



Statistics

Annual Superannuation Bulletin

June 2010 (issued 19 January 2011)



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Forthcoming issues

This publication will be released according to the timetable published on the APRA website.

Revisions

This publication includes updated results for the preceding year based on audited returns and re-submissions received after the previous year's publishing date. The Australian Taxation Office (ATO) has also revised SMSF data from 2004 onwards.

Notation

Except where indicated, amounts are expressed in millions of Australian dollars. Both the Australian-dollar denominated transactions and the Australian-dollar equivalent of foreign-currency denominated transactions are included.

The symbol '*' indicates that the data have been masked to maintain confidentiality.

Rounding

Details on tables may not add up to totals due to rounding of figures.

Explanatory notes and glossary

A set of explanatory notes and glossary are provided at the end of the publication to assist the reader in understanding the source and definitions of the data.

Enquiries

For more information about the statistics in this publication:

e-mail statistics@apra.gov.au

or write to Manager, Superannuation Statistics
Australian Prudential Regulation Authority
GPO Box 9836
Sydney NSW 2001

Selected feature - Gender diversity of trustee boards

Introduction

Gender diversity of company boards is a topical issue, in particular, the low representation of women on company boards. There are no requirements for gender diversity of company boards in Australia. However, recommendations have been put forward by a number of industry groups and associations. In particular, the Australian Council of Superannuation Investors¹ (ACSI) expects the companies of the ASX 200 to have at least two positions on their board held by women within three years². This prompts the question, if superannuation trustees have these expectations for the companies in which they invest, do their own boards meet the same expectation? The Super System Review (the Cooper Review) also addressed the issue of gender diversity of licensed trustee boards in its final report³. Specifically, the report states that “a goal of at least 40 per cent of directors being women would be in keeping with emerging international best practice”⁴ (Super System Review panel, 2010).

This selected feature explores the current gender diversity of licensed trustee boards and compares these results to the ACSI expectation and goals noted in the Cooper Review. It also provides trends in the gender diversity of trustee boards over the past five years.

The analysis found that there were significantly fewer women on the boards of licensed trustees than men. It also found that the majority of trustees would not meet the goals referenced by the Cooper Review nor the ACSI expectations, although this situation has improved over the past five years. Finally, the analysis shows that the boards of licensed trustees are not dissimilar to the boards of the majority of entities in other APRA-regulated industries.

Basis of analysis

This selected feature uses information from APRA’s internal register, which is updated based on annual APRA return data and notifications received from APRA-regulated entities.

The analysis is based on the directors of licensed trustees and groups of individual trustees (GITs) that existed at 30 June for the years between 2006 and 2010 (inclusive).

APRA-regulated industries comprise banks, building societies, credit unions, friendly societies, general insurers, licensed superannuation trustees, life insurers, non-operating holding companies (NOHCs) and other authorised deposit-taking institutions (other ADIs)⁵. Analysis on all APRA-regulated industries is based on directors as at 30 June 2010 for entities that existed at 30 June 2010. Entities not required to report information on their Board to APRA⁶ or where data was not available, have been excluded.

Appendix A outlines the number of entities and directors used in this analysis.

¹ The Australian Council of Superannuation Investors (ACSI) assists its member superannuation funds to manage environmental, social and corporate governance (ESG) investment risk.

² Australian Council of Super Investors (ACSI) (27 April 2010) *Media Release: Investors demand Corporate Australia close the gender gap at board level.*

³ Super System Review (2010) Final Report, Part Two. p64

⁴ The Super System Report cites that Norway has implemented a mandate for 40 per cent of company boards to be female. The French government are also considering this 40 per cent mandate. T. Patel (9 June 2010) *Bearded women challenge French boys club boards in Paris.*

