

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS134QW**

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**

Colonial First State's superannuation statutory remuneration disclosures for 2020, including those for Company Secretary and Chief Operating Officer are attached as CFS134QW\_1.

# Colonial First State Investments Limited

## 2020 Remuneration of Executive Officers

### 1. List of Executive Officers

The Executive Officers of Colonial First State Investments Limited (CFSIL) for the 2020 financial year (FY20) are listed in the table below.

Name	Position	Term as Executive Officer
Anne Ward	Independent Non-Executive Director	Full Year
Penelope James	Independent Non-Executive Director	Full Year
Benjamin Heap	Independent Non-Executive Director	Full Year
Gregory Cooper <sup>1</sup>	Independent Non-Executive Director (from 12 November 2019)	Part Year
Edward Eason <sup>2</sup>	Non-Independent, Non-Executive Director	Full Year
Linda Elkins <sup>3</sup>	Executive Director (ceased 2 August 2019)	Part Year
Michael Venter	Chief Operating Officer, CFS (from 8 July 2019)	Part Year
Lisa Butler Beatty	Chief Legal Counsel CFS and GM Trustee Governance, and Company Secretary	Full Year
Bradley Massey	General Manager Fund Services, CFS	Full Year
Kelly Power <sup>4</sup>	General Manager Remediation, Product and Marketing, CFS	Full Year
Peter Chun <sup>4</sup>	General Manager Distribution (ceased 8 October 2019)	Part Year
Linda Fox	Chief Financial Officer	Full Year
Scott Henricks	General Manager CFS Operations	Full Year
Scott Tully	General Manager Investments (from 3 February 2020)	Part Year
John Lane	Chief Technology Officer, CFS (ceased 1 November 2019)	Part Year
Tom Richardson	Chief Technology Officer, CFS (from 1 November 2019)	Part Year
Franca Di Blasio-Easter	Chief Risk Officer, CFS	Full Year
Kim Richards	Chief Controls Officer, CFS (from 24 January 2020)	Part Year
Todd Stevenson	Chief Member Outcomes Officer (from 13 February 2020)	Part Year
Bryce Quirk	General Manager CFS Advice Relationships (from 18 November 2019)	Part Year

(1) Gregory Cooper received an employment agreement during FY20 with remuneration set in accordance with the Commonwealth Bank of Australia (CBA) Group Remuneration Policy.

(2) No remuneration for Ed Eason has been disclosed as payments, benefits or compensation paid to him by CBA or related entities are not related to work performed for CFSIL as an RSE entity.

(3) Linda Elkins cessation date in listed in FY19 disclosure as 17 March 2019 has been correct in FY20 disclosure as 2 August 2020. All relevant FY19 sections have been restated accordingly.

(4) Peter Chun and Kelly Power were in joint roles as Executive General Manager (Acting) Colonial First State for the period 18 March 2019 to 7 July 2019 in addition to their substantive (non-Acting) roles.

This report has been prepared in accordance with the disclosure requirements of Section 29QB (1)(a) of the *Superannuation Industry (Supervision) Act 1993* and Division 2.6 (section 2.37) of Part 2 of the *Superannuation Industry (Supervision) Regulations 1994*.

All remuneration disclosures have been apportioned to reflect the work performed by the relevant Executive Officer for CFSIL as a Registrable Superannuation Entity (RSE) Licensee for FY20. The RSE's financial year is from 1 July to 30 June. Executive Officers include Independent Non-Executive Directors, Non-Executive Directors, Executive Directors and Senior Managers of the RSE licensee. The proportion of Executive Officer work related to the RSE is reviewed and attested to on an annual basis by the relevant Executive Officer.

The remuneration for Executive Officers of CFSIL is not paid for by any superannuation fund and is not incorporated into any fees paid by members. The remuneration of Executive Officers is paid by the Commonwealth Bank of Australia (CBA) and its wholly owned subsidiaries (Group).

