

# Workplace Savings

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*New Zealand Investment Governance Survey*

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November 2011

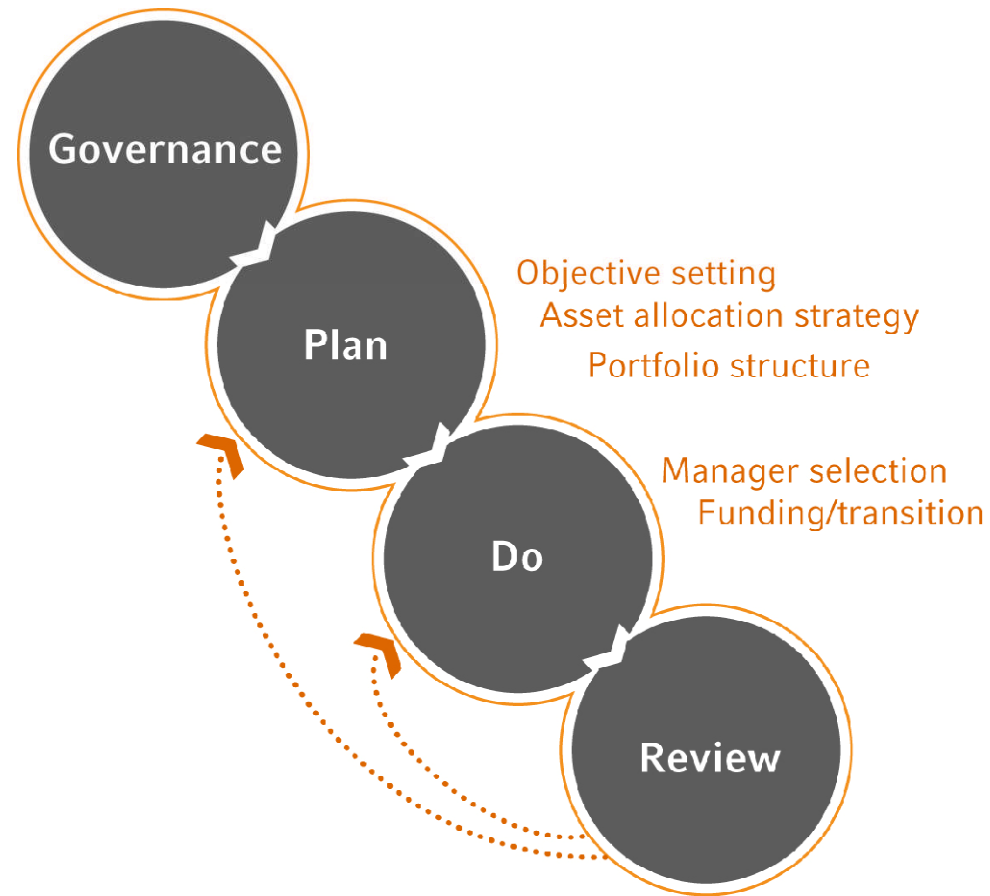
# Agenda

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- **Context**
- **Ground rules**
- **Survey results**
- **Insights & doing better**

# Context

- Let's start at the very beginning:



# Russell's recent work worldwide



**UK/Europe**  
**Sorca & Don**  
Survey and Roundtables  
*2009, 2011*



**Australia**  
**Keith & Graham**  
Survey and Report  
*2010*



**United States**  
**Kevin**  
Survey  
*2011*

# Ground rules

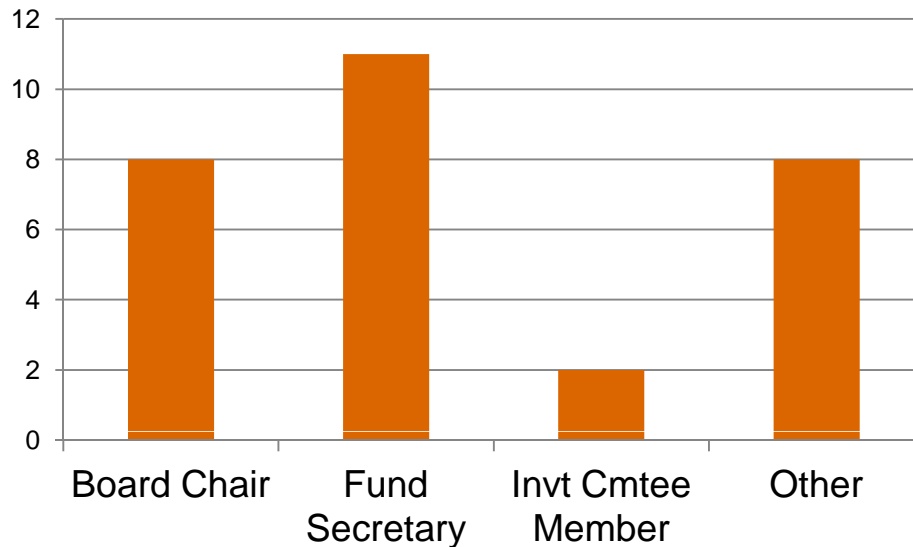
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- **Russell's approach**
  - reporting back
  - stick to what we know: investment
  - consistent international approach
- **Governance ≠ Management**

*“Management is about running the business;  
governance is about seeing that it is run properly.”*

