



The Voice of Super

File Name: 200608

19 April 2006

Mr Tim Sheehy
Chief Executive
Chartered Secretaries' Australia
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Dear Tim,

ASFA Comments on CSA Discussion Paper on Direct Voting

The Association of Superannuation Funds of Australia Ltd (ASFA) wishes to provide some feedback on the *Expressing the voice of shareholders: A move to direct voting* Discussion Paper released by the Chartered Secretaries Australia (CSA).

ASFA wishes to congratulate the CSA on the Discussion Paper. It demonstrates a willingness to promote industry-led innovation and best practice, things that ASFA promotes within the superannuation industry.

ASFA's view is that it is best practice for fund trustees to be active shareowners which we define as including not only proxy voting but also engagement with companies. The objective of any activity is protecting and enhancing shareholder value. ASFA also believes that voting is important, as it is one of the mechanisms by which shareholders can directly impact on company decisions. In ASFA's view trustees should not remain "passive" shareholders, as their voting rights are a valuable asset of the fund. Trustees should seek to exercise their voting rights on important matters, even if they actively choose to abstain on a particular motion.

ASFA would support initiatives that assist fund trustees in exercising these rights. The CSA Discussion Paper provides a useful contribution to the debate. We would encourage companies, in consultation with their shareholders, to explore the option of offering direct voting.

If you require further information on matters raised in this letter, please contact me on 02 9264 9300.

Yours sincerely,

Dr Michaela Anderson
Director of Policy and Research

Federal Secretariat

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