



Improving the financial future of women won't happen  
But it will start on April 27.



# Good governance comes from principles: AIST

By Eva Scheerlinck (<https://investmentmagazine.com.au/author/eva-scheerlinck/>) | 12/04/2017

OPINION | The Australian Institute of Superannuation Trustees' incoming governance code is a reflection of the profit-to-member sector's commitment to protecting workers' best interests.

Serving as a trustee director on a super fund board is not a job for the faint-hearted or for anyone looking to ease into retirement.

The industry is highly regulated, as it should be, with the retirement savings of millions of Australians at stake.

A strong regulatory framework helps to protect the roughly \$2.3 trillion superannuation pool and ensure that the industry is accountable to the members, who hand over almost 10 per cent of their pay cheque.

The responsibility of safeguarding people's savings is taken very seriously by the trustee directors of profit-member super funds.

At funds with equal representation of member- and employer-nominated trustees, members' interests are always at the centre of the decision-making process. Not just in an amorphous way, but represented by a tangible group of people who know and relate to members' stories.

Super fund governance arrangements have been scrutinised in recent times by government inquiries, regulatory changes and political conjecture. As an industry of professionals responsible for billions of dollars in a mandated savings system, we are up to the scrutiny. We are also proud of our record of providing great returns for members.

The Australian Institute of Superannuation Trustees has strongly opposed the government's proposed changes to who can and can't sit around a superannuation fund board table. This does not mean we are complacent about good governance.

Our member funds are the strongest and most successful in the sector, and want to remain leaders of the pack. AIST supports high standards of governance and we are committed to a culture of continuous improvement. That is why we are launching the AIST Governance Code at the 2017 Conference of Major Super Funds, on the Gold Coast, March 22-24, following an extensive Australia-wide consultation process with profit-to-member funds.



The code includes more than 20 recommendations across a broad range of issues, including: member engagement opportunities, equal director voting rights, strong risk culture, board renewal, chair appointment disclosure, transparency and remuneration. There is much more to good governance than who gets to sit around the board table.

Our code also recognises that the governance model of profit-to-member funds is distinctly different to that of for-profit funds and, therefore, requires different governance principles and recommendations.

As former Reserve Bank of Australia governor Bernie Fraser states in his recent report on governance in the superannuation sector: “To mandate the same board governance requirements for all super funds – as if they are homogeneous entities pressed from the same mould – would be to ignore the stark differences within the industry. That diversity is a source of competition and strength for the industry and not something to be whittled away, as the current government seems intent on doing.”

Our code has a particular focus on the process by which sponsoring organisations nominate directors. It includes recommendations concerning the mix of skills and experience required on boards, the need for early engagement with sponsoring organisations, the disclosure of the skills mix and the annual review of director performance.

Our code – like the ASX’s corporate governance standards – is based on principles. It recognises that prescriptive approaches to governance are unlikely to produce best outcomes for members.

Where it is considered to be in members’ best interests, AIST supports boards appointing up to a third non-representative directors to complement the value offered by directors whom member and employer organisations nominate. Some of AIST’s members have moved to this model; however, the equal representation of members and employers has remained a key factor in their board structure.

AIST’s code will be mandatory for our member funds and we will ask them to report on their adherence annually to an independent body. Good governance requires a group of people with the right values, skills and experience to make good decisions and demonstrate a strong commitment to the members they serve.

AIST’s code will ensure that these factors are always at play around the board tables in the profit-to-member sector.

*Eva Scheerlinck is chief executive of the Australian Institute of Superannuation Trustees. This article first appeared in the April print edition of Investment Magazine. To subscribe and have the magazine delivered CLICK HERE (<http://store.conexusfinancial.com/p/7991547/investment-magazine.html>). To sign-up for our free regular email newsletters CLICK HERE (<http://investmentmagazine.com.au/im-subscribe/>).*

## Popular across Investment Magazine

---

1. AustralianSuper CIO Mark Delaney’s global strategy (<https://investmentmagazine.com.au/2017/03/australiansuper-mark-delaney-global-strategy/>) / Monday March 20, 2017

2. Super funds on notice over employer deals and insurance (<https://investmentmagazine.com.au/2017/03/super-funds-on-notice-over-employer-deals-and-insurance/>) / Monday March 27, 2017
3. AIST confirms Eva Scheerlinck as new CEO (<https://investmentmagazine.com.au/2017/03/aist-confirms-eva-scheerlinck-as-new-ceo/>) / Thursday March 23, 2017
4. Mine Wealth + Wellbeing CIO launches CIPR assessment tool (<https://investmentmagazine.com.au/2017/03/mine-wealth-wellbeing-cio-launches-cipr-assessment-tool/>) / Wednesday March 15, 2017
5. APRA's Helen Rowell is fed-up with trustee junkets (<https://investmentmagazine.com.au/2017/03/apras-helen-rowell-is-fed-up-with-trustee-junkets/>) / Monday March 27, 2017
6. REST Industry Super boss backs proposed lifetime default (<https://investmentmagazine.com.au/2017/03/rest-industry-super-boss-backs-proposed-lifetime-default/>) / Wednesday March 29, 2017
7. Superannuation default death cover fights for its life (<https://investmentmagazine.com.au/2017/03/superannuation-default-death-cover-fights-for-its-life/>) / Wednesday March 22, 2017

**Sign up to our email newsletter**

**SIGN UP**