

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

HEST121QON

CHAIR: What is the average super balance of a woman who has retired—in your fund, I mean?

Ms Blakey: I actually wouldn't have that number on me. Do you mean a woman who is still a member of our fund drawing down an income stream with us?

CHAIR: Correct.

Ms Blakey: I wouldn't have that number with me. I could provide that if it was helpful.

CHAIR: That would be helpful. Thank you. You can take that on notice.

Hansard 20 November 2020, pp. 12-13

Answer:

As at 9 December 2020, the average super balance of a female member in the HESTA Retirement Income Stream product is \$243,710

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HEST122QON

CHAIR: Have you had any members who, when they've hit retirement age, have used that money to go and pay off the remainder of their mortgage rather than keep it with HESTA?

Ms Blakey: We have some members who do that.

CHAIR: What percentage would that be?

Ms Blakey: I wouldn't have that number. I don't think we would have that information. We obviously do a lot of research to understand our members in a deeper way, but, as to why members are withdrawing their money from super or why they're not, we wouldn't have that information in detail.

CHAIR: But you accept that it's logical that, if somebody, once they hit the first point where they can withdraw their money, withdraws it not for the purpose of moving it to another fund but to move to cash, they are probably likely to be using it to pay off an asset like a home; is that correct?

Ms Blakey: It is quite possible. To the notion of when members withdraw their money, many members choose to leave their money in super even once they have the ability to withdraw it once they have met a condition of release. But, at some point, they choose to withdraw it for whatever reasons they withdraw it.

CHAIR: I don't disagree with that statement at all. Could you provide us with the data of the number of people who choose to withdraw in cash once they're in a position to do so. Take that on notice.

Hansard 20 November 2020, p. 14

Answer:

In FY18/19 there were 274 members who withdrew their full retirement benefit as cash within 90 days of turning 65. This represents 2.41% of members who turned 65 during FY18/19.

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HEST123QON

Ms HAMMOND: Yes, but my question is: how often do you follow it?

Ms Blakey: ACSI don't make their advice public. I would rather talk about the process. I don't know if it is helpful to say proportionately where we have followed their advice and where we haven't. That's not a material measure we even monitor.

Ms HAMMOND: Okay, but it's something that we're very interested in because it leads to this notion of so much potential power in super funds because of their voting power when it's conglomerated; they represent over 11 per cent of ASX200 companies and trillions of dollars, so it is something to take into account. We might follow that up on notice, which you can then—

Mr Major: I might be able to shed some light on that, given my experience in investments over the course of time. When we're looking at exercising votes in listed companies, we have a number of different factors that we take into account. We take into account what our proxy advisers like ACSI tell us. We take into account engagement directly with companies and we have other advisers that help us.

Ms HAMMOND: Which other advisers do you use, Mr Major?

Mr Major: We talk to our fund managers. In the context of international equities, we talk to Hermes EOS, our provider there. We have been a member of other groups focused around advocacy and advice in Australia, but I think the important point to note is that the decisions that we make are ours alone. We take information from various sources, we have a process for proxy voting when making decisions and then we republish our decisions on the website.

Ms HAMMOND: It might be easier if I follow up with a question on notice.

Hansard 20 November 2020, p. 16

Answer:

HESTA considers advice from a range of sources including ACSI, Hermes EOS, Regnan, CGI Glass Lewis, fund managers and other advisors as needed.

We aim to vote all of the shares we hold (subject to legal requirements) and we disclose our voting here – <https://www.hesta.com.au/about-us/what-we-stand-for/responsible-investment/active-ownership.html>

HESTA independently weighs up voting decisions and votes accordingly. All final voting decisions are made by HESTA alone.

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HEST124QON

Ms HAMMOND: Really? Okay, thank you. Do you survey members for their concerns?

Ms Blakey: I might take that. Yes, we absolutely do. We have a number of ways of surveying members. We have an insight community that gets very regular surveying, and any members can be part of that, and we do broader surveys on an annual or quarterly basis depending on—

Ms HAMMOND: What's your return on surveys? How many responses do you get, as a general rule?

Ms Blakey: I would have to take that on notice. I don't know, exactly, across the different surveys. But I know that we're very comfortable with the level of feedback we get from members.

Hansard 20 November 2020, p. 17

Answer:

The response rate to surveys conducted with the HESTA insights community (member panel) in FY19/20 was 26%.

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HEST125QON

CHAIR: When I ask questions on notice, they've not always been completely transparent. There's been information that you've said it is not in the members' interests to reveal publicly, so there seems to be an inconsistency there. Perhaps we can go through some of them. For instance, you are a member or at least give donations or support to the Australia Institute. How much is that annually on behalf your members?

Ms Blakey: I would have to take that on notice. I don't think there is an annual payment. I think it's discrete pieces of research that they've undertaken at certain times. Obviously, in terms of transparency, we are absolutely committed to transparency but also very cognisant of the very competitive environment that super operates in, especially in health and community services. We position ourselves as the primary fund of choice in health and community services. It's a very attractive sector for a lot of other super funds, and so we do disclose information where it's in our members' interests, but sometimes it's confidential and commercial in the sense that it's part of our strategies for success for our members, and then we do choose not to disclose it. But I will take that question on notice to consider whether we can provide more detail or whether there is confidentiality around it.

Hansard 20 November 2020, p. 19

Answer:

HESTA is not a member of the Australia Institute.

HESTA has not given donations to the Australia Institute.

HESTA has not given support to the Australia Institute.

Over the past 5 years HESTA has paid for services provided by the Centre for Future Work (housed within the Australia Institute). Services were provided in relation to two discrete research projects. These were the HESTA Vital Signs report released in 2019, and a research project regarding employment and the economic transition from fossil fuels that is yet to be released. Both projects were undertaken on commercial terms which are commercially sensitive and subject to confidentiality obligations.

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HEST126QON

CHAIR: Okay. Ms Blakey, in answers to questions on notice around fines, you said that HESTA has received in the past five years no statutory fines. Are there any other fines that you would consider outside the banner of being statutory fines that HESTA has incurred?

Ms Blakey: None that I'm aware of.

CHAIR: Can you take that on notice and clarify so that it's not just based on what you're aware of and going back to the administration of the fund?

Hansard 20 November 2020, p. 20

Answer:

HESTA has not received any non-statutory fines in the last 5 years.