

# SUPERTALK

Women on boards:  
**THE INSIDE  
STORY**



**MEDIA SUPER  
AT THE MOVIES**

**TRUSTEE  
SURVEY**

The Super  
of the Future

**5 MINUTES  
WITH...**

Rita Mallia

**HOLDING  
PENSION FUNDS  
TO ACCOUNT**





## AIST Member Newsletter

November 2012 – **Edition 12**




---

From the CEO	02
Super news	03
Cover story - Women on Boards	09
AIST education update	12
Trustee survey: The Super of the Future	13
5 minutes with Rita Mallia	15
ASI 2012	16
Holding Pension Funds to Account	17
Diary of a Super Grad	18
AustralianSuper: Kick Start	19
AIST events 2012	20
Member news	21

---

### ENQUIRIES:

T: 03 8677 3800  
E: [jdesilva@aist.asn.au](mailto:jdesilva@aist.asn.au)

[facebook.com/aistbuzz](https://www.facebook.com/aistbuzz)  
[twitter.com/aistbuzz](https://twitter.com/aistbuzz)

### EDITORIAL:

Janet de Silva, Alissa Harnath, Theresa Hoogland, Danny Rouse, Andrew Whiley

---

### COPYRIGHT:

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopied, recorded or otherwise without the permission of the publisher.

### DISCLAIMER:

AIST does not necessarily recommend the products and services advertised in SuperTalk. All details were correct at the time of printing.

# From the CEO



**Fiona Reynolds**  
Chief Executive Officer AIST

---

2012: the year of governance. Just about every aspect of the governance of superannuation funds has been discussed, debated or analysed. We're probably all starting to get a bit of governance fatigue, but there are still issues that need addressing.

We've seen unprecedented attacks on the equal representative system, particularly from the Coalition and the retail sector. There are arguments over disclosure and transparency, arguments about the meaning of independence as it applies to superannuation, and debate about the sorts of skills and experience required of trustee directors.

But without a doubt, one of the biggest issues has been board diversity – in particular, the number of women on boards. This hasn't been confined to the super industry. While it's true our industry has led the corporate world on this issue, it remains that low numbers of women on boards, across Australia is cause for concern and action. In a country where there are women in leadership positions in most industries – finance, public service, science, education, and government (we even have a female Prime Minister), board positions and directorships remain out of reach for many.

In the super sector, board positions have historically favoured men – probably because many industry funds were set up in what are or were male-dominated industries. But this has changed – now nearly everyone can choose their fund, memberships are diverse, and boards should reflect this.

It's not about being critical of men. In fact, it's not even just about increasing the number of women on boards. There are concerns regarding ethnic diversity, skill diversity, age diversity, and educational diversity.

Diversity is important to encourage debate and discussion, the exchange of ideas and overall performance. There is a plethora of research supporting the contention that diverse boards perform better, including research that AIST has conducted.

We know that experience and knowledge are vital, and these shouldn't be sacrificed, but it's important to bring a range of

perspectives to any board. This includes people with different educational backgrounds. It's also important to have a diverse range of personalities – because interactions change and result in a more varied range of views expressed. More informed decisions are made, and the actual decision-making process changes too. These interactions also encourage people to behave differently than if they were surrounded by a group of like-minded people, or a group of people with similar backgrounds.

Improving board diversity won't happen overnight; but as an industry we need to work harder to ensure that when we think about appointing or nominating the next director to a fund, we think deeply – and perhaps a bit differently – than we have previously.

A handwritten signature in black ink that reads "Fiona Reynolds". The signature is written in a cursive, flowing style.

## AIST'S TRUSTEE REGISTER UP AND RUNNING

Governance has been one of 2012's biggest issues, particularly in terms of increasing board diversity. The increased focus on this issue has led AIST to establish a new 'trustee register', whereby experienced professionals have the opportunity to submit expressions of interest in becoming a director of a not-for-profit superannuation fund through AIST's website.

The trustee register will essentially broaden the talent pool from which sponsoring bodies and funds themselves appoint directors by expanding their search for new directors, particularly where they are looking for a specific skill set.

The response has been overwhelming, with many applicants registering their details with AIST, many of whom have prior experience as a director, and also displaying a broad range of skills including in investment, policy and legal. More than half the expressions of interest have come from female candidates.

AIST member funds can access the information of applicants as part of their membership benefits.



If your board is looking to replace or recruit a new director, please contact AIST's Governance Manager Eva Scheerlinck to arrange access to the list of potential candidates.

## YOUNG SUPER NETWORK UPDATE

AIST's Young Super Network continues to grow with the creation of our NSW/ACT chapter. YSN NSW/ACT launched on 11 October with a strong turn-out from superannuation industry professionals keen to network and develop their skills in super. The group enjoyed the opportunity to meet up with their peers from range of funds with a collective view to enhance the professionalism of the industry and provide a voice for young professionals in the sector. YSN NSW/ACT is hoping to fit in another event before year end, keep an eye on the AIST website for details.

YSN Brisbane and Melbourne continued their program of activity with events featuring industry legend Garry Weaven giving an historical perspective of where super began and David Whiteley, CEO ISN, provided his

vision for the future. Sarah Kennedy, Founder and CEO of Boston Kennedy provided YSN Melbourne members with the tools to help develop their careers in super.

AIST welcomes its new YSN members and is looking forward to seeing you all at upcoming events.

YSN membership is free to young super professionals. To join, simply complete the membership form via the membership tab at [www.aist.asn.au](http://www.aist.asn.au) or contact [ysn@aist.asn.au](mailto:ysn@aist.asn.au).

### Upcoming end of year events

YSN Brisbane – 15 November  
 YSN Melbourne – Trivia night: 22 November  
 (for full YSN calendar visit [www.aist.asn.au](http://www.aist.asn.au))



YSN Melbourne 'Lunch and Learn'



David Whiteley talked the future of super to Brisbane YSN

## FIONA REYNOLDS NAMED ONE OF AUSTRALIA'S 100 MOST INFLUENTIAL WOMEN

AIST CEO Fiona Reynolds has been recognised as one of Australia's 100 most influential women in the Australian Financial Review and Westpac 2012 Awards, announced in October.

Ms Reynolds – who was one of 10 women selected for the Award's public policy category – was recognised for her contribution to superannuation policy, in particular her work in campaigning for the rise in SG to 12 per cent, promoting a better deal for women and the low paid, and encouraging funds to become more aware of climate change.



