



Australian Government  
Productivity Commission

Governance survey

Superannuation: Assessing  
Efficiency and Competitiveness,  
Inquiry Report no. 91  
*Technical Supplement 3*

December 2018

© Commonwealth of Australia 2018



Except for the Commonwealth Coat of Arms and content supplied by third parties, this copyright work is licensed under a Creative Commons Attribution 3.0 Australia licence. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/3.0/au>. In essence, you are free to copy, communicate and adapt the work, as long as you attribute the work to the Productivity Commission (but not in any way that suggests the Commission endorses you or your use) and abide by the other licence terms.

### **Use of the Commonwealth Coat of Arms**

Terms of use for the Coat of Arms are available from the Department of the Prime Minister and Cabinet's website: <https://www.pmc.gov.au/government/commonwealth-coat-arms>

### **Third party copyright**

Wherever a third party holds copyright in this material, the copyright remains with that party. Their permission may be required to use the material, please contact them directly.

### **Attribution**

This work should be attributed as follows, *Source: Productivity Commission, Governance survey, Technical Supplement 3.*

If you have adapted, modified or transformed this work in anyway, please use the following, *Source: based on Productivity Commission data, Governance survey, Technical Supplement 3.*

### **An appropriate reference for this publication is:**

Productivity Commission 2018, 'Governance survey', Technical Supplement 3 to the Inquiry Report *Superannuation: Assessing Efficiency and Competitiveness*, Canberra, December.

### **Publications enquiries**

Media, Publications and Web, phone: (03) 9653 2244 or email: [mpw@pc.gov.au](mailto:mpw@pc.gov.au)

### **The Productivity Commission**

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website ([www.pc.gov.au](http://www.pc.gov.au)).

---

## 3 Technical supplement: governance survey

This supplement summarises responses to the governance survey and should be read in conjunction with appendix C, which outlines the survey design, fieldwork and response rates achieved.

The supplement is divided into four sections, aligning with the four parts of the survey. Section 3.1 presents summary respondent information. Section 3.2 covers characteristics of governance Boards. Section 3.3 summarises responses on Board challenges and section 3.4, responses to questions about governance quality.

### 3.1 Respondent information

*Q1. Respondent name and job title?*

Responses not reported.

*Q2. How long have you held this position, in years?*

---

**Table 3.1 CEO tenure, years — Q2**  
80 responses

<i>Years of tenure</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
Less than 1	6	7.5
1–2	23	28.8
>2–5	14	17.5
>5–10	17	21.3
>10–15	17	21.3
>15	3	3.8
Total	80	100.0

*Source:* Governance survey.

---

**Table 3.2 Summary statistics, CEO tenure, by fund type — Q2**  
80 responses

<i>Fund type</i>	<i>Average tenure (years)</i>
Corporate	6.5
Industry	7.0
Public sector	6.6
Retail	5.0
Total	6.4

Source: Governance survey.

*Q3. Registrable Superannuation Entity (RSE) licensee name?*

Responses not reported.

## 3.2 Governance Board facts

*Q4. Composition of the current Board and composition allowed under the Board's governing rules?*

**Table 3.3 Number of directors on current Board — Q4**  
80 responses

<i>Number of directors</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
4	4	5.0
5	9	11.3
6	21	26.3
7	6	7.5
8	9	11.3
9	17	21.3
10	2	2.5
11	5	6.3
12	4	5.0
13	1	1.3
14	1	1.3
16	1	1.3
Total	80	100.0

Source: Governance survey.

**Table 3.4 Number of women directors on current Board — Q4**  
80 responses

<i>Number of women directors</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
0	5	6.3
1	16	20.0
2	22	27.5
3	19	23.8
4	12	15.0
5	2	2.5
6	3	3.8
8	1	1.3
Total	80	100.0

Source: Governance survey.

**Table 3.5 Number of independent directors on current Board — Q4**  
80 responses

<i>Number of independent directors</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
0	22	27.5
1	17	21.3
2	11	13.8
3	14	17.5
4	6	7.5
5	5	6.3
6	2	2.5
7	2	2.5
8	1	1.3
Total	80	100.0

Source: Governance survey.

