

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**HESTA**

**HEST101QW: Please advise the total remuneration package of your:**

- a. company secretary, and**
- b. Chief Executive Officer, including:**
  - i. total remuneration**
  - ii. base salary**
  - iii. annual bonuses**
  - iv. deferred bonuses**
  - v. equity or other options**
  - vi. additional compensation not covered in the above.**

**Answer:**

The remuneration of HESTA's Chief Executive Officer and other Executives is publicly disclosed and made available on the HESTA website as required by its regulatory disclosure obligations. These disclosures can be found here: <https://www.hesta.com.au/relevant-29qb-disclosures.html>.

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**HESTA**

**HEST102QW:**

For each year of the past decade, please advise the:

- a. annual remuneration of the average worker who contributes to your fund
- b. average annual superannuation contribution from an employee to your fund
- c. multiple your CEO is remunerated compared to the annual remuneration of the average worker who contributes to your fund.

**Answer:**

For each year of the past decade, please advise the:

- a. annual remuneration of the average worker who contributes to your fund

HESTA does not hold remuneration data across its membership.

- b. average annual superannuation contribution from an employee to your fund

It is unclear from the question, what contributions are intended to be caught, as superannuation contributions include superannuation guarantee contributions, salary sacrifice arrangements, voluntary additional payments made by members, government co-contribution etc.

In providing the table below, HESTA has only included superannuation guarantee contributions, has not differentiated between members who worked part of the year or the full year; or who exited the fund during the year; or who are employed part-time or full-time, or on a casual basis. For these reasons the table below has limitations and should not be used in attempting to infer a member's average remuneration.

end of financial year	average yearly contribution amount
30/06/2012	3285.8511
30/06/2013	3395.8144
30/06/2014	3637.3226
30/06/2015	3879.6964
30/06/2016	4028.4204
30/06/2017	4186.2977
30/06/2018	4297.1634
30/06/2019	4455.2471
30/06/2020	4619.2141

- c. multiple your CEO is remunerated compared to the annual remuneration of the average worker who contributes to your fund.**

Please see responses to questions HEST101QW and HEST102QW. HESTA is unable to confirm the remuneration of members contributing to the Fund.

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**HESTA**

**HEST103QW:**

**In the context of marketing and advertising campaigns:**

- a. How many is your fund currently running individually, or in collaboration with others?**
- b. How many have run, or are currently running since the beginning of calendar year 2020?**
- c. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) to 30 June 2020?**
- d. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) budgeted?**
- e. What is the budgeted cost for each campaign (including development, production, broadcasting, and distribution) from 1 July 2020 – 31 December 2020?**
- f. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 January 2021 – 30 June 2021?**
- g. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 July 2021 – 31 December 2021?**

**Answer:**

**In the context of marketing and advertising campaigns:**

**a. How many is HESTA currently running individually, or in collaboration with others?**

HESTA focuses on the development of its brand and public image to retain, attract new members and deliver ongoing benefits of scale to existing members. HESTA partners with media agencies to deliver campaigns targeting both existing and prospective members. HESTA also educates and engages with its members on an ongoing basis. In conducting such marketing and advertising activities HESTA also partners with Industry Super Australia to deliver joint campaigns designed to improve knowledge about superannuation, protect member retirement benefits from adverse changes, and strengthen the industry fund brand in a cost effective and efficient way. These activities help existing and prospective members make better choices about their superannuation and supports membership growth that delivers benefits such as improved products and services to members, in line with the sole purpose test.

**b. How many have run, or are currently running since the beginning of calendar year 2020?**

As described in HEST103QW (a) HESTA partners with media agencies to deliver campaigns targeting both existing and prospective members, as well as educating and engaging with its members on an ongoing basis. Additionally, HESTA has run several member campaigns in 2020, providing education and information in response to legislative changes impacting members such as the Federal Government's Protecting Your Super Package and the Putting Members' Interests First legislation.

**c. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) to 30 June 2020?**

HESTA focuses on educating and engaging with its more than 870,000 members. Campaigns are personalised to members wherever possible and volumes of communications vary. Campaign costs form part of HESTA's operational budget supervised and approved by the HESTA Board. As a prudent superannuation Trustee, decisions to incur expenses are made in good faith, for a proper purpose and in the best interests of members. The delivery of such campaigns is often in conjunction with partners including media agencies and industry groups with details including cost and expenses being subject to confidentiality.

**d. What is the actual cost for each campaign (including development, production, broadcasting, and distribution) budgeted?**

This information is commercially sensitive and subject to confidential arrangements with third parties.