AIST CEO Fiona Reynolds, one of Australia's 100 women of influence

## EARLY RELEASE OF SUPER FOR THE TERMINALLY ILL



There has been much debate in recent months about the ability of terminally ill patients to access their superannuation, and calls from many organisations for changes to the rules. Of course, it's important for the integrity of the superannuation system that there are strict rules around the early release of funds. But the current provisions have resulted in many battles with red tape, and lengthy delays – time that many people can't afford.

Currently, a person will be deemed terminally ill if two

medical practitioners, including a specialist, certify the member is suffering from an illness that would result in death within 12 months, which many have argued must be extended to two years.

Together with Women in Super, AIST will meet with the National Breast Cancer Foundation, Prostate Cancer Foundation of Australia, and the Cancer Council in November to review current policies regarding superannuation payments to the terminally ill, and ways to reform these policies in order to 'cut red tape'.

# CMSF

CONFERENCE OF MAJOR  
SUPER FUNDS

20-22 March 2013

Brisbane Convention and  
Exhibition Centre



1100  
Super Professionals



100  
Speakers



15  
CPD Points



EARLY BIRD REGISTRATIONS ARE NOW OPEN!

www.cmsf2013.com.au

## ERIK MATHER AWARD RECIPIENT ATTENDS UNPRI

AIST wishes to congratulate the inaugural winner of the Erik Mather Award, Kelly Christodoulou, Investment Manager at AustralianSuper. Ms Christodoulou received a registration to the UNPRI's annual conference, which was held in Rio de Janeiro, Brazil in late June this year, including travel and accommodation.

'I felt very grateful to receive the Award – I knew Erik through his tireless work at Regnan and remain inspired by his energy and commitment to better governance in Australian companies,' Ms Christodoulou said. 'To win this Award, in his name, was such an honour for me.'

'Attending the UNPRI conference

gave me the opportunity to broaden my views on international ESG issues. I was also able to meet with leading international pension funds, with a view to work more collaboratively on future ESG projects', Ms Christodoulou said.

The Award is presented to a person working within a not-for-profit superannuation fund who best exemplifies the pursuit of strong governance principles and practices, which Erik Mather was renowned for throughout his career.

Erik Mather, who was well loved by family and friends – including the global governance and sustainability community – died in 2011 at the early age of 45 from metastases of a melanoma.



Erik Mather Award recipient, AustralianSuper's Kelly Christodoulou

He was instrumental in helping funds to improve governance practices, address sustainability and become responsible investors.

## MONEY SMART WEEK PROMOTES FINANCIAL WELLBEING

Encouraging Australians to focus on their financial wellbeing is sometimes difficult. Debt reduction, superannuation, saving – sometimes these things just need a little encouragement.

MoneySmart week, held nationally in early September, provided an opportunity for over 100 organisations in the private, public and community sectors to promote financial literacy. The initiative encouraged people to undertake an online 'money health check', a quick quiz that assessed participants' attitudes to super, saving, debt and home ownership, as a first step to improving their financial literacy. The quiz provided a summary at the end, which suggested areas for improvement and ways to boost savings.

Super funds also got on board, with several promoting the initiative to their members. Some funds, including HESTA and AustralianSuper hosted workplace education sessions.

Other initiatives included a national awards program,



recognising outstanding achievements in financial literacy and education. GESB, in conjunction with the Western Australian Department of Education, took out the award for workplaces with its 'Into Your Comfort Zone' program. Running since 2010, the program aims to retain experienced teachers by introducing them to transition to retirement strategies, educating participants on work arrangements with the department, and increase

employees' understanding of wealth creation strategies so that they can make better financial decisions.

After the success of this program, it has been expanded and tailored for other WA government agencies.

## CMSF GOLF DAY RAISES OVER \$46,000 FOR CHARITY

CMSF's annual golf day isn't just a fun day out for delegates – it raises funds for the Prostate Cancer Foundation of Australia, and the National Breast Cancer Foundation.

This year, 76 enthusiastic golfers took to the course in what was a fun-filled day. The AMP Capital Investors team, of Paul Watson (HOSTPLUS), John Meagher (AMP Capital Investors), Warwick Mancini (AMP Capital Investors) and Peter Tresseder (AustralianSuper) continued its dominance, taking out first prize for the second year running.

In total, \$46,577.52 was raised from the golf day, gala dinner raffle and the silent auction, which takes the total over the last seven years to \$378,848 – which is equally split to support the two Foundations.



The winning team: Peter Tresseder, John Meagher, Paul Watson & Warwick Manici

## USING SOCIAL MEDIA TO ENGAGE

The Super Social Media Index was developed in February 2012 to explore the use of social media by superannuation funds. It examines qualitative and quantitative metrics to assess how funds are (or are not) using social media.

Forty-eight funds were examined in February, including:

- 32 industry super funds with 50,000+ members
- 6 public sector funds and largest corporate fund
- 7 of the largest retail funds and a retail wealth manager
- 1 eligible roll-over fund.

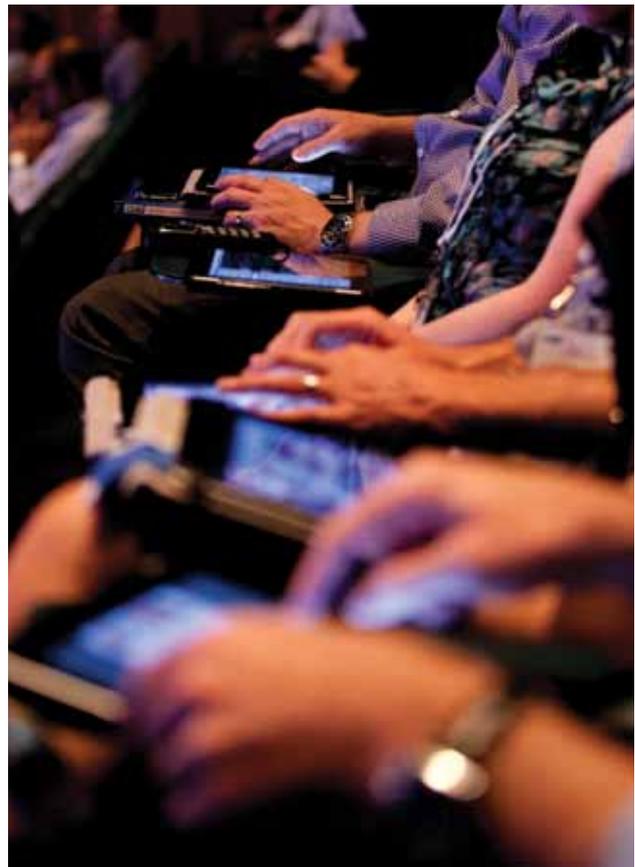
The research was launched at CMSF and met with great interest, and was updated and revisited at AIST's Marketing Symposium in June 2012.