**Table 3.6 Summary statistics, current Board membership — Q4**  
80 responses

	<i>Current Board membership (number)</i>		
	<i>Average</i>	<i>Minimum</i>	<i>Maximum</i>
Number of directors	7.8	4	16
Number of women directors	2.5	0	8
Number of independent directors	2.1	0	8

Source: Governance survey.

**Table 3.7 Number of directors allowed under governing rules — Q4**  
75 responses

<i>Number of directors allowed</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
4	1	1.3
5	2	2.7
6	3	4.0
7	3	4.0
8	5	6.7
9	13	17.3
10	12	16.0
11	3	4.0
12	12	16.0
13	2	2.7
16	1	1.3
17	1	1.3
Not applicable	7	9.3
Not specified	10	13.3
<b>Total</b>	<b>75</b>	<b>100.0</b>

Source: Governance survey.

**Table 3.8 Number of women directors allowed under governing rules — Q4**  
58 responses

<i>Number of women directors allowed</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
6	2	3.5
7	2	3.5
8	3	5.2
9	5	8.6
10	2	3.5
11	1	1.7
12	6	10.3
Not applicable	20	34.5
Not specified	17	29.3
<b>Total</b>	<b>58</b>	<b>100.0</b>

Source: Governance survey.

**Table 3.9 Number of independent directors allowed under governing rules — Q4**  
67 responses

<i>Number of independent directors allowed</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
0	3	4.5
1	15	22.4
2	5	7.5
3	9	13.4
4	1	1.5
6	1	1.5
7	1	1.5
8	2	3.0
10	2	3.0
12	4	6.0
Not applicable	13	19.4
Not specified	9	13.4
Proportional	2	3.0
<b>Total</b>	<b>67</b>	<b>100.0</b>

Source: Governance survey.

*Q5. Average director tenure for current Board, in years?*

**Table 3.10 Average director tenure for current Board — Q5**  
79 responses

<i>Average years of director tenure</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
Less than 3	7	8.9
3-3.9	16	20.3
4-4.9	11	13.9
5-5.9	16	20.3
6-6.9	12	15.2
7-9.9	13	16.5
Greater than 10	4	5.1
<b>Total</b>	<b>79</b>	<b>100.0</b>

Source: Governance survey.

**Table 3.11 Summary statistics, average director tenure for current Board by fund type — Q5**

79 responses

<i>Fund type</i>	<i>Average director tenure (years)</i>		
	<i>Average</i>	<i>Minimum</i>	<i>Maximum</i>
Corporate	5.3	1.4	9.0
Industry	6.3	2.5	13.8
Public sector	5.4	3.0	9.0
Retail	3.8	1.0	7.0
<b>Overall</b>	<b>5.4</b>	<b>1.0</b>	<b>13.8</b>

Source: Governance survey.

*Q6. Maximum director tenure allowable under your governing policy, in years?*

**Table 3.12 Maximum director tenure allowed under governing rules — Q6**

76 responses

<i>Maximum years allowed</i>	<i>Number of responses</i>	<i>Per cent of responses</i>
3	1	1.3
4	1	1.3
7	1	1.3
9	14	18.4
10	7	9.2
12	42	55.3
15	3	4.0
16	2	2.6
18	2	2.6
25	1	1.3
Not applicable	2	2.6
<b>Total</b>	<b>76</b>	<b>100.0</b>

Source: Governance survey.



**Table 3.13 Summary statistics, maximum director tenure allowed under governing rules, by fund type — Q6**

76 responses

<i>Fund type</i>	<i>Maximum director tenure allowed under governing rules (years)</i>		
	<i>Average</i>	<i>Minimum</i>	<i>Maximum</i>
Corporate	13.1	9.0	25.0
Industry	11.7	4.0	18.0
Public sector	11.6	7.0	18.0
Retail	10.2	3.0	15.0
<b>Overall</b>	<b>11.5</b>	<b>3.0</b>	<b>25.0</b>

<sup>a</sup> Underlying data exclude CEOs who either did not respond or whose response was 'not applicable'.

