

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Colonial First State

CFS154QW

In dollar terms, how much advertising space did your fund book (directly or indirectly through a broker or agent) in the second half of 2020 that was unused on:

- a. radio?
- b. television?
- c. print?

Answer

- a. Nil
- b. Nil
- c. Nil

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CFS155QW

In minutes, how much advertising space did your fund book (directly or indirectly through a broker or agent) in the second half of 2020 that was unused on:

- a. radio?
- b. television?
- c. print?

Answer

- a. Nil
- b. Nil
- c. Nil

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CFS156QW

Please complete the table for the last five financial years outlining your financial contribution to Industry Super Australia.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Contribution (\$)					

Answer

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Contribution (\$)	Nil	Nil	Nil	Nil	Nil

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CFS157QW

What is your current policy on whether your funds are permitted to invest in:

- a. residential property?
- b. Build-to-Rent housing?
- c. social housing?

Answer

Colonial First State's investment policies do not specifically address residential property, Built-to-Rent housing, or social housing.

While our superannuation funds are permitted to make investments in these types of assets, we do not hold any direct investments in these asset classes.

Any exposure Colonial First State has to these asset classes is through listed Real Estate Investment Trusts (REITs).

Decisions regarding investments within listed REITs are made by the investment manager of the relevant scheme, not Colonial First State.

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CFS158QW

What data do you have on the home ownership rates of fund members?

Answer

Colonial First State does not collect data from our members regarding home ownership and does not hold any relevant data relating to home ownership rates amongst our members.

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CFS159QW

Have you ever:

- a. completed *internal* research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not?
- b. commissioned *external* research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not?

Answer

Colonial First State has not specifically commissioned research of this nature. CFS subscribes to external research (eg. Investment Trends) which may have considered these factors, however we have not commissioned any research in this area.

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Colonial First State

CFS160QW

For the last five financial years, please complete the table for the average return on all your investments.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Average Return (%)					

Answer

The tables below contain one-year return data which has been calculated and published by APRA for each of Colonial First State's superannuation funds. It is important to note that this total fund return is not representative of the return which an individual member would have received during these periods.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Colonial First State FirstChoice Superannuation Trust	1.80%	7.80%	7.50%	6.40%	-2.70%
Colonial First State Rollover & Superannuation Fund	2.80%	6.20%	13.60%	7.70%	-0.50%
Commonwealth Essential Super	2.70%	7.70%	7.30%	7.30%	-7.10%
Avanteos Superannuation Trust	1.30%	6.80%	6.90%	6.70%	-1.40%
Encircle Superannuation Fund	1.90%	4.40%	6.40%	7.00%	-0.30%
Star Portfolio Superannuation Fund	3.20%	5.80%	6.00%	6.80%	-2.20%
Symetry Personal Retirement Fund	1.60%	6.60%	6.10%	4.70%	-3.60%
Ultimate Superannuation Fund	1.60%	4.60%	5.30%	5.30%	-2.40%

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Colonial First State

CFS161QW

For the last five financial years, please complete the table for investments across all your funds in all forms of residential property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Nominal Value (%)					
Share of Portfolio (%)					
Average return (%)					

Answer

Colonial First State's superannuation funds do not have any direct exposure to residential property.

Some managed investment schemes we invest in have residential property holdings within their portfolio, however in many cases these comprise only a portion of a diversified scheme's holdings. Decisions regarding investments within managed investment schemes are made by the investment manager of the relevant scheme, who is appointed by the responsible entity of the scheme, not Colonial First State.

We do not maintain underlying data that captures our holdings in residential property or identifies the returns attributed solely to residential property investments. As such, it is not possible to answer this question.

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CFS162QW

For the last five financial years, please complete the table for investments across all your funds in all forms of Built-To-Rent property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Nominal Value (%)					
Share of Portfolio (%)					
Average return (%)					

Answer

Colonial First State's superannuation funds do not have any direct exposure to Built-To-Rent property.

Some managed investment schemes we invest in have Built-To-Rent property holdings within their portfolio, however in many cases these comprise only a portion of a diversified scheme's holdings. Decisions regarding investments within managed investment schemes are made by the investment manager of the relevant scheme, who is appointed by the responsible entity of the scheme, not Colonial First State.

