

14 October 2015

Ms Toni Matulick
Inquiry Secretary
Department of the Senate
economics.sen@aph.gov.au

Dear Ms Matulick

**Superannuation Legislation Amendment (Trustee Governance)
Bill 2015**

On behalf of the Management of UniSuper, I'm pleased to comment on the Trustee Governance Bill.

The Bill would see superannuation fund boards required to have at least one-third independent directors, including an independent Chair. We are broadly supportive of the measures proposed in the Bill.

UniSuper's Board is made up of eleven directors, comprising three independents (including the independent Chair), four member representatives and four employer representatives. We believe it is important for boards to have the right mix of skills, talent and experience to deliver the right outcomes for members. The independent directors have backgrounds as executives and directors of significant funds and wealth management businesses and UniSuper has benefited from the particular expertise on our board that might not have been possible under a traditional representative model.

While an independent Chair has worked for well for us, we note that smaller boards might find it to meet both the one-third requirement and the independent Chair requirement, particularly during the three year transition period. We encourage consideration for additional flexibility to allow boards the time to reorganise themselves in an orderly manner.

While we are broadly supportive of the Bill, we do however have concerns with related regulatory measures which set requirements on the composition of board committees. The current proposals to amend Superannuation Prudential Standard 510 would require that the chairs of the Board Audit and Board Remuneration committees be independent directors.

From our experience, we believe that the skills required to run board committees can be sourced from existing board members whether independent or not. Currently, we have directors with strong experience and expertise in these areas. We believe that the chairing of these committees requires experience best acquired though time served as a board member prior to taking on the additional responsibility of chairing a committee. Consequently, we believe that the proposals to require

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independent chairs of board committees are potentially unhelpful and inflexible. While we recognise that this is a common corporate model in the ASX-listed environment, we suggest that the move to require independent committee chairs for trustee boards could be phased in over a longer transitional period than in the first wave of obligations. This would allow a reasonable period for newly appointed independent directors to develop expertise in and familiarity with the trustee before taking on these additional and significant responsibilities as committee chairs.

Thank you for the opportunity to comment on this Bill. Should you wish to discuss our comments further, please contact Benedict Davies, Manager, Government & Industry Policy on _____ or _____

Yours sincerely

Kevin O'Sullivan
Chief Executive Officer