Source: Governance survey.

*Q7. Committees of the Board — number of current serving members, number who are independent and number who are not Board directors?*

**Table 3.14 Board committees — Q7<sup>a</sup>**

80 responses

<i>Board committee</i>	<i>Funds with committee type</i>		<i>Average number of committee members<sup>b</sup></i>		
	<i>Number</i>	<i>Per cent of responses</i>	<i>Total</i>	<i>Independent</i>	<i>Not Board directors</i>
Audit	15	18.8	4.1	3.2	1.8
Audit and compliance	7	8.8	4.0	1.3	0
Audit and governance	2	2.5	4.0	0	0
Audit and risk	17	21.3	4.5	1.9	1.5
Audit, risk and compliance	38	47.5	4.1	2.3	2.0
Compliance	4	5.0	4.5	0	0
Governance	3	3.8	4.7	2.0	1.0
Insurance and claims	31	38.8	3.5	1.7	2.0
Investment	67	83.8	4.8	1.8	1.8
Member services and marketing	19	23.8	4.4	1.0	1.3
Other	42	52.5	3.6	1.6	2.4
Remuneration	72	90.0	4.1	2.2	2.9
Risk	13	16.3	4.5	2.3	3.3
Risk and compliance	3	3.8	4.3	4.0	2.0

<sup>a</sup> Committee names that differed slightly from those in the list above were coded to the closest committee type. <sup>b</sup> No response on number of committee members was coded to zero.

Source: Governance survey.

*Q.8 For each type of Board director (e.g. member representative, employer representative, independent, non-executive, executive), who the director is nominated by, the nature of the selection process, who makes the final selection decision and the nature of any outside advice or input into the selection process.*

**Table 3.15 Board selection processes — Q8 — Nomination process<sup>a</sup>**  
78 responses

<i>Directors nominated by</i>	<i>Director type</i>				
	<i>Employer rep.<sup>b</sup></i>	<i>Executive</i>	<i>Independent</i>	<i>Member rep. Non-executive</i>	
Board/sub-committee	2	3	26	0	3
Employer or employer group	64	0	0	0	0
Member nomination/election	0	0	1	22	0
Member rep. organisation	0	0	0	70	0
Other	4	0	14	2	1
Parent company	16	12	8	0	11
State government	9	0	1	0	0
Not applicable	0	2	4	0	0
Not reported	0	1	3	0	0

<sup>a</sup> Responses were coded to fit the nomination categories used in the table. <sup>b</sup> 'Rep.' refers to representative.  
*Source:* Governance survey.

**Table 3.16 Board selection processes — Q8 — Selection process<sup>a</sup>**  
78 responses

<i>Selection decision by</i>	<i>Director type</i>				
	<i>Employer rep.<sup>b</sup></i>	<i>Executive</i>	<i>Independent</i>	<i>Member rep. Non-executive</i>	
Board/sub-committee	62	11	48	59	4
Employer or employer group	18	0	0	0	0
Member nomination/election	1	0	1	15	0
Member rep. organisation	0	0	0	19	0
Other	1	0	1	0	0
Parent company	8	7	4	0	11
State government	4	0	1	0	0
Not applicable	0	0	0	0	0
Not reported	1	0	2	1	0

<sup>a</sup> Responses were coded to fit the selection decision categories used in the table. <sup>b</sup> 'Rep.' refers to representative.

*Source:* Governance survey.

**Table 3.17 Board selection processes — Q8 — Use of outside advice in selection process<sup>a</sup>**  
78 responses

<i>Outside advice used in selection</i>	<i>Director type</i>				
	<i>Employer rep.<sup>b</sup></i>	<i>Executive</i>	<i>Independent</i>	<i>Member rep.</i>	<i>Non-executive</i>
Discretionary	12	3	16	13	2
No	44	10	18	43	5
Yes	8	0	18	7	8
Not applicable	16	3	3	17	0
Not reported	15	2	2	14	0

<sup>a</sup> Responses were coded to fit the advice source categories used in the table. <sup>b</sup> 'Rep.' refers to representative.  
Source: Governance survey.