The index is designed to extend reporting beyond simple 'measurement' of key metrics by including context based on wider industry activity.

We are keen for funds to assist in providing data (where possible) on a quarterly basis and assist with trend-spotting as social media channels continue to improve tracking and data collection tool.

Following the positive reaction to the two rounds of the Index in 2012, we are keen to explore the ongoing feasibility of this research which if it proceeds would be delivered twice a year, reporting on top-line metrics, trends in growth, new entrants and key changes, and any relevant case studies.

Funds interested in further information, or who wish to obtain a copy of the research are encouraged to contact Theresa Hoogland, Marketing Manager, AIST [thoogland@aist.asn.au](mailto:thoogland@aist.asn.au), 03 8677 3856.



In a separate survey by KPMG released in October, more than 40 per cent of funds questioned in the survey were found to be using social media to promote their websites.

## MEDIA SUPER AT THE MOVIES



Essie Davis as Phryne Fisher in *Miss Fisher's Murder Mysteries*

The superannuation and film industries might not, at first glance, appear as a natural match, but Media Super has taken 'alternative' investing into new territory. Through a landmark partnership with Fulcrum Media Finance, the fund now provides a multi-million dollar facility to cash flow the Producer Offset, an Australian Government

initiative encouraging local film and television production.

Launched in 2010, this unique financing arrangement was first used to help support production of *The Hunter*, shot on location in Tasmania with Sam Neill and Willem Dafoe in lead roles. Other recent productions to benefit from Media Super's investment include

the AWGIE award-winning *Not Suitable For Children*, featuring Ryan Kwanten, *Wish You Were Here* starring Joel Edgerton and Felicity Price, and the highly successful ABC TV drama series *Miss Fisher's Murder Mysteries* starring Essie Davis. To date, these investments have delivered attractive returns to fund members, according to Media Super chief, Ross Martin.

"The decision to provide finance for local productions has been applauded by both the Screen Producers Association and the Media Alliance, and we hope that by developing our commitment to the Australian film industry, we are also strengthening our support of the people who keep creativity alive in Australia," he said.

Several new projects are due for 2013 release including the cricket 'bromance' *Save Your Legs* and the aptly named *Drift*, a surf-and-sandals drama set in 1970s Western Australia.

## AUSTRALIA SCORES A BRONZE ON GLOBAL PENSION STAGE



Australia's superannuation system has been rated third in the world behind Denmark and the Netherlands, according to the latest Melbourne Mercer Global Pension Index.

Released in mid-October, the Index is now in its fourth year and examined the pension systems of 18 countries according to over 40 indicators. This covers more than half the world's population.

Australia was ranked third in

2012, with an improved index value due to an increase in pension fund assets and a rise in labour force participation in the 55-64 age group. Although one spot down on 2011, it is worth noting first-placed Denmark was not included in the 2011 index.

Recommendations to improve Australia's system included the introduction of a requirement that part of retirement income be taken as an income stream, rather than

making lump sums available to all retirees. It was also suggested Australia continue to improve labour force participation amongst older workers, increase the pension age - given life expectancies continue to rise and our population continues to age, and increase the preservation age.

Meanwhile, Denmark's system was the first to be given an 'A' classification, knocking the Netherlands from the top of the rankings. Denmark received the classification with an index value of 82.9, due to its well-funded pension system, high level of assets and contributions, provision of adequate benefits, and well-developed regulation for the private pension system.

## USING SUPER TO PAY OFF DEBT

More Australians are taking lump sums at retirement to pay off debt, according to new research released by CPA Australia. The research, *Household savings and retirement: Where has all my super gone?* was released in October and found that increasingly, retired baby boomers were resorting to the age pension to fund their retirements having used their superannuation to pay off debts.

The study revealed an increasing tendency over the past decade by those approaching retirement to take on more debt – to spend more, and view their superannuation lump sum

payments as windfalls with which they could extinguish debt or fund greater consumption.

The study also showed the compulsory super system had not yet adapted to changing work patterns and demographic differences, which has resulted in women, in particular – who often take extended career breaks and are paid less – at a distinct disadvantage.

These findings are consistent with AIST's own research, released in 2011 (*Super-poor but surviving*), which revealed that of the few women in the present cohort or retirees who actually had



superannuation, more than half took their super as a lump sum, and often used it to pay off debts, a mortgage, or a recently-purchased car.

## ASSESSING AUSTRALIANS' FINANCIAL COMFORT

Australians are feeling more comfortable and satisfied with their financial situation than a year ago, according to the most recent Household Financial Comfort Report released by ME Bank in October. However, they are still struggling to save, with figures from the report showing 53% of households have no cash leftover at the end of a typical month.

ME Bank CEO Jamie McPhee found the results troubling, given the importance of a savings buffer to protect against sudden loss of income. 'Single parents are particularly vulnerable, with 43 per cent indicating they would not be able to maintain their lifestyle



[if they lost their income] for a fortnight, compared to 20 per cent of couples with young children,' he said.

Not surprisingly, the report also showed the level of financial comfort was linked to employment status, with part time and casually-

employed workers scoring lower than those employed full time.

On the up-side, however, superannuation proved to be the most significant driver of higher levels of financial comfort in households with super balances greater than \$200,000.

### Update your AIST profile and be entered in a draw to win an iPad!

We've heard your feedback and we're making changes and improvements to the way we communicate with you. Here is your opportunity to tailor and control the emails you receive from AIST by updating your profile with us.

Update your profile online by visiting our website [www.aist.asn.au](http://www.aist.asn.au).  
Check out the link on our home screen!

Update your profile now and you will go into the draw to win a 32GB iPad2!  
The winner will be announced in the next edition of SuperTalk.