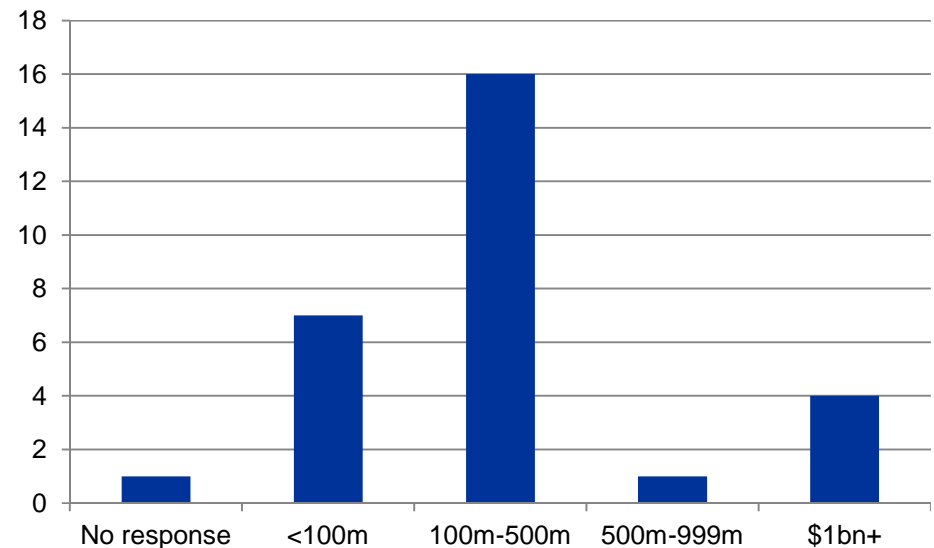
R.I. Tricker, 1984

# About our 29 respondents

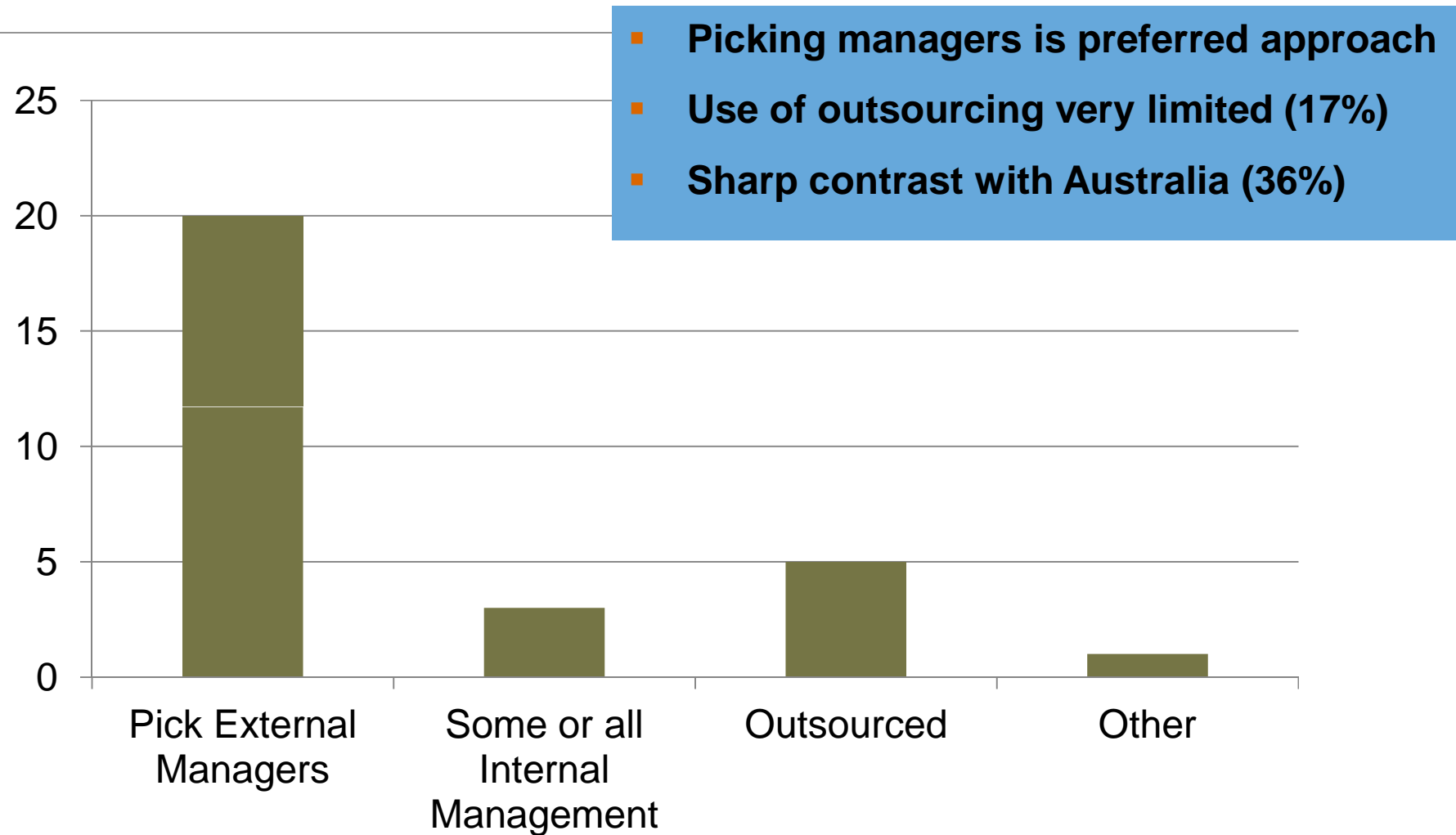


- A view from the top
- 'Others' were senior execs

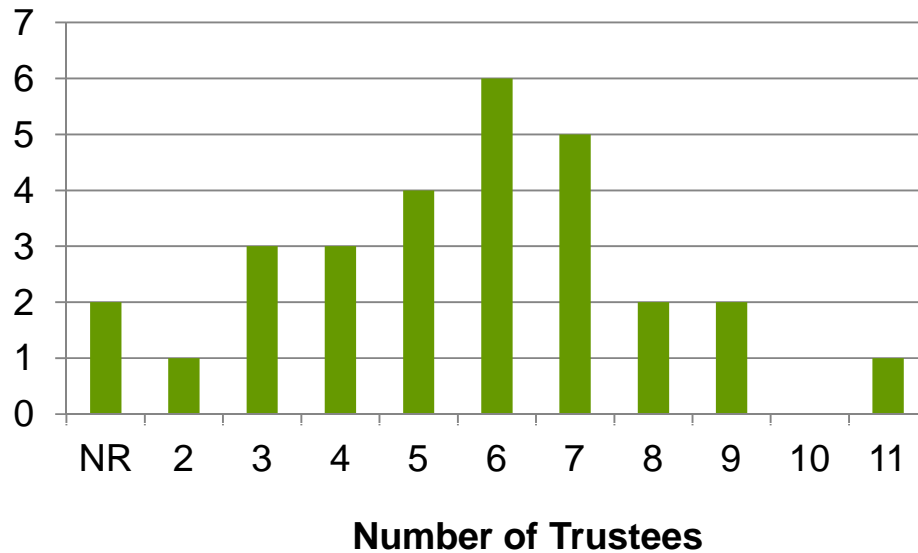
- Medium and mega sized schemes well represented
- Large and small less so