*Q9. Please provide any other information or explanation about the appointment, removal and renewal processes that you view as useful to the Commission's inquiry.*

Responses not reported.

*Q10. What percentage of the Board's time during meetings over the course of the last financial year was spent on each of the following tasks?*

**Table 3.18 Allocation of Board time — Q10**

Percentage of Board time spent on different tasks in 2016-17, 72 responses

<i>Task</i>	<i>Average</i>	<i>Maximum</i>	<i>Minimum</i>
<b>Strategic tasks</b>			
Determining and monitoring against strategic objectives and business plans	15.4	40	2.7
Determining and implementing the fund's investment strategy	10.4	30	0
Management of risks	11.0	20	3
Assessing the fund's competitiveness (on fees, investments, insurance product offering etc)	7.1	20	0
Reviewing and considering the implications of regulatory change	8.4	20	1
<b>Operational tasks</b>			
Reviewing and assessing the fund's investment performance	7.9	35	0
Assessing quality of member services/needs of members	8.1	20	0
Reviewing and assessing insourcing/outsourcing of services	5.1	18	0
Selecting and assessing investment managers	3.2	16	0
Selecting and assessing the administrator	4.2	15	0
Assessing appropriateness of insurance policies	4.1	15	0
Ensuring compliance with legislation and regulation	8.2	30	0
<b>Other tasks (including insurance claims, consulting with actuaries and auditors and other Board tasks)</b>	<b>9.0</b>	<b>50</b>	<b>0</b>

Source: Governance survey.

*Q11. Please provide any information that would assist the Commission in interpreting your responses, for example, detail about what is included within 'Other tasks' or where delegations of responsibility (including to Board committees) mean Board time spent on a task is low.*

Responses not reported.

### 3.3 Board challenges

Q12–14. Please rate each of the Board challenges listed below on a scale from 1–4 with respect to your Board’s experience in the last financial year (with 1 indicating ‘not a challenge’, 2 ‘modest challenge’, 3 ‘significant challenge’, 4 ‘major challenge’ and NA ‘not applicable’).

**Table 3.19 Board challenge rating — Q12 — fund management and performance challenges**

Data presented as row percentages, 79 responses

	<i>Degree of challenge</i>				
	<i>None</i>	<i>Modest</i>	<i>Significant</i>	<i>Major</i>	<i>NA</i>
a. Fund stability and sustainability (including scale) in the short run (1 to 3 years)	49.4	32.9	10.1	5.1	2.5
b. Fund stability and sustainability (including scale) in the longer run (more than 3 years)	15.2	50.6	21.5	10.1	2.5
c. Fund investment performance	13.9	54.4	22.8	6.3	2.5
d. Understanding member engagement and member needs	22.8	57.0	16.5	3.8	0.0
e. Stakeholder communications	35.4	54.4	8.9	0.0	1.3
f. Appropriate insurance arrangements for members	22.8	46.8	25.3	1.3	3.8

Source: Governance survey.

**Table 3.20 Board challenge rating — Q13 — organisational challenges**

Data presented as row percentages, 79 responses

	<i>Degree of challenge</i>				
	<i>None</i>	<i>Modest</i>	<i>Significant</i>	<i>Major</i>	<i>NA</i>
a. Fund mission clarity, alignment of interests, and autonomy	64.6	29.1	5.1	1.3	0.0
b. Fund design and talent attraction/retention	43.6	44.9	5.1	6.4	0.0
c. Clarity about respective roles and responsibilities of Board and Management	65.8	29.1	5.1	0.0	0.0
d. Superannuation policy and regulatory changes	1.3	29.1	49.4	19.0	1.3
e. Risk management	19.0	64.6	15.2	1.3	0.0

Source: Governance survey.

