

# CENTRE FOR SUPERANNUATION CONSUMERS BUSINESS CASE

JUNE 2013

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# Introduction

- This concept has been discussed by a broad range of policy-making participants since 2009
  - This idea was first raised by CHOICE as a contribution to the Cooper review
  - Paul Costello's Strong Super Committee further discussed the idea in 2011
  - Minister Shorten raised the possibility in the Stronger Super Statement in September 2011 and announced a \$10million contribution on 22 October.

In meetings across industry, government and community there is agreement that

- Consumer trust in the industry is significantly lower than it should be – driven by poor returns, conflicts of interest, perceptions of costs versus value, policy volatility
- It is time to bring consumers into the partnership between government and industry that characterises the superannuation system
- Super is so important, super is so complex that consumers need (and expect there to be) an independent organisation looking out for their interests

CHOICE has brought together a group of respected and trusted individuals in an Establishment Committee who are assisting to make the Centre happen.

A number of pro-bono partners are providing help on key elements of the proposal including:

- Business case – Jacob Hook from Oliver Wyman
- Three year business plan – developed with consumer groups
- Endowment/investment policy – work led by Jeremy Duffield ex Vanguard CEO and supported by Mercer
- Hosting arrangements – working with Sydney University on co-location
- Legal set-up requirements – working with firms on pro bono basis

# Summary of this report

- Australia's superannuation industry suffers from a lack of consumer trust
- Key drivers of this include disappointing recent returns, conflicts of interest, costs versus perceived value, and policy volatility
- This lack of trust results in consumers not making the most of their superannuation saving opportunity, increases government funding liabilities, and impacts industry revenues and reputation
- We see three interventions that would help address this situation
  - Advocacy
  - Assistance
  - Education
- While Australia has a strong regulatory framework, public bodies are not positioned to fill these roles
- There are a number of relevant consumer and industry bodies today, but none has the right combination of knowledge, independence and accessibility
- The proposed Centre for Superannuation Consumers will fill this gap and provide a range of key advocacy, assistance, and education services on behalf of Australian consumers
- The Centre will be a small focused institution with 13 staff and a budget of approximately \$1.8 MM per annum – its impact will be increased by drawing upon the resources of partner institutions on a pro-bono basis
- Oliver Wyman has reviewed the business plans and found them to be feasible and the risks manageable
- A corpus of \$30 MM established from Government and Industry contributions will be required to fund the Centre on a long-term, independent basis
- Potential benefits need only be a tiny fraction of what could be achieved to justify investment in the Centre
- Now is the right time to bring consumers into the government/industry partnership that characterises the super system
- Consumers, government and industry should all be significant long-term beneficiaries of the Centre's establishment

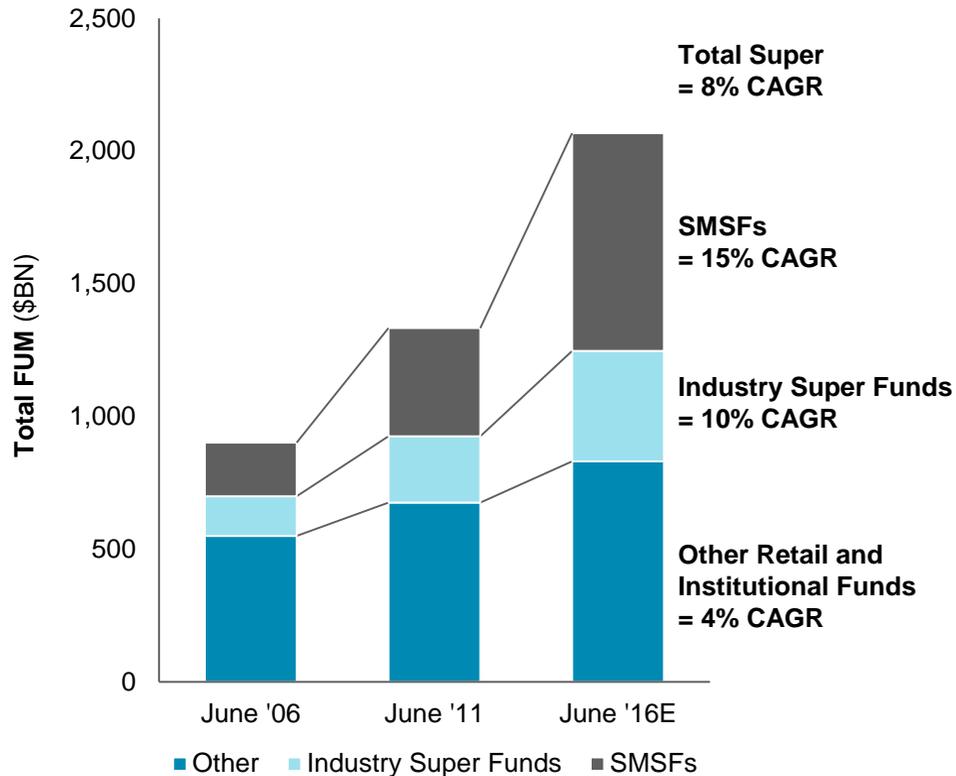
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# Section 1 | The problem

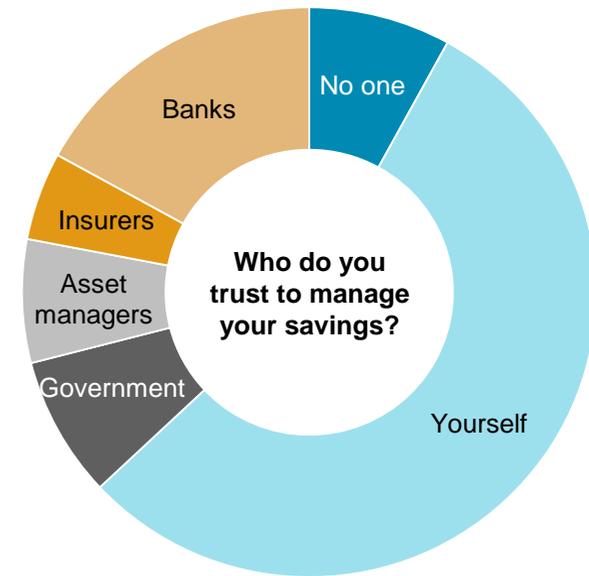
# Consumers appear to be losing trust in the superannuation system

## Self-managed super funds are far outgrowing traditional superannuation offerings



Note: Future growth rates assumed to be the same as 2005–2010 growth rates  
 CAGR: Compound Annual Growth Rate  
 Source: APRA

## Consumers have little faith in the ability of the financial industry to manage their savings



Source: Oliver Wyman Global Consumer Survey 2011

# There are four key reasons why the industry has been losing consumer trust

## Drivers of loss of consumer trust

1

**Disappointing returns**

- Cyclical issue of current market performance
- Structural problem of industry inability to fulfil promise of above benchmark returns (in aggregate)

2

**Conflicts of interest**

- Partially addressed by FOFA reforms but legacy mistrust remains
- Scams continue to exist as extreme forms of conflict of interest

3

**Costs**

- Partially addressed by MySuper/StrongerSuper reforms
- Costs of advice, management, administration remain high compared to customer perceptions of value

4

**Policy volatility**

- Regular changes to tax treatment of superannuation have impacted consumer confidence in the long-term stability of the framework

# The erosion of trust matters for all stakeholders

## Impact of lack of consumer trust in superannuation on different stakeholder groups

### Consumers

- Smaller retirement balances due to
  - Less discretionary savings
  - Less optimisation of costs and taxes
  - Worse investment outcomes from lack of professional advice and management
- Greater vulnerability to scams and fringe operators
- Time costs of independently managing affairs

### Government

- Greater retirement funding liability due to smaller personal balances
- Scams undermine public confidence in the Government's competence to regulate
- Smaller financial services taxation revenue base
- Reputational impact on Australia's positioning as a financial centre

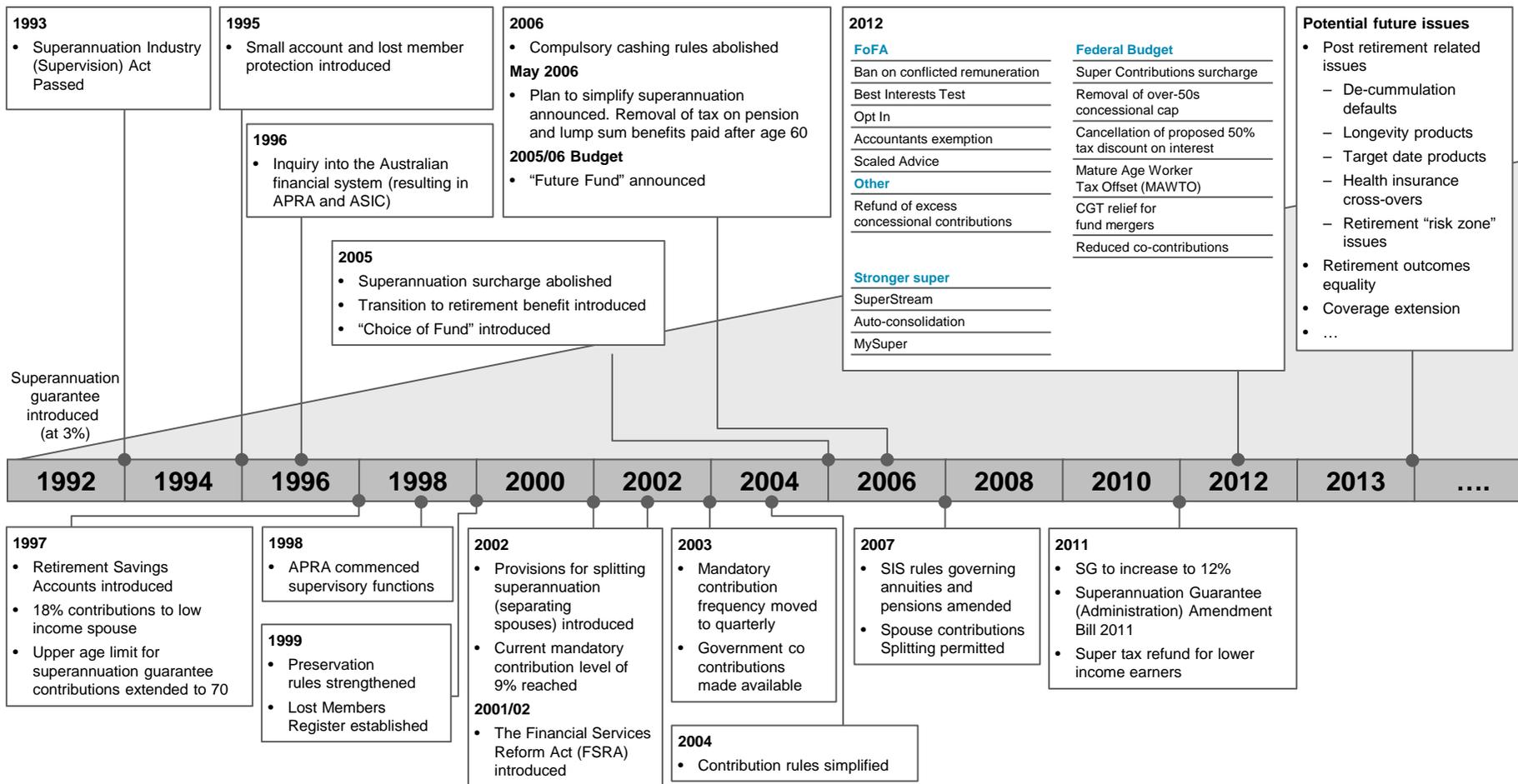
### Industry

- Lower flows into the system and therefore lower funds under management
- Shift of asset allocations to lower margin (e.g. passive) or no margin (e.g. SMSF) products
- Missed opportunities to deepen customer relationships – e.g. with post-retirement products
- Broader damage to industry reputation and standing

# We see three key interventions that would help restore trust and improve outcomes

Intervention	What is it?	How will it help?
<b>1</b> <b>Advocacy</b>	<ul style="list-style-type: none"><li>• Influencing Government policy and industry practice in the interests of consumers</li><li>• Targeted research and analysis</li><li>• Providing a consumer perspective on emerging super issues</li></ul>	<ul style="list-style-type: none"><li>• Ensuring more balanced and consumer oriented outcomes on matters of importance to them</li><li>• Second order benefit from awareness raising/education</li></ul>
<b>2</b> <b>Assistance</b>	<ul style="list-style-type: none"><li>• Triage and referral services for consumers experiencing problems with their super</li><li>• Gathering and disseminating intelligence on risks and issues</li></ul>	<ul style="list-style-type: none"><li>• Helping consumers navigate the complexity of the system</li><li>• Helping regulators enforce and improve the rules by supplementing their intelligence gathering capabilities</li></ul>
<b>3</b> <b>Education</b>	<ul style="list-style-type: none"><li>• Provision of information and awareness raising</li><li>• Leveraging social media to facilitate peer-to-peer education</li></ul>	<ul style="list-style-type: none"><li>• Influencing consumers to act in their own interests in managing their super</li><li>• Helping consumers make better decisions</li></ul>

# Consumers are facing constant change and an increasingly overwhelming range of policy issues affecting their superannuation...