# How are assets managed?

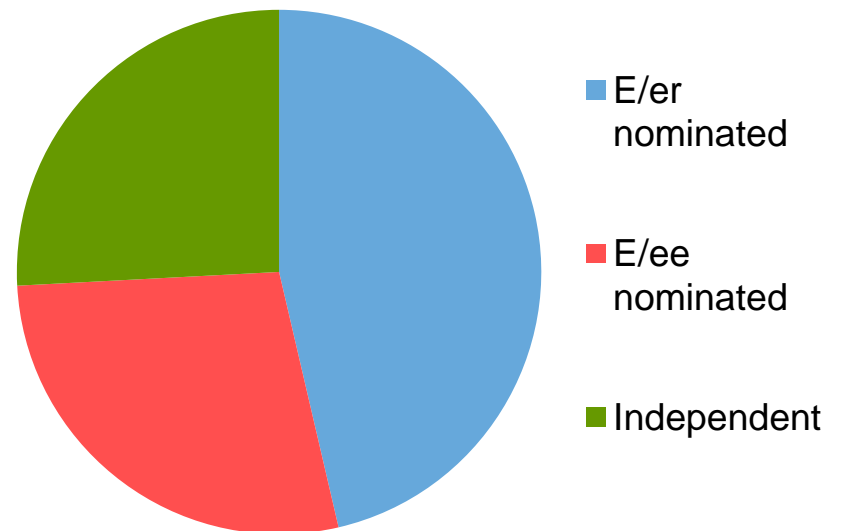


# What do Boards look like?



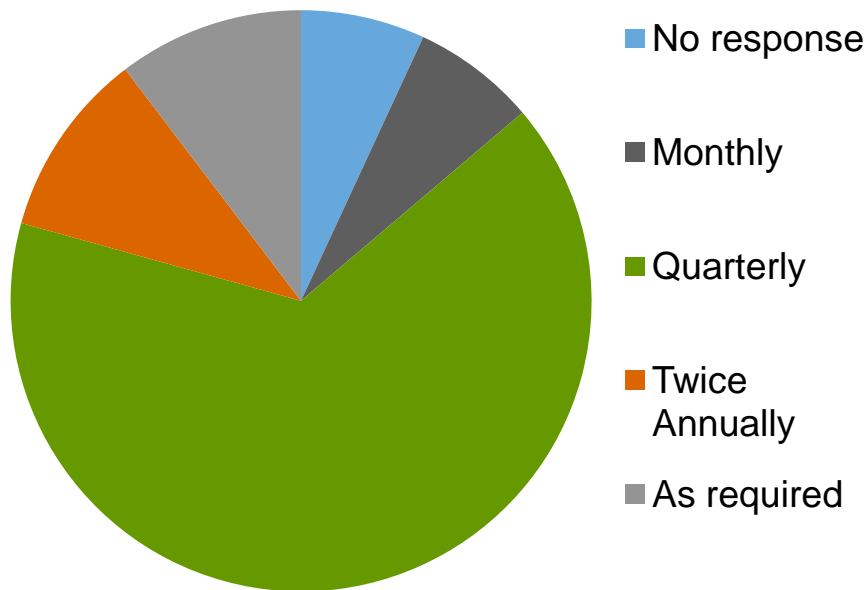
- Five to seven on average
- Wide dispersion, left skew

- Not parity representation
- Widespread use of independents
- 54% with a finance/investment background

