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The GOOD Fight

LUCRF Super and its former CEO Greg Sword played a prominent role in shaping the superannuation industry into the world-renowned retirement income system it is today.

Images by Estelle Judah Photography

Over the past few decades, the superannuation industry has seen a complete turnaround, with the make-up and environment of the industry and its players shifting dramatically. Greg Sword and the creation of the Labour Union Co-operative Retirement Fund (LUCRF) Super in 1978 as Australia's first industry fund played an important role in this process as the industry's priorities and policies radically changed.

These days, LUCRF Super provides consistently competitive returns and excellent service to more than 180,000 members. Greg Sword has served as CEO for the past eight years, and this year he announced his retirement from

LUCRF, with Charlie Donnelly, former general secretary of the National Union of Workers, taking over as CEO in July.

As Charlie assumes responsibility for a fund that has seen sustainable and steady success, Greg says that it's been a hard road to get it to where it is today. "Back then, I was studying engineering at Swinburne University and I was active in the Labor party, after joining in 1968. I became the national president of Young Labor and I was quite active in the Victorian branch. I was offered an opportunity to come and work for the Federated Storemen and Packers Union in 1974, so I accepted the offer and started working there.

"My policy interests led me to think about superannuation. At

that stage in the development of superannuation policy, people felt that the most appropriate way forward was for a national superannuation scheme run by the government. I had a more advanced view about the realities of the existing scheme, and that was really proven to me as I worked as a union organiser.

"The complaints that you received or the pleas for assistance that you got from people were generally along the lines of: they've worked for a company for 15- or 20-plus years and they were either losing their job or leaving for one reason or another, and all they were getting was really a return of their own money with 3-per-cent bank interest. This meant that any hope they had of a decent retirement benefit was just gone. >



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"You'd go to the company and say, 'This can't be right', and you were really faced with a brick wall. You'd then ask to see the trust deed, and in most cases you weren't allowed to see it. The individual member could go and see it, but they'd usually be in the company of head office representatives and they couldn't make copies of it. Superannuation was a very secretive business, and for the life of me I don't know why that was the sort of view people took."

Working in a union, Greg quickly saw the inadequacies of the existing system and how many working Australians were being let down. He says that there needed to be a drastic change. "I came to the conclusion quite easily that the current system—as it applied to ordinary working people who changed their jobs a few times in their working life—was based upon working for one company for the majority of your life and retiring around the age of 60. If you didn't do that, you basically got nothing.

"We saw the contributions as belonging to the member, and we wanted to establish a super fund which suited their interests. By taking that position, we really confronted the established financial and superannuation industry head-on, and it was very tough."

- Greg Sword

"It was too late to try to fix the problem after people had already been in a fund for 20 or 25 years, so it was obvious that we had to change it so that you negotiated the conditions of the super fund on your way in. Every company had its own fund, and it was impossible to do that, so I came to the conclusion that we could develop a union fund which was based upon a model that existed in those days but wasn't very prevalent. It was an account-based accumulation scheme and it was fully vested, which means that the money that the member put in, the money that the company put in, and the interest would always belong to the member—and it wouldn't matter how long they worked for one company; they could keep that account and add to it throughout their working life.

"It was fairly straightforward, and our view was that the employer contribution to super should really be part of the pay package. It shouldn't have been seen as some separate privilege that the employer gave to you if they liked you. It was a radical view. We saw the contributions as belonging to the member, and we wanted to establish a super fund which suited their interests. By taking

that position, we really confronted the established financial and superannuation industry head-on, and it was very tough."

This turbulent time was a turning point for Greg and the driven people around him at the Federated Storemen and Packers Union as they pushed for retirement benefits for all workers. The FSPU's super campaign laid the foundations for the first formal offer of superannuation payments by employers.

"I would say in the first three or four years of the union proposing the scheme, there wouldn't be anyone who got into the scheme without having to go on strike for it for at least a week to win the right to join," Greg says.