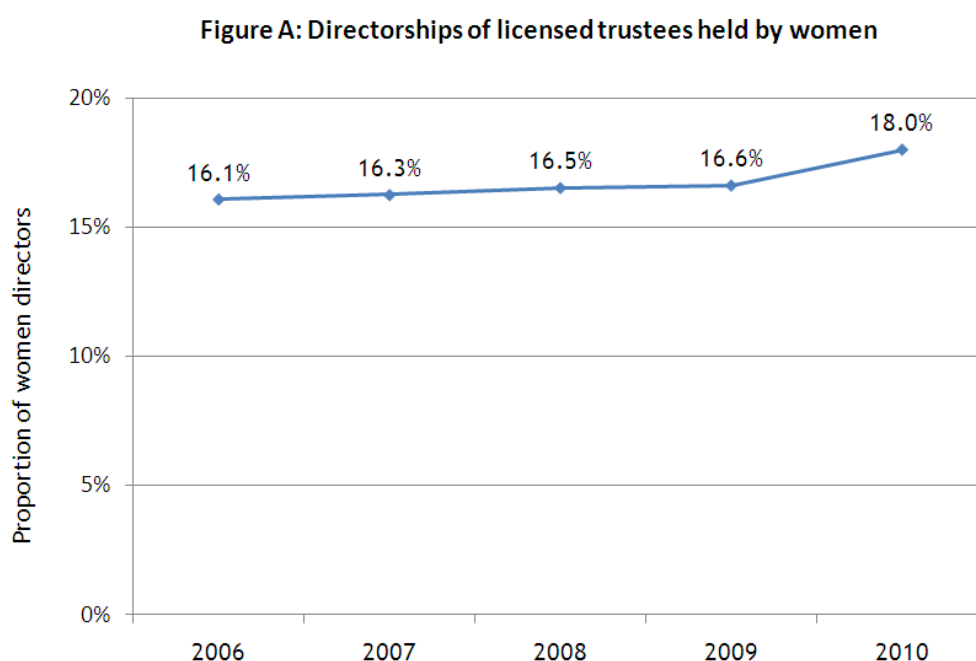
⁵ Refer to APRA’s website for definitions and further information on the APRA-regulated industries: www.apra.gov.au.

⁶ Branches of foreign banks and foreign general insurers are not required to report information on their Board to APRA as the Board resides overseas.

Licensed trustees

Licensed trustee boards consist of a number of directors that must comply with the requirements of the fit and proper operating standard in the *Superannuation Industry (Supervision) Act 1993* to fulfil their duties as directors of licensed trustees⁷. There are no rules or obligations on gender diversity of trustee boards; however, the Cooper Review noted the importance of ensuring that “gender equality is pursued on trustee boards with reasonable haste”⁸ and members of the ACSI expects at least two women on each company board.

There were significantly fewer women on the boards of superannuation trustees than men at 30 June 2010. Figure A shows the five-year trend in the proportion of directorships of trustees that were held by women. In 2010, 18.0 per cent of directorships of trustees were held by women, which is less than half the proportion noted in the Cooper Review. However, the proportion of women directors increased from 16.1 to 18.0 per cent between 2006 and 2010. The majority of the increase occurred between 2009 and 2010. This was largely due to the wind up of a number of licensed trustees with male-dominated boards and the decrease in the total number of directorships of licensed trustees⁹.



Source: APRA’s internal register

Similarly, the proportion of women on the boards of the ASX 200 has also increased between 2008 and 2010. The proportion of directorships of ASX 200 companies that were held by women in 2008 was 8.3 per cent. This increased to 8.7 per cent in 2009 and increased further to 9.2 per cent in 2010¹⁰. The ASX Corporate Governance Council amended its Principles and Recommendations to mandate the reporting of gender at board and senior executive level in December 2009.

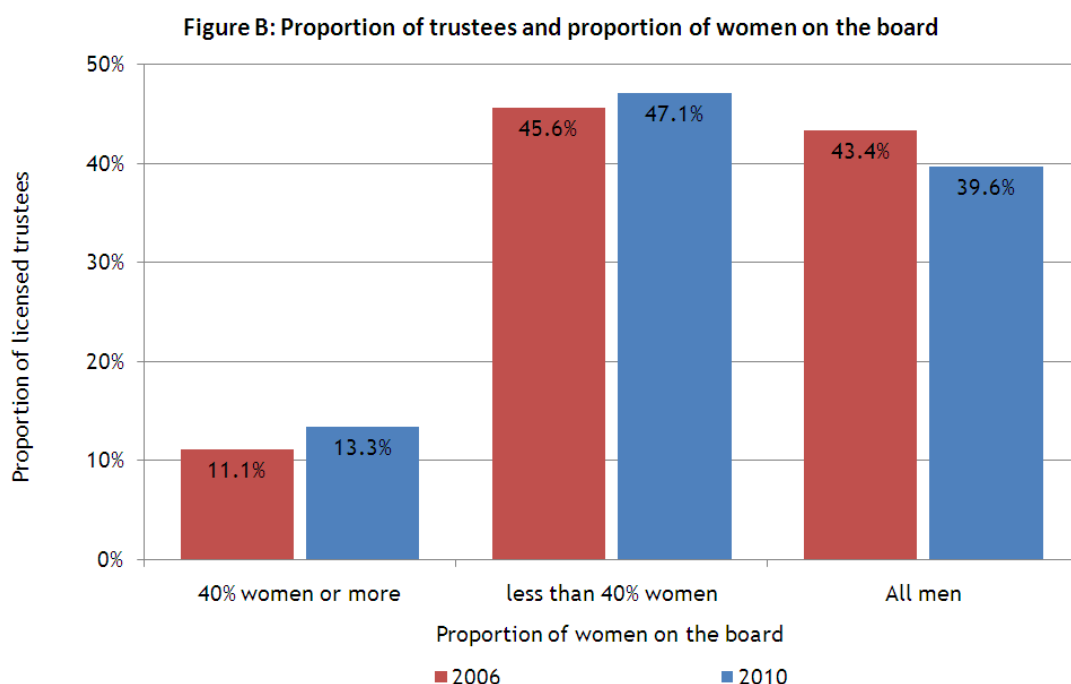
⁷ APRA (2008) Guidance Notes and Circulars, p4.

