

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

QSuper

QS125QW: 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: None.
All advertising dollars that were booked by QSuper between 1 July 2020 and 31 December 2020 for radio, television and print have been used.

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QSuper

QS126QW: 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: None.
All advertising time that was booked by QSuper between 1 July 2020 and 31 December 2020 for radio, television and print has been used.

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QSuper

QS127QW: Please complete the table for the last five financial years outlining your financial contribution to Industry Super Australia.

Answer:

Financial Year	2015/16	2016/17	2017/18	2018/19	2019/20
Contribution (\$)	Nil	Nil	Nil	Nil	Nil

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QSuper

QS128QW: 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: QSuper's funds are permitted to invest in each of residential property, Build-to-Rent housing and social housing.

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QSuper

QS129QW: What data do you have on the home ownership rates of fund members?

Answer: QSuper does not hold data on home ownership rates for members.

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QSuper

QS130QW: 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:

- A. QSuper's internal research capability is limited to relational and transactional service delivery and does not incorporate qualitative or quantitative research on home ownership.
- B. QSuper has not commissioned external research to compare retirement outcomes for fund members who do and do not own their home in retirement.

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Q Super

QS131QW: For the last five financial years, please complete the table for the average return on all your investments.

Answer:

FINANCIAL YEAR	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
ACCUMULATION PLAN					
Cash	1.84%	1.60%	1.49%	1.69%	0.75%
QSuper Moderate	4.64%	4.81%	4.18%	5.68%	0.49%
QSuper Balanced	7.34%	7.94%	6.87%	9.72%	-0.16%
QSuper Aggressive	4.91%	12.60%	7.48%	10.74%	-0.98%
Diversified Bonds	6.33%	0.63%	1.50%	6.44%	4.04%
Australian Shares	1.73%	13.54%	12.18%	11.24%	-6.80%
International Shares	-1.88%	18.56%	10.53%	6.72%	1.81%
QSuper Socially Responsible	0.57%	7.65%	8.75%	7.01%	-1.52%
QSuper Lifetime Sustain 2	3.57%	3.37%	3.13%	4.29%	0.72%
QSuper Lifetime Sustain 1	4.90%	4.88%	4.44%	6.25%	0.63%
QSuper Lifetime Aspire 1	8.02%	8.22%	7.37%	10.85%	-0.51%
QSuper Lifetime Aspire 2	8.54%	5.55%	6.95%	11.27%	0.30%
QSuper Lifetime Focus 1	7.49%	6.30%	6.59%	10.36%	0.17%
QSuper Lifetime Focus 2	7.16%	5.25%	6.14%	10.01%	0.43%
QSuper Lifetime Focus 3	6.79%	4.21%	5.66%	9.69%	0.58%
QSuper Lifetime Outlook	7.91%	8.08%	7.22%	10.67%	-0.84%
ALLOCATED PENSION PLAN					
Cash	2.17%	1.88%	1.75%	1.98%	0.89%
QSuper Moderate	5.24%	5.22%	4.84%	6.53%	0.39%
QSuper Balanced	8.42%	8.53%	7.92%	10.98%	-0.12%
QSuper Aggressive	5.40%	13.62%	8.45%	12.02%	-0.76%
Diversified Bonds	7.47%	0.70%	1.76%	7.59%	4.65%
Australian Shares	2.04%	14.93%	13.78%	13.00%	-6.15%
International Shares	-2.66%	19.84%	11.76%	7.36%	2.19%
QSuper Socially Responsible	0.52%	8.26%	9.91%	7.77%	-1.61%

The above annual returns are net of administration fees, investment fees, and costs, and taxes.

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QSuper

QS132QW: 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.

Answer:

Financial Year	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
Nominal Value (\$)	\$ -	\$ -	\$ -	\$ 102,600,000	\$ 248,411,659
Share of Portfolio (%)	0%	0%	0%	0.1%	0.2%
Average Return (%)	N/A	N/A	N/A	10.6%	1.1%

Assumptions: Residential Property is defined as a property that can be occupied, is occupied, or is intended to be occupied as a residence, or for residential accommodation, regardless of the length of occupation. This definition incorporates all forms of residential property including Build-to-rent housing (Multi-family assets) and social housing.

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QSuper

QS133QW: For the last five financial years, please complete the table for investments across all your funds in Build-to-Rent property:

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

Answer:

Financial Year	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
Nominal Value (\$)	\$ -	\$ -	\$ -	\$ 102,600,000	\$ 248,411,659
Share of Portfolio (%)	0%	0%	0%	0.1%	0.2%
Average Return (%)	N/A	N/A	N/A	10.6%	1.1%

Assumptions: QSuper's exposure to two US Multi-family assets has been included in Build-to-Rent property.

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QSuper

QS134QW: For the last five financial years, please complete the table for investments across all your funds in social housing property:

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

Answer: Not applicable. QSuper does not own any social housing property.

