



MEDIA RELEASE

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FSC supports better governance for superannuation funds

The Financial Services Council welcomes the Assistant Treasurer's announcement today which clarifies how draft legislation will be amended to improve superannuation governance.

Reform of the governance arrangements for all of Australia's superannuation funds is part of an important package to raise standards and boost competition across the entire superannuation industry.

The announcement confirms that an 'independent chair' can be included in the one-third independent directors, provides clarity on the definition of 'independent' in the law and allows for a three year transition period for all funds to comply.

Sally Loane, CEO of the Financial Services Council said: "The rising tide of governance will lift standards for all super funds - retail, industry, public sector and corporate. The changes do not single out any one fund type, but are actually designed to improve governance across the \$1.4 trillion APRA-regulated sector."

"With the changes, Australian consumers can have more certainty that the entity managing their retirement savings has the highest standard of governance regardless of whether it is a retail, industry, public sector or corporate fund."

"In a mandatory super system, consumers are entitled to the highest standards of governance," she said.

Superannuation governance reform is one part of a package to reduce fees and raise standards in the superannuation industry. Superannuation fees are too high because too many consumers and workplaces are banned from selecting a super fund of choice.

Ms Loane also said: "The FSC supports reforms that would allow all Australians to choose their own super fund."

Currently, some sectors of the superannuation industry are protected under legislation from having to compete for fund members and some consumers do not have the right to choose their own superannuation fund.

"Superannuation fees will reduce when the competitive tensions are increased."

"Everyone should support superannuation funds sharpening their pencils," Ms Loane said.

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For further information contact: Robyn Tolhurst, Director of Communication T: 0411 177 773
E: rtolhurst@fsc.org.au

About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 110 members who are responsible for investing more than \$2.5 trillion on behalf of 11.5 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.