Any Executive Officers who commenced or changed their role during FY20 were contracted on standard terms and conditions relevant to their respective role, and received fees or remuneration (as applicable) in accordance with the Group's remuneration policy and practices.

### 2. Remuneration governance

The CFSIL Board (Board) has delegated all remuneration committee responsibilities to the CBA Board People & Remuneration Committee (Committee). The Committee is the governing body for developing, assessing and monitoring the remuneration philosophy, framework and policies across the Group. The responsibilities of the Committee are outlined in its Charter, which is reviewed annually.

The Committee works closely with the CBA Board's Risk and Audit Committees to review relevant risk and audit matters that may warrant consideration in relation to remuneration outcomes, including any in-year or malus adjustments. Information provided to the Board Committees to support their determinations of collective and/or individual remuneration impacts, includes details of material risk matters, outcomes of internal audit reviews conducted during the year, and consideration of the quality of CBA's financial results. The Board reviews, challenges, applies judgment and, as appropriate, approves the Committee's recommendations.

### 3. Executive Officer remuneration framework

---

#### Independent Non-Executive Director fees

Independent Non-Executive Directors receive fees (inclusive of superannuation) to recognise their contribution to the work of the Board and the associated committees on which they serve. Independent Non-Executive Directors do not receive any performance-related remuneration.

#### Executive Director and Senior Manager Remuneration

The structure of remuneration arrangements for Executive Directors and Senior Managers consists of the following components:

- Fixed Remuneration; and
- Short-term variable remuneration (STVR) at risk.

The 'at risk' components are based on performance against key financial and non-financial measures across performance categories of member outcomes, people, financial strength, and business and strategic initiatives.

##### *Fixed remuneration*

Fixed remuneration comprises base remuneration and superannuation. Base remuneration includes cash salary and any salary-sacrificed items. It is reviewed annually.

##### *Variable remuneration*

All Executive Directors and Senior Managers are eligible to participate in variable remuneration arrangements applicable to their position. Variable remuneration includes STVR awards. STVR awards are discretionary and recognise annual performance over the financial year. Performance is measured and reviewed against a balanced scorecard of financial and non-financial measures. It includes a risk and values assessment.

Executive Directors and Senior Managers receive two-thirds of their STVR award as cash and one-third of their STVR award is deferred into CBA restricted shares (or cash equivalent) that vests in three equal tranches over three years. Executive Directors and Senior Managers will generally forfeit the remaining deferred portion of their STVR if they resign or are dismissed from the Group during the deferral period.

On a case-by-case basis, Executive Directors or Senior Managers may be eligible for a deferred sign-on or retention award. Any such awards are made in accordance with the Group Remuneration Policy, and are subject to conditions including satisfactory performance, behaviours, risk management and continued service with the Group.

Employees are assessed on risk and compliance relevant to their role and Group-wide requirements (such as the Code of Conduct), and are rated *Not Met*, *Partially Met*, *Fully Met*, or *Exceptionally Managed*.

- Employees rated *Not Met* have any FY20 STVR reduced to zero (i.e. 100% adjustment).
- Employees rated *Partially Met* have any FY20 STVR reduced by 10% or more (i.e. guidelines 10-60%).
- Employees rated *Exceptionally Managed* receive an additional recognition award in the form of one-year deferred CBA equity award. These awards vest subject to standard terms and conditions for deferred awards in the Group, including continued service and a malus review prior to vesting.

### 4. Executive Officer statutory remuneration

---

The following statutory tables detail the accounting expense of all remuneration related items for Executive Officers. This includes remuneration costs in relation to both the previous and current financial year.

#### Independent Non-Executive Director statutory remuneration

The table below details individual statutory remuneration for Independent Non-Executive Directors for FY20 and FY19. All remuneration disclosures have been apportioned to reflect the work performed by the relevant Executive Officer for CFSIL as an RSE Licensee.