## Women on boards: **THE INSIDE STORY**

---

In 1963, Ottawa's first female mayor said: 'Whatever women do, they must do it twice as well as men to be thought half as good.' Many of us weren't part of the corporate world back then, but thankfully there's the TV series *Mad Men* to show us what the world was like. While it might not be completely historically accurate, *Mad Men* presents a world where ambitious, talented and career-driven women are often ignored, forgotten or simply overlooked for 'serious' jobs or promotions in favour of men.

---

Fast forward half a century and here we are. Certainly, the world has changed and women have made huge progress – leadership positions in the public service, science, education, and Australia has a female prime minister. But the number of female directors on boards in both the superannuation industry and in corporate Australia might have you think differently.

Heavily criticised for the lack of female representation on its listed company boards, the ASX is preparing to introduce targets in

order to improve gender balance. We've seen this already in Norway, and debate has begun in Britain over whether targets are the appropriate pathway.

While the super industry has fared better than corporate Australia, there is still a large gap between the number of female and male directors – with around 19 per cent of directors being female, as opposed to roughly 10 per cent on ASX100 boards. This is still nowhere near representative of the working population though, of which

females represent just under half.

AIST recently embarked on a study of the female directors within its membership, to gain a greater understanding of their careers and experiences, and how they came to be directors in the first place. Launched in October, the study of 48 directors examined the gender diversity of participants' boards, suggesting strategies for improvement and to increase female participation on superannuation fund boards in the future.

## THE FINDINGS

Around half of the participants were appointed as directors between 36-45 years of age, relatively young in comparison to other industries. However, many of the women noted they had had to forgo the opportunity of taking a 'career break' so that they could progress their careers faster.

The survey also revealed that, on average, women directors are more highly qualified than their male counterparts. Almost all the women (96%) surveyed had attained, at a minimum, a bachelors degree –significantly higher than estimated average of 65% of all directors across the industry having tertiary qualifications.

The author of the study – AIST's Governance & Research Officer, Rob Demasi – said this was even more reason to consider appointing a female director to a board.

'There's really no excuse for not considering women for directorships – there are so many highly educated and intelligent individuals, and given they make up a majority of the university population, there's likely to be an even greater pool of women looking for these kinds of positions in the future,' Demasi said.

It was no surprise to find that many of the participants believed a change in the mindsets of those involved in the appointment process was necessary. Historically, at least in the not-for-profit superannuation sector, many directors have been nominated through sponsoring organisations, including employee unions and employer associations. Senior positions within these organisations have typically been dominated by men, leading to an overrepresentation of male directors on super fund boards. One of the women noted there had been, and remained, far fewer female trade unionists, which made it more difficult to be noticed and nominated to a board.

Accordingly, it has been more common for women to be appointed as directors due to having a contact on the board, or within the fund – they are more likely to be headhunted or contacted directly by the board, rather than nominated by sponsoring bodies.

'Obviously it's good that they're being recognised by the organisations that have tapped them on the shoulder, but there clearly needs to be more diversity within sponsoring bodies,' Demasi said.

'It's clear women feel the problem is with men, and with the structure of the appointment process. Sponsoring bodies are appointing from their most senior employees, more often than not men, so it has to be about these organisations assisting women to move through the ranks into senior roles,' Demasi said.

'Some of the interviewees did mention a lack of confidence could prevent women from putting themselves forward for roles. It's true that women often sell themselves short, especially when it comes to employment. There's research that shows when men look at a potential job description and out of ten criteria they can maybe tick five, it's enough for them to apply for the particular job. Women, on the other hand, might be able to tick off nine, but they won't

“There's really no excuse for not considering women for directorships.”



**Rob Demasi**  
Study Author, AIST Governance  
& Research Officer

thriving in the roles. The directors in AIST's study showed a great deal of passion and commitment to their roles, indicating future appointees should also demonstrate a passion for the fund they represented.

'These women were truly honoured to be directors – and given the increased numbers of mergers and the difficulties of the appointment process, they feel they have to prove themselves more,' Demasi said.



**Deborah Wixted**  
Commonwealth Bank Group Super

“I'm taking my skills as a director and putting them into my day job. I get to meet people with different backgrounds and experiences.”

apply because they're missing one criterion and therefore think they won't be able to do the job.'

Yet the women who do overcome the barriers to becoming trustee directors appear to be

'I think it's important that they're passionate for the fund they represent, because it's a massive responsibility. It's evident that they really do care about their members and the community, because many

of them volunteer and receive no remuneration for their services on the board’.

In fact, nearly a quarter of the study participants were volunteering their time as a director, a decent sacrifice given the time involved in preparing for and attending board and/or committee meetings.

The research also found that gender diversity, despite being hotly debated in the public sphere, was often not discussed during the appointment process.

‘This just reinforces that it’s the mindsets of those involved in the appointment process that have to change – gender diversity should absolutely be considered as part of the process, along with skills and experience,’ Demasi said. ‘Men really have to be the catalysts for change.’

## WHAT’S NEXT?

There are a number of ideas being floated in order to drive change, and to put gender diversity at the top of the agenda for those boards and sponsoring organisations involved in appointing new directors.

Recently, there has been much talk of the European Union adopting a 40% quota for either gender on the non-executive boards of listed companies. While this potential policy has attracted support from many international lobby groups, many of the countries that would be forced to adopt such a policy have been outraged. Britain, for example, is vehemently opposed.

But given companies have been so slow to react, and have made little to no progress in this area, quotas may be the right answer. Australia’s sex discrimination commissioner, Elizabeth Broderick, has hinted that quotas might be imposed if the boards of ASX200 companies don’t improve their track record.

‘It has to be made clear to sponsoring bodies that they should be factoring gender diversity into



**Barbara Norris**  
VicSuper

“Men tend to play nicer in the room when women are around.”

their processes – there should be a gender diversity policy in place, and this is something AIST encourages,’ said Demasi.

‘We support funds setting targets – and we can work with them to achieve their goals. Men have to be the catalysts for change because at the moment, so many of the positions that make the decisions are dominated by men. Funds need to think about their policies too and consider setting maximum terms for reappointment so that there is constant ‘refreshing’ of board members,’ Demasi said.

Together with Women in Super,

AIST is launching a scholarship program to assist in educating women and preparing them for directorships. This, in conjunction with AIST’s trustee register, will assist funds in finding appropriate female candidates for their boards, and will help interested women in breaking down the barriers to appointment.

