

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR

MTAA Super

MTAA101QW

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

All executive remuneration (including that of the Chief Executive Officer) is reported on the Fund's website at the following link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-2020-remuneration-disclosure.ashx?la=en>

Executive remuneration is also disclosed in the Fund's annual reports which are available at this link.

<https://mtaasuper.com.au/about-us/how-we-operate/annual-reports-and-financial-statements>

The Company Secretary is not an Executive and the remuneration of the Company Secretary is confidential.

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MTAA Super

MTAA102QW

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.

Answers

- (a) MTAA Super does not have access to the remuneration information for members who contribute to the Fund.
- (b) Annual contributions are reported in the Fund's financial statements as part of the Statement of Changes in Member Benefits (page 5 of the 2020 Fund financial statements). A link to the 2020 financial statements is included below.
<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2020-financial-statement-fund-web-20200831.ashx?la=en>

Contribution information and member account numbers form part of regular APRA reporting. Historical information can be found in the APRA Annual Fund Level Statistics Backseries tables as follows.

- Contributions information (Table 2 Columns B to I)
- Member Account numbers (Table 11 Columns A to E)

The APRA Annual Fund Level Statistics Backseries is at the following link.
<https://www.apra.gov.au/sites/default/files/Annual Fund-level Superannuation Statistics Back Series June 2019.xlsx>

- (c) MTAA Super does not have access to the remuneration information for members who contribute to the Fund.

All executive remuneration (including the Chief Executive Officer) is reported on the Fund's website at the following link.

<https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-2020-remuneration-disclosure.ashx?la=en>

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MTAA Super

MTAA103QW

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?

Answers

Marketing and advertising campaigns run throughout the year and target education and retention of current members as well as acquisition of new members. The cost/scale of these campaigns depends on the target audience and the period over which the campaign is run.

MTAA Super aims to be running campaigns at all times throughout the year and will be in market with up to six campaigns at any particular time.

MTAA Super also participates in education campaigns run by Industry Super Australia on its behalf.

In 2020 MTAA Super has significantly reduced its public promotional (advertising and sponsorship) activities in recognition of the fund underway noting that these activities would be promoting a brand that will not be proceeding beyond early 2021.

Specific and projected advertising and market expenditure is commercial in confidence however the overall marketing expenditure can be found in the Fund Financial Statements (Note 8 page 19 in 2020). A link to the 2020 MTAA Super Financial Statements is below.

<https://mtaasuper.com.au/-/media/consumer/files/financialstatements/mtaa-super-2020-financial-statement-fund-web-20200831.ashx?la=en>



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MTAA Super

MTAA104QW

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

On 30 September 2020, the split of employees over the relevant categories was.

	Women	Men
All employees	49%	51%
Non-executive employees	52%	48%
Executive employees	33%	67%

The split of executives for the merged entity (MTAA Super and Tasplan) from 1 April 2021 will be Women 64% and Men 36%.



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MTAA Super

MTAA105QW

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

There are no specific targets for the employment of men, women, and gender non-binary.

As outlined in the response to MTAA26(k)QW the Trustee is committed to a goal of a gender balance on the Board of a minimum of 44% (or 4 of 9 Directors), which it currently achieves.

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MTAA Super

MTAA106QW

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

- a. The bulk of the cost associated with the transfer of funds forms part of the Fund's administration costs. This component of the business is outsourced to an external administrator. During the period, the Fund has changed providers for administration, and it is therefore difficult to isolate changes in cost attributable to Superstream. There have been other changes in the environment that have driven increases in administration cost over the period since Superstream has been introduced. This includes additional reporting and compliance requirements, as well as a number of regulatory changes that have driven large system reconfigurations. The Fund has also introduced several new member services over the period which are also captured as part of the Fund's administration.
- b. As outlined in (a) it is not possible to isolate any reduction in member fees directly attributable to Superstream. However, the Fund has been able to maintain and reduce the member administration fee during this period.

