

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR**

**First Super**

**FS136QW:** Please provide as separated data, what the base salary and bonuses were, or are set to be, paid in the 2019/2020 and 2020/21 financial year for your:

- a. Chief Executive Officer or equivalent?
- b. Chief Investment Officer or equivalent?

**Answer:**

- a. The sums below are salary paid. First Super does not pay bonuses.  
2019/20 \$369,744.00  
2020/21 \$373,204.50
- b. Not applicable as this role does not exist.

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#### First Super

**FS137QW:** Do you support superannuation funds delisting public companies?

#### **Answer:**

First Super invests in the best financial interests of its members. This is achieved through the Fund's investment strategy, asset allocation and manager selection and appointment.

First Super's investments in listed companies are via those fund managers it appoints to invest in listed equity markets. It relies upon those managers' professional judgement and investment strategy when take-over offers are made by either listed or unlisted companies.

First Super's private equity program is not of sufficient scale for it to participate via its managers in acquisition activities that may result in delisting.

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**First Super**

**FS138QW:**

Property investments

- a. Do you have any current investments in the National Housing Finance and Investment Corporation? If so, what is the size of your investments?
- b. Please provide information on the rental income for any residential property investments held for each year for the last five financial years.

**Answer:**

- a. No
- b. None

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#### First Super

#### FS139QW:

#### Subscriptions to The New Daily

- a. Has your fund ever considered subscribing your members to The New Daily through an opt-out model?  
If so:
  - i. Was this proposed initially internally, or externally?
  - ii. Who proposed it?
  - iii. Who approved it?
  - iv. What was the approval process?
  - v. What legal advice was sought?
  - vi. On what date did it proceed, or is it proposed to proceed?
- b. Have the following groups ever enquired or requested your fund to subscribe your members to The New Daily:
  - i. Industry Super Holdings?
  - ii. The New Daily?

#### Answer:

- a.
  - i. Externally
  - ii. The New Daily
  - iii. First Super
  - iv. Board considered matter at a regular meeting.
  - v. Yes.
  - vi. June 2014
- b.
  - i. No
  - ii. Yes

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**First Super**

**FS140QW:** What arrangements, including donations, commissions, marketing expenditure or partnerships, do you have that leads to payments to research organisations or ‘think tanks’?  
Please provide:

- a. Names of the think tanks.
- b. Payments made over the last five years.

**Answer:**

- a. First Super has made no payments to research organisations or “think tanks” in the form of donations, commissions, marketing expenditure or partnerships.
- b. Not applicable.

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#### First Super

- FS141QW:** According to the Australian Financial Review (IFM's Tandem leaves workers in the lurch, 7 July 2021), IFM Investors have invested in a business that has left them wholly owning a subsidiary, Tandem Networks, that avoids them paying out the full entitlements of subcontractor. Therefore, if you are an owner of IFM Investors:
- a. Do you think it is acceptable that an investment made by your investment vehicle dishonours contractual arrangements with subcontractors?
  - b. What inquiries have been made to ensure that subcontractors are being paid?
  - c. What steps do you expect IFM Investors to go through should they not honour entitlements to subcontractors?
  - d. Would you divest from IFM Investors should they not honour entitlements to subcontractors?

#### Answer:

- a. First Super is not a direct owner of IFM Investors. First Super's indirect ownership of IFM is as a shareholder in its parent company, Industry Super Holdings.

First Super expects each company in which it is invested either directly or indirectly via its fund managers to comply with common and statutory law and any other regulatory requirements in the jurisdictions in which they conduct their businesses.

- b. First Super has received reports from the manager on this matter. It is noted that First Super is not invested in the fund which invested in the company referred to.
- c. First Super expects each company in which it is invested either directly or indirectly via its fund managers to comply with common and statutory law and any other regulatory requirements in the jurisdictions in which they conduct their businesses.
- d. First Super's position is not to divest from investee companies but rather to engage.

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**FS142QW:** At the House Economics superannuation hearing on 8 July 2021 representatives of Australian Super and CBUS outlined they were not aware that IFM Investors (a company wholly owned by industry funds) had paid a bonus of \$12m, and were asked whether they had asked questions about the bonus and the bonus structures within IFM Investors.

According to the Australian Financial Review (IFM Investors gives \$12.7m bonus to UK Director, 14 February 2020) a bonus of \$12.7 million bonus was paid.

According to the Sydney Morning Herald (A lot of bling: Industry shocked at \$36 million bonus allegation, 22 March 2019) bonus structures existed to allow for bonuses of up to \$36m to be paid.

Therefore, if you are an owner of IFM Investors, please advise:

- a. What inquiries have been made, or will be made, about bonuses of that size with IFM Investors?
- b. What information you have sought, or will seek, from IFM investors about bonus structures within IFM Investors?

#### Answer:

- a. First Super has asked about incentive schemes applying to all of IFM's personnel.
- b. How the scheme(s) operate, to whom the schemes apply and the business rationale for these schemes.