	Short-term benefits	Post-employment benefits	Total statutory remuneration <sup>1</sup>
	Cash	Superannuation	
	\$	\$	\$
Anne Ward			
<b>2020</b>	<b>105,970</b>	<b>6,429</b>	<b>112,399</b>
2019	124,259	7,528	131,788
Penelope James			
<b>2020</b>	<b>72,720</b>	<b>6,118</b>	<b>78,838</b>
2019	92,433	7,462	99,895
Benjamin Heap			
<b>2020</b>	<b>92,751</b>	<b>6,795</b>	<b>99,546</b>
2019	46,565	4,218	50,783
Gregory Cooper			
<b>2020</b>	<b>40,555</b>	<b>3,853</b>	<b>44,407</b>

(1) Total statutory remuneration also includes fees payable for the CFSIL Board Audit & Risk Committee, Investment Committee and Members Outcomes Committee. FY20 changes in remuneration for NEDs relate to role movements in Board and Committee membership.

(2) Gregory Cooper commenced as Independent Non-Executive Director effective 1 November 2019, therefore no prior year comparison is shown.

### Executive Director and Senior Manager statutory remuneration

The table below details individual statutory remuneration for Executive Director and Senior Managers for FY20 and FY19. All remuneration disclosures have been apportioned to reflect the work performed by the relevant Executive Officer for CFSIL as an RSE Licensee.

	Fixed Remuneration <sup>1</sup>		Other short-term benefits			Long-term benefits	Share-based payments	Total Statutory Remuneration
	Base remuneration <sup>2</sup>	Super-annuation	Non-monetary <sup>3</sup>	Cash STVR (at risk) <sup>4</sup>	Other <sup>5</sup>	Long-term <sup>6</sup>	Deferred Equity (at risk) <sup>7</sup>	
	\$	\$	\$	\$	\$	\$	\$	\$
Linda Elkins <sup>8</sup>								
<b>2020</b>	<b>5,972</b>	<b>2,660</b>	<b>2,924</b>	-	<b>19,823</b>	<b>16,528</b>	<b>25,953</b>	<b>73,858</b>
2019	437,624	12,000	7,531	140,800	8,727	97,915	83,495	788,091
Michael Venter								
<b>2020</b>	<b>476,305</b>	<b>19,095</b>	<b>11,702</b>	<b>295,440</b>	<b>8,582</b>	<b>96,264</b>	<b>144,923</b>	<b>1,052,311</b>
Lisa Butler Beatty								
<b>2020</b>	<b>235,502</b>	<b>14,889</b>	<b>20,916</b>	<b>48,747</b>	<b>8,831</b>	<b>104,372</b>	<b>32,966</b>	<b>466,223</b>
Bradley Massey								
<b>2020</b>	<b>114,183</b>	<b>8,718</b>	-	<b>48,538</b>	<b>(1,429)</b>	<b>51,533</b>	<b>25,797</b>	<b>247,339</b>
2019	113,311	8,635	9	48,538	1,490	(3,851)	27,345	195,478
Kelly Power								
<b>2020</b>	<b>133,968</b>	<b>7,451</b>	<b>5,461</b>	<b>93,674</b>	<b>(3,829)</b>	<b>68,929</b>	<b>33,122</b>	<b>338,775</b>
2019	136,327	7,186	5,283	93,333	31,427	1,169	97,674	372,400
Peter Chun <sup>8</sup>								
<b>2020</b>	<b>59,237</b>	<b>3,581</b>	<b>4,531</b>	-	<b>(4,140)</b>	<b>(6,100)</b>	<b>(33,676)</b>	<b>23,434</b>
2019	116,679	6,992	4,528	72,000	649	48,356	46,181	295,385
Linda Fox								
<b>2020</b>	<b>232,016</b>	<b>12,572</b>	<b>14,880</b>	<b>76,973</b>	<b>6,503</b>	<b>60,309</b>	<b>30,104</b>	<b>433,358</b>
2019	182,609	11,292	11,902	36,622	4,921	54,743	32,204	334,292
Scott Henricks								
<b>2020</b>	<b>97,116</b>	<b>6,859</b>	<b>5,419</b>	<b>29,880</b>	<b>25,902</b>	<b>28,879</b>	<b>21,933</b>	<b>215,987</b>
2019	100,219	6,786	4,528	36,479	1,120	41,687	25,822	216,642
Scott Tully								
<b>2020</b>	<b>99,488</b>	<b>6,508</b>	<b>3,656</b>	-	<b>2,277</b>	<b>8,659</b>	<b>18,192</b>	<b>138,781</b>
John Lane <sup>8</sup>								
<b>2020</b>	<b>46,727</b>	<b>2,846</b>	<b>5,306</b>	-	<b>1,053</b>	<b>(34,400)</b>	<b>13,434</b>	<b>34,966</b>
2019	142,010	8,213	6,038	38,448	(51)	1,850	20,529	217,037

