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Never Stand Still

Faculty of Law

## Annual Members' Meetings

Do they help us infer what super fund members actually want?

**CEPAR Annual Superannuation Researchers Colloquium**

Sydney, November 2024

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# Members' expectations and members' interests

## The law

Section 52(2)(c), *SIS Act*- trustees must exercise their powers and perform their duties in the best financial interests of members

Trustees are not typically required to consult members about their preferences, nor accede to informal member instructions

## The real world

Members have heterogeneous needs and preferences

Members are reputed to be 'disengaged' but have few opportunities for engagement

*'Many superannuation fund members seek to ask questions of their funds concerning their operation and performance. However, in a large number of cases members have little or no ability to have their questions asked or answered.'*

(Explanatory Memorandum, 2019 Act)



# What have we actually seen over the past 4 years?

	Funds																				Ave
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Length (hrs)																					
2020	1.75	-	-	-	1.50	1.75	-	2.00	-	1.50	1.17	1.00	1.17	1.00	1.50	1.50	1.50	1.50	1.17	-	1.43
2021	1.75	1.50	-	1.00	1.50	1.75	-	1.50	1.50	2.00	1.13	1.50	1.25	1.00	1.25	2.00	1.25	1.50	1.25	1.00	1.42
2022	1.75	1.50	1.67	1.50	1.67	1.67	1.00	1.25	1.42	1.50	1.00	1.50	1.33	1.00	1.08	1.42	1.00	1.00	1.25	1.50	1.35
2023	1.75	1.50	1.67	1.50	1.50	1.67	1.00	1.25	1.42	1.50	1.00	1.50	1.33	1.00	1.08	1.42	1.00	1.00	1.25	1.00	1.32
# of Qs																					
2020	-	-	-	-	172	426	-	48	-	120	18	28	91	30	65	24	47	35	57	-	89
2021	275	-	-	87	101	113	-	66	82	103	-	100	79	52	40	23	19	28	17	55	78
2022	750	-	359	69	64	48	19	53	80	241	-	79	90	13	35	-	28	25	220	59	131
2023	679	24	81	90	41	60	21	46	56	154	32	95	78	13	20	18	26	32	223	28	91
% Q&A																					
2020	43%	-	-	-	50%	43%	-	50%	-	-	43%	-	43%	25%	56%	-	-	-	36%	-	43%
2021	43%	-	-	33%	44%	43%	-	33%	39%	-	-	-	53%	42%	-	29%	-	-	60%	-	42%
2022	48%	44%	35%	44%	44%	48%	42%	53%	47%	22%	-	44%	44%	33%	46%	47%	50%	50%	47%	44%	44%
2023	43%	44%	35%	44%	44%	30%	42%	53%	47%	22%	-	44%	44%	33%	46%	47%	50%	50%	47%	33%	42%

2022 Motor Trades Assoc. (virtual)



2022 UniSuper (virtual)



2022 Brighter Super, Brisbane City Hall (hybrid)



# AMMs as a noisy signaling exercise

## member → trustee

Member questions represent a signal of member interest, albeit a 'noisy' one

### Australian Super

- 3.5 Got negative investment income, why?
- 3.20 I would like to know why when my employer pays into my fund each month you withdraw it almost straight away, I need this explained. See screen shots each Friday of the massive losses if this can't be explained and doesn't stop it will be in the hands of the ombudsman [personal details removed]
- 3.28 Last year instead of increasing Supper why there was decrease at the end of financial year ?
- 3.58 What the best supper fund
- 3.63 When you will be number 1?
- 14.17 Can you at least broadcast live, be human and be honest, rather than try and speak in a scripted soft reassuring voice. Loosing credibility AS. Who is advising you? - it's appalling!
- 17.1 When is the login fiasco going to be fixed by your IT Department?
- 17.12 Dear Paul Schroder, Chief Executive. You are the Boss. Please sort out the logon problem with the upgraded web portal
- 18.13 Why are you wasting 39mill + on advertising ect. Cut that budget in half and pay your members.

### Nulis Nominees (MLC)

- 27. Why does a small number of activists prevent investment in gas, coal and oil companies when they are making record profits and when my super fund could benefit from investing in these profitable companies?

