

## Chapter 3

# Beneficiary, Investor, Citizen: Characterising Australia's Super Fund Participants

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One of the primary objectives of the regulatory regime governing superannuation funds is to safeguard the interests of members. However members are implicitly characterised in different ways in different parts of the regulatory regime. This causes inconsistencies in the way different parts of the regime recognise the needs, interests and expectations of members

### Introductory Comments

Over the past 20 years superannuation<sup>1</sup> has assumed an increasingly important role in the provision of financial security in retirement. Approximately 90 per cent of the Australian workforce are now members of superannuation funds.<sup>2</sup> The assets held in superannuation funds in Australia now dwarf those in life insurance companies and in non-super investment vehicles such as unit trusts<sup>3</sup> and total benefit payments from superannuation funds already exceed government payments for the Age Pension.<sup>4</sup>

As this retirement 'nest egg' has grown, so too has the array of rules regulating its activity. The rules span direct legislative involvement, such as the *Superannuation Industry (Supervision) Act 1993* (Cth) ('SIS Act') and the *Corporations Act 2001* (Cth)

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1 The term superannuation is used in Australia and NZ synonymously with the way that 'occupational pension' is used in other common law jurisdictions, such as the UK, Canada and the USA. However differences in the statutory regime and the development of equitable principle make references to jurisprudence in NZ, Canada and the US hazardous.

2 Australian Bureau of Statistics, 6310.0 – *Employee Earnings, Benefits and Trade Union Membership*, Australia, August 2006.

3 Department of Innovation, Industry, Science and Research, *Executive Briefing: Managed Funds in Australia* (AGPS, Canberra, 2008).

4 Total benefits from superannuation funds (lump sum plus pensions) in calendar year 2005 were approximately \$32.5bn, compared to \$22.5bn paid by the government in age pension over the same period. APRA, *Insight*, Issue 2, 2007, Table 3, 23; Australian Bureau of Statistics, 5206.0 – *Australian National Accounts: National Income, Expenditure and Product*, September 2007.

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