Financial Year	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
Nominal Value (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
Share of Portfolio (%)	0%	0%	0%	0%	0%
Average Return (%)	N/A	N/A	N/A	N/A	N/A

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QSuper

QS135QW: 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: QSuper does not have policy positions regarding the matters indicated.

Rather, QSuper supports members to make informed decisions regarding the use of their superannuation and retirement income through information and advice services.

QSuper complies with the First Home Super Saver (FHSS) Scheme and releases superannuation to members who meet the conditions of FHSS.

Additionally, members of QSuper can access their superannuation prior to their retirement if they meet a condition of release under the Superannuation Industry (Supervision) Regulations 1994, which include; access on compassionate grounds, due to severe financial hardship, when suffering a terminal medical condition, or as a result of becoming totally and permanently disabled.

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QSuper

QS136QW: 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?

Answer:

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

QSuper does not hold data in relation to what percentage of retirees in the last five financial years used their superannuation to:

- a) renovate their home, or
- b) clear their mortgage

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QSuper

QS137QW Insurance premiums

- a. Have you ever deducted insurance premiums from fund members for insurance policies 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: Note: QSuper has interpreted “not covered by” to mean that members had premiums deducted for a period of time during which they were not eligible to claim under that particular policy or elements of that policy.

- a. QSuper relies on information provided by employers (and individuals where members are not employed) to determine eligibility to benefits such as insurance (and their calculation). This includes, but is not limited to; age, employment status, and salary.

QSuper (in its numerous preceding iterations) has been in existence for over 100 years. During this time, and in the course of administering the accounts of over 600,000 members, there have been instances where insurance cover has been erroneously applied as a result of a system or data error.

QSuper provided details where this had occurred in our submissions to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Additionally, all incidents, whether minor or material, are thoroughly investigated and appropriately addressed. All incidents which are considered potentially significant are reported to regulators within the required timeframes.

- b. Pricewaterhouse Coopers was engaged in 2018 to complete an assurance review of the implementation and administration of QSuper’s insurance policy offered through QInsure. This followed the identification of a small number of significant incidents dating back to the introduction of the new insurance product in July 2016 (which were reported to the Australian Securities & Investments Commission and Australian Prudential Regulation Authority in accordance with incident and breach reporting obligations in

addition to disclosure to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry).

The assurance review was designed to attest that premiums were being deducted from member accounts in accordance with the terms of the insurance policy.

All incidents, whether minor or material, are thoroughly investigated and appropriately addressed. All incidents which are considered potentially significant are reported to regulators within the required timeframes.

Additionally, QSuper has a specialist insurance team tasked with the singular role of ensuring member insurance benefits are correctly administered, recorded and reported.

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QSuper

QS138QW: 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. QSuper relies on information provided by employers (and individuals where members are not employed) to determine eligibility to benefits such as insurance (and their calculation). This includes, but is not limited to; age, employment status, and salary.

QSuper (in its numerous preceding iterations) has been in existence for over 100 years. During this time, and in the course of administering the accounts of over 600,000 members, QSuper has identified some scenarios where individual members or small groups of members have received disclosure materials that, upon investigation, were not accurate.

All incidents are thoroughly investigated and appropriately addressed. Any incident which is considered potentially significant is reported to regulators within the required timeframes.

ii. There is no requirement for a member to continue to hold an accumulation or income account against their wishes nor is there a requirement for a member to retain a minimum account balance if they wish to withdraw fully from QSuper.

As part of the implementation of the *Treasury Laws Amendment (Protecting Your Superannuation Package) Act 2019*, QSuper introduced a minimum account balance rule for continuing members who made a lump-sum withdrawal or partial roll out. This rule was introduced to prevent fee arbitrage due to the operation of the new legislation which could have resulted in a detriment to other members. Processes are in place to support members who indicate an intention to enact a partial rollout or withdrawal below the minimum account balance. At all times, QSuper members are entirely free to close their account fully.

QSuper also communicates with members in relation to the requirement to cease insurance cover for balances below \$6,000 in accordance with the *Treasury Laws Amendment (Putting Members' Interests First) Act 2019*.

iii. Prior to 30 June 2017, under Queensland legislation, all Queensland Government employees were required to be a member of QSuper, this was communicated to existing and prospective members. This changed from 30 June 2017 when choice of superannuation fund was made available to all Queensland public sector employees. From this date, QSuper has not distributed materials that communicate an employer may be unwilling to contribute to another superannuation fund.

iv. No. QSuper has not distributed materials that state and or suggest that members require a statement (of any kind) from their employer to move away from QSuper.

b. No. This has not been included within QSuper's internal audit plan as it has not been identified as an area of concern or significant risk

In resolving insurance related incidents that led to the completion of the assurance review referenced in QS137QW b, consideration was given to how member insurance entitlements had been communicated such that this could be corrected where necessary.

c. No. These scenarios have not been included within QSuper's internal audit plan as they have not been identified as an area of concern or significant risk.