Tom Richardson								
2020	99,100	6,375	5,019	33,000	1,025	12,364	15,160	172,043
Franca Di Blasio-Easter								
2020	235,717	14,124	11,219	59,757	(12,300)	63,545	37,636	409,697
2019	122,164	7,186	5,875	44,100	(25)	46,928	18,752	244,981
Kim Richards								
2020	225,094	10,762	13,664	76,667	2,556	9,360	69,557	407,659
2019	37,907	2,005	-	15,300	116	377	3,441	59,146
Todd Stevenson								
2020	235,869	15,986	12,441	88,138	6,330	123,433	43,375	525,571
Bryce Quirk								
2020	105,518	6,377	3,026	-	1,287	13,644	10,151	140,002

- (1) Fixed remuneration comprises base remuneration and superannuation (post-employment benefit). Remuneration disclosed relates to the period served as Executive Officer.
- (2) Base remuneration is the total cost of salary including cash salary, allowances (where applicable) and any salary sacrificed benefits.
- (3) Non-monetary benefits relate to company-funded benefits (including car parking and associated fringe benefits tax where applicable). FY19 values have been restated following a review.
- (4) Reflects the cash portion of the STVR for performance during the 12 months to 30 June 2020 (payable September 2020), representing two-thirds of FY20 STVR.
- (5) Other short-term benefits relate to the net change in accrued annual leave over the year and any sign-on/retention deferred cash awards.
- (6) Includes long service entitlements accrued during the year, which are determined in line with Australian Accounting Standards.
- (7) Includes the accounting expense of previous years' STVR deferred awards and sign-on and retention awards received as Deferred Rights. For FY20, this includes the expense of the FY17, FY18 and FY19 deferred STVR awards, as applicable to each Executive Officer.
- (8) Linda Elkins, Peter Chun and John Lane were Executive Officers for part of the year and their remuneration reflects the relevant service period.

## 5. FY20 STVR outcomes

The following table provides the FY20 STVR outcomes for Executive Officers<sup>1</sup> (excluding Independent Non-Executive Directors who do not receive any variable remuneration). The minimum possible STVR is zero.

	STVR maximum \$	STVR actual			STVR actual as a % of STVR maximum %
		Total \$	Cash <sup>2</sup> \$	Deferred <sup>3</sup> \$	
Michael Venter	805,745	443,160	295,440	147,720	55%
Lisa Butler Beatty	146,241	73,120	48,747	24,373	50%
Bradley Massey	132,376	72,807	48,538	24,269	55%
Kelly Power	147,907	140,511	93,674	46,837	95%
Linda Fox	230,919	115,459	76,973	38,486	50%
Scott Henricks	110,544	44,820	29,880	14,940	41%
Scott Tully	99,000	54,450	36,300	18,150	55%
Tom Richardson	98,730	49,500	33,000	16,500	50%
Franca Di Blasio-Easter	208,845	89,635	59,757	29,878	43%
Kim Richards	224,499	115,000	76,667	38,333	51%
Todd Stevenson	240,375	132,206	88,138	44,069	55%
Bryce Quirk	105,000	57,750	38,500	19,250	55%

- (1) Linda Elkins, Peter Chun and John Lane served as Executive Officers for part of the year and were ineligible for FY20 STVR.
- (2) Includes two-thirds of the STVR award payable as cash in recognition of performance for FY20 (payable in September 2020).
- (3) Represents one-third of the STVR award that is deferred as equity and vests in three equal tranches over three years. The deferred awards are subject to risk and reputation review prior to vesting.