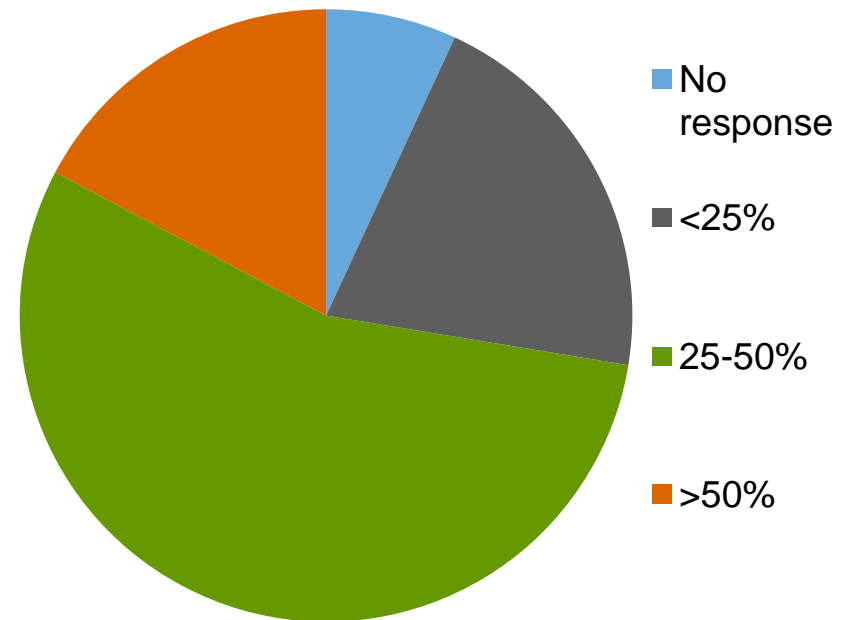


# Meetings, meetings

## Meeting Frequency

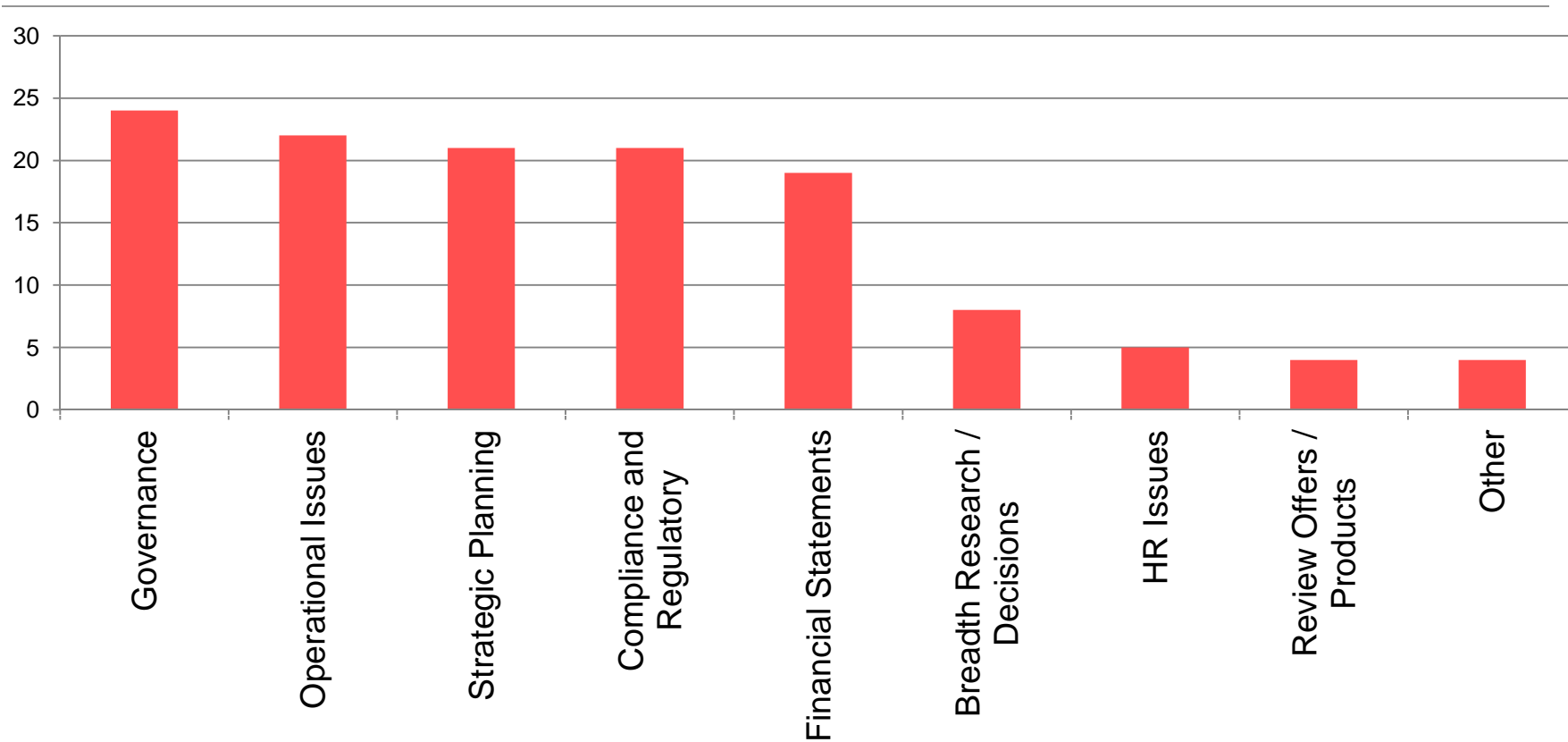


## Time spent on investment



'About right': 28    'Too little': 1

# Typical agenda items



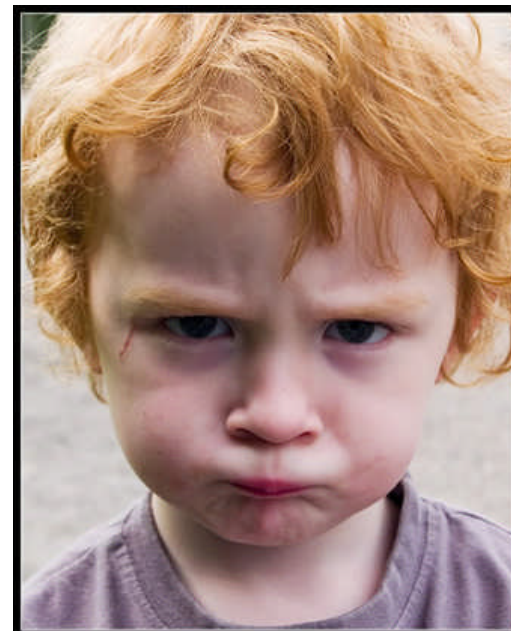
- **Governance is firmly on the agenda!**
- **Offer and product reviews not (delegated?)**

