

5 June 2025

General Manager Policy Development

Policy and Advice Division, Australian Prudential Regulation Authority

Via email: PolicyDevelopment@apra.gov.au

Dear General Manager

Governance Review Discussion Paper

HESTA is pleased to support the submissions of both Super Members Council (SMC) and the Association of Superannuation Funds of Australia (ASFA). HESTA acknowledges the importance of robust governance arrangements, while ensuring regulation recognises the diversity of regulated entities and encourages the necessary flexibility and practicality for boards and directors to effectively execute their important governance role.

In addition to the responses in these submissions, we provide this additional perspective on a few issues that HESTA believes are critically important for efficient and effective super fund governance.

1. Firstly, HESTA strongly supports the representative governance model in Australian superannuation funds, commonly used by industry funds, which includes board members from both employer and employee groups. This structure aligns decision-making with members' best interests, reduces conflicts of interest, and promotes long-term investment strategies. It encourages balanced perspectives, enhances accountability for members, and has been recognised by many as a key contributor to delivery of long-term net member benefit. With a focus on member outcomes rather than profit, this model has historically built greater trust and delivered consistent performance, contributing to better retirement outcomes.
2. HESTA is concerned that some of the broad proposals in the Discussion Paper risk undermining the foundational principle of trustee board accountability whereby boards have final responsibility and ultimate accountability. It is accepted both here and internationally that the principle of accountability coupled with a principles-based approach, rather than prescription, leads to greater accountability and transparency. We believe regulatory frameworks should aim to foster and respect board accountability and support strong collective decision making. Current prudential standards already provide a framework for strong governance.

3. Proposals that seek to provide APRA with the ability to intervene in director appointment processes (for example, through an APRA request to interview candidates prior to appointment) risks confusing the role and accountability of board and regulator, and risks APRA being viewed as endorsing director suitability and/or competence. Such proposals could also create the impression that boards rely on the regulator to assess appointments, running counter to encouraging superannuation funds to take a proactive approach to continually improving governance to better serve the specific needs of its members.

HESTA is fully committed to delivering the best retirement outcomes for our members and – to do this – we have strong and proactive governance practices in place.

Where APRA has identified instances of poor governance, we believe the continued enforcement of current prudential standards is an appropriate remedy. We ask that APRA maintain this balanced non-prescriptive regulatory approach, particularly given APRA’s own assessment that governance practices have improved in recent years, and its observation that good governance practices already exist across the sector.

HESTA looks forward to further collaboration with APRA on this important issue.

Yours sincerely



Chief Executive Officer