⁸ Super System Review (2010) Final Report, Part Two. p64

⁹ The total number of directors of licensed trustees decreased by 9 per cent between 2009 and 2010, from 1,846 directors to 1,682 directors. See Appendix A - Table A for further information.

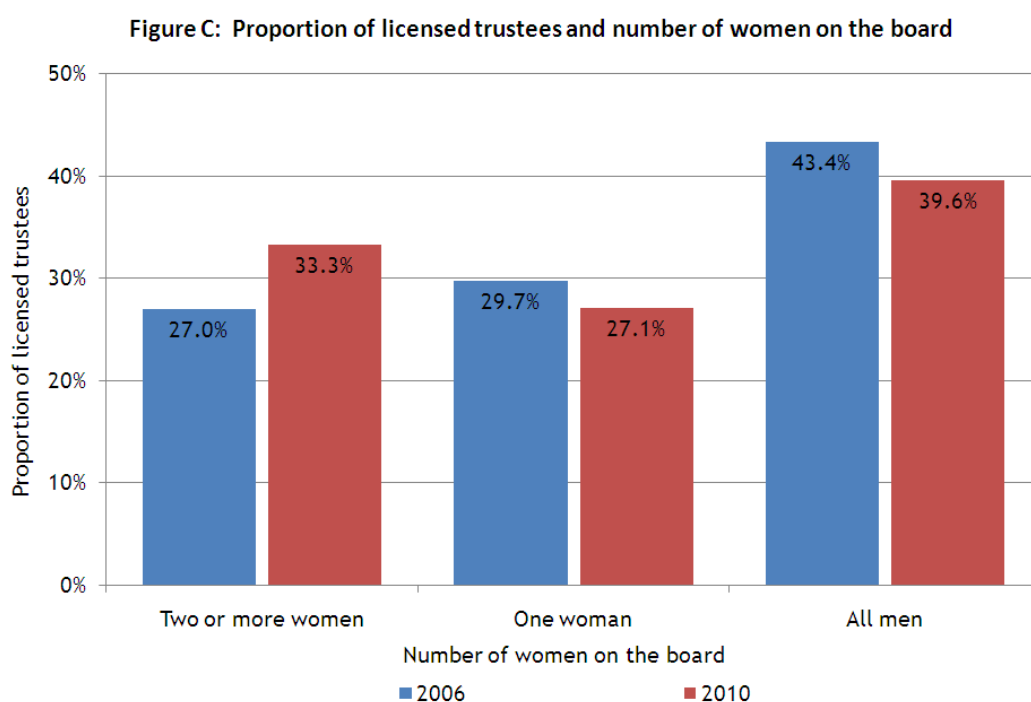
¹⁰ Sourced from the *Women on Boards* website: www.womenonboards.org.au as part of their Diversity Index.

In 2010, the majority of trustees had less than 40 per cent of women on their board and less than two women directors. As shown in Figure B, 13.3 per cent of trustees had at least 40 per cent women directors on their board in 2010. This is up from 11.1 per cent in 2006. The majority of trustees (86.7 per cent in total), therefore had less than 40 per cent of women on their board.



Source: APRA's internal register

If the ACSI members (which are comprised of superannuation funds) expect the companies in which they invest to have at least two women directors, the superannuation industry could expect the same standard of their trustees. Figure C shows the proportion of trustees and the number of women directors on their boards in 2006 and 2010. Of trustees in 2010, 33.3 per cent had two or more women on the board, up from 27.0 per cent in 2006. Additionally, 39.6 per cent of licensed trustees in 2010 had men in all board positions, down from 43.4 per cent in 2006.