**e. What is the budgeted cost for each campaign (including development, production, broadcasting, and distribution) from 1 July 2020 – 31 December 2020**

Please see response to question HEST103QW (c).

**f. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 January 2021 – 30 June 2021?**

Please see response to question HEST103QW (c).

**g. What is the budgeted cost for any existing or proposed campaigns (including development, production, broadcasting, and distribution) for the period 1 July 2021 – 31 December 2021?**

Please see response to question HEST103QW (c).

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**HESTA**

**HEST104QW:**

**For each of the following categories, please provide the percentages of employees that are women, men, or who identify otherwise:**

- a. all employees**
- b. non-executive employees**
- c. executive employees**
- d. senior executive employees.**

**Answer:**

**For each of the following categories, please provide the percentages of employees that are women, men, or who identify otherwise:**

**a. all employees:**

54% women and 46% men.

**b. non-executive employees:**

55% women and 45% men.

**c. executive employees:**

50% woman and 50% men.

**d. senior executive employees:**

50% women and 50% men.

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**HESTA**

**HEST105QW:**

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**Do you have a target for the employment of:**

- a. women as a share of:**
  - i. all employees?**
  - ii. executive employees?**
  - iii. senior executive employees?**
- b. people who are gender non-binary as a share of:**
  - i. all employees?**
  - ii. executive employees?**
  - iii. senior executive employees?**

**Answer:**

HESTA has a longstanding commitment to diversity and inclusion. We emphasise our inclusive culture to prospective employees on our [careers' page](#), noting our five values that include 'Respect' and that we embrace difference and celebrate diversity. Our job advertisements list our inclusive culture as a key reason to seek a career at HESTA and are designed to use gender neutral language.

HESTA is a Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality (EOCGE).

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**HESTA**

**HEST106QW:**

**Since the introduction of Superstream, which has standardised the transfer of funds, has there been:**

- a. A reduction in the cost to the fund for transferring funds, and if so, by how much?**
- b. A reduction in the fees charged to members reflecting any saving, and if so, by how much?**

**Answer:**

**Since the introduction of Superstream, which has standardised the transfer of funds, has there been:**

- a. A reduction in the cost to the fund for transferring funds, and if so, by how much?**

HESTA uses an outsourced administrator who is responsible for contributions and rollover processing. The benefits of Superstream are directly realised by the administrator as well as HESTA participating employers. The overall cost per member charged by the administrator has decreased marginally since the introduction of Superstream.

- b. A reduction in the fees charged to members reflecting any saving, and if so, by how much?**

HESTA has not changed the administration fees charged to members since the introduction of Superstream. Cost savings have been reinvested in improved products and services for members.



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**HESTA**

**HEST107QW:  
Greenhouse gas emissions**

- a. Does your fund have an internal target for your own greenhouse gas emissions footprint by:**
- i. 2030?**
  - ii. 2035?**
  - iii. 2040?**
  - iv. 2045?**
  - v. 2050?**

**Answer:**

HESTA's office is certified as carbon neutral by the Federal Department of Environment and Energy for emissions produced from its business operations. HESTA continues to explore ways to decrease its greenhouse gas emissions in line with a 2 degree scenario.

- b. Does your fund have a target for reducing greenhouse gas emissions from investments by:**
- i. 2030?**
  - ii. 2035?**
  - iii. 2040?**
  - iv. 2045?**
  - v. 2050?**

**Answer:**

When formulating HESTA's investment strategy HESTA considers, amongst other things the best interest of members and the sole purpose test as well as the risk and the likely return from the investments, diversification, liquidity, valuation and other relevant factors. HESTA considers the risks associated with climate change (and the need to reduce greenhouse gas emissions) on its members' retirement outcomes in the course of its investment activities.

HESTA has a target for net zero emissions in HESTA's portfolio by 2050, in line with the Paris Accord. By 2030, HESTA has targeted a 33% reduction.

- c. Does your fund intend to divest from investments if they do not reach their greenhouse gas emissions reduction targets by:
- i. 2030?
  - ii. 2035?
  - iii. 2040?
  - iv. 2045?
  - v. 2050?

**Answer:**

HESTA's investment decisions (including the disposal of investments) are determined having taken into account multifaceted considerations and include consideration of the best interest of members, the sole purpose test, HESTA's investment strategy, risks, HESTA's target to reduce greenhouse gas emissions (noting the impact of greenhouse gas emissions on the retirement outcomes of its members) etc.