**Table 3.21 Board challenge rating — Q14 — board effectiveness/dynamics challenges**

Data presented as row percentages, 79 responses

	<i>Degree of challenge</i>				
	<i>None</i>	<i>Modest</i>	<i>Significant</i>	<i>Major</i>	<i>NA</i>
a. Board effectiveness	62.0	34.2	3.8	0.0	0.0
b. Board expertise and experience	55.7	39.2	5.1	0.0	0.0
c. Board conflict resolution and consensus building processes	84.8	11.4	3.8	0.0	0.0
d. Reaching consensus about the investment strategy	64.6	32.9	1.3	0.0	1.3

Source: Governance survey.

*Q15. Please identify any additional challenges faced by your board in the last financial year and classify them as either a 'modest challenge', 'significant challenge' or 'major challenge'.*

**Table 3.22 Other modest, significant and major challenges nominated by CEOs — Q15<sup>a,b</sup>**

Count of responses

<i>Area of challenge</i>	<i>Modest</i>	<i>Significant</i>	<i>Major</i>	<i>Total</i>
Cyber risk and security	5	5	0	10
Board effectiveness and governance	7	2	0	9
Competition	2	3	2	7
Fund growth	3	3	1	7
Fund mergers	2	2	2	6
Investment performance	3	1	0	4
Member experience/engagement	2	2	0	4
Other	18	10	4	32
Performance of key service providers	4	2	1	7
Project delivery	2	1	1	4
Regulatory change	7	8	8	23

<sup>a</sup> 50 CEOs nominated at least one other challenge. <sup>b</sup> Responses were coded to the areas of challenge listed in the table.

Source: Governance survey.

*Q16. Please rank the top 4 challenges for your Board in order from most to least important.*

**Table 3.23 Top four challenges ranked from most (1) to least (4) important — Q16<sup>a</sup>**  
71 responses

	1	2	3	4	Total
Regulatory change	33	16	10	5	64
Investment performance	6	5	6	6	23
Long term fund sustainability	6	6	5	5	22
Other	5	6	10	6	27
Investment strategy	4		2	4	10
Member experience/engagement	4	12	6	6	28
Project delivery	4	0	1	1	6
Board effectiveness and governance	2	3	6	3	14
Fund growth	2	2	0	2	6
Fund mergers	2	2	1	0	5
Appropriate insurance arrangements	1	4	8	4	17
Competition	1	2	2	0	5
Risk management	1	3	2	5	11
Cyber risk and security	0	1	3	5	9
Fund design and talent attraction/ret..	0	2	1	3	6
Performance of key service providers	0	3	2	2	7
Product design	0	2	0	1	3

<sup>a</sup> Responses were coded to the areas of challenge listed in the table.

Source: Governance survey.

*Q17. For the challenges you rated as significant or major (that is, that you gave a rating of 3 or 4), please provide a brief explanation for why these are a challenge.*

Responses not reported.

---

## 3.4 Governance quality

For all tables in this section, row percentages are used for responses. Calculation of the mean rating follows the approach in Keith Ambachtsheer's work, with responses coded from 1 (strongly disagree) to 6 (strongly agree). Mean ratings from Keith Ambachtsheer's 2014 survey are reported for reference (Ambachtsheer and McLaughlin 2015).

For the purposes of presentation the numbers used for coding are presented instead of the descriptions that CEOs responded to. These descriptions are:

- 1 denotes 'Strongly disagree'
- 2 denotes 'Mostly disagree'
- 3 denotes 'Slightly disagree'
- 4 denotes 'Slightly agree'
- 5 denotes 'Mostly agree'
- 6 denotes 'Strongly agree'

Additionally 'NA' as a column title or '..' in the body of a table denote 'not applicable', the column titled 'KA' denotes the mean rating obtained for a question in Keith Ambachtsheer's work, and – denotes nil or rounded to zero.