## 6. Equity and Deferred cash awards received as remuneration

The table below details the value and number of equity awards that were granted or forfeited/lapsed to Executive Officers during FY20. It also shows the number of previous year's awards that vested during FY20.

Name	Class	Granted during FY20 <sup>1,2</sup>		Previous years' awards vested during FY20 <sup>2</sup>		Forfeited or lapsed during FY20 <sup>2</sup>	
		Units	\$	Units	\$	Units	\$
Michael Venter	STVR Deferred Rights	1,825	142,093	2,945	238,839	-	-
	Deferred Cash		225,000		-		-

Lisa Butler Beatty	STVR Deferred Rights	522	40,664	300	24,204	-	-
	Deferred Cash		140,000		-		-
Bradley Massey	STVR Deferred Rights	312	24,272	422	34,220	-	-
	Deferred Cash		60,000		-		-
Kelly Power	STVR Deferred Rights	687	53,701	924	75,624	-	-
	Deferred Cash		98,000		-		-
Linda Fox	STVR Deferred Rights	630	49,086	652	53,004	-	-
	Deferred Cash		-		54,400		-
Scott Henricks	STVR Deferred Rights	234	18,245	396	32,080	-	-
	Deferred Cash		-		26,400		-
Tom Richardson	STVR Deferred Rights	212	16,516	228	18,521	-	-
	Deferred Cash		25,500		-		-
Franca Di Blasio-Easter	STVR Deferred Rights	527	40,999	543	44,058	-	-
	Deferred Cash		-		54,600		-
Kim Richards	STVR Deferred Rights	2,387	188,398	338	27,086	-	-
Todd Stevenson	STVR Deferred Rights	548	42,692	428	34,287	-	-
	Deferred Cash		131,250		-		-
Linda Elkins <sup>3</sup>	STVR Deferred Rights	-	-	909	75,063	388	30,238
	Deferred Cash		-		-		144,000
John Lane <sup>3</sup>	STVR Deferred Rights	-	-	176	14,014	-	-
	Deferred Cash		-		-		92,000
Peter Chun <sup>3</sup>	STVR Deferred Rights	463	36,023	462	37,991	1,335	107,681
	Deferred Cash		-		30,000		45,000
Bryce Quirk	STVR Deferred Rights	-	-	234	19,026	-	-
	Deferred Cash		-		38,475		-

- (1) This represents the maximum number of deferred rights or deferred cash awards that may vest to each Executive Officer. The equity value represents the face value at grant date. The minimum potential outcome is zero. Deferred cash awards to Scott Tully, Bradley Massey, Todd Stevenson, Lisa Butler Beatty and Kelly Power were granted on 2 August 2019 which vests in two tranches, 40% on 1 December 2019 and 60% on 1 December 2020. The deferred cash award to Michael Venter and Tom Richardson were granted on 6 April 2020 which vests in full on 1 December 2020. Deferred cash awards vest subject to satisfactory performance, service conditions and a malus review before vesting.
- (2) Disclosed amounts for awards granted during FY20, and previous years' awards that vested during FY20, include both deferred STVR equity awards and deferred cash awards. Of these awards, Linda Elkins forfeited 35% of awards and Peter Chun forfeited 65% of awards as certain performance and/or service conditions were required to be met.
- (3) Linda Elkins ceased in an Executive Director role from 2 August 2019, Peter Chun ceased in a General Manager Strategy and Transformation role from 8 October 2019 and John Lane ceased in a Chief Technology Officer role from 1 November 2019. No STVR outcomes were payable for the ceased Executive Officers as they were considered ineligible for STVR. Their remuneration reflects the time spent in their respective roles.

