

2015:Super Forever...



Super Fund Governance – where are we now?

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Mercer's 2014 Governance Survey

- To explore how superannuation funds are coping with higher governance standards and the potential for added scrutiny
- Using an externally-managed online survey, 95 funds asked to participate with responses from 33 funds (including retail funds, corporate funds, industry/multi-employer funds and public sector funds)

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Survey Topics

- Trustee Board composition
- Trustee Board selection process and succession planning
- Committee structures and delegations
- Trustee Board confidence in decision making
- Trustee Board effectiveness
- Trustee Board competencies and training
- Trustee Director remuneration
- Investment governance
- Insurance governance

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Key findings

- Funds are adapting to a varying degree to the changed governance landscape.
- While there is no cause for alarm, there are a number of opportunities for genuine improvement:
 - Competency based selection
 - Structured and targeted trustee training
 - Board performance reviews as a genuine opportunity for improvement
 - Remuneration philosophy
 - Delegations and decision-making

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Fund Profiles

Colonial First State – a retail fund

Structure of Board	3 Independent, 1 Executive, 1 Non-Executive
Selection Process	Board approved process
Board Committees	Audit & Risk; Conflicts; Investments
Management Committees	Go to Market; Project Prioritisation & Review; Risk
Delegated authority	Via Group Executive to Management
Remuneration of directors	Independent Directors only
Training requirements	Minimum hours per annum across relevant competencies



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Fund Profiles

Telstra Super – a corporate fund

Structure of Board	1 Independent, 4 Employer, 4 Member (2 additional Independent members on Investment Committee)
Selection Process	Skills requirements are communicated to nominating body prior to nomination. Appointment made by Board having regard to skills, experience and fit and proper assessment outcomes
Board Committees	Audit, Risk & Compliance, Remuneration, Claims Review Committee
Management Committees	Investment, Claims Assessment Committee



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Fund Profiles

Telstra Super – a corporate fund

Delegated authority	Delegation through Instrument and Committee Charters
Remuneration of directors	Flat fee with additional allowance for Chair of Investment Committee
Training requirements	Minimum hours per annum; focus having regard to Director performance assessment discussions

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Fund Profiles

MTAA Super – an industry fund

Structure of Board	3 x 3 x 3 – Independent, Employer & Member
Selection Process	Independent – skills, knowledge and experience plus independence test, with recruitment firm to short list. Employer and Member – nominations guided by skills, competencies and experience required. Gender target (44%).
Board Committees	Investment; Finance, Audit & Compliance; Risk; Operations & Insurance; Remuneration (& Ad Hoc)
Management Committees	Management Claims Panel

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Fund Profiles

MTAA Super – an industry fund

Delegated authority	Delegation through Instrument, Committee Charters and Contract (Service Providers).
Remuneration of directors	Flat fee with additional allowance for Board & Committee Chairs.
Training requirements	Minimum 20 hours per annum plus AICD/AIST/ASFA Director Training Program (completed within the last 5 years).

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Questions for the Panel