So while we’re not going to see a sudden shift in the number of women on boards in the super industry overnight, we’re well on our way – after all, admitting there is a problem is the first step to recovery.



**Directors** (from left to right): Cate Wood (Care Super), Angela Emslie (HESTA / Care Super / Vision Super), Angela Briant (Tasplan), Maria Wilton (AGEST), Susanne Dahn (MTAA Super), Robyn Buckler (HOSTPLUS)

# AIST Education – built by the industry, for the industry

To meet the needs of a rapidly changing sector, the AIST is transforming its professional education programs and services to ensure our members have access to latest best-practice developments.



**Meegan George** – Executive Manager - Education

AIST's education team has been busy meeting with CEOs, staff from funds, and trustee directors to gain a better understanding of the education and training needs of our members over the next 12 months and beyond.

'Traditionally AIST has provided open enrolment programs based on what we think our members need, not what we know they need. By conducting a training needs analysis with our members, we've been able to identify the core skills and knowledge required of employees that are pivotal to the continued success of our members in the industry,' said Meegan George, Executive Manager – Education at AIST.

The education programs that develop from these discussions will be based upon the collective themes that emerge from the member funds interviewed. Based

on early feedback, the programs may cover topics beyond technical superannuation training, to encompass broader skills such as communication and relationship management.

But that's not all that's changing. We're introducing the trustee director learning pathway, which will be the superannuation trustee director equivalent of the Australian Institute of Company Directors' program and on 'graduation' will be an equivalent 'qualification'.

'Our vision is to recognise the professional excellence of not-for-profit superannuation trustee directors, so that those who complete the program will achieve a designation and industry-wide recognition as best practice trustee directors,' Ms George said. In partnership with the Melbourne Business School, the pathway

program is designed to create a learning pathway for all trustee directors, including those that are aspiring to join the ranks in the future.

'What's so special about this pathway is that we aren't building it alone. Many trustee directors have given generously of their time and expertise to assist our understanding of the behaviour, skill and knowledge of a best practice trustee', Ms George said. 'Their involvement ensures the Trustee Director Learning Pathway will be a practical program based on a solid understanding of how a trustee director performs their role. In short, we can say the Trustee Director Learning Pathway will be built by the industry, for the industry.'

Ms George has hit the ground running at AIST after joining in July. Her career spans more than 17 years in the finance industry where she has developed and implemented global and domestic educational frameworks and pathways to enhance specialist practitioner skills and capabilities.



# The super of the future?

---

We've witnessed unprecedented change and development in the super industry over the past three years or so – probably the most significant since the birth of superannuation in the 1990s. The industry is transforming, and now that we're in the implementation phases of MySuper and SuperStream, there's some curiosity as to what the next big challenges for our industry will be.

AIST partnered with management consulting firm Right Lane earlier this year to conduct a survey of our trustee director members – to identify the strategic issues that matter most to not-for-profit funds. The survey included 58 suppositions on what might occur in the industry over the next three to five years, with the main issues being competition, government policy, governance, and director education.

So after gazing into the crystal

ball, just what do our trustee directors believe is in store for the industry?

An increasingly competitive industry was at the top of many lists – with more than 90% of respondents predicting competition from retail funds would intensify, and many of those believing the value propositions of not-for-profit and retail funds would converge. This is not surprising, given the look and feel of MySuper is so similar to the default option of most not-for-

profit funds, and that most funds will offer a MySuper option from next year.

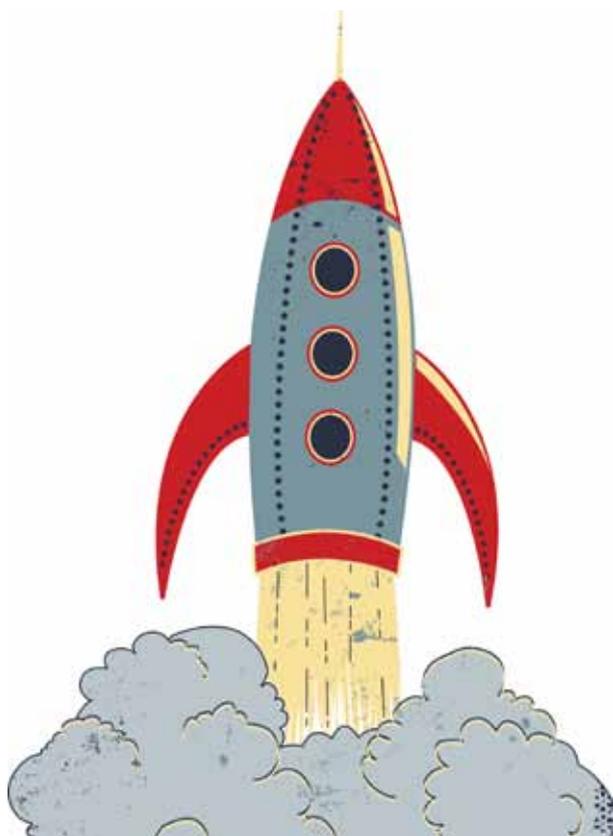
A large majority also believed not-for-profit funds would increasingly have to rely on new distribution channels in order to attract new members.

After the huge campaign encouraging Australians to find their lost super over the last few years, respondents also predicted more and more workers would take their super accounts with them when changing jobs – reflecting increased awareness, but resulting in lower levels of new membership. The fact our population is ageing and less Australians will enter the workforce will also have some impact.

Unsurprisingly, the growth of the SMSF sector is predicted to continue, with three quarters of respondents disagreeing their growth will decline. Given confidence in the super system has taken a slight battering – what with market falls and so many legislative changes – and awareness and education of super has increased, it is unsurprising that more people will look to manage their own superannuation.

Overwhelmingly, trustee directors acknowledged that Australia's ageing population and a change in fund demographics would foster innovation in post-retirement products and other services available for retirees, with over 90% agreeing. This trend continued in relation to the use of social technologies and mobile-friendly facilities, with close to 90% agreeing that the development and use of these technologies would contribute to a more dynamic industry.

There was also some concern that regulatory and policy reform would continue to put pressure on small funds to merge as consolidation and achieving scale became more and more important. Interestingly, smaller funds were also less likely to see their fund working with retail players to provide more comprehensive wealth management solutions.



## WHAT THEY SAID ABOUT COMPETITION ...

'The benefits of acting collectively will be lost.'