## 7. Face value assumptions for equity awards granted in FY20

For STVR awards deferred as rights, the face value is the volume weighted average closing price of CBA ordinary shares over the five trading days prior to the grant date. The exercise price is nil across all awards.

Equity plan	Grant date	Face value \$	Vesting period end
FY20 STVR - Tranche 1	1/09/2019	77.87	1/09/2020
FY20 STVR - Tranche 2	1/09/2019	77.87	1/09/2021
FY20 STVR - Tranche 3	1/09/2019	77.87	1/09/2022
ESAP 2019 <sup>1</sup>	4/11/2019	80.29	4/11/2019

- (1) Employee Share Acquisition Plan (ESAP) provides eligible employees with the opportunity to receive up to \$1,000 worth of shares each year subject to Group performance requirements.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS135QW

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. Colonial First State does not collect or record remuneration information for all members.

Remuneration information is only captured for some members in certain employer sub-plans within the FirstChoice Employer Super division of the FirstChoice Superannuation Trust, and only where this information is required for insurance purposes.

No remuneration information is captured in respect of members of Commonwealth Essential Super nor for members of any of the choice products offered within Colonial First State's superannuation funds.

As there is only limited remuneration data collected for some members and this does not cover the full membership of any of our funds, it is not possible to answer this question.

- b. Data is not readily available for the full ten year period requested. Please find below the most up-to-date data available for the past three years:

12 months to 30 Sept 2018: \$6,394

12 months to 30 Sept 2019: \$6,730

12 months to 30 Sept 2020: \$7,000

- c. As Colonial First State does not have remuneration information for all fund members, it is not possible to answer this question.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS136QW

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. 4
- b. 19
- c. The cost of each campaign varies depending on the nature of the campaign, including the volume of members, whether an outsourced agency is engaged, whether the campaign is digital or paper based (or both), how many elements are involved (such as forms, flyers, or other collateral) and whether there are multiple communication channels utilised. For the period from 1 January 2020 to 30 June 2020, the total cost was \$393,068.
- d. The budgeted cost for each campaign varies depending on the nature of the campaign, including the type and size of the campaign, complexity of messaging and targeting, how it is executed and the communication channels used. For the period from 1 January 2020 to 30 June 2020, the total budget was \$300,000.
- e. For the period from 1 July – 31 December 2020 the total budget for advertising and marketing campaign activity is \$1,684,400.
- f. The budgeted marketing cost for 1 July 2021 to 30 June 2021 is \$258,000. The budgeted advertising cost for this period has not yet been completed and will also be influenced by the timing and nature of the separation of Colonial First State from CBA, which has not yet been finalised.
- g. This forecast has not yet been completed and will be dependent on the timing of the separation of Colonial First State from CBA and the nature of marketing and advertising required at that time.



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS137QW**

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. 53.5% female, 46.5% male, 0.1% identify otherwise
- b. 54.6% female, 45.3% male, 0.1% identify otherwise
- c. 36.2% female, 63.8% male, 0% identify otherwise
- d. 50.0% female, 50.0% male, 0% identify otherwise

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS138QW

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

In 2020, Commonwealth Bank set a new measure for gender equality in leadership (having achieved the previous two measures set in 2010 and 2015).

The new measure is a range of 47% - 50% gender equality in Executive Manager and above role levels by 2025 to reflect the Australian workforce participation for women and a gender inclusive approach to account for people who do not identify with a binary gender (male or female).