Divestment is just one way of seeking to reduce the greenhouse gas emissions arising from HESTA's investment portfolio. There are other means of achieving this outcome, including proactive engagement with portfolio companies.

Further information regarding HESTA's approach to responsible investment is outlined in its Responsible Investment Policy available via the following link:

[https://www.hesta.com.au/content/dam/hesta/Documents/Responsible\\_Investment\\_Policy.pdf](https://www.hesta.com.au/content/dam/hesta/Documents/Responsible_Investment_Policy.pdf).

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**HESTA**

**HEST108QW:  
The New Daily**

- a. Have you ever completed a cost benefit analysis of The New Daily to your fund?**
  - i. If so, when did you complete this cost benefit analysis?**
  - ii. Please provide a copy of the cost benefit analysis.**
- b. Have you ever completed a cost benefit analysis of The New Daily to your members?**
  - i. If so, when did you complete your cost benefit analysis of the New Daily to your members?**
  - ii. Please provide a copy of the cost benefit analysis.**

**Answer:**

HESTA has not in the past five years provided financial contributions to The New Daily (TND).

As to the benefit, HESTA used TND as a member engagement tool which assisted in the development of HESTA's brand and provided engagement opportunities with members. This ultimately supported the core purpose of providing superannuation benefits for our members.

The purpose of this member engagement activity was to provide members with information about superannuation and ultimately retain and grow the membership to increase scale and benefit from the economies that scale provides. Member engagement campaigns undertaken in the past have contributed to sufficient economies of scale that resulted in reducing unit costs in administration, investment and insurance. Continued growth achieved through further member engagement activities are intended to do the same.

Further, HESTA is regularly provided with data on reader numbers and satisfaction including the take up of financial and superannuation content. An independent research undertaken by TND found that 81% of subscribers agreed the publication improved their understanding of financial literacy/issues and fostered a positive association between publication and the Fund providing the subscription.

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**HESTA**

**HEST109QW:**

**Financial advisers remuneration**

- a. Are your financial advisers paid:**
  - i. a base salary?**
  - ii. non-salaried remuneration, including bonuses?**
- b. Are your financial advisers, who are only remunerated with a base salary, eligible to provide:**
  - i. personal advice?**
  - ii. general advice?**

**Answer:**

HESTA financial advisers are paid a base salary, (not non-salaried remuneration), and do not receive bonuses. HESTA financial advisers are eligible to provide personal advice, and general advice.

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**HESTA**

**HEST110QW:**

**Have any technology innovations within the fund reduced the cost of operating the fund over the past decade?**

**If so, please outline:**

- a. the technological innovations**
- b. the cost saving**
- c. the cost saving passed through to fees charged to members.**

**Answer:**

HESTA has invested in improved member services, particularly through digital innovations and transformations, and passes through benefits of scale to members by way of additional services and enhanced member experience.

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**HESTA**

**HEST111QW:**

**Valuations**

- a. What data is provided to valuation teams to assess the value of unlisted assets?**

**Answer:**

As detailed in response to questions HEST06QW, HEST07QW, HEST08QW, HEST39QW and HEST69QW, the valuations for HESTA's unlisted assets are procured by the applicable external investment manager (through independent professional valuers, or based on well-known and accepted valuation guidelines) in accordance with accounting standards and sound valuation principles and HESTA's Valuation Policy.

Further information is available in HESTA's Valuation Policy, disclosed in response to question HEST06QW.

- b. When the fund provides data to valuation teams to assess the value of unlisted assets, does this include internal modelling of asset valuations?**

**Answer:**

Please see response to question HEST111QW(a).

- c. What assumptions are provided to valuation teams when assessing the value of unlisted assets?**

**Answer:**

Please see response to question HEST111QW(a).

- d. When valuation teams assess the value of unlisted assets, do they solely take account of past performance?**

**Answer:**

Please see response to question HEST111QW(a). The valuations procured by HESTA's external investment managers would primarily be based on a detailed analysis of the current and future performance of the asset, and not solely past performance.

- e. When valuation teams assess the value of unlisted assets, what weighting do they take on the projected value of the market for such unlisted assets to inform their valuations?**

**Answer:**

Please see response to question HEST111QW(a).

- f. For the past decade can you please complete the below table for each unlisted asset valued under your valuation policy.**

**Answer:**

Please see response to question HEST111QW(a). This information is commercially sensitive and subject to confidential arrangements with third parties.

