

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

**Colonial First State – CBA Group**

**CFS13QW:** Could you please indicate how you supervise the indirect costs associated with vertically integrated retail funds, including what the costs are for (brokerage etcetera) and how you ensure they are not eroding members' accounts?

**Answer:** The indirect costs form part of the total fees disclosed to members. We regularly benchmark the total fees of our products to ensure they are competitive and do not erode members' accounts. This regular benchmarking helped inform our decision earlier this year to reduce fees across a range of our superannuation products. According to APRA's recently released heatmap total fees for Colonial First State's MySuper products, FirstChoice Employer Super and Commonwealth Essential Super, are around the median and are within APRA's benchmarks.

Costs included in the Indirect Cost Ratio (ICR) include:

- Cost incurred via interposed vehicles (e.g. Listed Investment Vehicles, Exchange Traded Funds)
- Over the counter derivative costs
- Excess transaction and operation cost that are not recovered by the buy/sell spread collected by the fund