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS139QW

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. Since the introduction of Superstream there was a benefit realisation of 13 FTE. This covers rollovers, contributions and ATO transactions.
- b. CFS did not directly reduce fees in line with any savings to the fund from Superstream. However, CFS regularly reviews its fees to ensure members are getting value for money. In June 2019 for FirstChoice Employer Super we reduced the administration fee from 0.60% to 0.50%. Again in November 2020 we will be reducing the administration fee further to 0.30%. For another fund operated by CFS, Commonwealth Essential Super, we will be reducing the admin fee from 0.35% to 0.30%.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS140QW

#### 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

We measure CFS's portfolio carbon emissions footprint and weighted average carbon intensity for the equity allocation of assets under management.

In respect to targets, we will assess and develop our view in the next 12 months.

We are working through the implications and actions required and continue to monitor climate related risk within individual funds and aggregated portfolios at the selection, appointment and monitoring stages of portfolio management.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS141QW**

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**

N/A – Colonial First State has no involvement with or investment in the New Daily.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS142QW**

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**

N/A

As noted in our previous answers to CFS52QW(b) and CFS131QW, Colonial First State does not employ financial advisers.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS143QW

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. In FY20, CFS IT have taken steps to reduce overall Application Service Provider cost by moving to a global workforce strategy.
- b. This has resulted in a \$0.12m IT Run (recurring) cost reduction and \$3.31m IT Change (one-off) cost reduction in FY20. However, these cost reductions have since been offset by an increase in IT portfolio investment driven by greater business demand, as well as uplift in IT workforce plan to deliver on Separation activities.
- c. Nil – as the overall cost of IT portfolio investment has increased, there has been no cost saving applicable to members.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS144QW**

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.

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

**Answer**

N/A

Colonial First State does not own unlisted assets directly. All unlisted assets are held within pooled funds and the investment managers of those funds have their own valuation processes.

As such, Colonial First State has no involvement in the valuation of unlisted assets.



**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS145QW**

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**

Colonial First State does not have relationships with 'Sponsoring Organisations' or equivalent as described in the paper.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS146QW**

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. 52
- b. 0

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS147QW

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

- a. CFS operates two clearing houses – CFS Clearing House for FirstChoice Employer Super and CES Clearing House for Commonwealth Essential Super. CFS also provides an online portal called FirstNet Employer. The online portal for is for employers to administering an Employer Plan and the CFS Clearing House sits within. For our Essential Super Employers, the clearing house sits within Netbank and those employers can administer their employees accounts from there.
- b. Under the law funds that offer a MySuper product must provide a pass through service. CFS also believes our online portals along with the clearing houses are a valuable service for our employers that provide administration efficiencies.
- c. There is no direct cost to employers that use our clearing houses.
- d. There is no direct cost to members for the clearing house. However, the cost to run the clearing houses is captured in the overall admin fee charged to members.
- e. For FirstChoice Employer all clearing accounts within the CFS Clearing House are no interest bearing accounts. All unallocated or rejected contributions are returned to the source Employer within 28 days. For Essential Super, the moneys are not stored in a clearing account inside our clearing house. Instead, the monies stay in the employers account and when they make a contribution payment to their employee the funds are moved directly from the Employer to the superannuation fund and then allocated to the member.
- f. Given the design of our clearing houses there is no non-interest income and/or capital gains.

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS148QW**

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**

Colonial First State does not use an external clearing house.

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS149QW

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

When answering the following questions we are assuming that we have both the money and the corresponding contribution data that matches.

- a.
  - i. 24 hours or 1 business day (allocation doesn't occur on the weekend)
  - ii. 24 hours or 1 business day (allocation doesn't occur on the weekend)
  - iii. Within 2 business days
- b.

Note: Unallocated contribution money can remain in an Employers clearing account for up to 28 days.

- i. 24 hours if all the requirements under the payment and data standard are met by the employer
- ii. 24 hours if all the requirements under the payment and data standard are met by the employer
- iii. 24 hours if all the requirements under the payment and data standard are met by the employer

c.