# Investment Committees?

Yes: 13



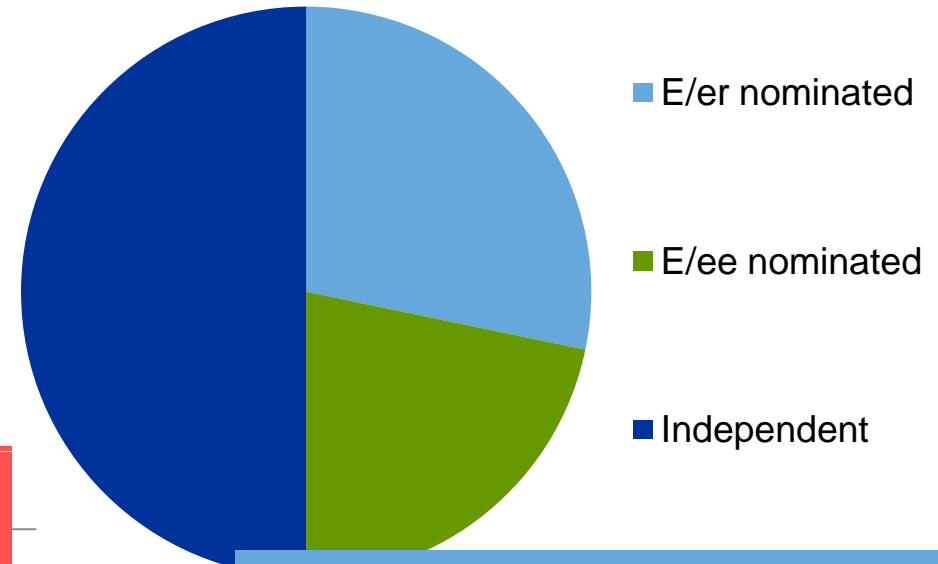
No: 15



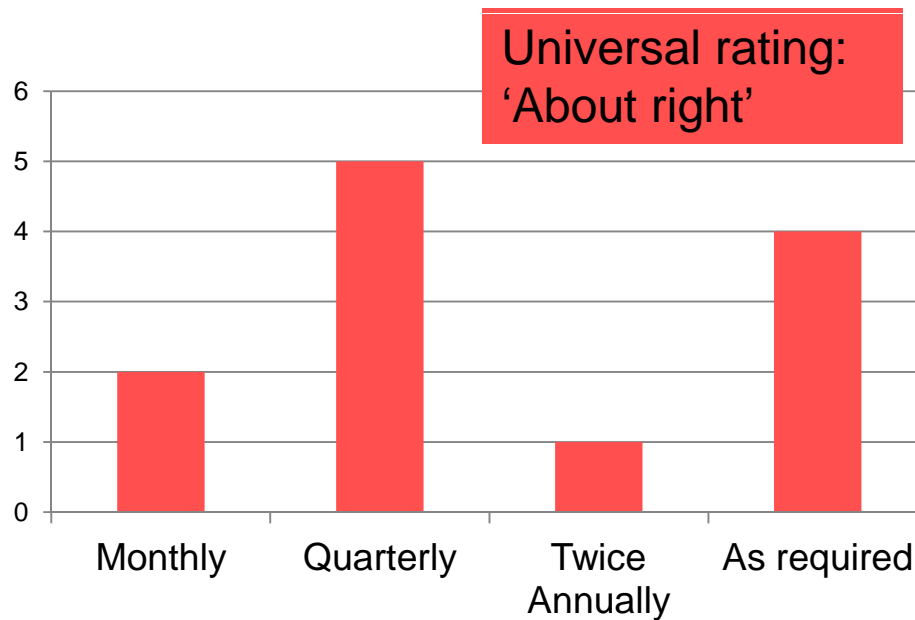
No response: 1

# Committee composition and meeting frequency

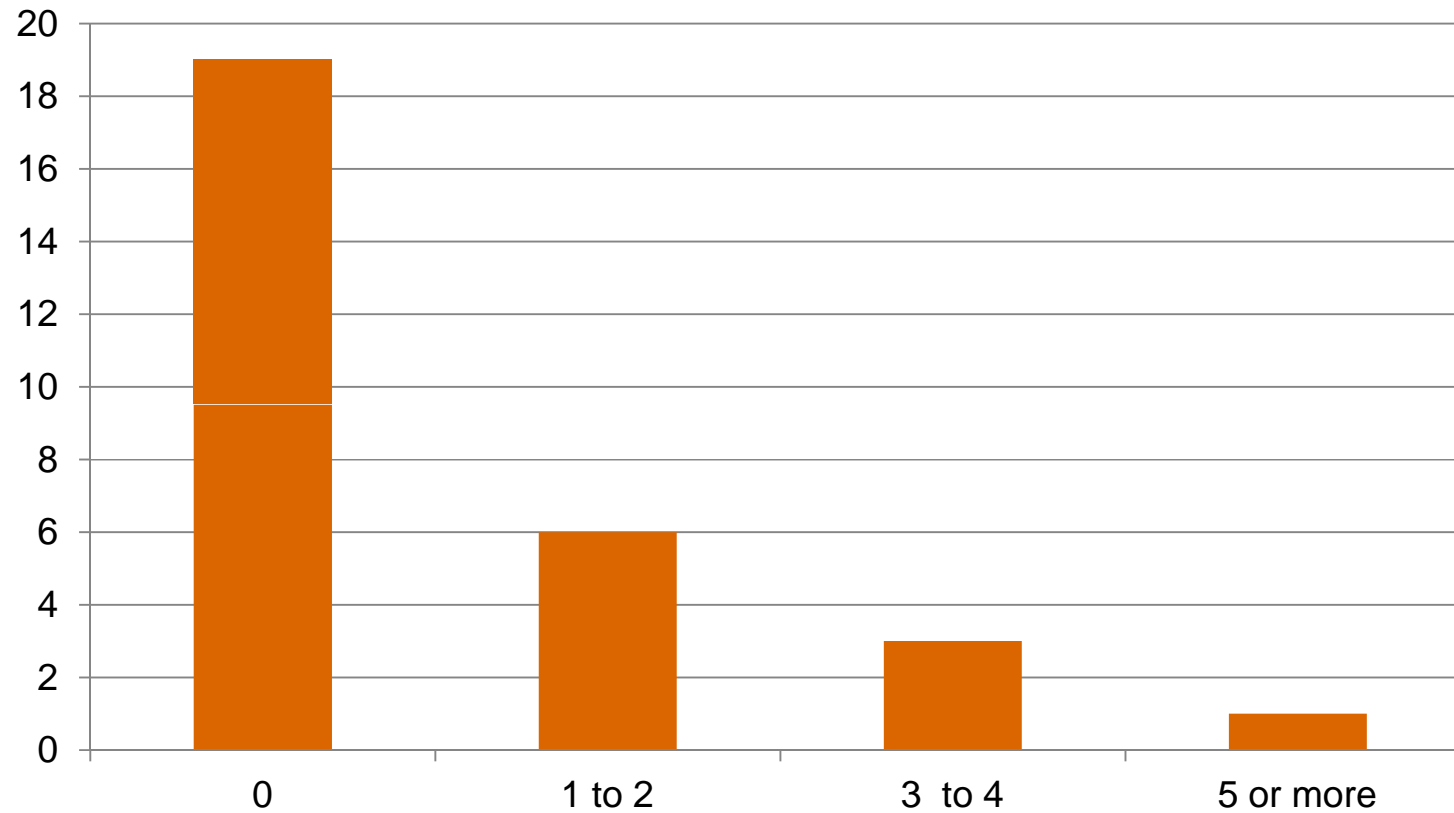
