

# NGS Super CEO update

December 2009

(incorporating Board Meeting Outcomes)



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Chief Executive Officer, NGS Super

## CEO operational update

The last two months have seen significant activity in the Trustee Office, centring on two major initiatives:

### 1. Transition from Precision Administrative Services to Mercer.

After a comprehensive tender process which was concluded in March, the Board hired Mercer to provide back-office administration services in April. Since then, detailed planning has occurred to make this transition happen as easily and cost-effectively as possible.

**As we have received questions from members on the issue, it is timely to clarify the terminology that has been used with this transition:** in 'appointing a new administrator', NGS Super has continued its previous practice of outsourcing back-office (administration) functions, but moved service providers from Precision to Mercer, as a result of the tender process.

**NGS Super's governance structure and operations environment are unchanged. Members are directed to the Fund's Annual Report, to be found on the website [www.ngssuper.com.au/forms-and-publications](http://www.ngssuper.com.au/forms-and-publications) for an update on NGS's operations generally, and its financial condition specifically.**

The transition occurred during the month of November, with the new Contact Centre commencing operations and two new online products being available to employers on 2 November, with Member on-line becoming available on 2 December. An extensive programme of working with employers to ensure that they understood the changes involved was undertaken in September and October, and engagement with both employers and members has continued during November. Contributions received during the transition period have been invested according to members' investment choices on the date of receipt, and members' individual accounts are being progressively updated and reconciled.

The transition has been executed very professionally, due in the main to the value of detailed planning, as well as the excellent support given to the exercise by both Precision Administrative Services and Mercer. An audit of the transition is in the process of being performed, conducted by Ernst & Young, the Fund's auditor.

### 2. Rollout of Financial Planning and Advice services

NGS Financial Planning was launched in August, and the Financial Planners are very busy in face to face meetings with members, as well as supporting the Fund's education and seminar programme. To date, there has been

very positive feedback from members about this significant new service, which, combined with the new Telephone Advice Line (launched on 2 November and focussing on and limited to single issue superannuation advice), now provides a holistic financial advisory service to members.

Members are encouraged to ring NGS Super on **1300 133 177** should they require financial advice.

## December Board Meeting: outcomes

The Investment Committee met on Friday 30 October and Monday 30 November, and the Board and three Committees of the Board:

- Claims Review and Insurance;
- Marketing; and
- Risk, Audit, Finance and Compliance

met on Monday 30 and Tuesday 1 December to review and progress a number of issues.

Major topics discussed at these meetings included:

### Investment Committee: Investment environment and results

The Investment Committee and Board comprehensively reviewed investment returns by investment option, asset sector and investment manager for the period to 31 October. The Board noted that markets continued to perform strongly in the period July to September, but had retreated in October. The year to date return for October for the Diversified Option in the Accumulation Division was **9.14%**. It was noted that the Diversified Option was placed in the top quartile

of results across all periods (one year to ten years) in the SuperRatings October 2009 survey.\* The Board congratulated the Investment Committee for achieving consistency of returns over the long term, but noted that continual vigilance and ongoing close management of the portfolio was required.

The Committee (and Board) also discussed the following:

- The Custodian's 'Rolling Manager Returns' by Asset Class, and asset allocation reports for October 2009, noting that there had been a rebalancing of the portfolio against the Medium Term Asset Allocation;
- The JANA (asset consultants) quarterly report, reviewing the performance of the portfolio for the quarter, and providing detailed commentary on individual managers;
- A paper prepared by JANA on the Pension Default Option, proposing an appropriate investment strategy and objectives, which was approved by the Board; and
- Papers on the Fund's liquidity position as well as a paper analysing and contrasting the International Equity managers' styles and differing contributions to the portfolio.

### 2.1 Risk, Audit, Finance and Compliance Committee (RAFC Committee)

The RAFC Committee, and subsequently the Board, reviewed, discussed, and where appropriate, approved:

- The financial operating results for both the Fund and the Trustee for the period ended 31 October 2009 and noted that expenses were being well contained within budget;
- The actuarial 'Triennial Review' of the Catholic Church Staff Superannuation Plan (SA) including recommendations from the actuary regarding future contribution rates;

- The revised and updated 'Risk Management Framework', which was approved;
- The detailed findings contained in the 'Financial Condition Report' that had been prepared by Mercer Actuarial, the purpose of which was to pull all the strands of risk management and internal control in the Fund together, review and test them in a holistic way to ensure that the Trustee has 'best practice' governance in place, and that the organisation is robust and 'in good financial condition'. It was noted that although management had not had an opportunity yet to analyse the findings, the Actuary's Statement indicates that the Fund was in a sound financial condition at 30 June 2009. A detailed proposal to action recommendations would be compiled and presented to the February meeting; and
- A suite of quarterly Compliance and Risk management reports.

### Marketing Committee

The Marketing Committee and Board reviewed reports outlining marketing and communications activities undertaken since the last Board meeting. It was noted that:

- NGS Super had successfully participated in the national ASBA conference held in Canberra in October, with the Fund's stand, product and service offering attracting a lot of positive attention from attendees;
- The new, educationally focussed, 'microsite' enhancement to the website had now been launched, with positive feedback from members. It was intended that this 'virtual classroom' be the medium for delivery of the Fund's financial literacy education programme;

- The new, revised Employer and Member Guides had now been completed, and it was believed that they were easier to read and navigate and were therefore more member and employer friendly;
- The Marketing team had supported the administration transition with website updates, and a complete refresh of all the Fund's forms and communications;
- The next member satisfaction survey will be conducted in February 2010.

### General matters

The Board:

- Noted and endorsed the recommendations of the Insurance and Claims Review Committee;
- Conducted an in camera session with representatives of the Australian Institute of Superannuation Trustees who had recently completed their comprehensive review of the Board and its processes. It was decided that the findings and recommendations would be discussed in detail at the March Strategy Planning meeting.

### Next Meeting

It was noted that the next full meeting of the Board will be held on 9 February 2010, with the Investment Committee next meeting on Monday 18 January.

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\* SuperRatings survey of SR50 Balanced funds