- i. 24 hours if all the requirements under the payment and data standard are met by the employer
- ii. 24 hours if all the requirements under the payment and data standard are met by the employer
- iii. 24 hours if all the requirements under the payment and data standard are met by the employer

d.

- i. For FirstChoice Employer our clearing accounts are non-interest bearing account. For Essential Super the money stays in the employers account until it is allocated to the members account.
- ii. For FirstChoice Employer our clearing accounts are non-interest bearing account. For Essential Super the money stays in the employers account until it is allocated to the members account.

e.

- i. N/A – see response to CFS147QW(f)
- ii. N/A – see response to CFS147QW(f)

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

#### Colonial First State

#### CFS150QW

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

N/A – see response to CFS148QW

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

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

**Colonial First State**

**CFS151QW**

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 (\$)
<b>January</b>		
<b>February</b>		
<b>March</b>		
<b>April</b>		
<b>May</b>		
<b>June</b>		

**Answer**

Colonial First State's superannuation funds do not have any direct foreign exchange hedging and as a result do not directly receive payouts and losses in respect of FOREX hedges.

Our superannuation funds only invest in Australian dollar denominated investments such as cash and managed investment schemes (unit trusts).



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Colonial First State

CFS152QW

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

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	\$29,952.00	9.00%	\$2,695.68	\$96.49	\$177.48	\$2,372.31
17	2006/2007	\$29,952.00	9.00%	\$2,695.68	\$132.64	\$553.96	\$5,084.96
18	2007/2008	\$39,312.00	9.00%	\$3,538.08	\$177.54	-\$856.16	\$7,058.62
19	2008/2009	\$39,312.00	9.00%	\$3,538.08	\$203.13	-\$1,525.15	\$8,337.72
20	2009/2010	\$38,272.00	9.00%	\$3,444.48	\$216.80	\$1,194.68	\$12,243.40
21	2010/2011	\$38,272.00	9.00%	\$3,444.48	\$266.59	\$1,314.09	\$16,218.70
22	2011/2012	\$42,692.00	9.00%	\$3,842.28	\$320.64	-\$455.12	\$18,708.88
23	2012/2013	\$42,692.00	9.00%	\$3,842.28	\$355.88	\$3,376.75	\$24,995.69
24	2013/2014	\$43,160.00	9.25%	\$3,992.30	\$289.19	\$4,627.58	\$32,727.54
25	2014/2015	\$43,160.00	9.50%	\$4,100.20	\$351.41	\$2,851.87	\$38,713.17
26	2015/2016	\$51,948.00	9.50%	\$4,935.06	\$401.28	\$22.81	\$42,529.50
27	2016/2017	\$51,948.00	9.50%	\$4,935.06	\$435.22	\$6,224.41	\$52,513.50
28	2017/2018	\$54,964.00	9.50%	\$5,221.58	\$516.06	\$5,199.58	\$61,635.37
29	2018/2019	\$54,964.00	9.50%	\$5,221.58	\$617.98	\$5,037.45	\$70,493.18
30	2019/2020	\$54,964.00	9.50%	\$5,221.58	\$581.80	-\$6,281.87	\$68,067.85
<b>Totals</b>				\$60,668.40	\$4,962.66	\$21,462.37	\$68,067.85

The following assumptions were used in the preparation of this calculation:

- i. CFS has a tailored insurance design and not all plans require employers to provide salary information. Of the salary information CFS does collect, given how the historical information is stored in our registry,

it is very difficult to extract this information in the timeframe required. Therefore, CFS has used the ABS data to estimate the annual salary for these cohorts.

- ii. For this example the insurance is assumed at \$100k of Death and TPD cover for a female white collar worker
- iii. Superannuation Guarantee contributions, insurance premiums, and fees are presented net of 15% tax
- iv. A simple calculation was used to derive the average growth for a representative member. Transactions (contributions, fees, insurance premiums) were assumed to have been applied evenly across the year rather than effective on specific dates.
- v. Colonial First State's largest Mysuper product, Firstchoice Employer Super, was used for this example