over the past 12 months, BUSSQ had:
 - reduced exposure to Australian and International Shares, and Property
 - increased its exposure to Infrastructure and Opportunistic Debt, and
 - increased its Cash position.

and in the last six months, BUSSQ reviewed almost every asset class. Changes included:

- introduced a new, niche Infrastructure Manager who specialises in bespoke energy solutions for industry
 - introduced new Australian, International and Emerging Market Shares managers to provide a more balanced portfolio, and to bring greater resilience to the asset classes, which BUSSQ expects will do better in poorer economic conditions.
- noted that in the first part of 2023 financial year, despite increased volatility, shares came back strongly, the Balanced Growth Super option had come back strongly to the end of January 2023, and strong share markets performance since October lows, coupled with an improvement in bond returns, account for the majority of the improvement. Overall it was performing quite well for the first seven month of the new financial year.

Peter then welcomed and handed over to BUSSQ's Executive Manager for Member Engagement, Leigh Mackay.

Questions from members

Leigh Mackay, Executive Manager, Member Engagement, conducted the question time.

She explained how to ask a question using the online chat box function and noted that questions relating to a member's personal account or situation could not be answered during the meeting. In addition, she explained that if a member had a personal question, they could contact BUSSQ on 1800 692 877 to discuss, otherwise a BUSSQ team member would be in contact shortly.

Leigh noted that they may be unable to answer all members' questions today, however the minutes and a recording of the meeting, would be published on the BUSSQ website, and the minutes would include all questions received before and during the meeting, and the answers.

The questions received from members prior to and during the meeting, and the responses, are shown below.

Question 1:

Is BUSSQ still resisting any takeover, pressured by the larger funds?

Answered by Chris Taylor, Chair of the Board.

As directors, it's obviously our duty to do what is in the best financial interests of our members. If there was a merger offer that did deliver benefits to members, we would obviously consider that. What I can confirm though, since I've been Chair, there has been no formal or informal request for a merger by either a large fund or a small fund, for that matter. This signifies to me that there's certainly the idea of mergers providing substantial benefits to members has possibly not been the reality. A merger is not the strategic direction of our current Board, and we believe that what BUSSQ delivers for our members in service and returns is what's our best focus, and by focussing on a merger, we would take some of the focus off delivering better member outcomes.

Question 2:

Were there any plans to start a low interest housing loan scheme for members?

Answered by Damian Wills, Chief Executive Officer

Thanks for the question, I can certainly understand where that is coming from, with inflation currently escalating in Australia, and interest rates are on a sharp increase. I have a reasonably short answer to that question, because superannuation funds, such as BUSSQ, are currently not permitted to lend money to members in respect of housing. So, until that is changed as an investment vehicle, we would be unable to do so.

Question 3:

Is it within BUSSQ's forecasted budget to employ, at the very least replace, the two field officers for site visit and consultation with building and construction members after losing both field officers during and after the COVID - 19 period? When can we expect to see this action to take place and have more bots on the ground for building and construction members?

Answered by Damian Wills, Chief Executive Officer

Again, thanks for the question. Our Board has recently completed their annual Board strategy day in February, and the issue of resourcing within the Fund is certainly something we will be working on and bringing back to the Board in the next months. It's a good problem to have. There's lots of demand from new members, and servicing members in workplaces and on sites everywhere and BUSSQ will certainly look to respond, so that we're continually offering those services to members.

Question 4:

In regard to switching accounts why is there an interest payment incurred when transferring? This is a non-disclosed amount which is only calculated after the switching occurs.

Answered by Peter Laity, Chief Investment Officer (following the closure of the meeting).

We understand that this question relates to information shown in members' online accounts when members make an investment switch.

No interest payment is incurred and there is no switching fee when a member makes an investment switch.

In *MemberAccess* (Member online), when a member's investment switch is processed, the accumulated earnings (whether positive or negative) on the switched investment options from the start of the reporting period (or from the date of the last switch for the relevant option/s if later) to the time the investment switch was processed, are displayed as 'Interest' in the member's online account. This figure is simply a display-only summary of the accumulated earnings at that point in time. It is not a transaction, as such.

After the end of the reporting period (30 June), members receive their Annual Statements which show the total earnings from investments for the reporting period.

5. Close

Leigh thanked BUSSQ members for joining the Annual BUSSQ Members Meeting and the Chair, directors and speakers.

Ms Mackay announced at 12:42 pm that the meeting was closed.