



## Australian Government

### Department of the Prime Minister and Cabinet

#### Office of Best Practice Regulation

Reference: 16729  
Telephone: 6271 6270  
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Ms Meghan Quinn  
Acting Deputy Secretary  
Markets Group  
Treasury

Dear Ms Quinn

#### **Re: Regulation Impact Statement – second-pass final assessment – Superannuation Governance**

Thank you for submitting the Regulation Impact Statement (RIS) for the above proposal to the Office of Best Practice Regulation (OBPR) for second-pass final assessment on 27 August 2015. I note that the RIS has been formally certified at the Deputy Secretary level consistent with best practice.

The Office of Best Practice Regulation's (OBPR) final assessment is that Treasury is compliant with the Government's RIS requirements and is consistent with best practice. This assessment is based on:

- the regulatory cost estimates having been agreed with the OBPR, and a regulatory offset having been identified in the RIS; and
- your letter of 27 August 2015 certifying the RIS responds to the OBPR's formal comments on the RIS submitted for first-pass assessment.

In addition, I note that the RIS answers the seven RIS questions, considers relevant options and does not contain obvious errors.

The OBPR notes that the proposal seeks to improve governance in the superannuation system by increasing the number of independent directors on superannuation fund boards, and thereby improve member outcomes.

The OBPR notes that the RIS considers two options to increase the number of independent directors on superannuation fund boards: legislating for a minimum one-third of board directors to be independent, with a three year transition period; or legislating for a majority of directors to be independent, with a five year transition period. The RIS concludes that Option 1 is the best policy option, i.e. legislating for one-third of directors to be independent, as in Treasury's view it strikes an appropriate balance while still substantially strengthening governance arrangements.

The OBPR notes that the RIS discusses a range of stakeholder views on the proposal, including both positive and negative feedback, and that evaluation should be based on how many trustees are compliant with the requirements.

*Publication requirements*

The OBPR maintains a RIS website and RISs should be posted as soon as practicable after a regulatory decision is announced. We would appreciate you advising us when a decision on this proposal is announced, and forwarding a final copy of the RIS in *Microsoft Word .doc* format in a form meeting the Australian Government's *Web Content Accessibility Guidelines*.

We suggest liaising with your web services team to ensure these guidelines are met. The OBPR should be consulted if the RIS is amended. It is the agency preparing the RIS, not the OBPR, which is responsible for the content of the published RIS.

The website provides a public comment facility on RISs posted on the site. The OBPR moderates this facility for offensive content but does not moderate debate.

Please retain this letter as a record of the OBPR's advice. Our reference number for this matter is 16729. If you have any further queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T. Simovski', with a horizontal line extending to the right.

Tony Simovski  
A/g Deputy Executive Director  
Office of Best Practice Regulation  
1 September 2015