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**HESTA**

**HEST112QW:**

In the Financial Services Royal Commission documentation an ‘Audit and Risk Management Committee’ paper was compiled for CBUS (‘Review of payments made to sponsoring organisations’—

<https://financialservices.royalcommission.gov.au/publichearings/Documents/Additional-exhibits-round-5/EXHIBIT-5.368.pdf>).

**Please advise how many times, over the last decade, such a paper, or equivalent, has been prepared for:**

- a. your Board?**
- b. a Board subcommittee?**
- c. executive management?**

**Answer:**

HESTA maintains oversight of its sponsorship arrangements through robust review mechanisms to ensure sponsorship arrangements and marketing activities remain appropriate, and in the best interests of members.

HESTA has in place a Sponsorship Policy which guides the appropriate assessment, approval, management and review of sponsorship arrangements. This Policy is reviewed and approved regularly by the Board’s Governance and Remuneration Committee. The Board maintains oversight over sponsorships through, among other things, approving the annual budget which has an allocation to partnership engagement activity and is in turn implemented by the Partnership Engagement team within the parameters of HESTA’s Sponsorship Policy and other relevant HESTA policies.



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**HESTA**

**HEST113QW:**

**Over the past decade, how many non-disclosure agreements have you agreed to in relation to:**

- a. human resources issues?**
- b. sexual harassment issues?**

**Answer:**

**Over the past decade, how many non-disclosure agreements have you agreed to in relation to:**

- c. human resources issues?**

Over the past decade, HESTA has agreed to 36 non-disclosure agreements in relation to human resources issues. All these agreements were the product of amicably agreed employee exits from HESTA.

- d. sexual harassment issues?**

HESTA has not agreed to any non-disclosure agreements in relation to sexual harassment issues in the last decade.

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**HESTA**

**HEST114QW:**

**Do you use an internal clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund?**

**If so:**

- a. What is the name of the clearing house?**
- b. Why do you use a clearing house?**
- c. How much does it cost annually to use the clearing house?**
- d. How much does it cost annually to each member to use the clearing house?**
- e. What happens to interest accrued from funds held in the clearing house?**
- f. What happens to non-interest income and/or capital gains accrued from funds held in the clearing house?**

**Answer:**

HESTA does not use an internal clearing house to receive the superannuation payments from employers, or their payroll representatives.

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**HESTA**

**HEST115QW:**

**Do you use an external clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund?**

Yes.

**If so:**

- a. What is the name of the clearing house?**
- b. Who owns the clearing house?**
- c. Why do you use an external clearing house?**
- d. How much does it cost annually to use the external clearing house?**
- e. How much does it cost annually to each member to use the external clearing house?**
- f. What happens to non-interest income and/or capital gains accrued from funds held in the external clearing house?**

**Answer:**

**Do you use an external clearing house to receive the superannuation payments from employers, or their payroll representatives, before they are allocated to an individual member's account and/or fund?**

**If so:**

- a. What is the name of the clearing house?**

HESTA Clearing House (QuickSuper).

- b. Who owns the clearing house?**

Westpac Banking Corporation (ABN 33 007 457 141).

- c. Why do you use an external clearing house?**

HESTA considers that the use of an external clearing house delivers efficiencies and cost savings to employers. Employers may upload one electronic file on behalf of all their employees, and the external clearing house has the capability for employers to process contributions manually online while enabling payment amounts and preferred method to be inputted by the employer. Once the employer submits the request, the external clearing house distributes payments efficiently to each employee's super fund, enabling stability and security as well as meeting the governance and compliance requirements of SuperStream.

**d. How much does it cost annually to use the external clearing house?**

The cost of using the external clearing house is commercially sensitive and subject to confidential arrangements with third parties.

**e. How much does it cost annually to each member to use the external clearing house?**

HESTA members do not incur a direct cost to use the HESTA clearing house.

**f. What happens to non-interest income and/or capital gains accrued from funds held in the external clearing house?**

There is no non-interest income and/or capital accrued from funds held in the external clearing house.