'There will be increasing pressure for the big end of town to get their hands on the wealth generation sector of this community.'

Funds will need to become 'more like entities that they have the capacity to replace – the traditional retail players.'

## CONCERNS ABOUT GOVERNMENT POLICY AND REGULATION...

'The ever-increasing requirements from APRA and their recent huge increase in charges. This money comes out of members' investments.'

'The concentration on cost reduction rather than return enhancement.'

## ON GOVERNANCE...

'Values and strong commitment to members and workplaces will be lost with a move to 'professional' independent trustees with no link to members or employers/industry.'

'The equal representation model must be maintained. It has served members of industry funds well.'

## THE IMPORTANCE OF EDUCATION...

'I do not think independent directors are the answer; education of directors is the key.'

'Ensuring that trustees continue to receive the training necessary to fulfil their role and responsibilities' is vital.

# 5 minutes with...

**SuperTalk** caught up with Rita Mallia, Cbus director and President of the CFMEU's NSW construction and general division, to discuss diversity, women's super, and Colombian unions.

**A recent AIST survey identified a perceived problem with the appointment process in not-for-profit funds, namely, that it's male dominated. Given you represent a male-dominated union and industry, what are your thoughts on this?**

The issue of women on boards is not one confined to not-for-profit funds but to the corporate sector generally. Funds like Cbus did come out of the blue collar industries that remain to a large extent male dominated, so the fact that many of its stakeholder representatives have been, or are, male is not surprising. However those industries are changing with more women taking up jobs that were traditionally done by men, and so too in the stakeholder organisations – I've just been elected President of the CFMEU's construction division in NSW, the first women in that role in NSW.

**As a younger female director, do you find it difficult to network in what is a male-dominated trustee pool?**

No, I come from a large Maltese family with three brothers so speaking up has never been an issue! I have worked at the CFMEU for 16 years and have been mentored and supported by some great men and women, so I don't feel inhibited by my gender. The CFMEU and the construction industry are robust and dynamic so I think I've had a pretty good grounding in handling all manner of situations. In my relatively short time on the board at Cbus my experience has been positive and I and all directors are treated, and treat each other, respectfully even if we may not be in agreement about a particular issue.

**What do you think will be the next big challenge for the superannuation industry – now that we've begun implementation of MySuper?**

Dealing with an ageing population and managing our members' expectations into their retirement. Also economic uncertainty – continuing to navigate our way through volatility to ensure our members have the retirement they deserve is going to be crucial.

**One of the biggest 'social' issues in super at the moment is women's balances – that is, the relatively low amount of super they have compared**

**with men. How do you think the industry can work to improve this?**

The industry has a role in raising awareness of the issue of women's low balances – with more women on boards there will obviously be more advocates at the table on behalf of female workers. Unions have for years led the call for more to be done in this area and if the industry can assist in that call and contribute with solid policy development, then that's even better. There's probably also work to be done in development of products to assist women whose super balances alone will not provide an adequate retirement income.



Cbus Director Rita Mallia with workers & trade union activists in Colombia

**You've travelled widely – what's your most interesting travel story? And where do you think you'll head next?**

One of my most interesting travel destinations was Colombia a couple of years ago where I met many workers and trade union activists in the North of the country, and I joined a picket line with some miners who were on strike in support of an enterprise bargaining agreement. They had held the picket for many weeks and set up tents, played cards and cooked us the best BBQ fish that I think I've ever tasted. Most people are very poor and they were struggling for really basic wages and safety conditions. It was very humbling and inspiring and also made me grateful for the conditions that we have in Australia.

As to where I head next, I'm not sure, there is still a lot of South America to explore and my Spanish is getting better!

# ASI 2012

This year's AIST's Australian Superannuation Investment Conference at the Gold Coast drew a record attendance of nearly 400 delegates and provided plenty of food for thought. Topics discussed included whether super funds are overweight in equities and the challenges ahead for super funds in emerging markets.



Steven Keen shared his insights on investment & the economy



Panellists Fiona Reynolds (AIST), Wade Matterson (Millman) & Dr. David Knox (Mercer)



AIST President Cate Wood opens ASI 2012



ASI goes mobile



Patricia Newby (Invesco) & Kerrie Howard (Schroders)

# Holding pension funds to account

Founded by an alliance of unions and NGOs in the early 2000s, UK organisation FairPensions is campaigning with institutional investors to transform the responsible investment policies and decisions of major UK companies. CEO Catherine Howarth spoke to SuperTalk following her presentation at the 2012 Global Dialogue in London about what the future holds.



## Can you tell us a bit about the work Fair Pensions does?

FairPensions runs the campaign for responsible investment and is the only charitable organisation that has a dedicated focus on tackling inertia amongst institutional investors - particularly superannuation and pension funds - when it comes to challenging companies that neglect human rights and labour standards, despoil the environment and accelerate climate change. FairPensions acts as a bridge between the world of institutional investment and broader civil society. We have become 'the place to go' for civil society organisations who want advice on shareholder resolutions and shareholder activism to challenge companies listed on the London Stock Exchange. Our primary activities are campaigning, research, public policy advocacy, and training.

## What are your major campaigns and projects at the moment?

The last twelve months has seen FairPensions concentrate on

excessive payments and misaligned incentives for senior executives in UK companies. As part of that work, we launched an on-line tool ([www.yoursayonpay.org.uk](http://www.yoursayonpay.org.uk)) to give savers the chance to influence votes cast on executive payouts by their pension fund. We have also been focussing on a number of international issues including Shell's decision to drill in the Arctic and the risks associated with it.

The coming year will see FairPensions mobilise supporters and investors to take action on the urgent issue of climate change. With the time for action running out we want pension schemes to use their clout to shape a more climate-friendly path for the companies in which they invest.

## How do you measure your successes, particularly around changing the mindsets and decision-making processes of companies?

Our campaigns seek to change the way companies operate and it is those changes we look out for when measuring success. We look for actual policy changes from companies and we try to avoid getting distracted by glossy corporate social responsibility ploys.

## What has the response been to your championing of responsible investment principles?

We generally garner a very positive response for our work from the public, industry and the media. We have nearly 10,000 supporters - many of whom take regular action

for responsible investment. We've also developed positive relationships with many institutional investors who take their responsibilities seriously. We try to celebrate good practice, of which there is a growing quantity, amongst major investors.