We do not maintain underlying data that captures our holdings in Built-To-Rent property or identifies the returns attributed solely to Built-To-Rent property investments. As such, it is not possible to answer this question.

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CFS163QW

For the last five financial years, please complete the table for investments across all your funds in all forms of social housing property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Nominal Value (%)					
Share of Portfolio (%)					
Average return (%)					

Answer

Colonial First State's superannuation funds do not have any direct exposure to social housing property.

Some managed investment schemes we invest in have Social housing property holdings within their portfolio, however in many cases these comprise only a portion of a diversified scheme's holdings. Decisions regarding investments within managed investment schemes are made by the investment manager of the relevant scheme, who is appointed by the responsible entity of the scheme, not Colonial First State.

We do not maintain underlying data that captures our holdings in social housing property or identifies the returns attributed solely to social housing property investments. As such, it is not possible to answer this question.

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CFS164QW

Please outline your policy on:

- a. Fund members using their superannuation fund for a deposit to buy their first home.
- b. Retirees using their superannuation to:
 - i. renovate their home
 - ii. pay rent.

Answer

- a. Colonial First State (CFS) complies strictly with the existing superannuation preservation rules when considering requests from members to release their funds, as is required of superannuation trustees by law.

From a public policy perspective, CFS does not support a superannuation early release mechanism which permits fund members to withdraw money to fund a deposit to buy their first home. We are concerned this is not aligned to the sole purpose test, which is primarily to fund income in retirement. There is also a concern that such a strategy could be ineffective. That is, it may exacerbate affordability issues by fuelling demand for existing housing stock and therefore increasing prices.

- b. i) & ii) From a superannuation preservation perspective retirees are assumed to have met a condition of release (for example – retirement following preservation age or age 65). Once a release condition is met and a member gains access to their funds it is up to the member as to how to use those funds in meeting their retirement lifestyle needs.

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CFS165QW

Within your fund, what percentage of retirees in each of the last five financial years used their superannuation to:

- a. renovate their home?
- b. clear their remaining mortgage?

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Super used for renovations (%)					
Super used to clear mortgage (%)					

Answer

Colonial First State does not capture data about the spending patterns of our members after benefits are paid out from our superannuation funds. As such, it is not possible to answer this question.

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CFS166QW

Insurance premiums

- a. Have you ever deducted insurance premiums from fund members for insurance policies that they are not covered by?
- b. Have you ever completed an **audit** to identify if insurance premiums have been deducted from fund members for insurance policies that they are not covered by?

Answer

- a. Yes. From time to time, operational errors have occurred which have resulted in incorrect insurance cover being applied to member accounts.

Colonial First State takes these matters very seriously.

In instances where errors have occurred, we conducted investigations to identify the root cause and any changes required to our controls or processes, communicated with affected members and remediated any loss experienced by members as a result of the error.

- b. Yes

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CFS167QW

Material distributed to members

a. Have you ever distributed materials to members that state and/or suggest that:

- i. members have coverage under insurance policies that they do not have?
- ii. members are required to keep a minimum balance in their superannuation fund?
- iii. their employer may be unwilling to contribute to another superannuation fund?
- iv. members require a statement of any kind from their employer to move away from your fund?

b. Have you ever completed an **audit** of materials distributed to members that state and/or suggest that members have coverage under insurance policies that they do not have?

c. Have you ever completed an **audit** to establish whether you have distributed materials to members that state and/or suggest that:

- i. they are required to keep a minimum balance in their superannuation fund?
- ii. their employer may be unwilling to contribute to another superannuation fund?
- iii. they require a statement of any kind from their employer to move away from your fund?

Answer

a.

i. Yes. In the very limited instances that operational errors have occurred (as noted in our response to CFS166QW (a)), this has resulted in consequential errors in materials distributed to members.

Colonial First State takes these matters very seriously.

In instances where errors have occurred, we conducted investigations, communicated with affected members and remediated any loss experienced as a result of the error. We reviewed our processes and controls and, where appropriate, also made reports to the regulator.

ii. Yes. Some of our products have been designed for members whose account balances are above certain thresholds. Where this applies, this has been disclosed in the product disclosure statements applicable to those products.

iii. no

iv. no

b. Yes. We conduct half-yearly reviews of member statements to verify cover is being correctly disclosed and was set up correctly on our administration system.

c. No