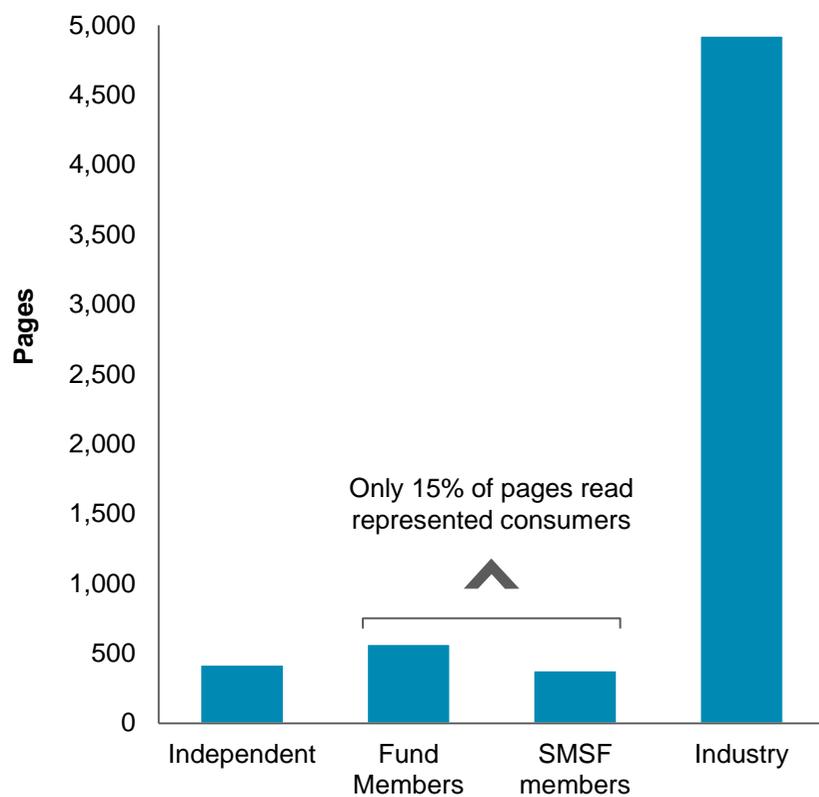


...and the system is unlikely to be "settled" for some time to come

...more advocacy would help represent consumer interests in policy debates, influence industry practice, and raise consumer awareness

## Consumer perspectives are under-represented in policy debates

Submission pages read by Cooper Review by source



Source: Cooper Review

### Policy advocacy

- Consumers are under-represented in the debate on superannuation policy due to the absence of an entity to research, analyse data, formulate policy and communicate views on their behalf
- e.g. Cooper Review, Stronger Super, etc.

### Practice advocacy

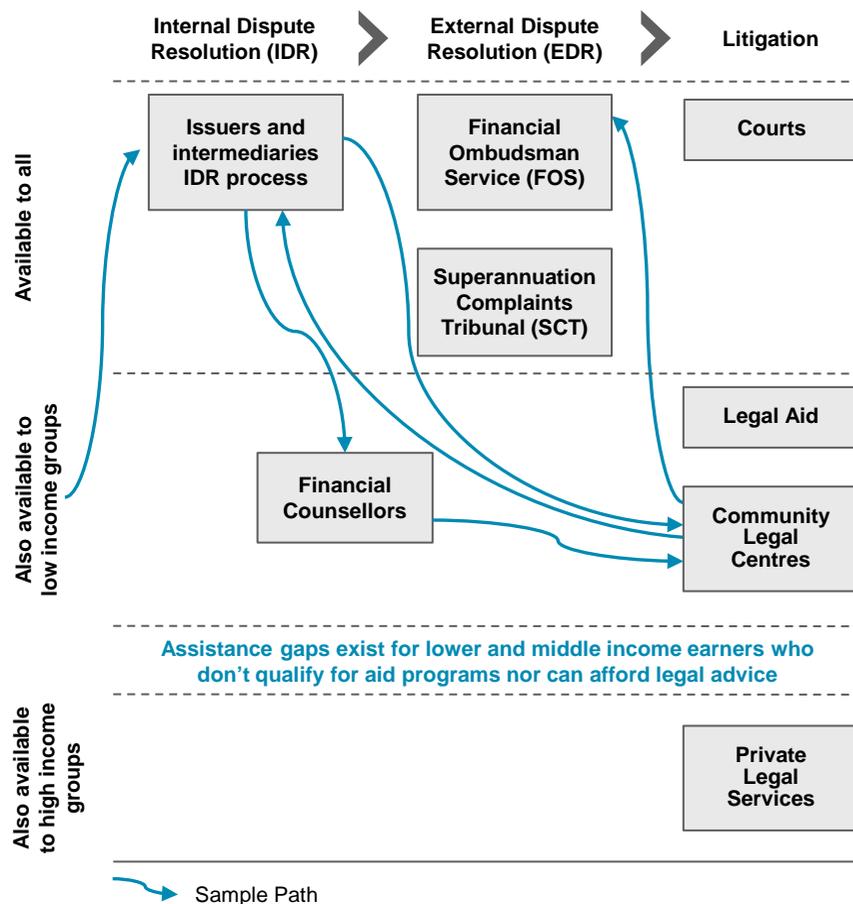
- Industry is often open to reflecting consumer perspectives in practice guides such as codes of conduct, but lacks a body to engage with to better understand these
- e.g. advisor codes of conduct for FoFA compliance

### Awareness raising

- The publicity associated with policy and practice advocacy can also have a considerable positive impact on consumer awareness of the focus issues
- e.g. the FoFA debate and advisor conflicts of interest

The complexity of many of the processes surrounding superannuation creates a need for assistance with triage and referral (which can also support intelligence gathering)

**Example process: Managing a dispute with a provider is complex and support is not available to all**



## Perspectives

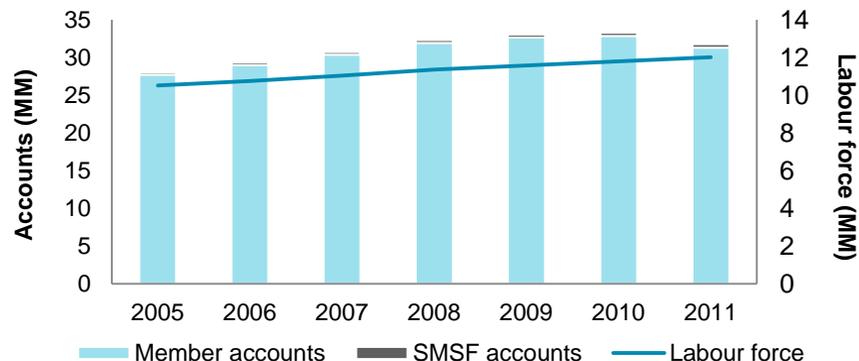
- Consumers are often ill-equipped to make key decisions around super, e.g.
  - Selecting a quality financial advisor
  - Understanding options for managing a dispute with a provider
- Consumers would benefit from an assistance service covering
  - Triage of needs
  - Provision of basic legal advice and referrals for more complex needs
  - Online tools supporting simple processes like account consolidation
  - Support assessing the quality of financial advice

## Consumers as a group would also benefit from assistance aimed at gathering and disseminating intelligence on issues and risks in the system

- Consumers would benefit from more targeted actions to protect their interests by both regulators and industry
- Such actions would be supported by more intensive and systematic intelligence gathering and dissemination
- A key area of potential is the capture of front-line data about consumer problems with super and providing reports and analysis to providers in relation to service issues and regulators in relation to policy and conduct issues
- A systematic approach to identification of “super complaints”, systemic issues and test cases that deserve scrutiny and may have broader policy ramifications would be beneficial

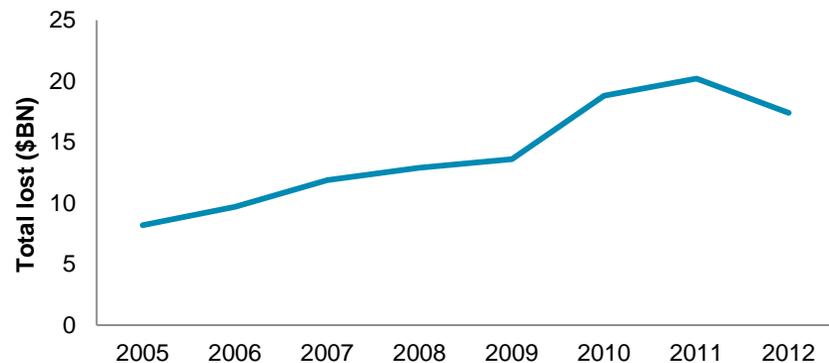
# More effective education is required to encourage consumers to act in their own best interests in the management of their superannuation

Individuals are not consolidating to reduce their fees paid – there are 3x as many accounts as working Australians<sup>1</sup>



- Individuals are not acting to optimise their benefits
- On average working Australians have more than three accounts
- Fees (and in some cases unnecessary insurance) are reducing balances
- SMSFs represent a material proportion of balances but immaterial percentage of accounts
- Consolidation is often considered complex or is outside the scope of attention of many Australians

Consumers are losing invested funds – the amount of lost superannuation has grown by \$3.6 MM per day since 2005<sup>2</sup>



- Australians are not acting to ensure super remains connected to them and are losing money as a result
- Lost super balances have increased by \$9.2 BN since 2005 to reach 17.4 BN
- The issue also creates additional administrative costs and complications for the industry
- Lost super balances now represents approximately \$1,690 for every working Australian

1. APRA Annual Superannuation Bulletin June 2011

2. ATO

3. Treasury

# There is a lot of education provided to consumers – but no dynamic interactive consumer to consumer engagement

The Government and industry have invested in good education initiatives

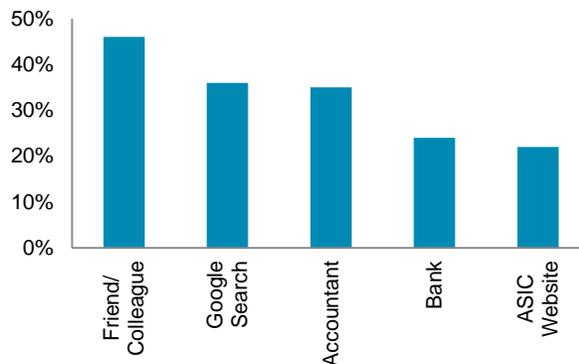


Commonwealth Bank Foundation



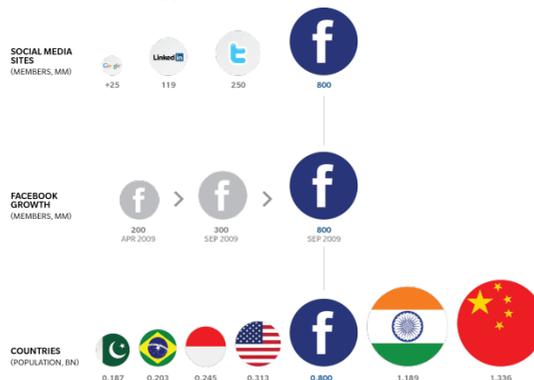
...but these are broadcast in nature and do not tap the power of peer-to-peer communication

Consumer have long turned to friend first, to find a planner (sources of recommendation)



...in age of social media, consumers increasingly value other consumer to consumer content

Facebook – Bigger than the USA?