In Australia, we've recently seen The Climate Institute use social media to mobilise superannuation members into action. How productive do you think this could or would be, and what are your thoughts on it? Do you think there is a role for social media to play?

We find social media to be a valuable tool in spreading the word about responsible investment. When we tweet from company AGMs, or update our Facebook followers on our latest blogs and projects, we tend to get a great response.

## Do you think there might be a role for a global network to work together on some of the larger issues?

Yes, absolutely. We want to build and strengthen links across the world with savers, civil society organisations and forward-thinking investors. Investment is so highly globalised these days that savers in the UK have a clear interest in the stance taken by major Australian investment funds, and vice-versa. Climate change is the classic example but it's far from being the only one. I'd like to see international solidarity amongst our superannuation funds when it comes to upholding global labour standards as well.

# Diary of a Super Grad

AIST Super Grad Danny Rouse shares his experiences of the group's second residential training week.



AIST's 2012 Super Grads at their August residential

The bat signal was sent out for the new protectors of not-for-profit superannuation to file and gather at AIST headquarters for disbursement to the second residential training program for the year. The scene this time around would be the Grange, Portsea. Once again a full comprehensive weekly schedule of mind-boggling superannuation-jargon singing activities was planned.

**Day 1** Enter Fiona Reynolds, CEO, AIST, Tom Garcia, executive manager – policy & research, AIST, and Super Grad mentor Eva Scheerlinck, governance & professional standards manager, AIST, for the session 'what lies beyond the horizon'. This informative session gave a deep insight into what the likely impacts will be on the superannuation industry from the new various regulations and reforms.

**Day 2** Madeline Wolf of the ACTU facilitated the morning session which involved a bit of

soul searching to find our inner communication styles – are we concept, action, or relationship people? The second half of the morning session taught the six phases of negotiation, which armed the Super Grads with the skills needed to negotiate contracts beyond boot camp! The afternoon session gave an opportunity to work on the Mother's Day Classic project, for this we were assisted by Sharon Morris, national manager – Women in Super/MDC, and Stephen Flewell-Smith, business & creative director of the DM Group who provided an exceptional marketing presentation followed by a creative brainstorming session.

**Day 3** Leadership day. Madeline Wolf gave a lesson on the different theories and styles of leadership, and in the afternoon, Natalie Titcume, former Olympian, put the Super Grads through their paces in a series of challenging outdoor leadership activities.

The last session of the day was a panel discussion between

Natalie Titcume, Jocelyn Furlan, Chair – SCT, and Wil Stracke, lead organiser – ASU. This was an opinionated and at times hotly debated session in which the panel members gave an open and passionate discussion about their differing views and styles of leadership.

**Day 4** Umberto Mecchi, Executive Manager – strategy & distribution at HOSTPLUS gave a talk on how HOSTPLUS engage with their members and introduced none other than the 'Barefoot Investor' himself, Scott Pape. He gave us an example of the sort of presentation he would give to HOSTPLUS members to educate and enable them to play a more active role in their superannuation decisions. The afternoon session was a process analysis and business improvement workshop, facilitated by our old friend and educator Nick Duffy, professional development manager, AIST.

**Day 5** The final day kicked off with a session on dealing with mental health issues, with psychologist Dr Sarah Cotton, on behalf of SuperFriend. Then it was time for an open discussion to reflect, review and ultimately wrap-up what we had learned from the year thus far.

It's fair to say that before entering the Super Grads program we would not have known the difference between the words superannuation and supercalifragilisticexpialidocious! But, with the guidance of our mentors, attending various conferences, undertaking residential training and external placements, and having had the privilege to hear from the industry's most knowledgeable and influential people, we now know definitively that although it sounds much like superannuation jargon, supercalifragilisticexpialidocious is in fact a song from Mary Poppins.

# AustralianSuper kick-starts engagement

It started innocently enough. Nickie Scriven, Head of Brand at AustralianSuper was reviewing some data when the statistics made their next marketing move pretty clear.

It's a familiar story. Members under 30 with low engagement in their super. However AustralianSuper wanted to find a way to get young people to stand up and take notice of their super, and help them take ownership of their money.

Scriven and her team thought long and hard about the types of things that Gen Y connect with, and the ones that resonated most were music, travel and the opportunity to make their dreams come true.

"The campaign needed to be about them, not the fund and we wanted to get in a space where they had an emotional connection so that the brand could become relevant. We wanted to talk in a way that was meaningful and not forced.

"We developed a brief and took it to our creative and media agencies, and the standout solution that came back was The Voice."

And that's where 'Kick Start' was born.

The Voice was Australia's newest reality TV singing competition, but unlike anything that had come before it. It had a huge following in the US and other markets, but was untested on Australian audiences, so to a degree it was a leap of faith.

What followed was a three month, three-phase campaign offering AustralianSuper members and the public the chance to 'kick start' their future by asking entrants to describe their career passion for a chance to win an experience that would kick start their dream career. They then had to upload an image that demonstrated that passion.

The campaign ran in sync with the three stages of The Voice TV show being the auditions (entries were sought to 'kick start' your future), battle rounds (the judging



panel determined the top 48 entrants and the public was asked to vote on their favourite entry) and finally the announcement of the winners.

Through a targeted social media, TV and print campaign, Kick Start took off. And what happened next exceeded everyone's expectations.

"We hoped to get around 500 published entries to the competition and were thrilled when it quickly reached 1362. Our judging panel selected the top 48 entries and then asked the public to vote. We assumed we could get around 2000 votes, and again were blown away when over 22,000 votes came flooding in," Scriven said.

"To ensure the campaign appealed to the youth market we developed a Kick Start logo, brand identity and brand assets that would allow us to communicate differently with this market. The Kick Start identity and assets was rolled out across everything we did for the campaign. We also developed a refreshed up-beat version of our brand campaign music, to draw connection back to the master brand. This music

was used throughout the television commercials, and into our call centre. It was also really important that we integrated the campaign throughout our organisation and membership, this included our website, member and employer print and online communications and the call centre. We ensured that our board and staff were fully briefed on the campaign: its aims, targets and messaging so this would feed through to Superpartners, members, employers and workplaces.

So what's next for Kick Start?