### IOOF Investment Management

- 10. Expand becomes Expand Extra. What's in a name? Is this simply an ego massaging exercise for the board or how will it deliver benefits for members?

### Host-Plus

- Why are we not investing in mining or oil, gas and coal. I want my money invested where it will make the most profit. Not where the woke tell us.
- How come the CEO & the management team is getting salary hike when all the super fund holder is losing big money? You guys are having a feast on our money and when we ask it's always the copybook answer - because of market volatility.
- So, you talk the talk - why can't you walk the walk?

### REST

- How can Rest seriously go down the path of adopting ESG and responsible investing based on a survey of just 0.1% of the member base and focus group feedback from just 25 members? You are jeopardising your good record and good name by drinking the climate change Kool-Aid.

### Macquarie

- 7. What is the justification using a (high) percentage fee on the admin fee for a term deposit when it is only a stroke of a pen? It is appalling.
- 11. Your client service is terrible. What concrete steps are you taking to improve it, if any?

### Motor Trades Assoc.

- 33. Will you please freeze all Executive and Senior Management salaries and Board Members fees in view of the current financial situation facing the fund's members
- 35. Why is the CEO paid more than the Prime Minister of this country?

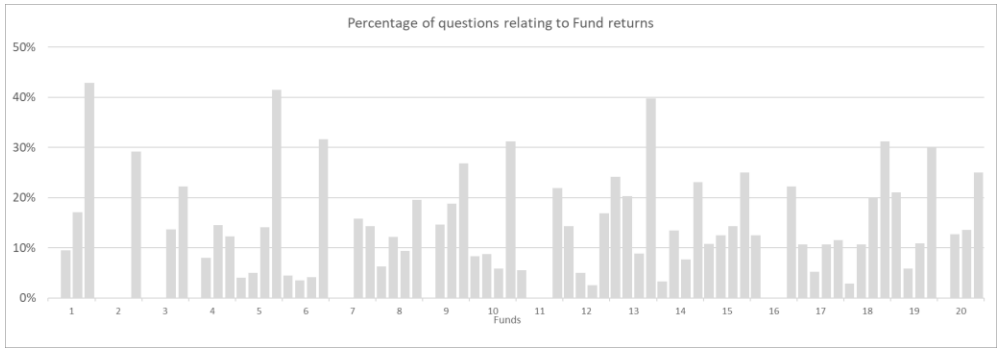


# Some topics routinely attract more attention

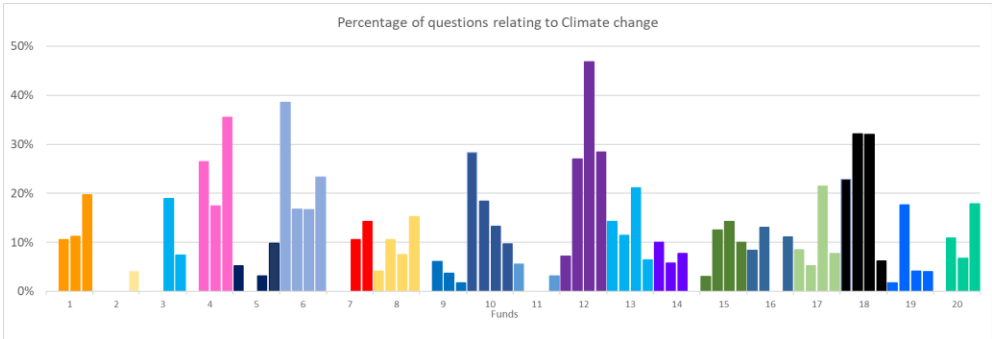
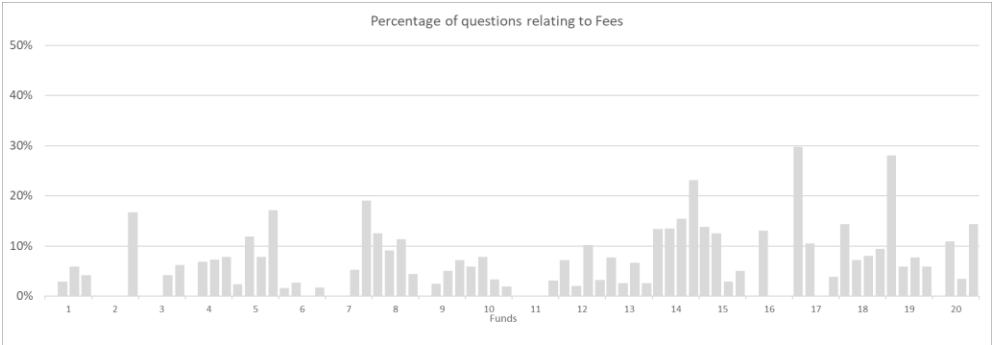
Number of questions (by fund and year)