**Table 3.24 Board capability — Q18A<sup>a</sup>**

Data presented as row percentages, 78 responses

	1	2	3	4	5	6	NA	Mean	KA
a. Our fund has an effective process for selecting, developing and terminating its Board directors.	–	3.8	2.6	3.8	29.5	59.0	1.3	5.4	3.8
b. My Board has appropriate turnover (neither too high nor too low).	1.3	5.1	3.8	10.3	33.3	44.9	1.3	5.1	4.5
c. My Board directors have capabilities (relevant knowledge, experience, intelligence, skills) necessary to do their work.	–	1.3	–	1.3	32.1	64.1	1.3	5.6	4.3
d. My Board has the right mix of capabilities.	–	1.3	1.3	3.8	37.2	55.1	1.3	5.5	..
e. My Board seeks independent review of Board composition and mix of capabilities to ensure these are optimal.	1.3	2.6	9.0	9.0	23.1	39.7	15.4	5.0	..
f. My Board examines and improves its own mix of capabilities over time.	–	–	–	7.7	38.5	52.6	1.3	5.5	..
g. My Board uses independent experts where relevant to provide additional expertise to Board subcommittees.	–	–	–	5.1	19.2	67.9	7.7	5.7	..
h. Board subcommittees provide input of meaningful value to the deliberations and decision making of my Board.	–	–	1.3		20.5	76.9	1.3	5.8	..

<sup>a</sup> 1 denotes 'Strongly disagree'; 2 denotes 'Mostly disagree'; 3 denotes 'Slightly disagree'; 4 denotes 'Slightly agree'; 5 denotes 'Mostly agree'; 6 denotes 'Strongly agree'; 'NA' as a column title or '..' in the body of a table denotes 'Not applicable'; the Mean is the mean response excluding 'not applicable' responses; 'KA' denotes the mean rating obtained for a question in Keith Ambachtsheer's work. – denotes nil or rounded to zero.

Source: Governance survey.

*Q18B. For the quality ratings that you assessed as Disagree (whether strongly, mostly or slightly) in question 18A, please provide a brief explanation.*

Responses not reported.

**Table 3.25 Board performance – Q19A<sup>a</sup>**

Data presented as row percentages, 78 responses

	1	2	3	4	5	6	NA	Mean	KA
a. My Board does a good job of representing the interests of members.	–	–	–	–	16.7	82.1	1.3	5.8	5.4
b. The interests of members are always the same as the interests of the Board.	–	–	1.3	3.9	38.5	53.9	2.6	5.5	..
c. My Board has good mechanisms to understand and communicate with members.	–	1.3	1.3	6.4	44.9	42.3	3.9	5.3	4.8
d. My Board sets clear, appropriate, understandable and well communicated standards for our organisational performance.	–	–	–	6.4	28.2	60.3	5.1	5.6	4.9
e. My Board sets a clear, appropriate, understandable and well communicated framework for values and ethics.	–	–	1.3	3.9	32.1	60.3	2.6	5.6	5.1
f. My Board approves the necessary resources for us to do our work.	–	–	–	3.9	25.6	64.1	6.4	5.6	5.3
g. My Board holds me accountable for our performance and does not accept subpar performance.	–	–	–	2.6	19.2	75.6	2.6	5.8	5.3
h. My Board understands and shares our vision, mission, values, strategic positioning, operation plan and resource plan.	–	–	–	2.6	25.6	65.4	6.4	5.7	5.2

<sup>a</sup> 1 denotes 'Strongly disagree'; 2 denotes 'Mostly disagree'; 3 denotes 'Slightly disagree'; 4 denotes 'Slightly agree'; 5 denotes 'Mostly agree'; 6 denotes 'Strongly agree'; 'NA' as a column title or '..' in the body of a table denotes 'Not applicable'; the Mean is the mean response excluding 'not applicable' responses; 'KA' denotes the mean rating obtained for a question in Keith Ambachtsheer's work. – denotes nil or rounded to zero.

Source: Governance survey.

*Q19B. For the quality ratings that you assessed as Disagree (whether strongly, mostly or slightly) in question 19A, please provide a brief explanation.*

Responses not reported.

