

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Media Super

- MED96QW:** Since 1 January 2020, for each fund, please outline:
- a. The date and value at the highest valuation of the fund?
 - b. The date and value at the lowest valuation of the fund?
 - c. The number of business days between the highest and lowest valuation for the fund?
 - d. The nominal value between the highest and lowest valuation for the fund?
 - e. The percentage value between the highest and lowest valuation for the fund?
 - f. The number of business days between the date of the ASX's lowest valuation, and the lowest day for the valuation of the fund?
 - g. The number of business days between the date of the ASX's lowest valuation, and the lowest valuation of unlisted assets in the fund?
 - h. What volume of switching of investments occurred between funds between the highest and lowest valuations?
 - i. What volume of switching between funds occurred in that time by trustees of the fund that are also members of the fund, between the highest and lowest valuations?
 - j. What volume of switching between funds occurred in that time by executives of the fund that are also members of the fund, between the highest and lowest valuations?
 - k. What volume of switching between funds occurred in that time by other employees of the fund that are also members of the fund, between the highest and lowest valuations?
 - l. What integrity measures were taken to prohibit trustees, executives and employees switching between funds from taking advantage of arbitrage of any gap between the lowest valuation date of the ASX and any revaluation of the fund?

Answer: Media Super has previously provided the Committee with responses to questions relating to the valuation of the fund, including its listed and unlisted assets. We refer to those responses provided in questions 35QW, 40QW, 44QW, 69QW, 70QW and 72QW.

Media Super's unit prices are calculated weekly and published on our public website, mediasuper.com.au/investments/our-fund-performance.

ASX market statistics can be found at; <https://www.marketindex.com.au/asx200>

Media Super invests for the long term in a range of different asset classes. Hence, the value of our members account balances will not be highly correlated to movements in the Australian share market.

APRA collects data relating to the level of investment option switching, apra.gov.au/quarterly-superannuation-statistics

Media Super has put in place a procedure of forward pricing for investment switches so members cannot request switches at known prices and therefore create circumstances of arbitrage against other members.

Almost all listed shares are held in mandate form and which ensures valuations are current at the time unit prices are struck by the fund's custodian i.e. valuations are not stale and are transparent. Emerging market equities are held in a pooled trust and valuations are current at the time unit prices are struck. However, if there is any stale prices the trustee office has no early notice or ability to look through the asset which would permit any arbitrage opportunity.

As an APRA regulated entity and consistent with its legal obligations under the SIS Act, Media Super has in place internal policies and procedures to ensure the integrity and probity of internal decision making. Where there is a material risk to the fund, any misconduct is reported to the regulator and any other relevant authorities.

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- MED97QW:** On financial advisers providing non-intrafund advice (i.e. comprehensive advice - beyond the scope of intrafund advice) within the fund over the past five financial years:
- a. How many do you employ (or are you paying for through outsourced arrangements)?
 - b. What is the revenue generated from these non-intrafund advisers?
 - c. How many financial advisers within the fund also provide intrafund advice?
 - d. If you have non-intrafund financial advisers within the fund also providing intrafund advice, how is their remuneration determined from different sources?
 - e. Is there any cross-subsidisation for non-intrafund financial advisers within the fund from activities funded through intrafund advice?
 - f. Is there any cross-subsidisation for financial advisers from intrafund advice to non-intrafund financial advisers within the fund?
 - g. What is the total budgeted cost and actuals for financial advisers?
 - h. What is the remuneration level/range for the financial advisers employed to provide non-intrafund advice to your members?
 - i. What is the aggregated cost of their remuneration?
 - ii. What is the aggregated cost for their employment?
 - iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?
 - iv. What is the aggregated cost for marketing their services?
 - v. What is the aggregated cost for administrative support services?
 - vi. What is the aggregated cost for professional insurance and indemnity?
 - vii. What is the aggregated cost for compliance oversight?
 - viii. What is the aggregated cost for legal oversight?
 - ix. What is the aggregated cost for other regulatory oversight?
 - x. What is the aggregated cost for the unit, including overheads, that provides financial advice within the fund?

Answer: Media Super has previously provided the Committee with responses to questions relating to financial advice. We refer to those responses provided in questions 47QW – 51QW.

