

**Monday October 9, 2017**

## **Equal representation delivers best outcomes for super fund members: AIST**

**The Australian Institute of Superannuation Trustees (AIST)** has recommended that the Senate reject a push by the Government to mandate a governance model for superannuation funds, noting that no evidence has been presented that the current system is failing members or that the proposed model would improve member outcomes.

In its response to the *Superannuation Laws Amendment (Strengthening Trustee Arrangements) Bill 2017* – which is currently before a Senate economics committee – AIST argues that mandating independence ignores the fact that independence is an intrinsic characteristic of profit-to-member funds and that a strong regulatory framework already exists.

**AIST CEO Eva Scheerlinck** said the trustee representative governance model of profit-to-member funds ensured that members' best interests were advanced at all times.

"The profit-to-member governance model – in combination with general trust law, statutory law, APRA prudential standards and the AIST Governance Code– provides a robust independent framework that both protects members' interests and has consistently delivered outperformance," Ms Scheerlinck said.

"Union and employer-appointed trustee directors of profit-to-member super funds are all independent from management and – unlike the directors of bank-owned super funds – they are free to act solely in members' best interests as they are not required to produce a profit for parent shareholders."

AIST will also call on the Senate to reject a measure in the Bill that seeks to abolish the equal representation system from legislation.

"A number of top performing pension funds in the world (including those in Australia's APRA-regulated superannuation industry) have an equal representation model, or at a minimum, have a degree of member representation on the board," Ms Scheerlinck said.

"The removal of the equal representation model from the legislation will remove the guaranteed voice of the members and of the employers, which currently ensures a balance in decision-making and a true understanding of the membership," Ms Scheerlinck said.

Ms Scheerlinck said while there was no evidence that equal representation precluded a board from being adequately skilled, AIST supported profit-to-member funds having the flexibility to appoint up to one-third independent directors to fill whole-of-board skill gaps where they existed.

In recognition of the value of ongoing improvement of the strong profit-to-member governance framework, AIST this year launched a [Governance Code](#) that will be mandatory for AIST member funds from 1 July, 2018.

"Good governance is about much more than who sits around the board table," Ms Scheerlinck said. "AIST's Governance Code addresses underlying factors that we believe drive good governance practices and behaviors and, ultimately, deliver the best retirement outcomes for members."

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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.***

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