Source: CIA Factbook, <http://news.yahoo.com/number-active-users-facebook-over-years-214600186-finance.html>

## Consumer-to-consumer education

- Superannuation education could be enhanced with the addition of an on-line peer-to-peer hub that allows sharing of experiences on
  - Investment products
  - Providers
  - Advisors
  - Savings and investments strategies
- Based on a wide range of experience from other industries, such a tool could achieve significantly more impact than traditional means of education (albeit with risks of mis-information)

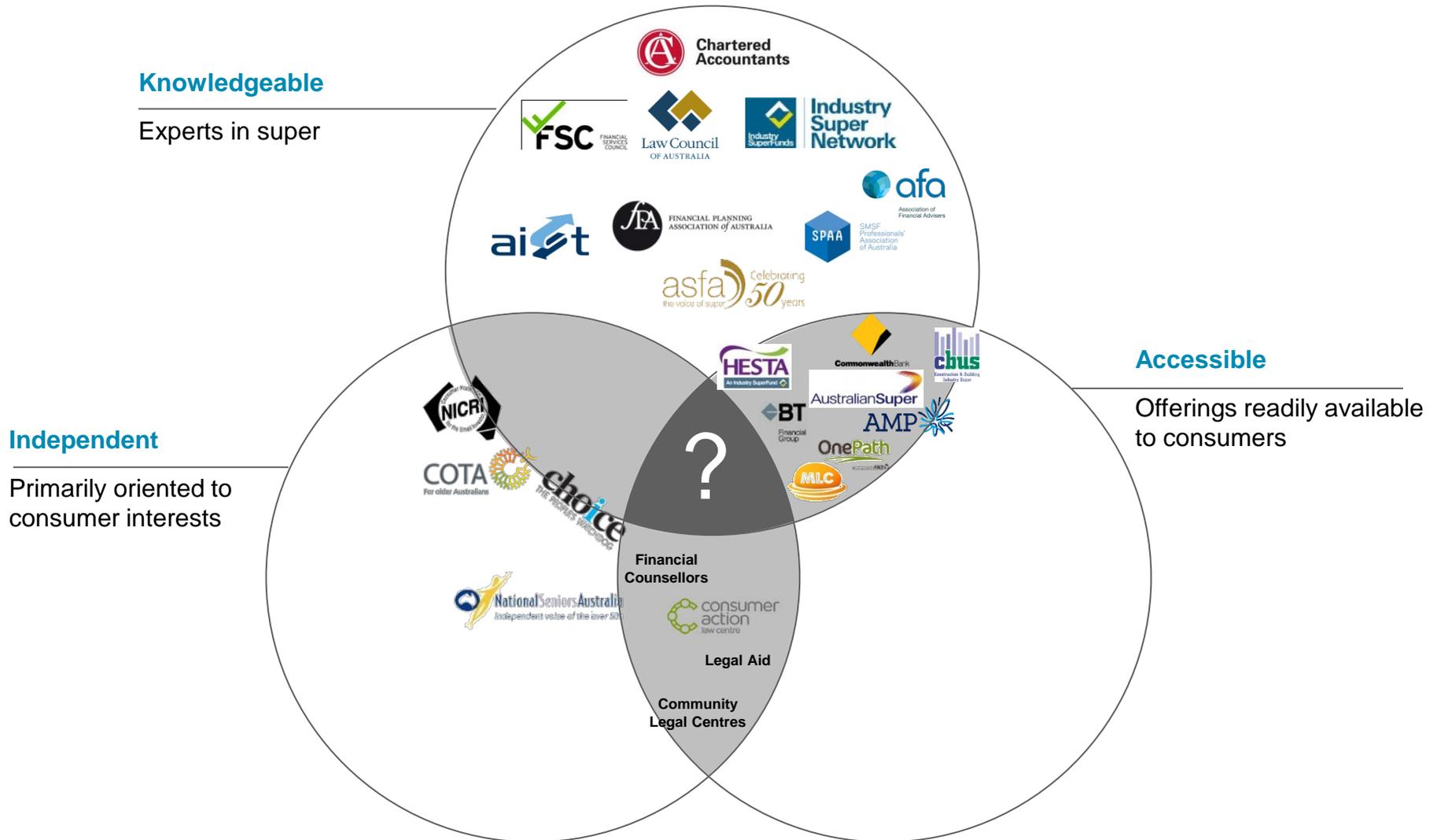
# Australia has a strong policy and regulatory framework for super, but none of the relevant agencies are positioned to execute these interventions

## Assessment of capacity of Commonwealth agencies for superannuation consumer oriented interventions

Agency	Super role	Advocacy	Assistance	Education
 <p><b>ASIC</b> Australian Securities &amp; Investments Commission</p>	<ul style="list-style-type: none"> <li>Conduct and disclosure regulator</li> <li>Aims to ensure consumers dealt with in accordance with the law</li> <li>Financial literacy responsibility</li> </ul>	 <ul style="list-style-type: none"> <li>Policy advocacy most often used when limits of regulatory tools have been established</li> <li>Open to consumer inputs, but no mandate to develop positions on behalf of consumers</li> </ul>	 <ul style="list-style-type: none"> <li>Focused on breaches of law, large class recoveries, little capacity to help with individual problems</li> <li>Intelligence skewed to complaints (in non super areas community based advocacy groups are major source of intelligence)</li> </ul>	 <ul style="list-style-type: none"> <li>MoneySmart is an excellent information and education tool but a regulator is not an appropriate sponsor of consumer to consumer education</li> </ul>
 <p><b>Australian Government</b> The Treasury</p>	<ul style="list-style-type: none"> <li>Policy advice to Government, based on objective and thorough analysis of options</li> </ul>	 <ul style="list-style-type: none"> <li>Lacks resources to generate independent consumer focused research</li> <li>Lacks an expert consumer group to engage with</li> <li>Limited capacity to research and develop positions on behalf of consumers outside of major reforms</li> </ul>	 <ul style="list-style-type: none"> <li>No direct assistance capability</li> </ul>	 <ul style="list-style-type: none"> <li>No education responsibility</li> </ul>
 <p><b>APRA</b></p>	<ul style="list-style-type: none"> <li>Prudential regulator</li> <li>National statistics agency</li> <li>Implements government policy</li> </ul>	 <ul style="list-style-type: none"> <li>No remit to advocate for consumers</li> </ul>	 <ul style="list-style-type: none"> <li>No direct assistance remit or capability</li> <li>Some access to relevant data but limited capacity to use data on behalf of consumers</li> </ul>	 <ul style="list-style-type: none"> <li>No education responsibility</li> </ul>
 <p><b>ATO</b> Australian Taxation Office</p>	<ul style="list-style-type: none"> <li>Focused on SG and SMSF compliance, some tools to help consumers, significant role in implementation of Stronger Super</li> </ul>	 <ul style="list-style-type: none"> <li>Conducts some research, no remit to develop positions for consumers</li> </ul>	 <ul style="list-style-type: none"> <li>Helps individuals with SG</li> <li>Some access to relevant data but limited capacity to use on behalf of consumers</li> </ul>	 <ul style="list-style-type: none"> <li>Website has good information and some good tools but limited in accessibility and consumer appeal</li> </ul>

Suitability  High  Low

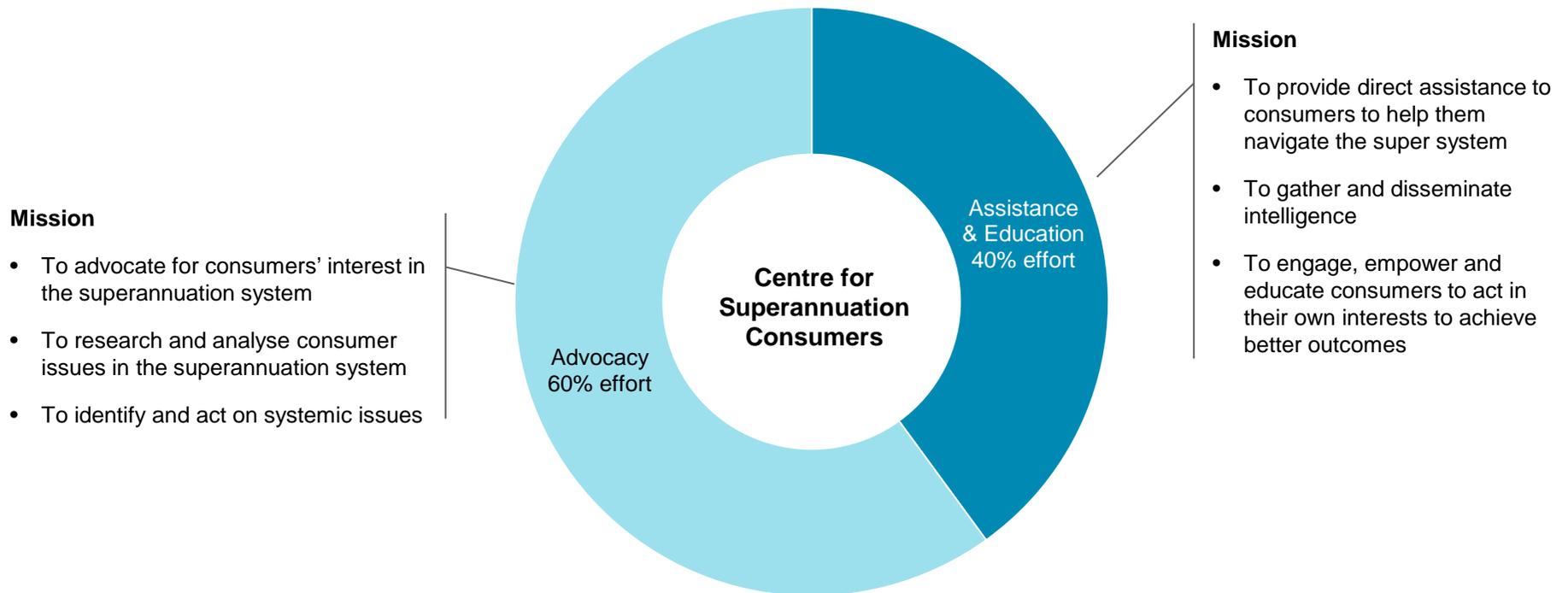
...nor do existing private sector or community bodies have the right combination of knowledge, independence, and accessibility to fill these gaps



## Section 2 | The solution

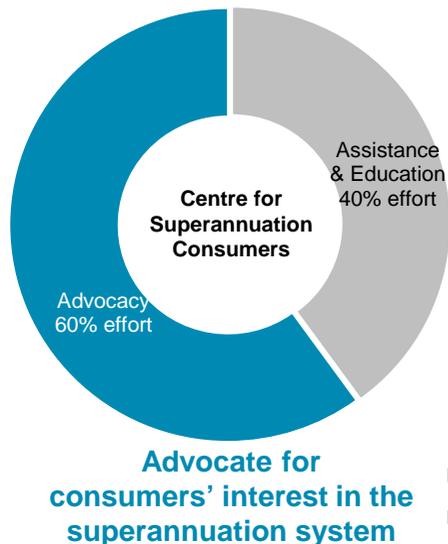
# We endorse the establishment of a dedicated, expert Centre for Superannuation Consumers as positive contribution to restoring consumer trust