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MTAA Super

MTAA107QW

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?
- 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?
- 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

- a. The Fund is considering but is yet to establish an internal target for its own greenhouse gas emissions footprint.
- b. As outlined in the response to MTAA95QW rather than manage to a target, ESG risks, impacts, and opportunities are considered throughout the life of the investment process (consistent with SPS 530). This includes the selection, retention management and realisation of investments.

Information on the Fund's approach to climate change risk is listed on the Fund's website at the following link.

<https://mtaasuper.com.au/super-for-you/manage-your-super/your-investment-options/environmental-social-governance-risks>

c. See response to (b) above



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MTAA Super

MTAA108QW

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

The Fund does not hold a direct investment in The New Daily and has therefore not undertaken any cost benefit analysis



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MTAA Super

MTAA109QW

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

- a. Yes, financial advisers receive a base salary. Non salaried remuneration represents a motor vehicle as a tool of trade. Refer to MTAA98QW.
- b. Advisers are eligible to provide personal and general advice.

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MTAA Super

MTAA110QW

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

Consistent with the response in MTAA106QW, the Fund's current operating model involves the outsourcing of key services such as administration, custody, and investment management. The major technological innovations have been undertaken by and in cooperation with these key providers and are therefore reflected in the cost of services which they provide.

At the same time, the Fund has also increased member services and incurred additional costs such as compliance costs and system reconfigurations driven by regulatory changes, many of which are also undertaken by these key providers and form part of their overall contract costs.

Therefore, it is difficult to attribute any costs savings within an outsourced arrangement specifically to technology innovations.

The Fund's member administration fee is designed to cover the operating costs of the Fund. The Fund has been able to maintain and reduce the member administration fee during this period.

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MTAA Super

MTAA111QW

Valuations

- a. What data is provided to valuation teams to assess the value of unlisted assets?
- b. When the fund provides data to valuation teams to assess the value of unlisted assets, does this include internal modelling of asset valuations?
- c. What assumptions are provided to valuation teams when assessing the value of unlisted assets?
- d. When valuation teams assess the value of unlisted assets, do they solely take account of 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?
- f. For the past decade can you please complete the below table for each unlisted asset valued under your valuation policy.

Answer

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

All unlisted assets are valued by independent expert valuers. Valuations received are reviewed by the internal investment team for inconsistencies and reasonableness and then provided to the Investment Committee for final consideration and approval.

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

There are no internal valuation teams - all valuations are conducted by independent expert valuers. An outline of the valuation approach is included in Fund's Valuation Policy provided at MTAA39QW and at this link <https://mtaasuper.com.au/-/media/consumer/files/compliance/mtaa-super-policy-valuation-igf04-20190829.ashx?la=en>

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

See response in (b) above

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

See response in (b) above

It is unlikely that an independent valuer will solely rely on past performance. In most cases, the valuation of investments will require an assessment of specific cash flows and investment terms, with the valuation often based on comparable transaction parameters and risk adjusted discount rates.

- 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?*

See response in (b) above

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

Year	In-house valuation conducted by	External valuation conducted by (per asset class)			
		Property	Infrastructure	Private Equity	Alternative Credit
2011	N/A	Savills CBRE Colliers	KPMG EY PWC	EY PWC	
2012	N/A	Savills Colliers	KPMG EY PWC Valuer Adviser Associates Grant Thornton American Appraisal	EY PWC Grant Thornton	
2013	N/A	Knight Frank Savills KPMG	EY PWC Valuer Adviser Associates Grant Thornton American Appraisal	Grant Thornton	
2014	N/A	CBRE Knight Frank m3property KPMG	EY PWC Valuer Adviser Associates Grant Thornton	Grant Thornton	
2015	N/A	CBRE Knight Frank m3property KPMG Savills	EY PWC Valuer Adviser Associates Grant Thornton Deloitte	Grant Thornton	Leadenhall
2016	N/A	Savills Knight Frank m3property KPMG Charter Keck Cramer	EY PWC Grant Thornton Deloitte KPMG		Leadenhall

