AUSTRALIAN INSTITUTE of SUPERANNUATION TRUSTEES

SHAPING PROFIT-TO-MEMBER SUPER

Friday, 17 December 2021

CHANGES TO PROXY ADVICE WILL UNDERMINE MEMBERS' BEST FINANCIAL INTERESTS

The Australian Institute of Superannuation Trustees (AIST) has serious concerns that the changes to Proxy Advice contained in regulations released today will escape much-needed Parliamentary scrutiny and will undermine trustees capacity to act in members best financial interests.

Given the wide reaching impact of the changes to proxy advisors they should be contained in legislation so they can be debated by Parliament and understood by the community. Such enhanced scrutiny would also serve to address any unintended harm. Instead the regulations are being introduced by stealth, one week before Christmas, with a start date for some elements in February.

The Parliament will not be able to debate, or even have oversight, prior to commencement over these major changes which have the potential to affect all Australians' superannuation. There is a danger the Government can be seen to actively avoid Parliamentary scrutiny.

General Manager of Advocacy at AIST, Mel Birks noted:

"Given the good work proxy advisers have done engaging with companies to improve their performance on climate change and other governance failures such as destruction of ancient Indigenous sites and money laundering on a large scale at casinos, the motivation for these changes is deeply concerning'

"Other than putting the interests of directors ahead of the interests of working Australians who are shareholders through their super, it is entirely unclear why the Government would be pursuing a change such as this. There is no

AIST
Level 23, 150 Lonsdale Street
Melbourne VIC 3000
T 03 8677 3800
E info@aist.asn.au
W www.aist.asn.au

ABN 19 123 284 275

evidence of systemic issues in proxy advice that would support changes of this type.

The requirement that the advisers not be owned by their clients is unnecessary, as the advice given is independent. The critical independence is between the proxy advisor and the companies they assess, and this is already in place"

The Business Council of Australia noted in its submission in April that it did not believe it should be necessary for proxy advisers to be independent of funds, and rather that engagement with companies was more important.

"These changes will drive up the cost of proxy advice which will inevitably be passed on to members of funds. The Treasurer should explain how curtailing shareholder rights in this way is in members' best financial interests?"

Media enquiries: Melissa Birks, General Manager, Advocacy 0411 780 353

AIST is the peak body for the $1.4 trillion profit-to-member superannuation sector which includes industry, corporate and public sector funds

AIST
Level 23, 150 Lonsdale Street
Melbourne VIC 3000
T 03 8677 3800
E info@aist.asn.au
W www.aist.asn.au

ABN 19 123 284 275