**Purpose** – To improve the operation of the superannuation and retirement income system so that it delivers the best possible retirement income for Australian consumers



The capabilities of the Centre will sit in the currently vacant intersection of knowledge, independence, and access

# 60% of the Centre's efforts will focus on advocating consumer interests in policy-making and industry practice



## Focus areas - Advocacy

### Research and analyse consumer issues in the superannuation system

- Undertake research, analysis and policy development on consumer issues in superannuation
- Provide on-going advice on industry development from a consumer perspective to Government
- Build networks amongst consumer groups, academics, government and industry, and facilitate consumer representation on government and industry committees, Boards etc.
- Priority issues will likely include
  - Bedding down Stronger Super and FoFA reforms
  - The “retirement risk zone”
  - Architecture of retirement phase including draw-down defaults
  - Consumer interests in self-managed super
  - Improving outcomes for the most vulnerable
  - Cost and value issues

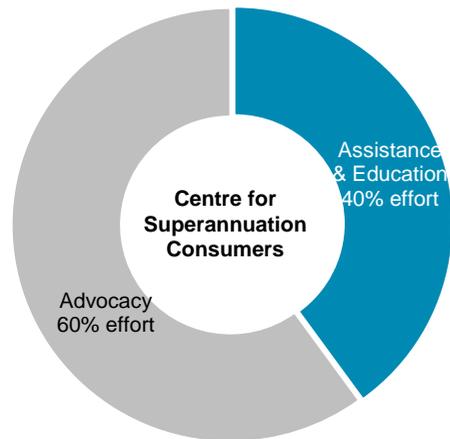
### Increase consumer influence on policy makers, regulators and industry

- Be a strong independent voice for consumers in the development of superannuation policy, regulatory reform and improved industry practices

### Facilitate better consumer involvement

- Provide a means by which consumers can enter into effective dialogue with government and industry about superannuation issues, in particular about regulatory, co-regulatory and self regulatory initiatives

40% of the Centre's efforts will be focused on assisting, engaging and empowering consumers to act in their own interests – these activities will be delivered through a social media platform dedicated to superannuation



**Provide direct assistance to consumers to help them navigate the super system**

### Focus areas – Assistance

#### Triage and referral service

- Largely provided through on-line tools, fact sheets, interns and volunteers

#### Data capture

- Provision of objective advice to government, regulators and industry about issues effecting super members and consumers, including emerging systemic issues

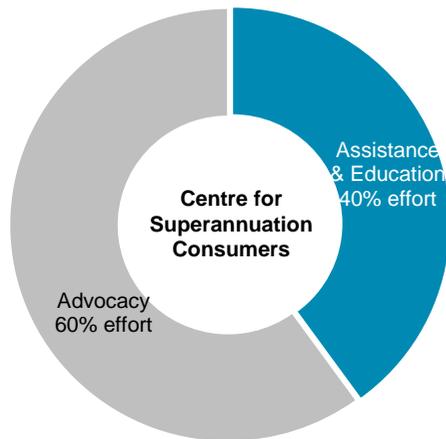
### Delivery

Via social media platform (designed to facilitate two-way communication with consumers and provide a pathway to additional funding from consumer memberships)

### Limitations

- No advice to be provided which could require licencing under the Corporations Act
- The Centre will keep ASIC informed of its assistance activities

40% of the Centre's efforts will be focused on assisting, engaging and empowering consumers to act in their own interests – these activities will be delivered through a social media platform dedicated to superannuation



To engage, empower and educate consumers to act in their own interests to achieve better outcomes

### Focus areas – Education

#### Engage and educate consumers through a dynamic interactive online hub for consumers by consumers

- Find innovative ways to connect consumers to existing superannuation tools and content
- Foster development of new tools and content where gaps exist
- Creatively use digital tools and social media to connect consumers to the Centre and each other through a vibrant online community

#### Awareness raising on key issues

- Explore and report on new products or new concepts as they come to market
- Warnings on dodgy and illegal schemes
- Use APRA, ASIC, FOS, SCT data to provide accessible information to consumers
- Analysis, interpretation and clear presentation of complex information for consumers

#### Delivery

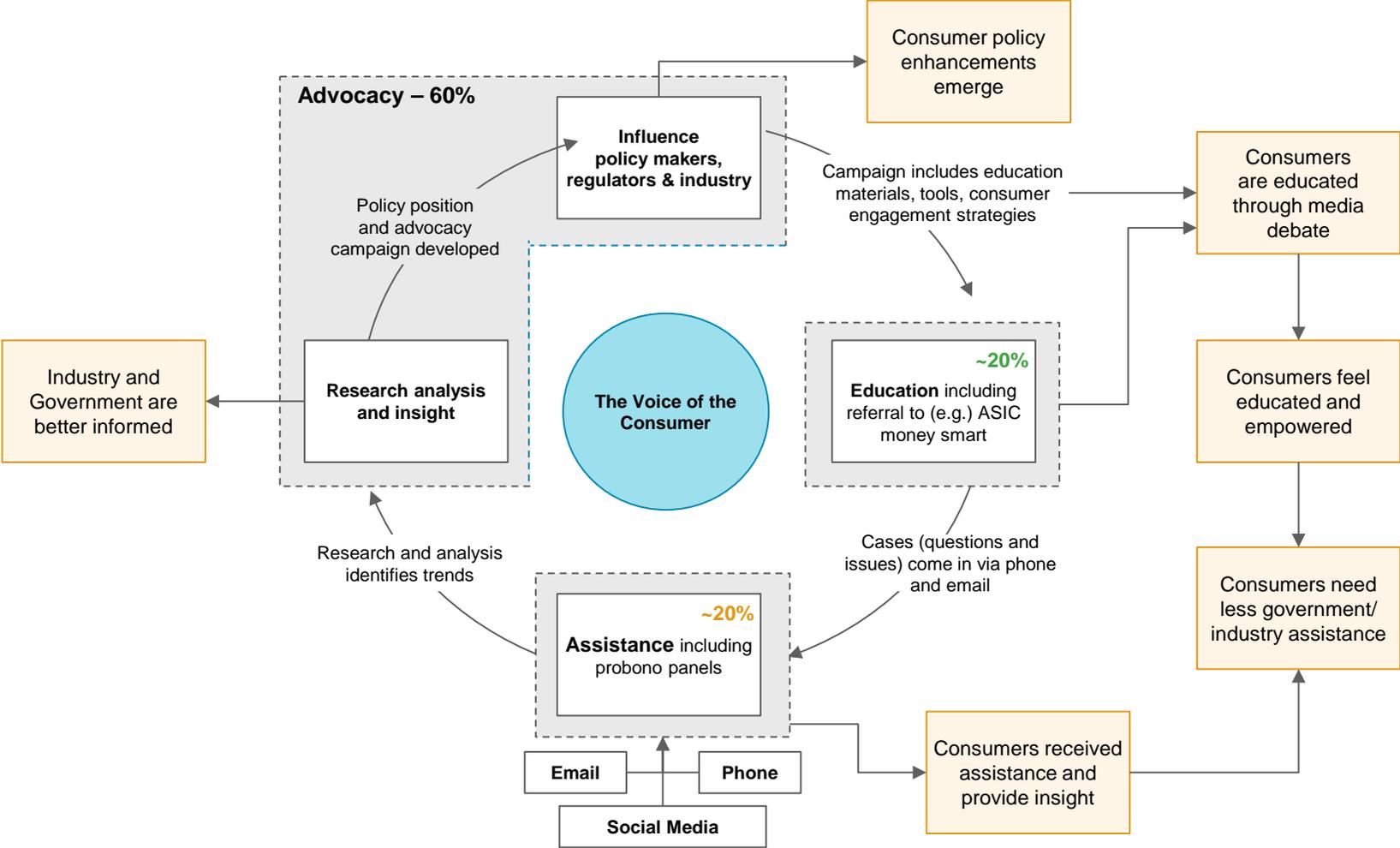
- Via social media platform (designed to facilitate two-way communication with consumers and provide a pathway to additional funding from consumer memberships)

#### Limitations

- No advice to be provided which could require licencing under the Corporations Act
- The Centre will keep ASIC informed of its educational activities

# Each of the Centre's activities will be mutually reinforcing

## Inter-linkages between Centre activities



# The three functions of the Centre will each provide direct benefits to all stakeholder groups

## Key benefits to stakeholder groups by Centre function

Consumers	Government	Industry
<b>Advocacy</b> <ul style="list-style-type: none"><li>• Increased chance of policy changes addressing consumer interests</li><li>• More consumer oriented industry practice</li><li>• Increased awareness of key issues</li></ul>	<b>Advocacy</b> <ul style="list-style-type: none"><li>• Provision on-going consumer oriented advice on super issues as the system evolves</li><li>• Central point of contact available for exploring policy options from a consumer perspective</li></ul>	<b>Advocacy</b> <ul style="list-style-type: none"><li>• Central point of contact available for on going dialogue and dialogue on specific issues e.g. new products, codes of conduct</li><li>• Opportunity for dialogue on alternates to regulation as a way of addressing consumer concerns</li></ul>
<b>Assistance</b> <ul style="list-style-type: none"><li>• Increased ease navigating the system (especially for lower-middle income earners)</li></ul>	<b>Assistance</b> <ul style="list-style-type: none"><li>• Improved intelligence for regulatory action</li><li>• Provision of super complaints, systemic issues or test cases for enforcement, law or policy action</li></ul>	<b>Assistance</b> <ul style="list-style-type: none"><li>• Opportunity for early warning of emerging conduct issues prior to regulator intervention</li><li>• Reduced consumer confusion and frustration in dispute scenarios</li><li>• Consolidated customer feedback</li></ul>
<b>Education</b> <ul style="list-style-type: none"><li>• Higher probability of taking action and making right choices to improve super outcomes</li></ul>	<b>Education</b> <ul style="list-style-type: none"><li>• Impact of existing financial literacy efforts enhanced and magnified</li></ul>	<b>Education</b> <ul style="list-style-type: none"><li>• Greater voluntary savings flows</li><li>• Reduced wasted administration costs</li></ul>

# Potential benefits need only be a tiny fraction of what could be achieved to justify investment in the Centre

## Potential benefits upper-bound estimation by stakeholder group

### Consumer

- 10% of lost super re-united with its owner
  - \$1.5 BN in additional available retirement funding
- If all working Australians went from three to two accounts (assuming \$5 per month fee)
  - ~\$700 MM per year of duplicate fees saved
- 10% less consumers affected by Storm Financial
  - \$300 MM in increased retirement funds
- A 0.1% increase in investment returns
  - \$1.3 BN in increased retirement savings

### Government

- If on average half the population could self fund for one more year
  - \$2.1 BN in costs avoided per year
- If one Storm, Trio, or Westpoint style collapse could be avoided Government could save ~\$5–20 MM in direct costs

### Industry

- If 2.5% more Australians sought financial advice (assuming average \$1.5 K annual fee)
  - \$500 MM additional planning revenue
- Avoiding levy impositions from future “Trio-like” cases
  - \$55 MM levy avoided
- If 2% more working Australians make a \$5,000 voluntary contribution
  - \$1 BN in additional inflows
- If 20% less mail was incorrectly addressed (due to lost accounts)
  - \$6 MM in costs avoided

# The Centre has strong momentum and support from a range of stakeholders

“ *The many Australians who depend on their superannuation are in great need of a source of general information and analysis which is knowledgeable, independent and accessible – I believe that The Centre for Superannuation Consumers will address that need.* ”

– Allan Moss, former MD/CEO Macquarie Group Ltd

“ *I strongly support the establishment of an independent organisation that represents the interests of superannuation fund members and consumers across the whole industry. It will send a compelling message if the organisation is – and is seen to be – entirely independent and only interested in the best interests of members and consumers.* ”

