

23 July 2015

Mr Paul Tielley  
Manager, Insurance and Superannuation Unit  
Financial System and Services Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600  
By email: [superannuationgovernance@treasury.gov.au](mailto:superannuationgovernance@treasury.gov.au)

Dear Mr Tielley,

## Exposure Draft: Superannuation Legislation Amendment (Governance) Bill 2015

The Australian Bankers' Association (**ABA**) appreciates the opportunity to provide comments on the exposure draft legislation to improve governance arrangements in superannuation.

With the active participation of 24 member banks in Australia, the ABA provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services.

The ABA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy and to ensure Australia's banking customers continue to benefit from a stable, competitive and accessible banking industry.

### Strong governance

The superannuation and retirement incomes system is an integral part of the financial system, and therefore, vital to Australia's future growth and prosperity. The compulsory nature and size of the superannuation system means that consumers expect superannuation funds to meet high standards of corporate governance.

### Current arrangements

The banking and insurance industries are required to meet corporate governance standards applicable to Australian Financial Services Licensees as contained in the *Corporations Act* administered by the Australian Securities and Investments Commission (**ASIC**), and corporate governance standards contained in prudential standards administered by the Australian Prudential Regulation Authority (**APRA**).

Additionally, if the trustee of a superannuation fund (or a group entity of which the trustee is a member) is listed, like many retail super funds managed by banks, the corporate governance standards contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations also apply.

### Proposed changes

The ABA supports the Federal Government's proposed changes to the governance arrangements for superannuation funds set out in the exposure draft *Superannuation Legislation Amendment (Governance) Bill 2015* (the Bill).

The ABA believes that the Government's proposed approach to require a minimum one third independent directors and an independent chair for all APRA-regulated super funds, coupled with an 'if not, why not' reporting obligation with regards to whether the fund has a majority of independent directors, is a sensible



Strong banks – strong Australia

approach to raising governance standards across the industry, subject to appropriate consideration of industry consultation outcomes. We have not considered the technical aspects or operation of the Bill.

While the ABA recognises that many retail super funds, including those managed by banks, already meet these governance arrangements, it is important that all superannuation members have the same confidence in governance arrangements across the superannuation and retirement income system.

Given the importance and compulsory nature of superannuation, the ABA believes that these changes will strengthen the governance framework for the superannuation industry and provide consistency for all superannuation members.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Christine Cupitt', with a long horizontal flourish extending to the right.

Christine Cupitt  
Policy Director – Retail Policy  
(02) 8298 0416  
christine.cupitt@bankers.asn.au