

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Media Super

- MED101QW:** 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:

- a. The remuneration of our Company Secretary is commercial in confidence.
- b. Remuneration details of executive manager including the Chief Executive Officer are disclosed within our Annual Report; refer to <https://www.mediasuper.com.au/about-us/governance/remuneration>

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Media Super

- MED102QW:** 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:

- a. Media Super is not provided with remuneration data and member remuneration cannot be accurately calculated from member contribution rates.

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Media Super

- MED103QW:** 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:

- a. Media Super financial statements can be found on our website <https://www.mediasuper.com.au/> which reports all marketing spend (as a whole). Media Super has not run any Fund specific TVCs, broadcast, radio or production campaigns in 2020.
- b. As per a.
- c. Media Super runs integrated, above the line campaigns in conjunction with ISA.
- d. As per a. and c.
- e. As per a. and c.
- f. Media Super campaign budgets have not been confirmed 2021 and therefore cannot be disclosed.
- g. As per f.

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Media Super

MED104QW: 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:

- a. Media Super is committed to Equal Employment Opportunities based on equity, fairness and inclusion.
- b. Media Super has a Diversity Policy and is a member of the AIST Code of Governance. The Fund has
Women = 43% | Men = 57%
- c. Women = 43% | Men = 57%
- d. N/A

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Media Super

- MED105QW:** 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:

- a. No. Media Super is committed to Equal Employment Opportunities based on equity, fairness and inclusion.
- b. No. The identification of non-binary employees is irrelevant to the work performed and Media Super is committed to Equal Employment Opportunities based on equity, fairness and inclusion.

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Media Super

- MED106QW:** 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. Unknown, as the transaction costs are charged holistically and incorporated into the overall administration services as provided by our administrator, Mercer.
- b. As above. As a profit-to-member fund, any reduction in expenses is reinvested to enhance services to our members.

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Media Super

- MED107QW:** 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. No. Media Super does not have internal targets for reducing greenhouse gas emissions as set out in this question, although Media Super takes the risk of climate change very seriously and considers these matters as part of the Funds investment strategy and investment performance monitoring process.
- b. Media Super has in place an Environmental, Social & Governance Policy which includes the management of environmental, social and corporate governance risks in investment-making decisions.
- c. As per b.

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Media Super

- MED108QW:** 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:

- a. No. Media Super does not utilise this service.
- b. As per b.

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Media Super

MED109QW: 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. (i) Yes
- (ii) No

- b. (i) Yes
- (ii) Yes

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Media Super

MED110QW: 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:

- a. No
- b. As per a.
- c. As per a.

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Media Super

MED111QW: 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.

Asset class	i.e., Airport	
Financial year	In-house valuation conducted by	External valuation conducted by
2010/2011	i.e., Deloitte	i.e., Ernst & Young
2011/2012		
2012/2013		
2013/2014		
2014/2015		
2015/2016		
2016/2017		
2017/2018		
2018/2019		
2019/2020		

Answer:

Media Super does not directly invest in unlisted property or infrastructure assets.

As per our previous submission (Reference: MED08QW) the Fund does not value assets, rather we book the values that are calculated by our managers based off independent experts

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MED112QW: 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](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:

- a. 5
- b. 3
- c. 5

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Media Super

- MED113QW:** 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:

- a. 4
- b. None

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Media Super

MED114QW: 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: Not Applicable.

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Media Super

MED115QW: 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: Yes

- a. Media Super uses SuperChoice as an external clearing house with two types of functionality provided to employers, referred to as "Employer Portal" and "MercerSpectrum" (only applicable to employers who were using this service prior to 2017 who have not changed their arrangements; this service is being withdrawn 30.06.2021).
- b. SuperChoice Services Pty Ltd is privately owned and not aligned to any superannuation funds.
- c. Assessment has shown SuperChoice to be best of breed and a specialist in data (SuperStream Gateway) and payment (superannuation clearing house) services.

The SuperChoice employer platform provides a high level of flexibility enabling us to customise the clearing house/SuperStream Gateway solution used by employers and streamline the receipt of contributions to our fund.

The benefits of the solution include:

- Easy for employers to use and an efficient process in administering their super in one location;
- Creates administration benefits and efficiencies with the fund due to the very high level of straight processing received; and
- The provider maintains the platform to ensure it is secure and enables the employer and funds to meet their legislative requirements.

A clearing house enables employers to pay SG contributions for all employees to any super fund as a single electronic payment.

The introduction of SuperStream introduced new requirements for employers to send (and funds to receive) data and payment using a specified format.

Eligible employers are provided with access to a fund supported clearing house:

- Enabling employers to comply with their regulatory obligations to send contributions using the SuperStream standard; and
- Simplifying the processing of superannuation contributions for employers by enabling a single electronic payment (whether direct debit, direct credit or BPAY).

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All super funds (default and choice) benefit from employer use of a clearing house by ensuring that employer contributions data has been validated and is reconciled with the associated payment.

Importantly, employers are required to sign up to the service and are provided a Product Disclosure Statement to inform them about the clearing house service.

- d. Media Super does not have a direct agreement with SuperChoice. The external clearing house service is incorporated into the overall administration services provided to Media Super by Mercer and the agreed administration charges; the cost of this service is not separately itemised.
- e. Per d., there is no separate cost for Media Super for the external clearing house so a per member cost cannot be determined. The total administration costs including the external clearing house are, together with other costs of running the fund, borne by all members via deduction of an administration fee.
- f. Refer to MED117QW

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Media Super

- MED116QW:** 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: Not Applicable.

