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### Super funds urged to provide greater disclosure to members under new governance framework

Super fund boards are being urged to disclose more information to their members under a new governance framework launched today at the Conference of Major Super Funds CMSF 2011.

The inaugural framework, jointly prepared by the Australian Institute of Superannuation Trustees (AIST) and Industry Funds Forum (IFF), contains a raft of recommendations on board composition, risk management, education/training, member disclosure and trustee remuneration. AIST president Gerard Noonan said that the new framework – developed in response to the Government’s Stronger Super recommendation for an industry code of governance – had been designed specifically for not-for profit funds, which manage more than \$450 billion on behalf of nearly two thirds of the Australian workforce.

“This new framework builds on the success of not-for-profit funds and should give members even greater confidence that their savings are being managed in their best interests,” said Mr Noonan.

“There is much more to good governance than simply complying with the law. Good governance needs to permeate the fund’s entire operations – from appropriate board composition and remuneration through to disclosure on the fund’s environmental, social and corporate governance risks,” he added.

IFF Executive Officer Helen Hewett, said "One of the benefits of the new Governance Framework is it canvasses some of the more difficult issues in the knowledge that a single prescribed approach will not necessarily deliver the best outcomes for members."

"This Framework will encourage informed and considered decision making around Governance engaging both the Trustee Board and the senior executives who will drive the change in culture and deliver the policy promise to members," she added.

Key recommendations contained in the Fund Governance Framework for not-for-profit superannuation funds include:

- Boards to disclose their remuneration policies and individual directors fees. Remuneration disclosed in bands of \$50,000 for the top five executives of super funds.
- Boards to determine director terms based on individual director performance rather than an arbitrary measurement of time served.
- Boards to develop procedures to appraise board performance.
- Boards to “actively strive” to achieve a minimum of 40% of directors from each gender.
- Boards and sponsoring organisations to decide on the appropriateness of appointing trustee directors with other board responsibilities. Continued service of directors appointed to multiple boards to be regularly reviewed to ensure the appointment remains in the best interests of members and that any conflicts are managed appropriately.

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ABN 19 123 284 275

AIST | T 03 8677 3800  
Ground Floor | F 03 8677 3801  
215 Spring Street | E info@aist.asn.au  
Melbourne VIC 3000 | W www.aist.asn.au

- Boards to disclose policy for managing potential or actual related-party transactions and how those transactions are managed by the board.
- Board directors to undergo a minimum of 30 hours of training and professional activities each year.

**Further media enquiries:**

**AIST Media Manager Janet de Silva: 0448 000 499**

***AIST is the peak industry body for the \$450 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.***