**Table 3.26 Board performance continued — Q20A<sup>a</sup>**

Data presented as row percentages, 78 responses

	1	2	3	4	5	6	NA	Mean	KA
a. My Board does a good job of balancing over control and under control.	–	2.6	–	6.4	47.4	41.0	2.6	5.3	4.8
b. My Board directors understand their fiduciary duties as trustee directors.	–	–	1.3	2.6	10.3	84.6	1.3	5.8	..
c. My Board understands and seeks to implement contemporary best practice for Board governance.	–	1.3	–	1.3	34.6	61.5	1.3	5.6	..
d. My Board has a sound process for setting its strategic objectives.	–	–	1.3	5.1	25.6	66.7	1.3	5.6	..
e. My Board effectively evaluates progress against its strategic objectives.	–	–	1.3	2.6	28.2	65.4	2.6	5.6	..
f. My Board examines and improves its own effectiveness on a regular basis.	–	–	2.6	6.4	29.5	59.0	2.6	5.5	4.6
g. My Board and related committees use their time effectively (deal with the right issues).	–	–	1.3	3.9	34.6	59.0	1.3	5.5	4.7
h. My Board and related committees use their time efficiently (focused and do not waste time).	–	–	1.3	1.3	34.6	61.5	1.3	5.6	4.8

<sup>a</sup> 1 denotes 'Strongly disagree'; 2 denotes 'Mostly disagree'; 3 denotes 'Slightly disagree'; 4 denotes 'Slightly agree'; 5 denotes 'Mostly agree'; 6 denotes 'Strongly agree'; 'NA' as a column title or '..' in the body of a table denotes 'Not applicable'; the Mean is the mean response excluding 'not applicable' responses; 'KA' denotes the mean rating obtained for a question in Keith Ambachtsheer's work. – denotes nil or rounded to zero.

Source: Governance survey.

*Q20B. For the quality ratings that you assessed as Disagree (whether strongly, mostly or slightly) in question 20A, please provide a brief explanation.*

Responses not reported.

**Table 3.27 Investment governance — Q21A<sup>a</sup>**

Data presented as row percentages, 78 responses

	1	2	3	4	5	6	NA	Mean	KA
a. Developing our investment strategy required considerable effort and involvement of the Board.	–	2.6	5.1	12.8	32.1	44.9	2.6	5.1	5.4
b. My Board's investment strategy is not materially influenced by the performance of peer funds.	–	2.6	3.9	16.7	38.5	34.6	3.9	5.0	..
c. There is a high level of trust between my Board/investment committee and our investment team.	–	–	–	1.3	21.8	70.5	6.4	5.7	5.3
d. There is a clear allocation of responsibilities and accountabilities for fund decisions between the Board/investment committee and the investment team.	–	–	–	3.9	18.0	71.8	6.4	5.7	5.4
e. My Board does not spend time assessing individual portfolio manager effectiveness or individual investments.	2.6	7.7	9.0	10.3	26.9	37.2	6.4	4.7	4.8
f. I have the necessary managerial authority to implement long term asset mix within reasonable limits.	6.4	10.3	5.1	2.6	10.3	46.2	19.2	4.7	5.0
g. I have the authority to retain and terminate investment managers.	19.2	6.4	7.7	7.7	14.1	21.8	23.1	3.7	4.5
h. My Board assesses investment performance over the medium to long term and against our investment strategy.	–	–	–	–	15.4	80.8	3.9	5.8	..
i. My Board regularly assesses and fully understands the attribution of our investment performance outcomes, including by asset class.	1.3	1.3	1.3	6.4	32.1	52.6	5.1	5.4	..

<sup>a</sup> 1 denotes 'Strongly disagree'; 2 denotes 'Mostly disagree'; 3 denotes 'Slightly disagree'; 4 denotes 'Slightly agree'; 5 denotes 'Mostly agree'; 6 denotes 'Strongly agree'; 'NA' as a column title or '..' in the body of a table denotes 'Not applicable'; the Mean is the mean response excluding 'not applicable' responses; 'KA' denotes the mean rating obtained for a question in Keith Ambachtsheer's work. – denotes nil or rounded to zero.

Source: Governance survey.

