

What has Superannuation got to do with Sustainability?

Terence Jeyaretnam

Bob Welsh is Chief Executive of VicSuper Pty Ltd, the corporate trustee and administrator of VicSuper Fund, which is one of the largest and fastest growing public offer superannuation funds in Australia. In September 2005 he was awarded the annual Sustainability Leadership Pioneer Award at the International Sustainability Leadership Symposium in Zurich. Bob is inaugural Chairperson of Sustainability Victoria and is also founding Chairperson of the Investor Group on Climate Change Australia/New Zealand. I had the pleasure of interviewing Bob recently on the link between superannuation and sustainability. An abridged version of the interview is presented below.



Terence: What does sustainability mean for VicSuper?

Bob: For VicSuper sustainability is about achieving our purpose in a way that creates a net benefit – socially, environmentally and economically – for all current and future stakeholders. Our purpose is simple – to help people save for, and meet, their income needs in retirement.

Terence: What does sustainability have to do with superannuation?

Bob: A super fund's purpose is to provide retirement income to people. For a large regulated and mature public offer superannuation fund such as VicSuper the fund is virtually a perpetual investment vehicle.

Accordingly it makes sense for the Trustee to set long term investment objectives and then manage the fund to those objectives. With a long term investment horizon a super fund will always have a large exposure to investments in company shares – listed and unlisted.

For a company to sustain its ability to generate cash over the long term it must maintain its competitive advantage in its particular industry and market. In order to maintain a competitive advantage companies must continually be on the look out for emerging risks and opportunities to their businesses.

Terence: What is your vision for a sustainable VicSuper?

Bob: Our vision is to build a sustainable superannuation fund, which is one that creates a net benefit – economically, socially and environmentally for all current and future stakeholders.

Terence: How is VicSuper going about achieving its sustainability objectives?

One of our approaches is through adopting sustainability as our central operating principle thus integrating sustainability into all our decision support systems. This is a long term process and we are more advanced in some areas than others.

Terence: What is your advice to engineers about sustainability in engineering?

Bob: Achieving sustainability is a lot about innovation and process redesign. Accordingly engineers are well placed to contribute to the sustainability agenda.

It means looking at problems holistically. Thinking through the environmental and social impact of the use of goods and services and recommending design changes. It also means embedding sustainability principles into the design process.

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