

Senate Standing Committee on Economics  
ANSWERS TO QUESTIONS ON NOTICE  
Treasury Portfolio

**Inquiry into Improving consumer experiences, choice, and outcomes in Australia's  
retirement system**

**Department:** Department of the Treasury  
**Topic:** Oral briefings on superannuation governance issues  
**Reference:** Spoken  
**Senator:** **Andrew Bragg**

**Question:**

CHAIR: Have you been asked to do any particular piece of work in relation to the governance of the super funds since these major issues have been profiled in the past few months? For example, most people would look at it and say, 'It seems very strange to me that the CFMEU is allowed to own 21 per cent of a super fund—in this case, Cbus—even though it's been put into administration by the parliament.' I would have thought that the government may have asked you for some advice on those issues.

Ms Pai: The point I would make—and, again, I can't comment on the individual case—is that, irrespective of the governance of the board and the composition of the board, it's very clear that trustees have a legal obligation to act in the best financial interests of their members. They have a legal obligation to prioritise their members' interests where there is a conflict of interest. They have an obligation to ensure their directors meet the fit-and- proper test, and, if those obligations aren't met, APRA is responsible for taking action.

CHAIR: Have you provided an oral briefing to any ministers about these issues in the past month?

Ms Pai: I might take that on notice. I think I've given you the best answer that I can.

CHAIR: Have you written any minutes about the equal representation model and the governance issues in the past month?

Ms Pai: In the past month, we've just provided, as I've always said, advice on a number of different issues relating to the superannuation system that go to what we see happening in industry and the regulator actions.

CHAIR: What about the payments which flow from the super funds into the unions? The CFMEU, for example, will receive, again, on current trends, over \$1 million from the Cbus fund in the next year. Have you provided any advice to government on that issue?

Ms Pai: We look at the framework as a whole. From our perspective, the framework is very clear that trustees have a legal obligation to ensure that expenditure is in the best financial interests of their members. APRA has published a letter indicating that they are going to intensify their supervisory approach. They're also on the record as saying that they will take action to hold trustees to account. That's very much consistent with the statement of expectations that government has set, which requires APRA to 'promote an efficient superannuation system that delivers for members and holds trustees to account'.

CHAIR: Can you outline the topics of advice on superannuation that you've provided to the government in the past month?

Ms Pai: I don't think it's appropriate for me to go to the content of advice that's provided to government. Our role as Treasury—

CHAIR: What are the topics?

Ms Pai: It's still fairly new. I don't think it would ordinarily be the case that I would identify the topics on which we provide advice to government. Our role is to provide advice on the

superannuation system generally, and the topics that we advise on will depend on the things that we are observing.

CHAIR: I thought you were taking on notice whether you provided any oral briefings on these superannuation governance issues.

Ms Pai: Yes, I have taken that on notice.

**Answer:**

See response to IQ24-000119.