	Funds																				Ave
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
<b>Climate change</b>																					
2020	-	-	-	-	9	164	-	2	-	34	1	2	13	3	2	2	4	8	1	-	19
2021	29	-	-	23	0	19	-	7	5	19	-	27	9	3	5	3	1	9	3	6	11
2022	84	-	68	12	2	8	2	4	3	32	-	37	19	1	5	-	6	8	9	4	18
2023	134	1	6	32	4	14	3	7	1	15	1	27	5	0	2	2	2	2	9	5	14
<b>Crypto assets</b>																					
2020	-	-	-	-	4	8	-	0	-	2	0	0	1	0	2	0	1	1	1	-	2
2021	10	-	-	1	5	3	-	0	2	10	-	4	5	4	0	2	0	1	1	1	3
2022	15	-	4	0	1	2	0	1	2	6	-	1	4	1	1	-	1	1	2	1	3
2023	4	0	2	0	0	5	2	2	0	4	0	0	4	0	1	1	0	0	11	2	2
<b>Cyber risk</b>																					
2020	-	-	-	-	2	1	-	0	-	0	0	2	1	1	0	0	0	0	0	-	1
2021	5	-	-	0	0	0	-	2	2	1	-	0	1	0	0	0	1	0	0	1	1
2022	24	-	9	2	1	4	1	2	2	10	-	5	1	2	1	-	1	0	5	6	4
2023	13	0	3	3	0	1	0	2	0	5	0	1	1	1	1	0	2	3	2	3	2
<b>Ukraine</b>																					
2020	-	-	-	-	0	0	-	0	-	0	0	0	0	0	0	0	0	0	0	-	0
2021	0	-	-	0	1	13	-	1	1	0	-	0	0	0	2	0	1	2	1	0	1
2022	14	-	6	0	1	0	1	1	0	2	-	2	1	0	0	-	0	0	5	0	2
2023	1	0	0	0	0	0	0	0	1	2	0	0	1	0	0	0	0	0	0	1	0
<b>Fund returns</b>																					
2020	-	-	-	-	7	19	-	3	-	10	1	4	22	1	7	3	5	1	12	-	7
2021	26	-	-	7	5	4	-	8	12	9	-	5	16	7	5	0	1	3	1	7	7
2022	128	-	49	10	9	2	3	5	15	14	-	2	8	1	5	-	3	5	24	8	17
2023	291	7	18	11	17	19	3	9	15	48	7	16	31	3	5	4	3	10	67	7	30
<b>Fees</b>																					
2020	-	-	-	-	4	7	-	6	-	7	0	2	7	4	9	0	14	5	16	-	6
2021	8	-	-	6	12	3	-	6	2	8	-	2	2	7	5	3	2	2	1	6	5
2022	44	-	15	5	5	0	1	6	4	8	-	8	6	2	1	-	0	2	17	2	7
2023	28	4	5	7	7	1	4	2	4	3	1	3	2	3	1	0	1	3	13	4	5





Fund Returns and Fees are perennial hot topics



But climate-related questions are also relatively common



# What, then, of member views on climate change?

## Member questions really do span the full spectrum

### Australian Super

Net zero is a crock, why are you wasting our money on woke, unrealistic options?

Is climate change a George Soros hoax to make China rich and the rest of the world poor?

Investment returns in the long term will be meaningless in a world that has warmed by 3 degrees. If your objectives are long term doesn't that require immediate and urgent action on global warming?

Many oil and gas companies are claiming that they will use carbon capture and storage to bury emissions from new gas projects. Yet despite decades of research, no oil and gas company has come close to burying more than a fraction of their emissions. Does Australian Super think it's safe for oil and gas companies to put all of their hopes in the CCS basket, given experts warn it is being used as an excuse for inaction?

