



CHARTERED SECRETARIES  
AUSTRALIA

*Leaders in governance*

## First stage of Cooper Review of superannuation system released

The panel set up by the Federal Government to examine the superannuation system has issued a preliminary report on the governance aspects of the superannuation sector. While the system is functioning well at present, the review recommends changes to satisfy the needs of superannuation in the period up to 2025, including making it member-oriented rather than product-oriented.

The report proposes changes to streamline and simplify the default superannuation option. Further, it recommended that funds regulated by the Australian Prudential Regulation Authority (APRA) be subject to the same standards as listed companies

However, it did not propose a change in the regulatory framework to have funds regulated by both APRA and the Australian Securities and Investments Commission away from the current situation where the two authorities' responsibilities are divided. It also did not recommend increasing regulatory powers on mandatory investment or lending restrictions.

The report supported suggested amendments to the *Superannuation Industry (Supervision) Act 1993* (SIS Act) in order to clarify the duties of trustees as they apply to 'universal' and 'choice' members, which are not necessarily the same. Further, trustees should be required to provide reasons for a decision when responding to a member complaint.

The panel considered about 110 submissions received thus far but chose not to pursue recommendations with regard to stock lending, government-directed investing or the UN Principles for Responsible Investing.

The full report on the governance phase is available at the website [www.supersystemreview.gov.au](http://www.supersystemreview.gov.au).

An issues paper on the third stage of the superannuation system review (on structure) is also now available.

A full, final report is due to be submitted to the government by 30 June 2010.