

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

CBUS

CBUS43QW:

Discount rates:

- a. For unlisted assets, do you use a consistent discount rate for income across all unlisted assets, or an asset-specific discount rate?**
- b. What is the discount rate you apply to the income from unlisted assets, and has it changed over the past decade, and if so, when and why?**

Answer:

a) The independent valuers of unlisted assets use asset-specific discount rates for each unlisted asset. They do not use a consistent discount rate for all unlisted assets as each asset is different and has its own specific risks which need to be appropriately reflected in the discount rate determination. Cbus has no input into, or influence on, the discount rates used by independent valuers.

b) The discount rates applied to income from our unlisted assets have changed over time and will continue to be reviewed by independent valuers in light of changes to asset specific risks and the broader macro-economic environment. Discount rates have generally declined over the last decade for assets (but not all) due to the influence of declining interest rates. This has influenced discount rates applied to all income generating equity investments, including listed property assets, listed infrastructure assets and listed equities generally.