*Q21B. For the quality ratings that you assessed as Disagree (whether strongly, mostly or slightly) in question 21A, please provide a brief explanation.*

Responses not reported.

**Table 3.28 Conflict and risk management — Q22A<sup>a</sup>**

Data presented as row percentages, 78 responses

	1	2	3	4	5	6	NA	Mean	KA
a. Developing our risk management framework requires considerable effort and involvement of the Board.	–	–	2.6	14.1	32.1	50.0	1.3	5.3	..
b. My Board has a good understanding of the risks faced by the fund and its members, how they are changing and how they are identified, assessed and managed.	–	–	–	–	24.4	74.4	1.3	5.8	..
c. My Board usually has adequate time to think about all the risk implications when making decisions.	–	–	–	2.6	28.2	68.0	1.3	5.7	..
d. My Board has robust policy and procedures for identifying, assessing and managing actual, perceived and potential conflicts of interests or duties.	–	–	–	–	16.7	82.1	1.3	5.8	..
e. My Board and subcommittee members are aware of their duties and responsibilities regarding conflicts of interests or duties.	–	–	–	1.3	10.3	87.2	1.3	5.9	..
f. My Board's conflict management process requires individuals to excuse themselves from decisions in which they have a conflict.	–	1.3	–	1.3	10.3	85.9	1.3	5.8	..
g. My Board is active in declaring conflicts and in the assessment and management of any identified actual, potential or perceived conflicts of interests or duties.	–	–	–	1.3	14.1	83.3	1.3	5.8	..
h. My Board identifies and effectively manages any related party transactions.	–	–	–	1.3	5.1	84.6	9.0	5.9	..

<sup>a</sup> 1 denotes 'Strongly disagree'; 2 denotes 'Mostly disagree'; 3 denotes 'Slightly disagree'; 4 denotes 'Slightly agree'; 5 denotes 'Mostly agree'; 6 denotes 'Strongly agree'; 'NA' as a column title or '..' in the body of a table denotes 'Not applicable'; the Mean is the mean response excluding 'not applicable' responses; 'KA' denotes the mean rating obtained for a question in Keith Ambachtsheer's work. – denotes nil or rounded to zero.

Source: Governance survey.

*Q22B. For the quality ratings that you assessed as Disagree (whether strongly, mostly or slightly) in question 22A, please provide a brief explanation.*

Responses not reported.

**Table 3.29 Operational issues — Q23A<sup>a</sup>**

Data presented as row percentages, 78 responses

	1	2	3	4	5	6	NA	Mean	KA
a. I have the necessary people and budget to do the work.	–	–	–	3.9	42.3	51.3	2.6	5.5	5.1
b. Compensation levels in our organisation are competitive.	–	–	3.9	10.3	35.9	44.9	5.1	5.3	4.4
c. Performance based compensation is an important component of our organisational design.	7.7	3.9	3.9	15.4	14.1	35.9	19.2	4.6	3.7

<sup>a</sup> 1 denotes 'Strongly disagree'; 2 denotes 'Mostly disagree'; 3 denotes 'Slightly disagree'; 4 denotes 'Slightly agree'; 5 denotes 'Mostly agree'; 6 denotes 'Strongly agree'; 'NA' as a column title or '..' in the body of a table denotes 'Not applicable'; the Mean is the mean response excluding 'not applicable' responses; 'KA' denotes the mean rating obtained for a question in Keith Ambachtsheer's work. – denotes nil or rounded to zero.

Source: Governance survey.

*Q23B. For the quality ratings that you assessed as Disagree (whether strongly, mostly or slightly) in question 23A, please provide a brief explanation.*

Responses not reported.

*Q24. Please provide any additional comments on Governance Quality you feel might be useful for the Commission's inquiry*

Responses not reported.

*Q25. I give permission for my de-identified responses to be included in a dataset that researchers can apply to the Productivity Commission to access*

Responses not reported.

## References

Ambachtsheer, K. and McLaughlin, J. 2015, *How effective is pension fund governance today? And do pension funds invest for the long-term?* Findings from a new survey, KPA Advisory Services, Toronto.