– Ian Silk, CEO AustralianSuper

“ *The consumer super centre fills a gap that can only be filled by an independent consumer driven organisation. Whilst the voice of the consumer is a strong focus of product and advice providers it's fair to say that unless there is independence in providing this perspective often issues can be misunderstood or passed over. The centre is best placed to fill these gaps and support the continued development of a consumer focused super system.* ”

– Steve Tucker, Group Executive – NAB Wealth

“ *A centre providing advocacy, assistance and education in superannuation would empower consumers and help them navigate the superannuation system* ”

– Jocelyn Furlan, Chairperson, Superannuation Complaints Tribunal

“ *The proposed centre is a missing piece in the fabric of super. I strongly support the idea and look forward to contributing to its development.* ”

– Jeremy Cooper, Chairman, Retirement Income – Challenger Limited

“ *Superannuation is fast becoming a significant asset for many consumers. Likewise there is a highly competitive landscape for service providers. The latter has a myriad of organisations advocating on its behalf, and its a sign of our maturing system that consumers achieve good representation as well.* ”

– Jo Anne Bloch, Financial Advice Business Leader, Mercer Australia

“ *Super is now so important for the future wellbeing of individual consumers, and that of our community. Its complexity and long term nature requires a specialist and expert voice from the consumer perspective to help ensure the best policies and practices...* ”

– Philippa Smith, former CEO ASFA, Trustee First State Super

“ *Our rapidly growing superannuation system would benefit from a strong voice for consumers. Such a centre would assist ASIC to more effectively target our regulatory actions. Ultimately it's about improving investor confidence in super.* ”

– Greg Medcraft, Chairman, Australian Securities and Investment Commission

“ *FOS' dispute experience over the last few years highlights the importance of good industry standards, information and advice for Australians planning for a secure retirement and the human impact on individuals and families when problems with poor advice, inappropriate products and firm failures occur I consider the establishment of an independent community based organisation with a clear focus on advocacy, research and assistance on behalf of consumers navigating superannuation and related retirement income decision-making is a very timely initiative.* ”

– Shane Tregillis, Chief Ombudsman, Financial Ombudsman Service ( FOS)

# A significant number of influential individuals, firms, and organisations have already agreed to provide support to the launch of the Centre

## A group of respected individuals is volunteering as an Establishment Committee



Allan Moss – former CEO Macquarie Group



Steve Bracks – former Premier of Victoria



Jeremy Duffield – former CEO Vanguard



Tony D'Aloisio – former Chairman ASIC



JoAnne Bloch – Financial Advice Business Leader, Mercer Australia



Philippa Smith – former CEO ASFA, Trustee First State Super Ass



Jenni Mack – Chair of Choice

## A number of pro bono partners are providing strong support

### OLIVER WYMAN

Oliver Wyman and Mercer – business case support



Mercer and Vanguard – endowment and investment policy



Legal support

LAWYERS



Cameron Ralph / Navigator – governance structure and documentation support



CEO Search



\$300,000 in research & policy development over five years



\$300,000 in market research over five years



Reach Communications – communications support

## A range of financial services companies have offered in-principle support

- AustralianSuper
- First State Super
- QSuper
- Vanguard
- Several other institutions, retail funds, fund managers, life insurers, advice businesses and industry funds are considering funding

# We believe that the right time to establish such a Centre is now due to the current characteristics of Australia's superannuation system

## Characteristics of today's superannuation system

### Policy change

- Significant level of policy change including
  - Stronger Super
  - FoFA
  - 9–12% increase in compulsory contributions
- Policy change agenda likely to continue evolving rapidly for years to come
- Government efforts to engage and protect consumers – opportunities for greater consumer involvement
- Industry initiatives require consumer engagement, e.g.
  - Codes of practice
  - Professional standards

### System maturity

- With 20 years of SG, the system is reaching maturity and the stakes for consumers and government are high
  - Large individual balances to protect and grow for many consumers
  - Large potential contribution to reducing the Government's funding burden
- Significant numbers of people now reaching the drawdown phase with new needs, creating new policy issues
- Major revenue pool for the financial services sector

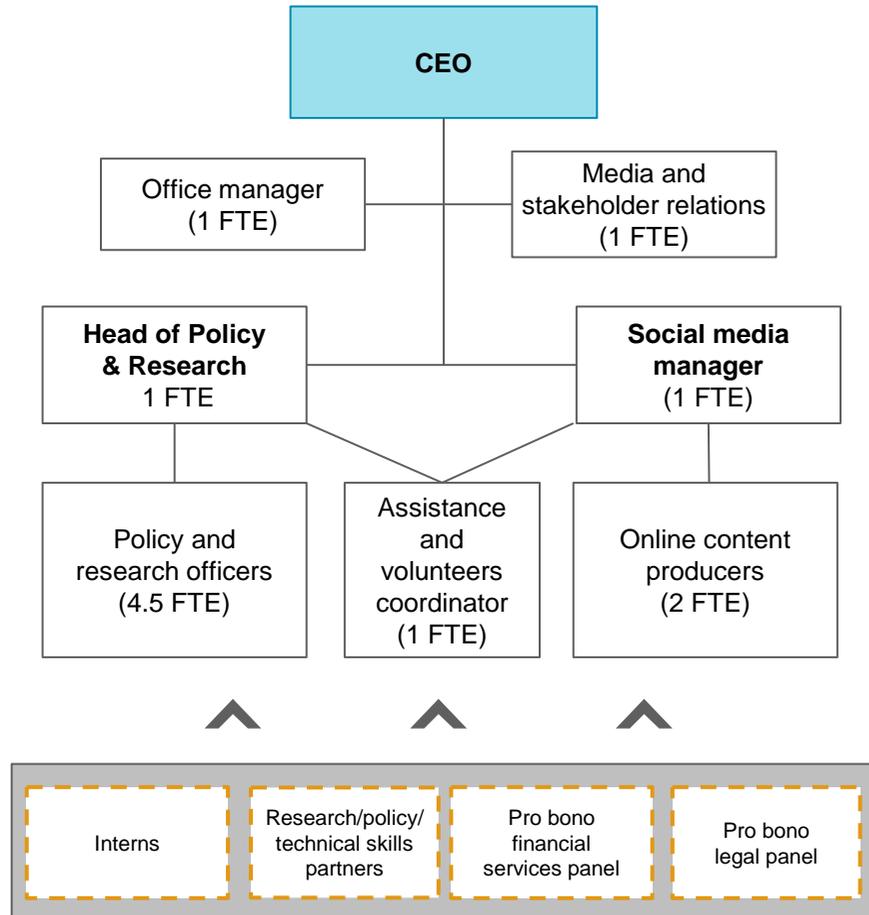
### Consumer characteristics

- Early indicators of some loss of faith in the system
  - Less voluntary inflows
  - Explosive growth of SMSFs
- People are living longer and therefore require superannuation balances and longer draw-down periods
- The current retiring generation is the first to include a significant number of self-funded individuals

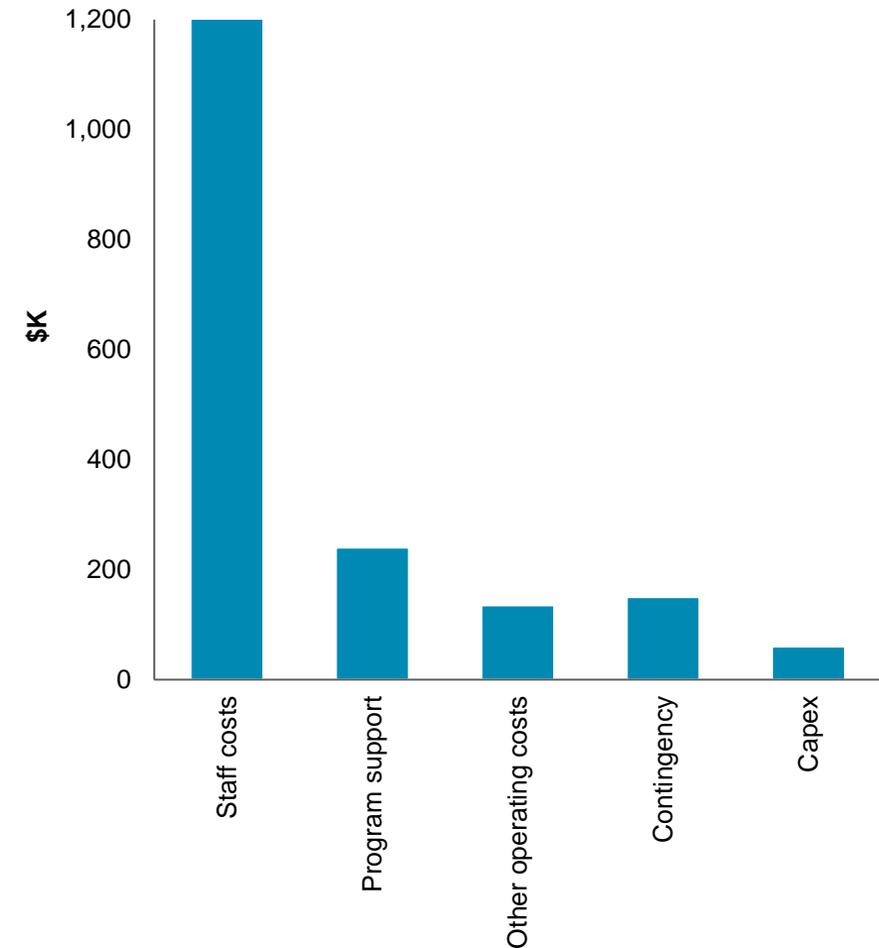
# Section 3 | The details

The Centre will be a small focused institution with ~13 staff, leveraged by external partnerships, and a budget of approximately \$1.8 MM per annum

### Proposed organisational structure



### High-level Year 3 Budget Break-down



# A governance structure has been developed to oversee the Centre

## Skills and qualities

- Constitution to require all Directors to have commitment to purpose and objects of company. In accordance with the law all directors would be required to act in the interests of the company and will not be representatives of any sector
- Constitution will set three mandatory skills that must be available to the Board as a whole
  - Knowledge of the superannuation industry
  - Consumer advocacy
  - High level financial skills sufficient to oversight prudent administration of the endowment fund
- Constitution will allow Board to decide what other skills it needs from time to time e.g. social media; digital innovation etc.

## Appointments

- The Minister will appoint the first Board
- Thereafter the Board will be appointed on the recommendation of a nominations committee
- The Board must establish a nominations committee comprised of two of its directors and three externals
- In appointing the Nominations Committee the Board should have regard to a balanced representation of the different interests of government, sponsoring university, consumers and industry
- In appointing the Chair of the Nominations Committee the Board will appoint someone who is seen as having experience and integrity in ensuring that the proper processes of nomination and assessment of candidates is followed. The Chair will have the confidence of stakeholders

## Terms

- First Board – half Board appointed for two years; other half appointed for three years
- Thereafter directors are appointed for three year terms up to a maximum of 9 years

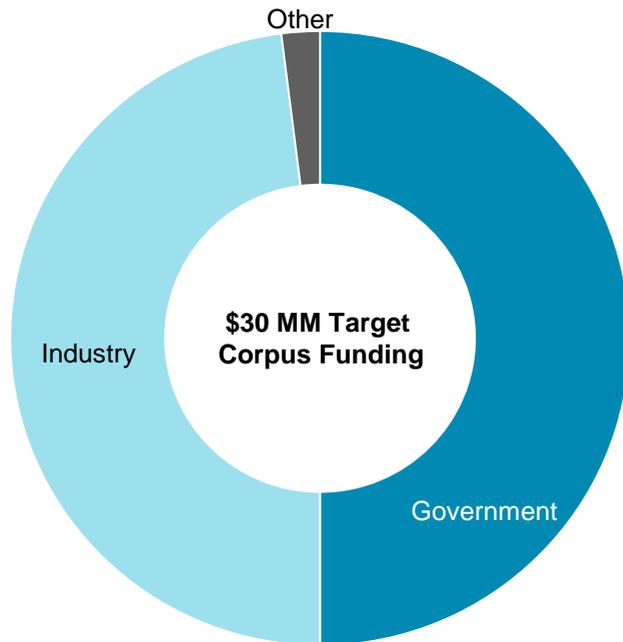
## Chair

- Consistent with the appointment of the first Board the Minister will appoint the first Chair
- Thereafter the Board will elect a Chair from amongst its directors