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**HESTA**

**HEST116QW:**

**If you use an internal clearing house please outline when money is received into the clearing house:**

- a. On average, how long does it stay in the clearing house before it:
  - i. is allocated to a member's account and/or fund?**
  - ii. is allocated to purchase units for a member's account and/or fund?**
  - iii. appears in a member's account and/or fund statement and/or online record?****
- b. What is the longest time that it has stayed in the clearing house before it:
  - i. is allocated to a member's account and/or fund?**
  - ii. is allocated to purchase units for a member's account and/or fund?**
  - iii. appears in a member's account and/or fund statement and/or online record?****
- c. What is the shortest time that it has stayed in the clearing house before it:
  - i. is allocated to a member's account and/or fund?**
  - ii. is allocated to purchase units for a member's account and/or fund?**
  - iii. appears in a member's account and/or fund statement and/or online record?****
- d. For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - i. the individual member's account and/or fund?**
  - ii. a different account and/or fund? If so, what is its name?****
- e. For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - i. the individual member's account and/or fund?**
  - ii. a different account and/or fund? If so, what is its name?****

**Answer:**

HESTA does not use an internal clearing house. Please see response to question HEST114QW.

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**HESTA**

**HEST117QW:**

**If you use an external clearing house, please outline when money is received into the clearing house:**

- a. On average, how long does it stay in the clearing house before it:
  - i. is allocated to a member's account and/or fund?**
  - ii. is allocated to purchase units for a member's account and/or fund?**
  - iii. appears in a member's account and/or fund statement and/or online record?****
- b. What is the longest time that it has stayed in the clearing house before it:
  - i. is allocated to a member's account and/or fund?**
  - ii. is allocated to purchase units for a member's account and/or fund?**
  - iii. appears in a member's account and/or fund statement and/or online record?****
- c. What is the shortest time that it has stayed in the clearing house before it:
  - i. is allocated to a member's account and/or fund?**
  - ii. is allocated to purchase units for a member's account and/or fund?**
  - iii. appears in a member's account and/or fund statement and/or online record?****
- d. For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - i. the individual member's account and/or fund?**
  - ii. a different account and/or fund? If so, what is its name?****
- e. For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:
  - i. the individual member's account and/or fund?**
  - ii. a different account and/or fund? If so, what is its name?****

**Answer:**

**If you use an external clearing house, please outline when money is received into the clearing house:**

- a. On average, how long does it stay in the clearing house before it:**

- i. is allocated to a member's account and/or fund?**

Before money is allocated to a HESTA member's account it will stay in the clearing house for one day.

- ii. is allocated to purchase units for a member's account and/or fund?**

One day.

- iii. **appears in a member's account and/or fund statement and/or online record?**

Typically, the money appears in a HESTA member account and is displayed online within one day. HESTA issues statements annually.

- b. **What is the longest time that it has stayed in the clearing house before it:**

- i. **is allocated to a member's account and/or fund?**

The longest length of time for payments are typically one day, unless there is some delayed caused by external parties, in which case it may take up to three days.

QuickSuper will refund employer money after three days, if the employer hasn't been able to reconcile the data and payment.

- ii. **is allocated to purchase units for a member's account and/or fund?**

Refer to answer HEST117QW 1(a)(ii).

- iii. **appears in a member's account and/or fund statement and/or online record?**

Refer to answer HEST117QW 1(a)(iii).

- c. **What is the shortest time that it has stayed in the clearing house before it:**

- i. **is allocated to a member's account and/or fund?**

The shortest length of time is one day.

- ii. **is allocated to purchase units for a member's account and/or fund?**

The shortest length of time is one day.

- iii. **appears in a member's account and/or fund statement and/or online record?**

The shortest length of time is one day.

- d. **For interest accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:**

- i. **the individual member's account and/or fund?**

The fund.

- ii. **a different account and/or fund? If so, what is its name?**

N/A

**e. For non-interest income and/or capital gains accrued from holding funds in the clearing house for the member, is it then subsequently allocated to:**

**i. the individual member's account and/or fund?**

N/A.

**ii. a different account and/or fund? If so, what is its name?**

N/A.



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**HESTA**

**HEST118QW:**

**During the first half of 2020 there were significant market movements because of the economic response to the COVID-19 pandemic. Please complete the following table outlining the total payouts and losses in foreign exchange hedging.**

**Answer:**

The information is commercially sensitive and confidential. Currency hedging is part of HESTA's investment strategy and a way HESTA adds return for members.

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**HESTA**

**HEST119QW:**

**Assuming a young Australian whose birthday was 1 July 1989, got their first job on 1 July 2005, opened a default superannuation account on 1 July 2005, made the average contribution of a person in that age bracket, using the default product offer made at that time and made no additional contributions, received the average growth, paid all fees, insurances and deductibles, please complete the following table.**

**Answer:**

Please refer to HEST102QW (a). The question is unclear, requires additional assumptions to be made and in any case the information held by HESTA for this cohort is not sufficient to create a meaningful or representative calculation.