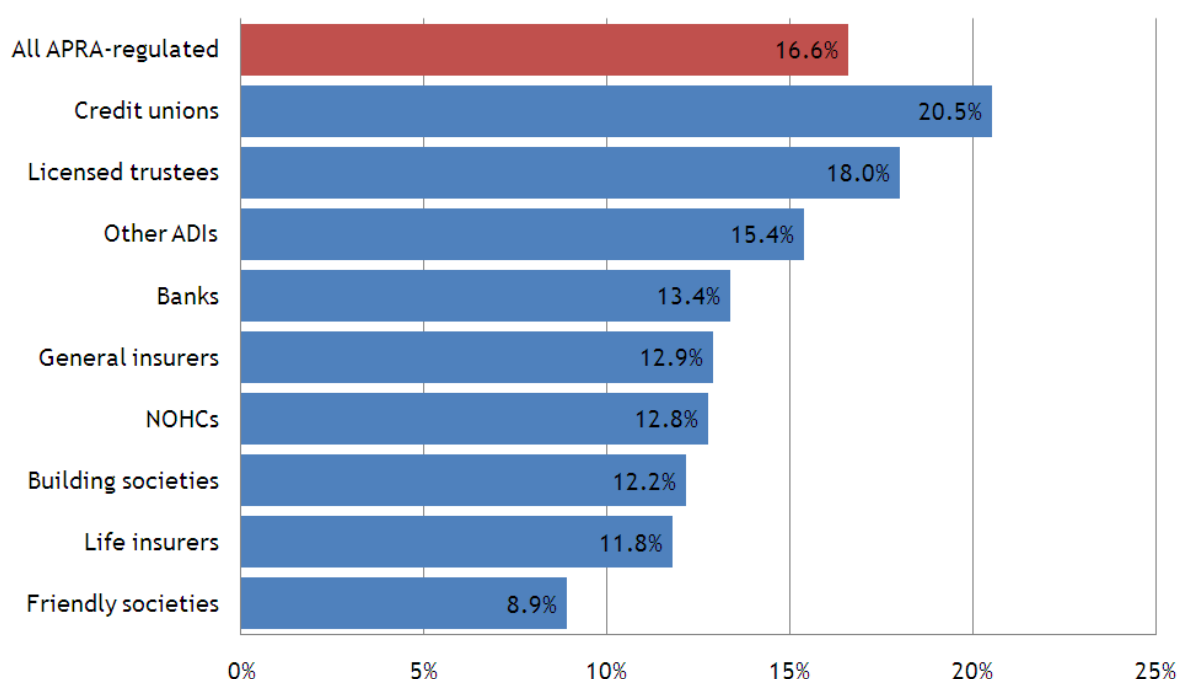
Source: APRA's internal register

Overall, for the majority of trustees in 2010, the proportion of directorships held by women on licensed trustee boards was less than the emerging international best practice referenced in the Cooper Review (having 40 per cent of women on the board). Furthermore, the number of women on licensed trustee boards was below the expectations of the ACSI (to have at least two women on the board). Nonetheless, over the five years to 2010, there was an increase in the proportion of licensed trustees that met these goals between 2006 and 2010.

Superannuation trustees and other APRA-regulated entities

The gender diversity results of all APRA-regulated entities are similar to licensed trustee boards. Board positions of APRA-regulated entities by industry is shown in Figure D. Of the directorships of APRA-regulated entities, 16.6 per cent were held by women. Credit unions have the highest proportion of board positions held by women, with 20.5 per cent. Friendly societies had the lowest proportion of board positions held by women, with 8.9 per cent. As a whole, there were no APRA-regulated industries with at least 40 per cent of directorships held by women.

