



5th November 2025

Tony Peterson

Email: PAGSPR@ato.gov.au

Dear Tony

SMSF ASSOCIATION SUBMISSION: PSLA 2025/D2: SMSFs - education directions for contraventions of the *Superannuation Industry (Supervision) Act 1993*

The SMSF Association welcomes the opportunity to provide a submission on Self-managed superannuation funds - education directions for contraventions of the *Superannuation Industry (Supervision) Act 1993* (the PSLA).

We support the intent of the draft PSLA to promote trustee knowledge, improve compliance outcomes and protect the integrity of the SMSF sector.

We provide the following comments for consideration to support clarity, consistency, and proportionality in the application of education directions.

[Appropriate Thresholds for Issuing Education Directions](#)

As drafted, education directions could be applied to minor or inadvertent breaches, risking disproportionate outcomes. A minimum materiality threshold should apply to avoid directions for immaterial breaches or administrative oversights, particularly where the issue has been rectified.

We also strongly object to the reference to an “*accredited SMSF adviser*” as a proxy for expected knowledge. This terminology indirectly targets our professional designation and should not appear in ATO administrative guidance.

Recommendation: Remove the reference to “*accredited SMSF adviser*” and introduce a minimum materiality threshold to ensure directions are reserved for matters where mandated education is genuinely warranted. For minor or inadvertent breaches, voluntary education may be encouraged instead of a direction.

[ACRs Alone Should Not Establish a Breach](#)

The draft PSLA suggests the ATO may form a reasonable belief of a contravention based on an Auditor Contravention Report (ACR). An ACR reflects the auditor’s assessment at a point in time and may not capture context, such as genuine grey-area technical interpretation.



Recommendation: Before issuing an education direction on the basis of an ACR, undertake at least a light-touch ATO review or trustee engagement to confirm facts and ensure procedural fairness, avoiding premature action.

Closing the Gap Where Former Trustees Re-enter the System

We agree with the ATO's position that a direction cannot be issued to a person who is no longer a trustee/director at the time the ATO decides to act. However, this may allow a former trustee involved in a contravention to resign, avoid the education requirement, and later re-enter the system by establishing or joining another SMSF.

Recommendation: Implement system safeguards to identify individuals linked to prior contraventions if they seek to re-enter the SMSF system. This would support appropriate risk profiling of new trustees, helping maintain the integrity of the SMSF sector.

Flexibility to Issue a Second Education Direction Where Appropriate

The draft PSLA notes that an education direction may not be appropriate if one has previously been issued. While we understand the intent to avoid over-reliance, a blanket position could remove a constructive compliance option. Several years may have elapsed since a prior direction, during which regulatory settings may have changed significantly alternatively a subsequent breach may be minor or unrelated to the original issue.

Recommendation: Retain ATO discretion to issue a second education direction where it is the fair, proportionate and educative response, rather than defaulting to stronger compliance action.

Reasonableness of Timeframes

The law does not prescribe a timeframe for completing an education direction. Accordingly, the ATO should avoid setting a default period capable of being read as the standard expectation. The draft states 28 days will “normally” be reasonable; this should be positioned as a minimum, not the norm, noting peak compliance periods and personal circumstances.

Recommendation: Clarify that 28 days is a minimum and adopt a more flexible standard range of 4–8 weeks, with a simple, accessible variation/extension process.

Minimum Standards and Transparency for Approved Courses

Anecdotal feedback and research into trustee behaviour indicate historically low engagement with ATO-delivered education products, with trustees preferring independent, sector-led learning. When the law was introduced, it anticipated that “other entities” could develop and deliver approved courses; however, this pathway now appears unavailable or unclear.



Recommendation: Restore the option for “other entities” to provide approved courses, supported by published quality benchmarks and a transparent approval process to ensure independence, consistent learning outcomes and high-quality trustee education.

Conclusion

The SMSF Association supports the ATO’s intent to ensure education is used constructively to improve trustee capability and long-term compliance.

We appreciate the opportunity to comment and are available to discuss our feedback further.

If you have any questions about our submission, please do not hesitate to contact Mary Simmons, Head of Technical, via email at marysimmons@smsfassociation.com

Yours sincerely,

Peter Burgess
Chief Executive Officer

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.