### HOSTplus

This is a critical time for our fragile environment. How are you going to do better for Members and the environment by investing in sustainable projects?

Where there are profitable fossil fuel companies available for investment with healthy returns, will this now be overlooked given the focus on green investments?

### REST

How can you prove that climate change is real?

### Aware Super

What are you proposing to do to support climate action? Will you stop investing our money in fossil fuels?

The world's economy is suffering and will worsen as Climate change wreaks havoc with business and livelihoods. As a major investor in fossil fuel industries, Aware Super has enormous potential to move Australia away from coal, oil, and gas – why are you not doing this, and leading our country into a future powered by wind and sun?

For several years I have encouraged Aware Super to pay adequate attention to the risks and opportunities of climate change. I appreciate your response and engagement in TCNF and CA100, but greenhouse gas emissions are not decreasing. Climate impacts are accelerating as seen in more extreme weather events, ocean temperature rise and melting polar ice. Why does Aware Super consider that a target of net zero by 2050 is still adequate?

### Hesta

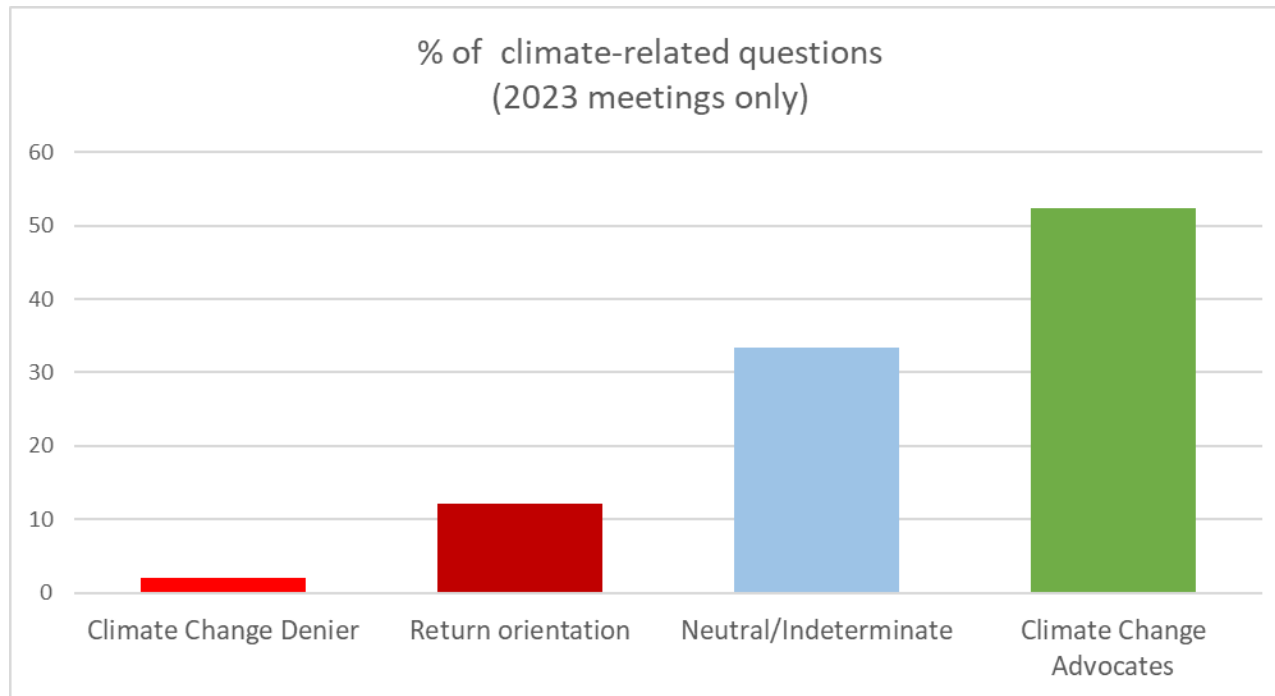
Your path to Net Zero is too slow. We don't have decades to end fossil fuel use. When will HESTA completely divest from fossil fuels?

### UniSuper

How much more obvious and damaging does global warming have to be before UniSuper follows funds like Future Super and divests from fossil fuel companies, rather than persisting in the fiction of engaging with them?



# Is there a signal lurking in the noise?





Questions, thoughts etc ?