Three Media Super employees currently deliver the provision of non-intrafund advice for Media Super. They are authorised representatives under licence of Industry Fund Services (IFS) Limited (AFSL number 232514). This employment structure has been in place since 1 July 2019. The relevant Media Super Employees also provide and participate in other activities that cannot be attributed to the delivery of Personal Advice.

Non-intrafund advice before this date was delivered by financial planners employed by Industry Fund Services under a representative model where financial planners worked exclusively with Media Super.

The below table outlines FTE employees in the financial planning team, aggregate salary, licence costs and employer for the past five financial years. Media Super financial planners are remunerated at a fixed salary with no additional incentives or bonuses paid. Costs associated with professional insurance and indemnity are included in licence costs.

Operating overheads, including but not limited to those related to marketing, compliance and administration are incurred from consolidated expenses and we are unable to attribute these to delivery of non-intrafund advice. Any of these overheads are not increased due to the employment of financial planners and delivery of non-intrafund advice.

Financial year	# of Advisers	Aggregate salary inc. SG	Licence cost	Employer
2015/16	5	\$629,658	\$238,677	IFS
2016/17	5	\$680,800	\$264,249	IFS
2017/18	4	\$534,333	\$194,306	IFS
2018/19	4	\$537,967	\$193,583	IFS
2019/20	3	\$454,304	\$98,265	Media Super

All non-intrafund advice delivered is charged to members receiving the advice and costs for all non-intrafund advice delivered to any member seeking this advice is recovered directly from the member.

Media Super structures its financial planning team to deliver non-intrafund advice and intrafund advice on behalf of the fund. In addition, their role comprises education delivery and several other functions not relating to the delivery of advice.

Intrafund advice is a service available to all members of Media Super with the only advice collectively charged relating to investment choice within the fund, insurance within the fund and contributions to the fund. Section 99F of the SIS Act outlines the circumstances where trustees cannot collectively charge for personal advice. Media Super does not collectively charge for personal advice services where prohibited by the SIS Act.

Revenue generated from non-intrafund advice is outlined below:

Financial year	Net revenue
2015/16	\$142,538
2016/17	\$205,475
2017/18	\$130,090
2018/19	\$125,875
2019/20	\$165,911

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- MED98QW:** On financial advisers providing intrafund advice (i.e. strictly limited to advice on your super fund for the member only - not spouse) within your fund over the last five financial years:
- a. How many do you employ (or are you paying for through outsourced arrangements)?
 - b. What is the remuneration level/range for the financial advisers employed to provide intrafund advice to your members?
 - i. What is the aggregated cost of their remuneration?
 - ii. What is the aggregated cost for their employment?
 - iii. What is the aggregated cost for their on-costs, including but not limited to, superannuation, leave, training support and office space?
 - iv. What is the aggregated cost for marketing their services?
 - v. What is the aggregated cost for administrative support services?
 - vi. What is the aggregated cost for professional insurance and indemnity?
 - vii. What is the aggregated cost for compliance oversight?
 - viii. What is the aggregated cost for legal oversight?
 - ix. What is the aggregated cost for other regulatory oversight?
 - x. What is the aggregated cost for the unit, including overheads, that provides intrafund advice?
 - c. What is the revenue that intrafund advisers have generated?
 - d. How many financial advisers providing intrafund advice also provide it within the fund?
 - e. If you have financial advisers providing intrafund advice also providing it within the fund, how is their remuneration determined from different sources?
 - f. Is there any cross-subsidisation for financial advisers providing intrafund advice from revenue funded through activities within the fund?
 - g. What is the total budgeted cost and actuals for the intrafund advice unit?
 - h. What is the revenue generated from these financial advisers?
 - i. Within your fund, is there any cross-subsidisation for intrafund advice services?

Answer: Media Super has previously provided the Committee with responses to questions relating to financial advice costs. We refer to those responses provided in questions 47QW – 51QW.

Intrafund advice is primarily provided through an outsourced arrangement with fund administrator, Mercer. Media Super employs none of these advisers.

No revenue is generated from this service.

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MED99QW Do you allow members to use their funds to pay for:

- a. Financial advice?
- b. Internal financial advisers?
- c. External financial advisers?

Answer:

- a. Yes
- b. Yes
- c. No

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MED100QW Do you allow external financial advisers access to online facilities to charge for external financial advisers consented by members using their funds?

Answer: No