Year	In-house valuation conducted by	External valuation conducted by (per asset class)			
		Property	Infrastructure	Private Equity	Alternative Credit
2017	N/A	Knight Frank Savills LandMark White KPMG Charter Keck Cramer	EY PWC Valuer Adviser Associates Grant Thornton Deloitte KPMG		Leadenhall
2018	N/A	Knight Frank Savills Charter Keck Cramer KPMG Cushman & Wakefield	EY PWC Grant Thornton Deloitte KPMG		Leadenhall
2019	N/A	Knight Frank Savills Herron Todd White KPMG Jones Lang LaSalle Cushman & Wakefield	EY PWC Deloitte KPMG		Leadenhall
2020	N/A	Knight Frank Savills Herron Todd White KPMG Jones Lang LaSalle Cushman & Wakefield	EY PWC KPMG Leadenhall		Leadenhall

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MTAA Super

MTAA112QW

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/public-hearings/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

There has been no paper or equivalent prepared in the last decade.



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MTAA Super

MTAA113QW

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

Non-disclosure agreements are used for a variety of commercial and other purposes which are confidential. In the past decade, MTAA Super has had no reported sexual harassment matters.



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MTAA Super

MTAA114QW

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

The Fund does not have an internal clearing house.

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MTAA Super

MTAA115QW

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?
- 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

- a. The name of the clearing house is QuickSuper
- b. It is owned by Westpac Banking Corporation
- c. It is provided to enable employers to efficiently submit contributions to multiple funds. This in turn benefits fund members through the efficient processing and timely allocation of contributions to member accounts. It is deemed significantly more efficient to utilise an external provider than to attempt to establish an internal service.
- d. It costs the Fund approximately \$65,000 per annum
- e. The costs listed in the previous answer form part of Fund operating expenditure and are funded through member administration fees. This roughly equates to a cost of \$0.33 per member per year.
- f. Retained by the clearing house. It is important to note that this can often be the case for any clearing house utilised by an employer.

Indeed, the average time that the funds are held within Quick Super appears to be less than indicative time for monies received through the ATO small business clearing house.

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MTAA Super

MTAA116QW

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

The Fund does not have an internal clearing house.

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MTAA Super

MTAA117QW

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
- 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

(a) to (c)

Correctly paid monies will be held in the clearing house overnight and disbursed the next day. If the employer has not paid correctly or there are data integrity issues, the monies will be refunded to the employer's settlement account if the data or payment issues cannot be resolved within three days.

Correctly paid monies are disbursed from the clearing house to a custodial bank account held for MTAA Super by its Administrator. When the monies are received by into the MTAA Super bank account, they will be allocated to the member's account.

The average time money to allocate to the member's account is one day, the shortest time being the same day and generally within three days.

Regardless of the time taken to allocate, the payment effective date will be the date the Super Fund receives the payment, meaning members receive earnings from the day the funds are received by MTAA Super.

(d) and (e)

As outlined in MTAA115QW earnings on funds within the clearing house are retained by the external clearing house (noting the minimal holding period described above and most funds are cleared and disbursed within a day).



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MTAA Super

MTAA118 QW

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 realised gains and losses on individual foreign exchange hedge contracts for MTAA Super for the period January to June 2020 are summarised in the following table;

	\$Ms Realised Gains	\$Ms Realised Losses
Jan-20	3.8	(4.3)
Feb-20	5.6	(8.9)
Mar-20	61.4	(96.4)
Apr-20	6.1	(33.1)
May-20	4.2	(22.7)
Jun-20	28.9	(17.0)





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MTAA Super

MTAA119 QW

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

The Fund does not have access to remuneration information for members and therefore it is not possible to provide the requested information.

Whole of fund information including member contributions, investment earnings, fees collected, and insurance costs is available in the APRA Annual Fund Level Statistics Backseries which is at the following link.

<https://www.apra.gov.au/sites/default/files/Annual Fund-level Superannuation Statistics Back Series June 2019.xlsx>