<b>1 to 4</b>	<b>8</b>
5 to 7	4
No response	1



...of which 2/3rds have a finance/investment background



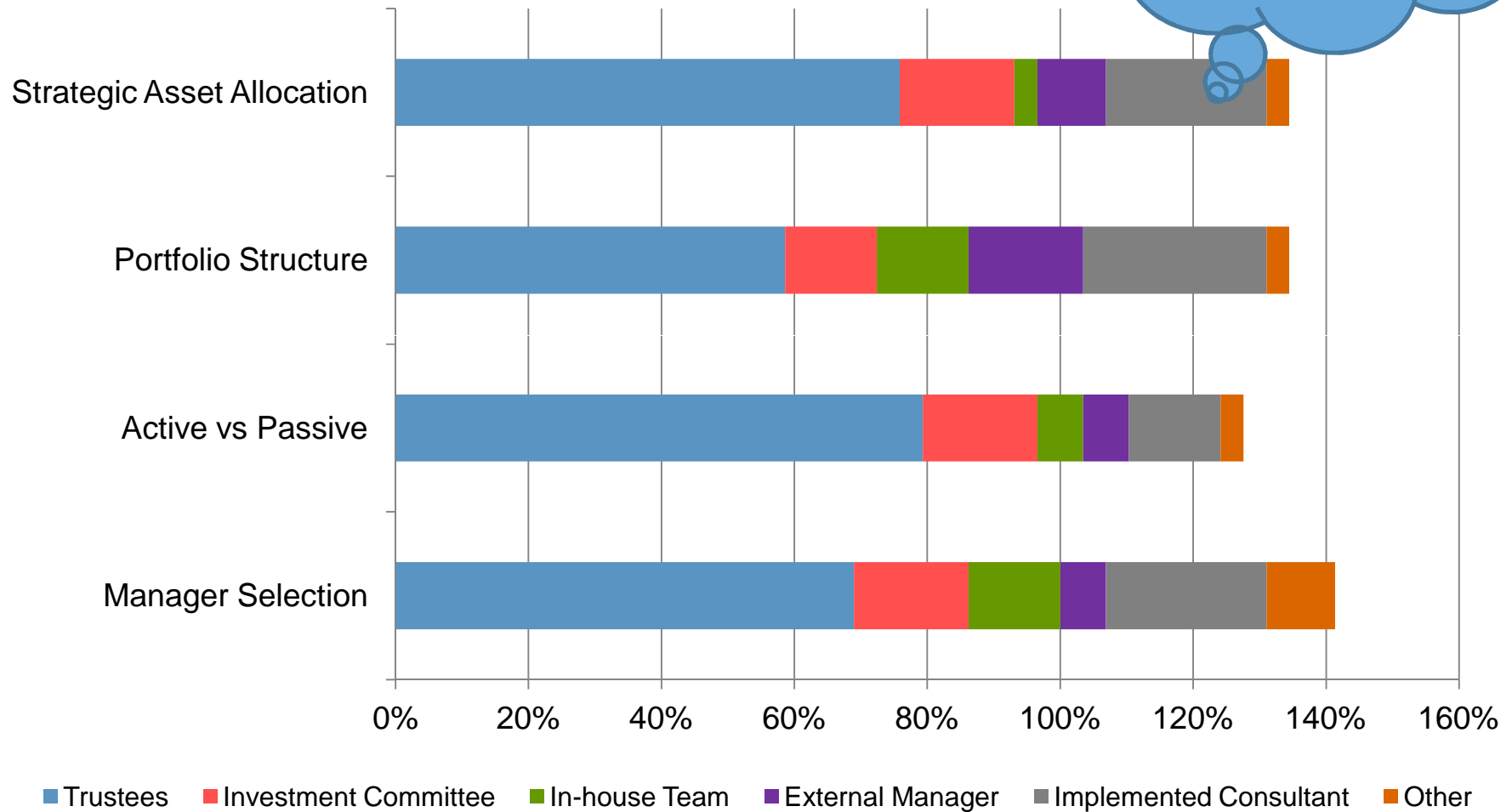
# In-house superannuation professionals focused on investment