# Government and industry funding of ~\$30 MM will be required to establish an endowment to independently fund the Centre on an on-going basis

Long term funding via an endowment is essential to ensure the Centre is both perceived to be independent and in fact is independent

Target funding sources



## Three year start-up plan

Year one	Year two	Year three
\$10mm corpus	\$20mm corpus	\$30mm corpus
\$745,500	\$1,297,250	\$1,797,500
4.5 staff	9 staff	13 staff

## How long will our fund last?

	\$10 MM	\$20 MM	\$30 MM
\$1.8 MM pa	5 years	14 years	19 years

# Oliver Wyman has assessed the Centre's business plan and found it meets or is on track to meet the key criteria for successful implementation

## Implementation checklist

### Strategy

 Clarity of goals	
 Execution strategy developed	<ul style="list-style-type: none"> <li>Core strategy in place detailed business/implementation plan being developed</li> </ul>
 Regulatory strategy in place	<ul style="list-style-type: none"> <li>Core strategy developed</li> <li>Aspects of licensing and advice boundaries under investigation</li> </ul>
 Strategic realistic and achievable	

### Financial Management

 Budgets formulated and realistic	<ul style="list-style-type: none"> <li>High level budgets appear realistic. Detailed analysis of investment returns and clarification of availability of pro-bono resources underway</li> </ul>
 Funding requirements and potential sources identified	<ul style="list-style-type: none"> <li>Sources identified, confirmation of funding underway</li> </ul>
 Financial management plan developed	<ul style="list-style-type: none"> <li>Conceptual plan in place, detail being developed</li> </ul>
 Funding risks and mitigants agreed	
 Investment management plan in place	<ul style="list-style-type: none"> <li>Being developed</li> </ul>

Implementation readiness  High  Low

### Governance

 Governance framework agreed	<ul style="list-style-type: none"> <li>Framework in place, appointments and corpus management to be drafted and agreed</li> </ul>
 Suitably qualified participants identified	<ul style="list-style-type: none"> <li>Criteria identified, specific participants to be identified</li> </ul>
 Legal agreements in place	<ul style="list-style-type: none"> <li>Pro bono legal assistance in place and developing required agreement</li> </ul>
 Risk management framework in place	<ul style="list-style-type: none"> <li>Preliminary issues and risk identified with mitigants in place</li> </ul>

### Operations

 Clarity of roles and purpose	<ul style="list-style-type: none"> <li>Key roles and structure identified, detailed PDs to be developed</li> </ul>
 Realistic staffing model	<ul style="list-style-type: none"> <li>Employee model developed, pro-bono model to be finalised and tested</li> </ul>
 Targets agreed and achievable	<ul style="list-style-type: none"> <li>Goals but not quantifiable targets in place</li> </ul>
 Supporting infrastructure plan	<ul style="list-style-type: none"> <li>Agreement on location, fit out and supporting infrastructure to be agreed and documented</li> </ul>
 Supporting infrastructure in place	
 Property agreed	
 Staff identified and recruited	<ul style="list-style-type: none"> <li>Potential staff identified, interest and availability to be confirmed post approval</li> </ul>

# We view the risks to success of the Centre as manageable given the mitigants in place

## Financial risks

	<b>Risk</b>	<b>Mitigant</b>
1	Insufficient corpus	Establishment will not proceed if a sufficient corpus is not committed
2	Investment under-performance	Best-in-class endowment management advice is being provided by pro-bono partners
3	Loss of pro-bono accommodation	18 months pro-bono accommodation indicated to date, additional options for later commitments being explored

## Operational risks

	<b>Risk</b>	<b>Mitigant</b>
4	Inability to recruit suitable talent	Appropriate talent identified, high public profile and senior stakeholder endorsement will increase employment appeal
5	Failure to get legal/licencing approvals	Licensing/legal status to be confirmed with appropriate authorities pre-launch
6	Compliance failure	Securing appropriate pro-bono advisory assistance on compliance processes up-front
7	Failure to develop appropriate processes, MIS, and online tools	A suitably qualified pro-bono partner to be found to assist with process/system development

## Reputational risks

	<b>Risk</b>	<b>Mitigant</b>
8	Seen by consumers as too close to industry and/or government	Corpus funding to ensure financial independence. Centre mission and charter to ensure consumer orientation Governance requires Chair to be highly regarded consumer advocate
9	Seen (and treated) by industry as an antagonist	High priority to be placed on positive and constructive industry relations by Board and Management Use of pro bono industry panels demonstrates commitment to collaboration
10	Unable to deliver on excessive consumer expectations	Clear communication of the limits of personal assistance available
11	Provision of inappropriate advice to consumers	Upfront investment in advisory staff training and support tools

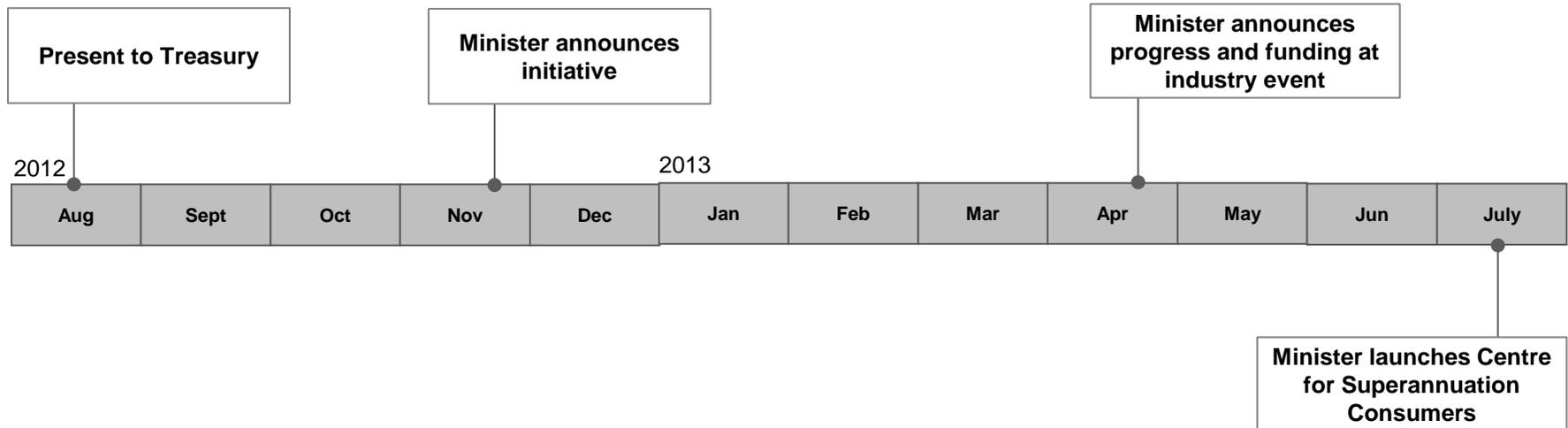
# Section 4 | Next steps

# Next steps

## Next steps

- Government commitment is needed to realise industry funding and secure further support
- Industry commitments to funding obtained through to Centre opening

## Proposed Timeline



# Appendix | Centre financials

# Proposed Centre financials summary

## P&L Summary – Centre for Superannuation Consumers

### P&L Summary – Centre for Superannuation Consumers

	Year 1	Year 2	Year 3
<b>INCOME</b>			
Establishment grant	\$ 50,000		
Endowment	\$ 700,000	\$ 1,300,000	\$ 1,800,000
(% of corpus)	7%	7%	6%
<b>Total INCOME</b>	<b>\$ 750,000</b>	<b>\$ 1,300,000</b>	<b>\$ 1,800,000</b>
<b>CAPITAL EXPENDITURE</b>			
Property (see Property Sheet)	\$ -	\$ -	\$ -
IT (see Technology Sheet)	\$ 70,000	\$ 60,000	\$ 60,000
Misc. (from Misc. sheet)	\$ 15,000	\$ -	\$ -
<b>Total CAPEX</b>	<b>\$ 85,000</b>	<b>\$ 60,000</b>	<b>\$ 60,000</b>
<b>OPERATIONAL EXPENDITURE</b>			
Property (see Property Sheet)	\$ -	\$ -	\$ -
Legal (from legal sheet)	\$ -	\$ -	\$ -
Staff inc on costs (see Staff Sheet)	\$ 445,500	\$ 841,500	\$ 1,166,000
Other Staff Costs	\$ 72,000	\$ 82,000	\$ 105,000
Specialist Support (see Staff Sheet)	\$ 99,000	\$ 143,000	\$ 262,000
IT (see Technology Sheet)	\$ 4,000	\$ 6,000	\$ 8,000
<b>Total OPEX</b>	<b>\$ 620,500</b>	<b>\$ 1,072,500</b>	<b>\$ 1,541,000</b>
Contingency/development	\$ 40,000	\$ 163,500	\$ 195,000
<b>TOTAL EXPENSES</b>	<b>\$ 745,500</b>	<b>\$ 1,296,000</b>	<b>\$ 1,796,000</b>
<b>SURPLUS/DEFICIT</b>	<b>\$ 4,500</b>	<b>\$ 4000</b>	<b>\$ 4000</b>

# Proposed Centre financials details (1/4)

	Year 1	Year 2	Year 3
<b>Property</b>			
Capex			
Fitout	Assumed proba (university to fund)		
Equipment Purchase			
Etc.			
Total	\$ -	\$ -	\$ -
Opex			
Maintenance			
Utilities (Electricity etc.)			
Etc.			
Total	\$ -	\$ -	\$ -
<b>Technology</b>			
Capex			
Online build	\$ 30,000	\$ 30,000	\$ 40,000
IT systems establishment (CMS, computer, phones etc.)	\$ 40,000	\$ 30,000	\$ 20,000
Hardware purchase			
Etc.			
Total	\$ 70,000	\$ 60,000	\$ 60,000
Opex			
Maintenance	\$ 4,000	\$ 6,000	\$ 8,000
Annual License costs (if applicable)			
Web Hosting (inc urls etc.)			
Communications costs			
Etc.			
Total	\$ 4,000	\$ 6,000	\$ 8,000

## Proposed Centre financials details (2/4)

		Year 1	Year 2	Year 3
<b>Other</b>				
Capex	Notes			
			\$ -	\$ -
Branding advice and implementation (design, images etc.)		\$ 10,000	\$ -	\$ -
Launch, significant mid year event	Mostly pro-bono	\$ 5,000	\$ -	\$ -
<b>Total</b>		<b>\$ 15,000</b>	<b>\$ -</b>	<b>\$ -</b>
Opex	Notes			
External Legal Assistance	Pro-bono (TBC)	\$ -	\$ -	\$ -
Etc. (please specify)				
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Proposed Centre financials details (3/4)

		Year 1	Year 2	Year 3
<b>STAFF</b>				
Staff	Assumed Salary inc Super			
CEO	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000
Office Manager	\$ 70,000	\$ 35,000	\$ 70,000	\$ 70,000
Online Manager	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Online/content producer x 2	\$ 70,000		\$ 70,000	\$ 140,000
Head of policy	\$ 100,000		\$ 100,000	\$ 100,000
Policy Officer x 2	\$ 85,000	\$ 85,000	\$ 170,000	\$ 170,000
Policy Officer	\$ 70,000			\$ 70,000
Policy officer/coordinator	\$ 60,000			\$ 60,000
Policy Researcher (part time)	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
Assistance and volunteers coordinator	\$ 70,000		\$ 70,000	\$ 70,000
Media/stakeholder relations	\$ 95,000			\$ 95,000
Total (before on costs)		\$ 405,000	\$ 765,000	\$ 1,060,000
Oncosts (at 10%)		\$ 40,500	\$ 76,500	\$ 106,000
<b>Total</b>		<b>\$ 445,500</b>	<b>\$ 841,500</b>	<b>\$ 1,166,000</b>
Headcount (note not FTE)		5	9	13

