CHANGE has never been something that the not-for-profit superannuation sector has shied away from – quite the opposite.

It was campaigning by industry and other not-for-profit funds that helped rid the entire superannuation system of commissions paid to financial advisers. It is not-for-profit super funds –that have led the calls for a better deal for women, for low income earners and for other disadvantaged groups.

Not-for-profit superannuation funds have led by example, and through advocacy, to ensure that more of the money earned on members' superannuation savings is still around for their retirement. These same funds have worked tirelessly for their members to deliver greater insurance coverage and access to financial advice. They have also worked hard to improve the environmental and social awareness among the big corporates they invest in and keep the pressure on external service providers to reduce fees.

Based on statistics from the industry regulator, the Australian Prudential Regulation Authority (APRA), by June 30 last year, 48 of the Top 50 fund-level rates of return over the past decade were delivered by not-for-profit (or profit-for-members) funds. That ten-year period includes the Global Financial Crisis - the havoc wreaked on everyone's financial wellbeing by the poor behaviours of much of the global banking industry. It is worth remembering that the Australian Government was forced to lend its own balance sheet as a guarantee to support and defend Australia's banks from contagion at that time.

To that end, it is unfortunate that the Government's latest review into superannuation fund structures described itself as "restoring stability", language that in itself does nothing to maintain people's confidence in the industry – particularly when it is just plain wrong. What "restoring" needs to be done in a superannuation industry that has grown so steadily, and strongly, with almost $1.7 trillion of Australians' retirement savings under management?

The success of the Australian superannuation system has massively reduced the future financial burden on Australian taxpayers who would otherwise have to help subsidise millions more people with government-funded pensions.

APRA last year rolled out more than a dozen new prudential standards for the industry, one of which dealt solely with governance, and came into force on July 1, 2013. That standard dictates that licenced funds must have policies on board renewal and performance assessment, as well as established remuneration and audit committees - including requirements that boards have processes for measuring the skills of current and proposed board members, to ensure that they have an appropriate mix of capabilities to properly do their job of safeguarding, and growing, the assets of members.

Properly applied, that governance standard ensures that no super fund director – industry or retail – retains their board seat just because they belong to a particular union, member or employer group. Yet the Government seemingly feels that it already needs to second-guess APRA's ability to monitor the make-up of super fund boards, by specifically legislating to ensure "independent" directors are added. There is no cost/benefit evidence which shows that such a move will improve the outcome for members of not-for-profit funds.

AIST
Ground Floor
215 Spring Street
Melbourne VIC 3000

T 03 8677 3800
F 03 8677 3801
E info@aist.asn.au
W www.aist.asn.au

It is worth remembering that the sole purpose of superannuation trustee directors is to ensure the retirement funds of members are safely and wisely invested. Unlike not-for-profit funds, retail or "for-profit" funds arguably have a competing obligation to make an additional profit for their parent company's demanding shareholders.

Not-for-profit funds are sensibly open to change – indeed our industry has driven most of it. Some not-for-profit funds have already, and willingly, changed the balance of their boards to include independent directors. AIST supports all boards having the flexibility to appoint directors as they see as appropriate to deliver the best outcomes for their stakeholders – and in the case of not-for-profit funds, it is unequivocally the members of the fund.

The Government's superannuation review seems to be rushing to try to fix a model that clearly is not broken, or even threatening to become so. It also suggests a curious lack of confidence in the ability of the industry's independent regulator, APRA, to continue to fulfil its very effective supervisory role.

Without supporting evidence of instability, or even the threat of systemic problems, the proposals appear to be a solution looking for a problem.

Tom Garcia is CEO of the Australian Institute of Superannuation Trustees - the peak industry body for the $600 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.

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W www.aist.asn.au