



24 February 2025

Director  
Financial Reporting System Reform Unit  
Market Conduct Division  
Treasury  
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Dear Sir/Madam,

**SMSF ASSOCIATION SUBMISSION – POSITIONING AUSTRALIA’S FINANCIAL REPORTING SYSTEM FOR THE FUTURE**

The SMSF Association welcomes the opportunity to provide this submission in response to the Government’s proposed establishment of a new single standard setting body, by combining the Financial Reporting Council (FRC), the Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB).

We acknowledge the need to align internationally on a range of standards, for economic efficiency and to allow Australian businesses to attract investment or to compete in international markets. While these are issues of significance, any restructure or change of remit, must also consider the roles, functions, governance, and processes of the new entity, in the discharge of its duties. It must also ensure it does not have a narrowed focus and must properly consider all stakeholders including those operating in different frameworks.

The self managed superannuation fund (SMSF) sector comprises 631,942 funds, representing 1,173,867 members and assets worth \$1.024 trillion.<sup>1</sup> This equates to 25% of the \$3.9 trillion in superannuation assets under management.<sup>2</sup>

International accounting and auditing standards or climate reporting obligations do not apply to all entities and local standards remain necessary. For instance, SMSFs are not public interest entities, do not operate in an international context, do not report for the benefit of third parties, and must comply with the reporting obligations set out under the fund’s deed.

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<sup>1</sup> Australian Taxation Office, *Self managed super fund statistical report* (September 2024): Table 1: SMSF population and Table 2: Asset Allocation.

<sup>2</sup> Australian Taxation Office, *Self-managed superannuation funds: A statistical overview* (2022-23): Table 2: Australian Superannuation Sector.



Financial reports are prepared as ‘special purpose’ financial statements and are not ‘general purpose’. As such, various accounting standards do not apply. However, certain reporting requirements may be prescribed in Superannuation law.<sup>3</sup>

SMSF auditors and the audit of SMSFs have their own regulatory environment. The requirements for the audit of an SMSF are set out in Superannuation law,<sup>4</sup> and are an Australian specific legislative and operative framework.

The audit of an SMSF comprises of both a financial statement audit and compliance audit. It is a statutory requirement that the fund is audited each financial year, that auditors comply with auditing standards relevant to the SMSF audit engagement<sup>5</sup> and the independence standards prescribed by the Accounting Professional and Ethical Standards Board (APESB)<sup>6</sup>.

Any restructure or change of remit under a new entity and structure must ensure that:

- The needs of all key stakeholders are considered in the work undertaken by the body
- The retention of talent and expertise
- Allow for the efficient transfer of enterprise knowledge
- Stakeholder engagement outside of boards or committees is prioritised, including the use of specialist sub-committees where appropriate
- Fulsome, genuine, and timely consultations occur to ensure there are no unintended consequences, particularly those that fall outside of the international and climate-based reporting regimes
- Consistency and certainty are preserved, with existing standards and supplementary guidance materials are all transferred and grandfathered, until updated or replaced

If you have any questions about our submission, please do not hesitate to contact us, and we thank you again for the opportunity to provide this submission.

Yours sincerely,

Peter Burgess  
Chief Executive Officer

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<sup>3</sup> *Superannuation Industry (Supervision) Act 1993* (Cth) s 35B; *Superannuation Industry (Supervision) Regulations 1994* (Cth) pt 8.

<sup>4</sup> *Superannuation Industry (Supervision) Act 1993* (Cth) s 35C(1).

<sup>5</sup> *Superannuation Industry (Supervision) Act 1993* (Cth) s 128F(c).

<sup>6</sup> *Superannuation Industry (Supervision) Regulations 1994* (Cth) r 9A.06.



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### **ABOUT THE SMSF ASSOCIATION**

The SMSF Association is the peak body representing the self-managed superannuation fund (SMSF) sector which is comprised of over 1.1 million SMSF members and a diverse range of financial professionals. The SMSF Association continues to build integrity through professional and education standards for practitioners who service the SMSF sector. The SMSF Association consists of professional members, principally accountants, auditors, lawyers, financial advisers, tax professionals and actuaries. Additionally, the SMSF Association represents SMSF trustee members and provides them with access to independent education materials to assist them in the running of their SMSF.