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New governance code keeps superannuation members' interests first

The Australian Institute of Superannuation Trustees (AIST) has developed a new governance code that reinforces the importance of member representation on the boards of superannuation funds and aims to keep profit-to-member funds positioned at the leading edge of governance practices.

The draft code –which has a proposed start date of 1 July, 2017 and has been circulated to AIST's membership for feedback and consultation –will apply to more than 50 profit-to-member funds with recommendations that exceed existing legal and APRA regulatory requirements on Australian super funds. This will ensure the continued protection of millions of Australians' retirement savings.

The code has been developed separately but in tandem with the Fraser review and follows a commitment made by AIST and Industry Super Australia to the Australian Senate.

AIST CEO Tom Garcia says AIST's code – modelled and built around the ASX Corporate Governance Principles - reflects the importance of safeguarding members' retirement savings through robust governance practices.

"Despite the overwhelming legal and regulatory requirements that already apply to super funds, AIST believes more can be done to safeguard members' compulsory retirement savings," Mr Garcia says. "We are asking our member funds to sign up to a code that recognises the key role that the equal representation system plays in delivering superior results for members."

The code covers a broad range of governance issues, with 22 recommendations including recommendations on member engagement opportunities; equal director voting rights; strong risk culture; board renewal, chair appointment, disclosure, transparency and remuneration.

The code requires funds to maintain an equal representation governance structure (involving both member and employee representation) whilst also allowing the appointment of up to one third independent (non-representative) directors.

Mr Garcia says the code recognizes that a host of factors contribute towards best practice governance.

"You can't sound-bite good governance – it doesn't come down to one factor," Mr Garcia says. "Good governance is fundamentally about a group of people making good decisions, having the right skills and also having a strong commitment to the members they serve. AIST's code provides a framework to ensure this continues to be front and centre to profit-to-member superannuation practices."

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AIST is the peak industry body for the \$700 billion profit-to-member super sector which includes industry, corporate and public sector funds.