



# Media Release

## Senator Mathias Cormann

### *Shadow Assistant Treasurer*

### *Shadow Minister for Financial Services and Superannuation*

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#### **Members should have a say in Super Fund mergers**

The collapse of the proposed \$9 billion merger between Vision Super and Equisuper highlights the inadequate framework within which super fund trustees currently make decisions about fund mergers.

“Based on reports this morning it appears a number of trustees may be putting their own interests ahead of the best interests of members,” Shadow Minister for Financial Services and Superannuation Mathias Cormann said.

“To scuttle a proposed merger because union-backed trustees don’t want democratic elections but want guaranteed union nominated positions smacks of institutionalised self-interest.

“At present there is no opportunity for members to have a say in any merger proposal either for or against. There is no requirement for any regulator to consider the merger to determine whether the information provided to members is adequate to allow them to make a proper choice.

“There are also no requirements for review by an external auditor and there are no specific requirements regarding the minimum information to be provided to members about a fund merger apart from the material change and significant event disclosure requirements.

“There should be better regulatory supervision and review of merger arrangements and more adequate remedies for members where the handling of a merger by trustees ends up disadvantaging them.

“Super funds hold the money of their members on trust. These members should have a say as part of the merger process instead of relying on the trustees doing the right thing in satisfying their trustee fiduciary duties to act in the best interests of their members.

“This duty can get clouded and give rise to perceived or potential conflicts of interest, especially where some trustees serve on multiple superannuation boards or where the trustees have not directly been appointed by the members in the first place.

“There don't seem to be any independent checks and balances along the way to ensure the decision making around a particular merger is in fact in the fund members' best interests,” he said.

“If there are any issues with a merger it is entirely up to individual members to identify the facts and to seek recourse against the trustees of their fund. In practice that's very difficult, costly and time consuming.

“The government appears to favour fund mergers based on the so-called scale argument.

“There are question marks whether more scale necessarily always delivers better value. However, if the fund merger trend is to continue there has to be a better way to ensure any mergers are in fact in the members’ best interests,” Senator Cormann said.

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