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Media Super

- MED117QW:** 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:

The PDS provided to employers provides the following advice to enable SG due dates to be met:

We recommend making correct contributions:

- 5 Banking Days before the deadline (if paying by Direct Debit)

- 2 Banking Days before the deadline (if paying by Direct Credit)

- a. In engaging a commercial clearing house, the employer appoints the clearing house to act as an agent of the employer in meeting their superannuation obligations.

The length of time monies stays in the clearing house depends on the BECS approved payment method chosen.

- For Employers paying via Direct Credit and BPAY the money is in the clearing house account over-night. This is the minimum time possible within the banking system.

- For Employers paying via Direct Debit the money is in the clearing house for 3 nights. This is

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Media Super

the time a Direct Debit payment takes to clear the banking system.

Note: It is the employer's obligation to pass all required information in sending both the data and then a matching payment. Until the SuperStream data is compliant (i.e. data items in accordance with SuperStream standards) and the data and payment match, the associated payment cannot be sent to the super funds.

- (i) Payments can only be allocated to the member account after it has been received by the fund.
Super funds are required under SuperStream to allocate payments to a member account within 3 days of the receipt of both contribution data and the matching payment.
 - (ii) Per i., once a payment and contribution data is received by Media Super it is required to be allocated to the member account within 3 days: this transaction allocates both \$ and the associated units to the member account.
 - (iii) Once the contribution has been allocated to the member account the transaction is visible immediately to the member via the secure website.
- b. All payments are submitted in alignment with standard BECS processes.
All data is validated and corrected prior to the payment being debited from the employer account or the employer paying the nominated clearing house account by Direct Credit.
Upon submission of employer data, the clearing house solution identifies anomalies up-front, thereby preventing erroneous data being submitted that would otherwise delay the payment clearing and downstream allocation process at Funds.
Provided the employer then submits the data file and makes a matching payment, no delays are experienced at the clearing house i.e. the BECS clearance periods described above will apply.
- (i) Payments can only be allocated to the member account after it has been received by the fund.
Super funds are required under SuperStream to allocate payments to a member account within 3 days of the receipt of both contribution data and the associated payment.
 - (ii) Per a.i.
 - (iii) Refer to a.ii.
- c. All payments are submitted in alignment with standard BECS processes.
-For Employers paying via Direct Credit and BPAY the money is in the clearing house account over-night. This is the minimum time possible within the banking system.
-For Employers paying via Direct Debit the money is in the clearing house for 3 nights. This is the time a Direct Debit payment takes to clear the banking system.
- (i) Payments can only be allocated to the member account after it has been received by the fund.
Super funds are required under SuperStream to allocate payments to a member account within 3 days of the receipt of both contribution data and the matching payment.
 - (ii) Refer to a.i.
 - (iii) Refer to a.ii.
- d. Upon payment of the SG contribution amount to the clearing house, interest is earned. This amount is retained by the provider of the clearing house service. Any interest earnings are declared within the PDS to employers.
Note: the operational cost to the clearing house of banking services exceeds (and has done for

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a number of years) any interest accrued from the holding employer monies.

Specific banking costs incurred in the provision of the clearing house service are not passed on to employers, payrolls, funds or members.

- (i) It is not until the payment has been received by the super fund, that member interest is earned.
 - (ii) Refer to d.
- e. This question does not apply to employer funds held in the clearing house account. The payment only becomes a member entitlement upon receipt by the Super Fund.

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Media Super

MED118QW: During the first half of 2020 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.

Month in 2020	Payouts for FOREX hedges (\$)	Losses for FOREX hedges (\$)
January		
February		
March		
April		
May		
June		

Answer:

Media Super reduces the Fund's exposure to foreign currencies (i.e. FOREX) via short-term hedges, which minimises the impact on the Fund's liquidity during times of significant market movements. As a result, the Fund received a net payout of over \$7m from its FOREX hedges over the first half of 2020.

Month in 2020	Payouts for FOREX hedges (\$)	Losses for FOREX hedges (\$)
January	\$4,498,909.65	
February	\$6,539,639.32	
March		\$-27,400,000.00
April	N/A	N/A
May	\$11,039,060.25	
June	\$13,103,775.31	

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MED119QW: 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.

Age	Financial year	Annual average income of fund members from that age bracket in that year (\$)	Average Compulsory superannuation contribution in that year (% of income)	Resulting average annual superannuation contribution made (\$)	All fees, insurances, indirect cost ratios and other deductibles not classified as fees (\$)	Average growth in that year (\$)	Balance at the end of that year (\$)
16	2005/2006	i.e. Someone who was 16 in 2005/2006 financial year	i.e. 9 per cent	i.e. 9 per cent of column 3	i.e. the totals deducted	i.e. growth on the balance reflecting the time reality of growth and when fees are deducted	i.e. The total balance for that account at the end of the financial year once growth and fees have affected the balance
17	2006/2007						
18	2007/2008						
19	2008/2009						
20	2009/2010						
21	2010/2011						
22	2011/2012						
23	2012/2013						
24	2013/2014						

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25	2014/2015						
26	2015/2016						
27	2016/2017						
28	2017/2018						
29	2018/2019						
30	2019/2020						
Totals				i.e. The sum total of the cells above	i.e. The sum total of the cells above	i.e. The sum total of the cells above	i.e. The final balance

Answer:

As previously listed in Question MED102QW the fund does not hold member remuneration data and therefore cannot answer the following table.

Relevant APRA data may be of assistance; <https://www.apra.gov.au/quarterly-superannuation-statistics>.