"It led to some very big disputes, and these kinds of disputes led the wider community, and particularly journalists, to actually look at what the hell was going on. Why were people going on strike for superannuation? And when they looked at it, they generally agreed with us in a policy sense. They didn't like the idea of the union running it, but they begrudgingly saw our point that the current system didn't work." >

"Working with LUCRF has enabled our organisations to deliver a number of recent service and cost-saving measures including SuperStream delivery, clearing house services, and a smartphone app for members. This alignment has enabled DST to create solutions for LUCRF's employers and members."
- Martin Spedding, CEO, DST Bluedoor



This success saw Greg running the union scheme for a few years before the union asked him to stand for the position of national secretary. "At the time, I was a bit reluctant as I felt my real interest was growing the scheme and this really special thing that we'd developed. However, I saw the broader need, so I came back and became national secretary.

"Then through the 80s we worked on amalgamating the union with a whole bunch of other unions. We eventually amalgamated with seven other unions and became the National Union of Workers, which has now grown to be the second-largest blue-collar union, at least here in Victoria. I was national secretary of the union until 2004, and with that role came other responsibilities. I became the president of the Labor Party in Victoria on two occasions. I've been in the party officers group for around 15 years, and I went onto the national executive of the party and served for around 14 years.

"In 2004, I thought after 30 years of doing that I'd earned a bit of a break, so I retired. The union asked me to stay on to do some work with the fund and a couple of other service-based organisations that the union also operated. I did that, and in 2006 they asked me to come back full time and become CEO of LUCRF Super."

For the past eight years, Greg and his team have worked on reimagining and remoulding the fund to get it to where it is today with more than \$4 billion in funds under management, 180,000 members Australia-wide, and 16,000 participating employers. With this success under his belt, Greg says he was finally ready to retire.

"I've got to the age of 66, and around this age you start to think about needing a little more time to yourself. The work that I've done throughout my life has meant that I don't have much time for

anything else apart from what I'm doing. That's the nature of the job. Now it's time for me to step back and help others and take a bit more time for myself."

This will involve his service as a board member for the Victorian Endowment for Science, Knowledge & Innovation (VESKI), a member of the St Vincent's Advisory Council, and a trustee of the Caulfield Racecourse Reserve and National Jockeys Trust.

With his departure from LUCRF in July, Greg says that looking back at the past eight years, the organisation has seen some significant change. "I think when I came back eight years ago, we were acutely aware that the environment was going to become far more competitive and that you had to be extremely good at what you do to even get to first base. If you're not excellent at what you do and if you're not getting those returns, then they're not going to even open the door for you.

"We had the right service culture. It's the same sort of culture that comes from the union, which is about looking after people and being interested in their needs, not trying to take advantage of them. We had the right culture, but we really needed to modernise."

This modernisation process involved examining the technology that they had and exploring new technology solutions. Greg notes, "The administration and management of super is quite complex, and without the right technology you can't do it. Even when you've got the right technology, you have to be very good at what you do. That was my major focus when I first came in. Everyone got on board and accepted that a fund our size had to produce efficiencies through technology.

"We managed to find the system that we now have, and we've made that a real success. That has led us to a point where we're



extremely competitive, both in terms of price and performance. We're a full service fund, so we offer a wide range of products, including financial advice; we've integrated that into our service offering.

"For the employers, we will be able to offer them a full gateway and clearing house service. We're in a very competitive position, and our approach to internal organisation, our culture, and our focus on technology have produced those opportunities for us."

This strong position has seen LUCRF grow steadily in recent years, which Greg says is due to its host of competitive differences. "Another clear advantage that we have is that we're self-

administered. What we imagine and what the technology will allow us to do, we can do. Like most funds, we have many different engagement programs running, and we can adjust and change them as the environment or market shifts.

"We're very flexible and capable of implementing quickly the choices we make about how we want to run the fund. Whether it's an engagement program or any other sort of program, we can act quickly and we don't have to ask somebody else about it."

LUCRF Super will utilise these advantages and strengths as it continues to grow and protect the interests and incomes of members across Australia. •

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- Greg Sword

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