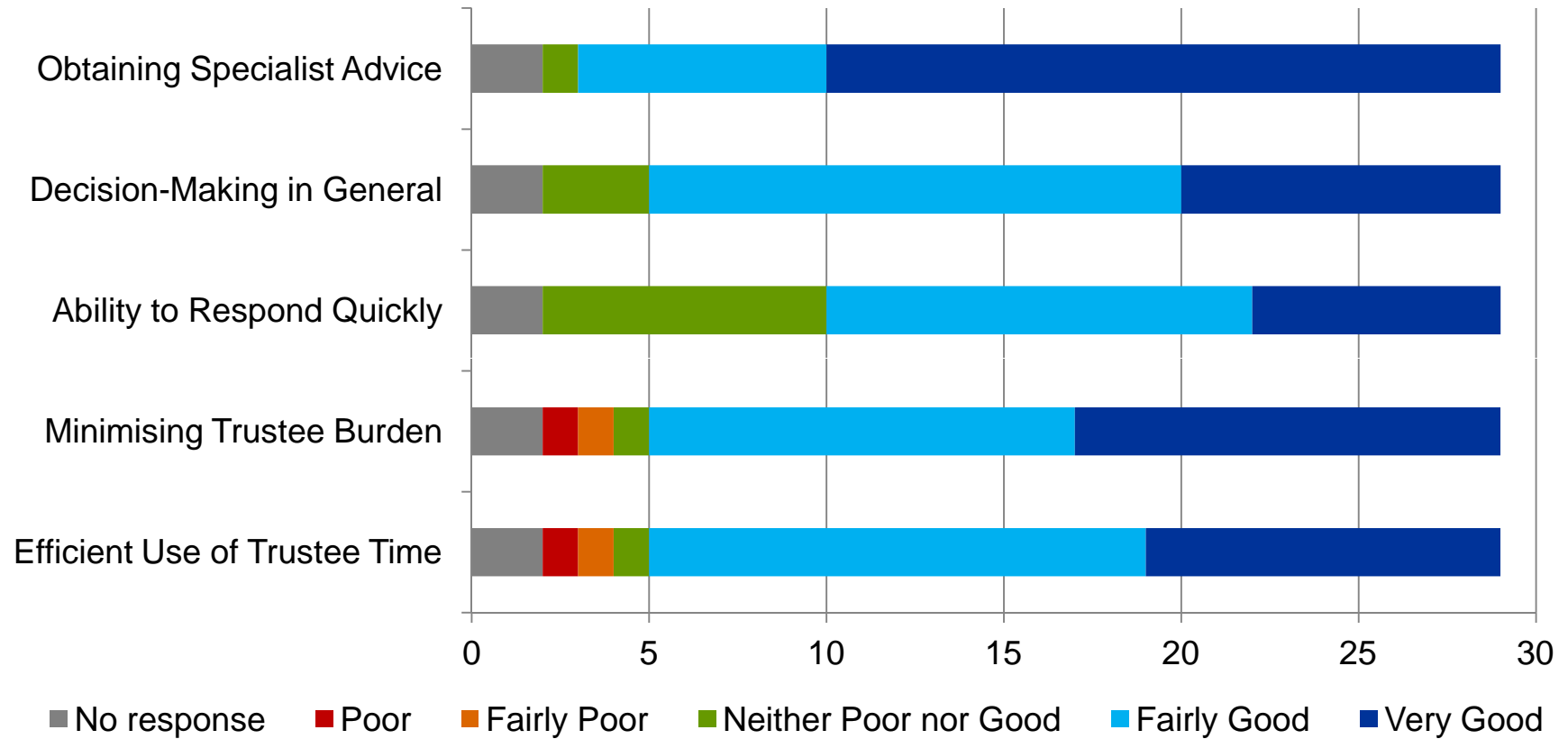
...all but one have a finance/investment background

# Who's responsible for what?

Accountability fog???