"Kick Start will continue to evolve and we are currently working on a broader content and engagement plan with young members. We have just resigned as a telecast sponsor of The Voice 2013 and are now working with our agencies and Nine Entertainment Company to take the Kick Start campaign within The Voice to a whole new level. As the youth entry point to the AustralianSuper brand we need to make sure it remains relevant, and as an organisation we are always looking for opportunities to help our members to kick start their future and to achieve the best possible retirement outcome."

# AIST EVENTS 2012

AIST members have participated in a diverse range of events so far this year, with the MySuper symposium packed to the rafters. AIST's 'thought leadership' lunches provided trustees and fund staff with access to top speakers including Chris Caton, Chief Economist, BT Financial Group, Ross Barry, Senior Consultant & Head of Portfolio Construction, Towers Watson and Jamie McPhee, Chief Executive Officer, ME Bank.



Nitha Prakash (Psych Press) talked key characteristics of marketing professionals at SMS



Delegates at SMS 2012



ME Bank's Jamie McPhee launches the household index research at a thought leadership lunch



Aimee Suchard-Lowe (ME Bank) & Michael Daddo (The Shannon Company) debated the big banks vs. super



Lisa Samuels (NGS) at SMS 2012



Chris Caton (BT Financial Group) & Ross Barry (Towers Watson) at the EOFY thought leadership lunch

# Member news – 2012

## STAFF NEWS

**AustralianSuper** has appointed **Mark Tierney** as an investment manager within the macro and portfolio construction team. Tierney brings nearly 30 years of financial market experience to the fund.

**Energy Industries Superannuation Scheme (EISS)** appointed **Alex Hutchison** as its new CEO in June. Hutchison comes to the fund with 20 years of experience in financial services.



**HOSTPLUS** has appointed two new employer representative directors to its board: former Deputy Prime Minister **The Hon Mark Vaile AO** and **David Gibson**. These new appointees replace Bevan Douglas and Neil Randall, although Randall will remain as an alternate director.



**LUCRF Super** has new additions to its investment team, with senior property analyst **Duncan Graham** and senior investment analyst **Daniel Grioli** joining the fund. Graham is a former director of the Clear Creek Property Group and has held roles with the Future Fund and Pinnacle Property, while Grioli comes to the fund from FuturePlus Financial Services.



**Media Super** has appointed **Elise Kenyon** to the role of communications officer in the fund's Melbourne Office. Elise previously worked in a variety of communications roles in the insurance sector.

**Sunsuper** has appointed two new business development managers, **Peter Webster** (Perth-based)



and **Mike Cullen** (Sydney-based) as part of its campaign to grow its membership nationally. Both Webster and Cullen bring with them a wealth of knowledge and experience in business development within the financial services sector.

**Vision Super** has appointed **Peter Rowe** as acting CEO after Rob Brooks' departure from the fund. Rowe has worked in a number of senior roles within Vision Super, including director of superannuation and chief operating officer.

**HESTA** has introduced a new investment strategy for the fund's post-retirement product, HESTA Income Stream. The strategy is designed to automatically reduce exposure to higher-risk assets over time. This will be the fund's new default option for those that don't make an investment choice as part of the HESTA Income Stream product.

**HOSTPLUS** has announced its Gold Coast branch on Pacific Fair has changed from a combined HOSTPLUS-ME Bank branch to a dedicated HOSTPLUS Super Centre, offering members more dedicated and personalised services.



**Local Super**, a division of **Statewide Super**, has announced a partnership with **Health Partners**, which will offer insurance products to members at exclusively discounted prices.

**Telstra Super** has added a new investment option, designed to provide an income stream for retirees. This development was in response to member research which indicated demand for such a product. It is the tenth investment option within the fund designed to suit the needs of particular members.

## FUND NEWS

**CareSuper** and **Asset Super** completed their merger in October, creating a \$6.5 billion fund with over 267,000 members. **CareSuper** is the successor fund, with **Julie Lander** continuing as CEO.

**Health Industry Plan** has announced a strategic partnership with Bridges Financial to provide members with financial planning advice. Members will have access to flexible and affordable personal advice across a range of areas including transition to retirement, budgeting and debt management.

**Health Industry Plan** has unveiled a new service to members, Best Doctors. In conjunction with MLC, its group insurer, the service will give insured members and their families the opportunity to connect with leading medical specialists around the world for no extra cost.

**VicSuper** was this year a major sponsor of the Environmental Film Festival Melbourne, held in early September. The festival showcases films from around the world and aims to increase awareness of key international environmental issues.

**VicSuper** has appointed four new international equities investment managers: Martin Currie Investment Management, Walter Scott & Partners, Global Thematic Partners, and Sanders Capital. The fund appointed the additional managers with the aim of achieving returns higher than the benchmark, and improving performance of member investment options.

**VicSuper** was this year a major sponsor of the Environmental Film Festival Melbourne, held in early September. The festival showcases films from around the world and aims to increase awareness of key international environmental issues.

**VicSuper** has appointed four new international equities investment managers: Martin Currie Investment Management, Walter Scott & Partners, Global Thematic Partners, and Sanders Capital. The fund appointed the additional managers with the aim of achieving returns higher than the benchmark, and improving performance of member investment options.

**VicSuper** was this year a major sponsor of the Environmental Film Festival Melbourne, held in early September. The festival showcases films from around the world and aims to increase awareness of key international environmental issues.

**VicSuper** has appointed four new international equities investment managers: Martin Currie Investment Management, Walter Scott & Partners, Global Thematic Partners, and Sanders Capital. The fund appointed the additional managers with the aim of achieving returns higher than the benchmark, and improving performance of member investment options.

**VicSuper** has appointed four new international equities investment managers: Martin Currie Investment Management, Walter Scott & Partners, Global Thematic Partners, and Sanders Capital. The fund appointed the additional managers with the aim of achieving returns higher than the benchmark, and improving performance of member investment options.

**VicSuper** has appointed four new international equities investment managers: Martin Currie Investment Management, Walter Scott & Partners, Global Thematic Partners, and Sanders Capital. The fund appointed the additional managers with the aim of achieving returns higher than the benchmark, and improving performance of member investment options.



**Leadership in Superannuation**

Ground Floor, 215 Spring Street  
Melbourne VIC 3000

Phone: +61 3 8677 3800

Fax: +61 3 8677 3801

Email: [info@aist.asn.au](mailto:info@aist.asn.au)

Web: [www.aist.asn.au](http://www.aist.asn.au)