

## Chapter 1

# The Objectives of the Superannuation Supervisory Legislation

*Donald Duval*

*(Paper presented to the 1994 Conference)*

## Introduction

The legislation for the supervision of the superannuation industry is long and quite complex. It is not possible to cover all aspects of the legislation in an address such as this. Therefore this address deals with the main Government objectives in the legislation (particularly the prudential objectives), and how these objectives are achieved through the legislation and the obligations it imposes on trustees.

I will not deal with the offence provisions, nor with the Insurance and Superannuation Commission's (ISC) powers, which will be dealt with in the last session by my colleague George Kriz. A number of specific matters (eg Eligible Rollover Funds) are also not discussed here.

## Purpose

The main supervisory legislation is the *Superannuation Industry (Supervision) Act 1993* (Cth) (the 'SIS Act') which effectively replaces the *Occupational Superannuation Standards Act 1987* (Cth) (the 'OSS Act').

The SIS Act is mainly, but by no means entirely, an Act for the prudential supervision of the superannuation industry. In addition to prudential supervision, the Act is designed to underpin the Government's retirement income policy by ensuring that superannuation savings are used for retirement purposes and that the tax concessions afforded to superannuation are not abused. Finally, the SIS Act and the *Superannuation (Resolution of Complaints) Act 1993* (Cth) (the 'SRC Act') are intended to ensure that superannuation beneficiaries are treated fairly.

There are a number of reasons why the Government has decided that superannuation should be prudentially supervised. It is long term, so that if something goes wrong with a person's superannuation towards the end of their working life then they have no opportunity to recover. It has wide coverage, so that many people without financial knowledge or sophistication will have superannuation and rely on it. It is, like housing, of great financial importance to many Australians. However, unlike housing, it

This is a preview. Not all pages are shown.