## Proposed Centre financials details (4/4)

	Year 1	Year 2	Year 3
<b>Other Staff Costs / Other Related</b>			
Recruitment costs	20,000	15,000	15,000
Travel and conferences	\$ 30,000	\$ 40,000	\$ 50,000
Office Expenses	\$ 12,000	\$ 15,000	\$ 25,000
Subscriptions / Training	\$ 10,000	\$ 12,000	\$ 15,000
<b>Total other staff /related costs</b>	<b>\$ 72,000</b>	<b>\$ 82,000</b>	<b>\$ 105,000</b>
<b>Board</b>			
Board Remuneration / Expense Recovery			
<b>Total Board Rem</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Specialist Support (Consulting / Contracting)</b>			
<b>Consulting</b>			
Stakeholder relations/comms	\$ 2,000	\$ 4,000	\$ 10,000
Education programs (external content generation)	\$ 20,000	\$ 25,000	\$ 45,000
Finance and Audit	Assumes probono assistance also given \$ 7,000	\$ 9,000	\$ 12,000
Advocacy/research programs	\$ 50,000	\$ 80,000	\$ 150,000
Assistance programs	(external content generation) \$ 20,000	\$ 25,000	\$ 45,000

# Appendix | About this presentation

## About this presentation

- This presentation was prepared by Oliver Wyman on behalf of the Establishment Committee of the Centre for Superannuation Consumers
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# BUSINESS PLAN

2013 - 2016

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Centre for  
**SUPERANNUATION  
CONSUMERS**

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# ABOUT US

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**THE CENTRE FOR SUPERANNUATION CONSUMERS** is a not-for-profit consumer organisation dedicated to advancing the interests of consumers in the superannuation system. We enable consumers to actively participate in improving consumer outcomes in the superannuation system.

## OUR PURPOSE

**TO IMPROVE THE OPERATION OF THE SUPERANNUATION AND RETIREMENT INCOME SYSTEM** so that it DELIVERS THE BEST POSSIBLE RETIREMENT INCOME for Australian consumers.

## OUR MISSION

1. **TO ADVOCATE FOR CONSUMERS' INTEREST** in the superannuation system
2. **TO RESEARCH AND ANALYSE CONSUMER ISSUES** in the superannuation system
3. **TO PROVIDE DIRECT ASSISTANCE TO CONSUMERS** to help them navigate the super system
4. **TO ENGAGE, EMPOWER AND EDUCATE CONSUMERS** to act in their own interests to achieve better outcomes

# ORGANISATIONAL OBJECTIVES

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## ADVOCACY – ASSISTANCE – EDUCATION

### ADVOCACY

1. To provide a strong voice for consumers in the development of superannuation policy, regulatory reform and improved industry practices
2. To promote continual improvement in consumer outcomes in the superannuation and retirement incomes systems
3. To undertake research, analysis and policy development on consumer issues in superannuation;
4. To provide a means by which consumers can enter into effective dialogue with government and industry about superannuation issues, in particular about regulatory, co-regulatory and self-regulatory initiatives
5. To increase the effectiveness of competitive markets, including by increasing transparency and meaningful choices for consumers within an appropriate regulatory framework
6. To build networks amongst consumer groups, academics, government and industry, and facilitate consumer representation on government and industry committees, boards etc

### ASSISTANCE VIA A SOCIAL MEDIA PLATFORM

1. To capture data about consumer issues with superannuation and to identify emerging systemic issues
2. To provide referral services to consumers with needs beyond those the service has capacity to meet

### EDUCATION VIA A SOCIAL MEDIA PLATFORM

1. To help consumers respond to common superannuation problems by developing innovative ways to connect consumers to existing superannuation tools and content and foster the development of new tools and content to help consumers where gaps exist
2. To increase awareness about critical consumer issues in superannuation
3. To increase consumer engagement with super to help consumers understand superannuation and retirement incomes policy to maximise their capacity to build a secure and comfortable retirement income

# THREE-YEAR GOALS

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1. **TO SECURE A CORPUS** of \$30 MM, establish an office and develop capacities, expertise, networks and systems to enable us to deliver against our mission
2. **TO BE THE LEADING CONSUMER VOICE ON SUPERANNUATION ISSUES** and a highly regarded authority on consumer issues in superannuation
3. **TO DEVELOP A DYNAMIC SOCIAL MEDIA PLATFORM** that interfaces with existing content, provides a peer-to-peer platform and develops new tools where gaps exist to educate and assist consumers with superannuation issues

# ORGANISATIONAL TARGETS

---

## 1. YEAR ONE: STARTING UP

Establish board and governance arrangements

Secure our funding and sound administration of the corpus

Responsible: Board

Establish our office and hire staff

Responsible: Board and CEO

Build our assistance case management system and website

Responsible: CEO and staff

Scope and construct social media platform

## 2. YEAR TWO: BUILDING CAPACITY

Establish our voice – through advocacy and media

Establish our authority – through quality research, analysis, publications

**Develop our social media platform** – which will be a consumer hub for super. The platform will link to and/or reuse existing content (e.g. MoneySmart by ASIC) and develop new content in priority areas. It will use all available tools (user-generated content, mobile, video, effective data capture etc) to engage with consumers and take advantage of their knowledge and experience with links to other content providers, e.g. MoneySmart

**Engage our stakeholders** – bi-annual meetings to discuss consumer issues with an industry panel; consumer and academics panel to assist us with policy formulation etc.

**Pro bono assistance** – work with existing panels of pro bono financial advisers, lawyers, students, develop exchange/secondment program with government agencies for technical work; establish multi-disciplinary intern program (one FTE to supervise in exchange for rent, IT and comms support from uni)

# ORGANISATIONAL TARGETS (cont)

---

## 3. YEAR THREE: ESTABLISHING OUR VOICE

WE ARE THE GO-TO PLACE FOR CONSUMERS AND CONSUMER ISSUES

Produce authoritative reports

Develop a strong media presence

Campaign wins

Establish respect from consumers, industry and government

Run effective assistance programs

Our social media platform established as a key go-to place for consumers

Help consumers understand the importance of super

Bring a new tone of voice to demystify super for consumers

# OUR FOCUS

**WE WILL WORK TO IMPROVE CONSUMER OUTCOMES** in both the accumulation and draw down phase of the super system

**WE WILL FOCUS ON CONSUMER ISSUES IN THE RETIREMENT RISK ZONE**, i.e. the five years leading up to and five years immediately after retirement

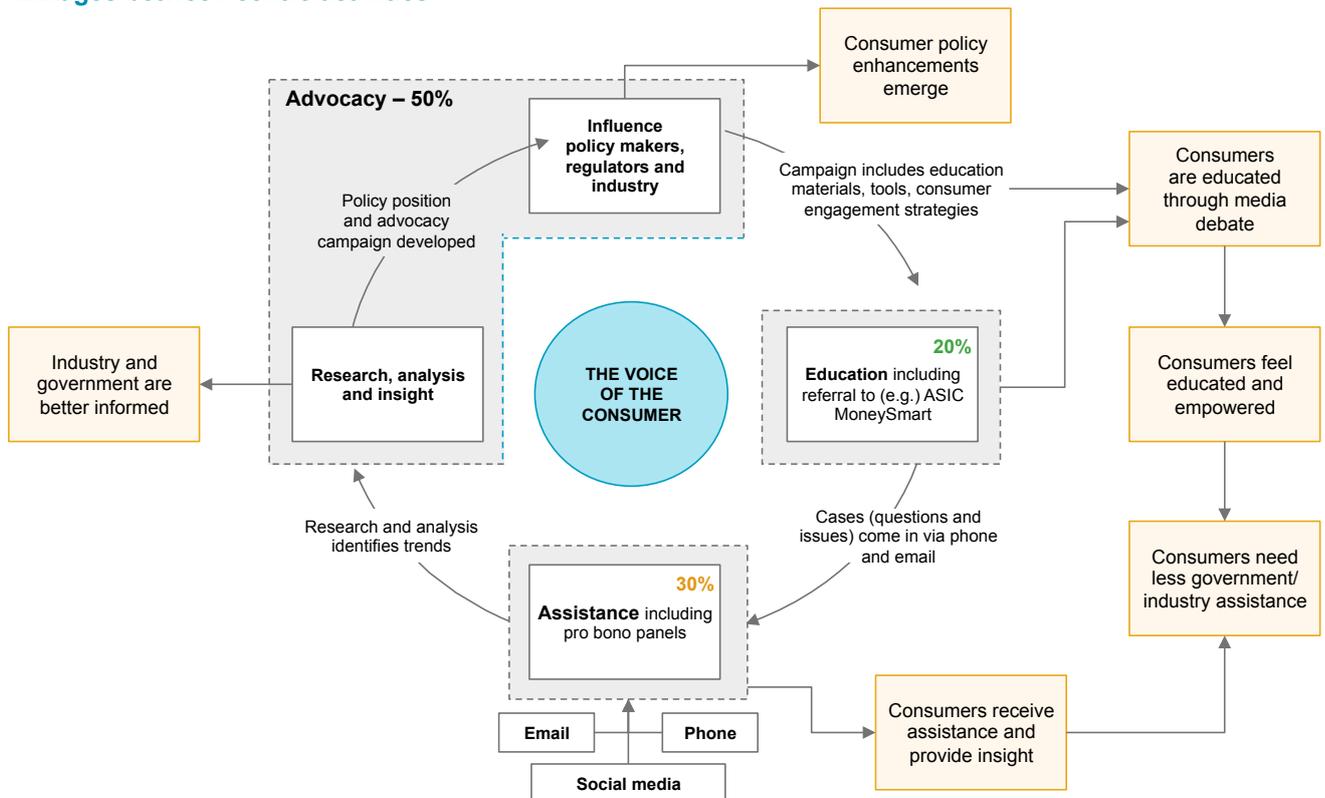
**WE WILL FOCUS ON THE ARCHITECTURE OF THE RETIREMENT PHASE** to establish agreed outcomes for the phase, including agreed defaults and ways of managing sequencing risk

**WE WILL WORK TO IMPROVE BOTH THE QUALITY & CONSUMER UNDERSTANDING OF** the various superannuation product offerings and financial advice about superannuation

**WE WILL INTEGRATE INITIATIVES ACROSS OUR THREE CORE AREAS OF WORK** such that all aspects of our work inform, support and reinforce each other

## Each of the Centre's activities will be mutually reinforcing

### Inter-linkages between centre activities



# ADVOCACY, RESEARCH & ANALYSIS (60% OF OUR WORK)

## KEY OUTCOMES

1. We will contribute to successful implementation of the Stronger Super and FoFA reforms
2. We will develop a consumer position on the “retirement risk zone”, focusing on issues with self-managed super, scams and how equity in outcomes can be achieved irrespective of the market in which one retires
3. We will seek to set the agenda on the architecture of the retirement phase, including the need for draw down defaults and ways of managing sequencing risk
4. We will develop a consumer position on self-managed super
5. We will focus on ensuring the interests of low- and middle-income consumers are reflected in all our work

## ACCUMULATION PHASE

PRODUCT ISSUES	ADVICE ISSUES
Implementation of Stronger Super	Implementation of FoFA
Self-managed super – should there be suitability/education requirements	Self-managed super – why are people going to SMSFs? Quality of advice available to those in SMSF
Account consolidation and lost super	
Expose products flaws and enhance transparency around fund performance	
Research around costs and value – publishing league tables tabulating cost and performance	

## RETIREMENT RISK ZONE ISSUES

PRODUCT ISSUES	ADVICE ISSUES
Develop a consumer position on issues around portfolio balance in the “retirement risk zone”. Also other retirement risk zone issues, e.g. scams, costs, advice etc.	Accessible, quality advice

## RETIREMENT PHASE

PRODUCT ISSUES	ADVICE ISSUES
Need for good draw down defaults	Quality TTR advice
Examination of draw down products	Quality advice in draw down phase

# ASSISTANCE VIA A SOCIAL MEDIA PLATFORM (20% OF OUR WORK)

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## KEY OUTCOMES

1. We will build systems to capture front-line data about consumer's problems with super
2. We will increase access to existing and develop on-line tools to assist consumers with common problem
3. We will provide a triage and referral service for consumers seeking legal assistance

## CAPTURING DATA

We will aim to provide up to 15 minutes of phone assistance to all callers with non-trivial superannuation problems and take a record of their problem.