Figure D: Directorships of APRA-regulated entities held by women - 2010

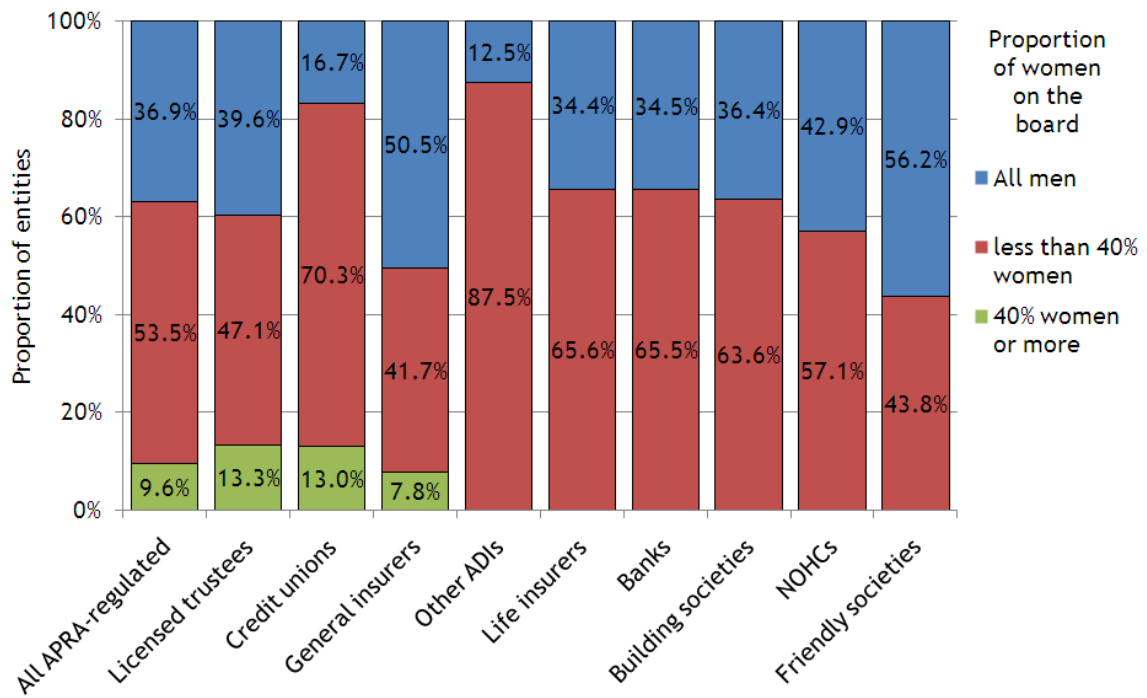


Source: APRA's internal register

The majority of APRA-regulated entities had less than 40 per cent of directorships held by women. Figure E shows that in 2010, 9.6 per cent of all APRA-regulated entities had at least 40 per cent women directors. Of the remaining 90.4 per cent of entities, 53.5 per cent had less than 40 per cent of directorships held by women and 36.9 per cent of entities had men in all board positions.

The superannuation and credit union industry had the highest proportion of entities (13.3 and 13.0 per cent, respectively) that had at least 40 per cent of women directors. There were no banks, building societies, friendly societies, life insurers, NOHCs or other ADIs that had 40 per cent or more women on the board. Additionally, each APRA-regulated industry had a number of entities with an all men board. On average, the majority of APRA-regulated entities did not have at least 40 per cent of women directors.

Figure E: Proportion of APRA-regulated entities and proportion of women on the board
Year end June 2010



Source: APRA's internal register

Summary

Licensed trustees, have on average less than 20 per cent of women on their board. Although the proportion of women on the board of licensed trustees has increased, it has a long way to go to reach 40 per cent - the emerging international best practice goal noted in the Cooper Review, or at least two women on each board - the goal of the ACSI members. Similar results were observed for the majority of APRA-regulated industries. The Government has provided 'support in principle' to create a Code of Trustee Governance for trustees of superannuation funds and their trustee-directors (which could cover gender and other diversity requirements). As noted in the Government's response to the Cooper review, "the Government will consult with relevant stakeholders on design and implementation issues" (Treasury, 2010)¹¹.

¹¹ The Government's response to the Cooper review was released on 16 December 2010. Details can be found at strongersuper.treasury.gov.au.

Appendix A

Table A Number of entities and directors

	Number of entities ¹	Number of directors	Proportion of women directors	Proportion of men directors
30 June 2006				
Licensed trustees	314	2,094	16.1%	83.9%
30 June 2007				
Licensed trustees	312	2,060	16.3%	83.7%
30 June 2008				
Licensed trustees	298	1,923	16.5%	83.5%
30 June 2009				
Licensed trustees	285	1,846	16.6%	83.4%
30 June 2010				
All APRA-regulated institutions	583	3,890	16.6%	83.4%
ADIs				
Banks	29	202	13.4%	86.6%
Building Society	11	74	12.2%	87.8%
Credit Union	108	829	20.5%	79.5%
Other ADIs	8	52	15.4%	84.6%
General Insurers	103	589	12.9%	87.1%
Life insurers	32	212	11.8%	88.2%
Friendly societies	16	101	8.9%	91.1%
Licensed trustees	255	1,682	18.0%	82.0%
Non-operating holding companies	21	149	12.8%	87.2%

¹ The number of entities will not match APRA's Annual Report as this analysis excludes some entities whose director information is not required to be reported to APRA (for example foreign subsidiaries and foreign branches of Banks and General Insurers) or data was not available. Additionally, Groups of Individual Trustees (GITs) are not included in APRA's Annual Report; however, the number of Licensed trustees in the above table includes GITs.