

Media Release  
13 February 2014

### **Large superannuation funds should match corporate governance and transparency standards**

Public offer superannuation funds should adhere to the same standards of governance and transparency as listed public companies and conform to the ASX corporate governance principles.

The boards of the trustee companies that manage APRA-regulated funds should have at least a majority of independent directors and the chair should be independent.

These are key points from a submission to the Government's review: *better regulation and governance, enhanced transparency and improved competition in superannuation* lodged by the SMSF Owners' Alliance.

SMSFOA's submission points out that trustee companies hold \$970 billion in 29 million member accounts, significantly more than the \$643 billion Australian households have in bank deposits.

So the prudential supervision of APRA-regulated funds should be as stringent as AFMA's supervision of banks and the governance standards of funds should be comparable to the governance standards required of banks and other large corporations.

Ideally, the appointment of trustees should be confirmed by fund members, as the appointment of directors is confirmed at company general meetings. However, SMSFOA's submission acknowledges that changing the legal structure of superannuation funds to a more democratic model would require a radical transformation of APRA-regulated funds which may not be warranted at this stage if funds are moving towards more independent governance and higher standards of transparency.

SMSFOA's submission notes it is important for there to be full disclosure of all sources of income to the trustee company and significant cost items. The financial accounts of trustee companies need to be made available publicly.

The submission suggests that members should be provided with a quarterly update on the performance of their superannuation account detailing inflows (contributions, gross earnings and realised capital gains); less outflows (fees, taxes and withdrawals) to give a cash balance to which unrealised capital gains are then added. This makes it easier for members to keep tabs on the performance of their account.

SMSFOA notes that its interest in the governance of APRA-regulated funds is because many SMSFs invest in these funds. In exercising due diligence on their investments, the trustees of SMSFs, and their financial advisers, need to have access to information on superannuation funds equivalent to the access they have to information on corporations.

Contact:

Duncan Fairweather  
Executive Director  
SMSF Owners' Alliance  
[dfairweather@smsfoa.org.au](mailto:dfairweather@smsfoa.org.au)

0412 256 200  
[www.smsfoa.org.au](http://www.smsfoa.org.au)