


# No board member is irreplaceable: APRA

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**APRA's deputy chair has issued a warning to superannuation chairs, demanding they step up their boards, as the regulator has signalled it will work with the government to crack down on underperforming funds.**

Helen Rowell, deputy chair of the prudential regulator addressed the chairs of superannuation boards during the AIST Online Chairs Forum on Monday.

As outlined in Ms Rowell's remarks, APRA is holding chairs across funds responsible for key decisions that impact member outcomes, with their "hands on the steering wheel" for asset allocations, risk management, marketing and director appointments.

"Yet, we continue to see board governance that significantly lags better practice," Ms Rowell said.

"By no means is this reflective of the industry at large, but equally, these challenges are not unique to only the smaller funds in the industry or underperformers. We are pushing harder into these issues, so that all boards lift their governance practices and break the nexus with the past where needed."

Board skills, succession planning and director tenure is one of the areas APRA will be targeting, with the regulator declaring it expects an "orderly renewal and refresh of directors" over time to maintain an optimal mix of experience and skills.

The ideal best practice board, according to Ms Rowell, is diverse, has capacity to do the work that is needed, is strategic and is focusing on the future – it also "knows when to call time".

"Too often we are seeing boards invoke 'special circumstances' provisions to extend director tenure beyond maximum term for reasons that appear to reflect poor succession planning and management rather than genuine special circumstances," Ms Rowell said.

"No individual is irreplaceable. Boards need to have a strong skills matrix in place and robust succession planning. APRA will continue to push all boards to ensure that use of special circumstances becomes a rare exception rather than the norm."

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“With the ongoing fund consolidation occurring across the industry, we will continue to challenge and demand better practice on all dimensions of the deal – the business case, the board composition and governance arrangements and the benefits that need to be realised for members,” Ms Rowell said.

“Self-interest has no place in the board room, and this will continue to be a focus of APRA’s work to lift governance practices across the industry.”

The government last week indicated changes across legislation for the super industry in the federal budget, such as the [Your Future, Your Super package, which will publish fund performance and trustees’ expenditure decisions](#).

APRA last year rolled out its MySuper product heatmap with similar aims, to improve transparency and publish fund performance and fees. Now, the regulator is considering how it will embed reforms from the budget to its upcoming December heatmap, as well as its priorities and work plan.

In the June edition of the heatmap, more than 40 per cent of MySuper members had seen a reduction in fees since the initial publication last December, with further cuts planned.

“The flip side, however, is that inaction, or inadequate action by some funds has meant that too many members still remain in funds where fees are too high and returns are too low – and that is not good enough by anyone’s standards,” Ms Rowell said.

Meanwhile APRA is expanding its data collection under the Super Data Transformation program, which is proposed to be effective from 1 July next year. Reporting under the scheme would commence from the following September.