We will provide an email response to those who contact us electronically and take a record of their issue. We will customise an off-the-shelf case management system to capture data and generate reports.

## ONLINE TOOLS

We will seamlessly link our website to existing content and on-line tools, and extend tools/content where gaps exist.

A superannuation health check might include:

- finding lost super
- consolidating accounts
- insurance issues

## TRIAGE & REFERRAL

We will build standard processes and information (including fact sheets) for use by consumers (self-help), Volunteers and staff to assist consumers with common problems.

## DELIVERY

- Via social media platform (designed to facilitate two-way communication with consumers and provide a pathway to additional funding from consumer memberships)

## LIMITATIONS

- No advice to be provided which could require licencing under the Corporations Act
- The Centre will keep ASIC informed of its activities

# EDUCATION VIA A SOCIAL MEDIA PLATFORM (20% OF OUR WORK)

---

## KEY OUTCOMES

1. We will build a dynamic social media platform on superannuation that connects with other content providers and facilitates peer-to-peer engagement
2. We will not replicate work done by others
3. We will dynamically link to content produced by others
4. We will extend content and develop tools where gaps exist
5. We will use modern web techniques to engage with consumers as much as possible, and explore ways of assisting consumers to engage with each other in ways that add value (social media, blogs, forums, videos)

**YEAR ONE** – skeleton platform with links to others

**YEAR TWO** – go live with our community of consumers

**YEAR THREE** – focus on new tools where gaps exist – ideally encourage others to develop; social media now part of core business

## AREAS IN WHICH WE WOULD WANT TO HAVE A PRESENCE

- Explore and report about new products (or new concepts) such as deferred annuities as they come on to the market
- Provide warnings about dodgy and/or illegal schemes
- Analyse APRA, ASIC, FOS, SCT data to provide accessible information to consumers about fund performance, adviser performance
- Develop effective ways for consumers to share information about their experiences around super products and advisers with the centre and with each other through, for example, blogs, forums, rating tools and other user-generated content
- Increase awareness amongst consumers of the relative merits of different superannuation vehicles, especially SMSFs
- “How to” guides for consumers at various life stages or events
- Information about self-managed super

## THE THREE-YEAR PLAN

	YEAR ONE	YEAR TWO	YEAR THREE
<b>CORPUS</b>	\$10,000,000	\$20,000,000	\$30,000,000
<b>TOTAL EXPENSES</b>	\$745,500	\$1,296,000	\$1,796,000
<b>STAFF</b>	5 positions	9 positions	13 positions
	CEO Office manager Policy officer Online manager Policy researcher	CEO Office manager Head of policy 2 policy officers Assistance coordinator Policy researcher Online manager Online content producer	CEO Office manager Stakeholder relations/media Head of policy 3 policy officers Assistance coordinator Policy officer/coordinator Online manager Policy researcher 2 online content producer
<b>ADVOCACY</b>			
<b>STRONGER SUPER AND FOFA</b>	Focus on regulations	Monitor implementation in companies	Assess adequacy of regulators response to new laws
<b>SMSF</b>	Research and policy Implement advocacy plan development, develop advocacy plan for years two and three	Implement advocacy plan	
<b>RETIREMENT RISK ZONE ISSUES</b>	Research and policy development, develop advocacy plan for years two and three	Implement advocacy plan	Implement advocacy plan
<b>STAKEHOLDER ENGAGEMENT</b>	Build relationships with academics, consumer groups and other community groups to assist with policy and research	Hold two industry liaison meetings on specific topics	Hold two liaison meetings with industry on specific topics
<b>MONITOR NEW PRODUCTS</b>	Watching brief – think about systems/networks to gain intel	Depending on intel focus on new product targeted at retail clients	Depending on intel focus on new product targeted at retail clients
<b>VALUE/FEES PROJECT</b>	-	Research and policy development	Begin publishing league tables
<b>DRAW DOWN DEFAULTS</b>	-	-	Research and policy development

## THE THREE-YEAR PLAN (CONTINUED)

	YEAR ONE	YEAR TWO	YEAR THREE
<b>ASSISTANCE</b>			
<b>DATA CAPTURE</b>	Customise an off-the-shelf case management system Develop template information and systems for common problems		
<b>ON LINE TOOLS</b>	Link all existing online tools we can to our website		
<b>TRIAGE AND REFERRAL</b>	Establish pro bono panels and design intern/college of law program	Offer on-line assistance	Rollout phone service (if necessary)
<b>EDUCATION</b>			
<b>BUILD SITE</b>	Phase 1 Basic site within three months – org information, connections with existing content and tools, news, opinion pieces. Phase 2 a) develop systems to take complaints/queries on-line with as much automated data capture as possible b) develop systems to enable membership, data capture about members, capacity to enable consumers to take actions, and make donations c) develop two-way interactive capacity for consumer to consumer conversations	d) research and identify high priority online information or decision tools that are not available elsewhere  Explore dynamic interactive use of tools and content on other sites  Go live with consumer community (in house content moderator)	Audit site for info deficiencies and tools gaps – develop a plan to fill gaps (this may be started earlier)  Focus on developing interactive tools
<b>SOCIAL MEDIA</b>	Establish accounts – limited uploads	Regular use	Use now part of core business

## PROPOSED CENTRE FINANCIALS SUMMARY

### P&L SUMMARY - CENTRE FOR SUPERANNUATION CONSUMERS

	YEAR ONE	YEAR TWO	YEAR THREE
<b>INCOME</b>			
Establishment grant	\$50,000		
Endowment	\$700,000	\$1,300,000	\$1,800,000
(% of corpus)	7%	7%	6%
<b>TOTAL INCOME</b>	<b>\$750,000</b>	<b>\$1,300,000</b>	<b>\$1,800,000</b>
<b>CAPITAL EXPENDITURE</b>			
Property (see property sheet)	\$0	\$0	\$0
IT (see technology sheet)	\$70,000	\$60,000	\$60,000
Misc. (from misc. sheet)	\$15,000	\$0	\$0
<b>TOTAL CAPEX</b>	<b>\$85,000</b>	<b>\$60,000</b>	<b>\$60,000</b>
<b>OPERATIONAL EXPENDITURE</b>			
Property (see property sheet)	\$0	\$0	\$0
Legal (from legal sheet)	\$0	\$0	\$0
Staff inc oncosts (see staff sheet)	\$445,500	\$841,500	\$1,166,000
Other staff costs	\$72,000	\$82,000	\$105,000
Specialist support (see staff sheet)	\$99,000	\$143,000	\$262,000
IT (see technology sheet)	\$4,000	\$6,000	\$8,000
<b>TOTAL OPEX</b>	<b>\$620,500</b>	<b>\$1,072,500</b>	<b>\$1,541,000</b>
<b>CONTINGENCY/DEVELOPMENT</b>	<b>\$40,000</b>	<b>\$163,500</b>	<b>\$195,000</b>
<b>TOTAL EXPENSES</b>	<b>\$745,500</b>	<b>\$1,296,000</b>	<b>\$1,796,000</b>
<b>SURPLUS/DEFICIT</b>	<b>\$4,500</b>	<b>\$4,000</b>	<b>\$4,000</b>

## PROPOSED CENTRE FINANCIALS DETAILS (1/4)

	YEAR ONE	YEAR TWO	YEAR THREE
<b>PROPERTY</b>			
<b>CAPEX</b>			
Fit-out	Assumed pro bono (university to fund)		
Equipment purchase, etc			
<b>TOTAL</b>	\$ -	\$ -	\$ -

<b>OPEX</b>			
Maintenance			
Utilities (electricity, etc)			
<b>TOTAL</b>	\$ -	\$ -	\$ -

## TECHNOLOGY

<b>CAPEX</b>			
Online build	\$30,000	\$30,000	\$40,000
IT systems establishment (CMS, computer, phones, etc)	\$40,000	\$30,000	\$20,000
Hardware purchase, etc			
<b>TOTAL</b>	\$70,000	\$60,000	\$60,000

<b>OPEX</b>			
Maintenance	\$4,000	\$6,000	\$8,000
Annual license costs (if applicable)			
Web hosting (inc URLs, etc)			
Communications costs, etc			
<b>TOTAL</b>	\$4,000	\$6,000	\$8,000

## PROPOSED CENTRE FINANCIALS DETAILS (2/4)

		YEAR ONE	YEAR TWO	YEAR THREE
<b>OTHER</b>				
<b>CAPEX</b>	Notes			
Branding advice and implementation (design, images, etc)		\$10,000	\$ -	\$ -
Launch significant mid-year event	Mostly pro bono	\$5,000	\$ -	\$ -
<b>TOTAL</b>		\$15,000	\$ -	\$ -
<b>OPEX</b>				
	Notes			
External legal assistance, etc (please specify)	Pro bono (TBC)	\$ -	\$ -	\$ -
<b>TOTAL</b>		\$ -	\$ -	\$ -

## PROPOSED CENTRE FINANCIALS DETAILS (3/4)

		YEAR ONE	YEAR TWO	YEAR THREE
<b>STAFF</b>	Assumed salary, inc. super			
CEO	\$160,000	\$160,000	\$160,000	\$160,000
Office manager	\$70,000	\$35,000	\$70,000	\$70,000
Online manager	\$100,000	\$100,000	\$100,000	\$100,000
Online/content producer x 2	\$70,000		\$70,000	\$140,000
Head of policy	\$100,000		\$100,000	\$100,000
Policy officer x 2	\$85,000	\$85,000	\$170,000	\$170,000
Policy officer	\$70,000			\$70,000
Policy officer/coordinator	\$60,000			\$60,000
Policy researcher (part-time)	\$50,000	\$25,000	\$25,000	\$25,000
Assistance and volunteers coordinator	\$70,000		\$70,000	\$70,000
Media/stakeholder relations	\$95,000			\$95,000
<b>TOTAL (BEFORE ONCOSTS)</b>		\$405,000	\$765,000	\$1,060,000
<b>ONCOSTS (AT 10%)</b>		\$40,500	\$76,500	\$106,000
<b>TOTAL</b>		\$445,500	\$841,500	\$1,166,000
<b>HEADCOUNT (NOTE: NOT FTE)</b>		5	9	13

## PROPOSED CENTRE FINANCIALS DETAILS (4/4)

	YEAR ONE	YEAR TWO	YEAR THREE
<b>OTHER STAFF COSTS / OTHER RELATED</b>			
Recruitment costs	\$20,000	\$15,000	\$15,000
Travel and conferences	\$30,000	\$40,000	\$50,000
Office expenses	\$12,000	\$15,000	\$25,000
Subscriptions / training	\$10,000	\$12,000	\$15,000
<b>TOTAL OTHER STAFF / RELATED COSTS</b>	<b>\$72,000</b>	<b>\$82,000</b>	<b>\$105,000</b>

### BOARD

Board remuneration / expense recovery			
<b>TOTAL BOARD REM</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### SPECIALIST SUPPORT (CONSULTING / CONTRACTING)

Consulting			
Stakeholder relations / comms	\$2,000	\$4,000	\$10,000
Education programs (external content generation)	\$20,000	\$25,000	\$45,000
Finance & audit	Assumes pro bono assistance also given \$7,000	\$9,000	\$12,000
Advocacy / research programs	\$50,000	\$80,000	\$150,000
Assistance programs	(external content generation) \$20,000	\$25,000	\$45,000