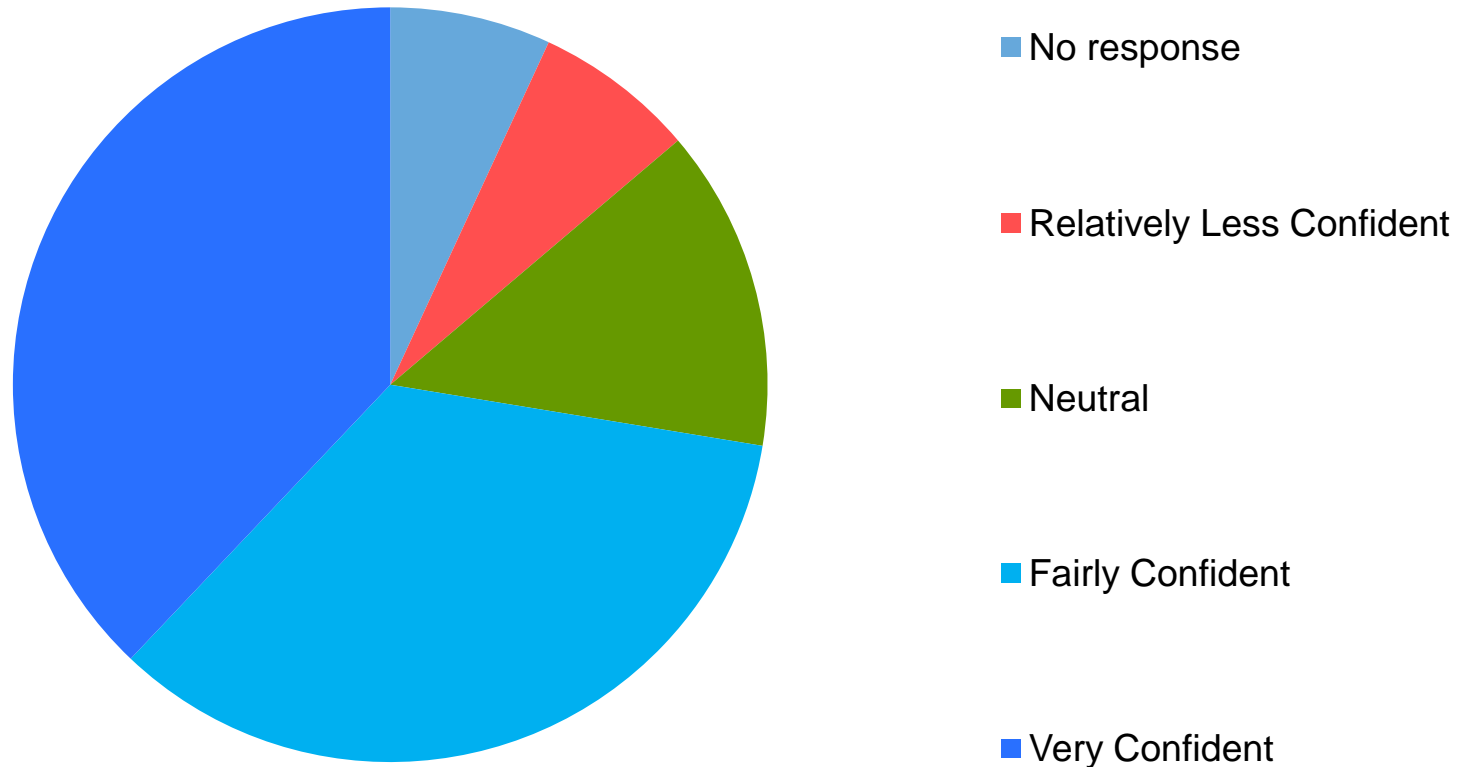
# Effectiveness Self-Ratings



Overall: we think we're pretty effective!

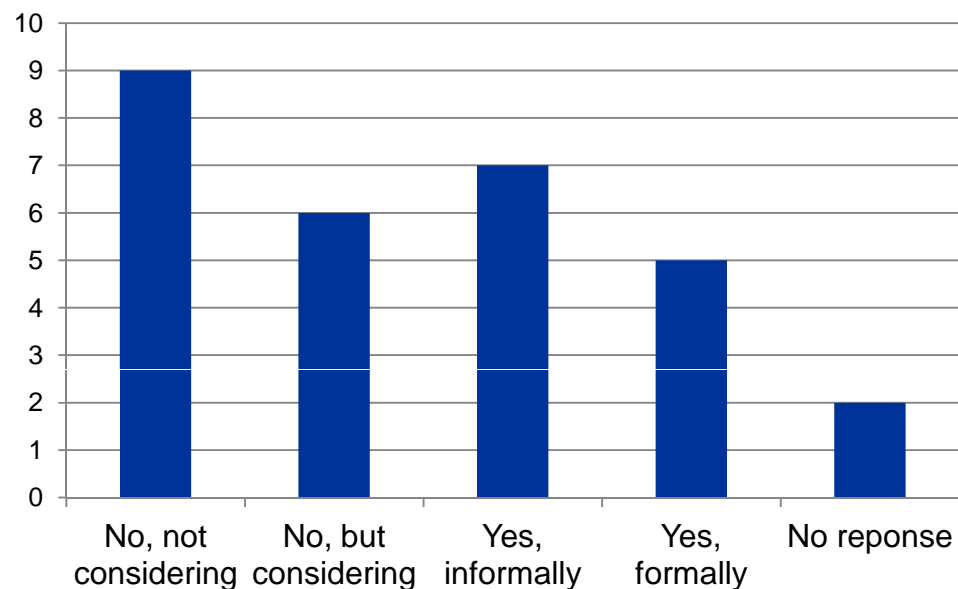
# Confidence rating: Are we equipped for future challenges?

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# Reviews and changes

## Assessments of Board/Trustee performance?



## Decision-making changes?

<b>Yes</b>	<b>5</b>
No	22
No response	2



"That's the international symbol for 'Don't Rock The Boat'."

## What changes?

<b>Review governance</b>	<b>2</b>
Set-up investment committee	1
Outsource asset management	1
Other	2

# Key Insights

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- **Governance is firmly on the agenda**
- **We love picking managers**
- **Employees not well represented**
- **Investment committees not the norm**
- **Independents are there (esp on investment committees)**
- **Finance and investment skill also there**
- **Evidence of accountability fog**
- **We think we're mostly okay**

# Doing better?

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- **More even spread in representation**
- **Quicker response times**
- **Clearer definitions of where the buck stops**
- **Investment experience on investment committees**
- **Consider assessing board performance**

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