



Australian Government

**Australian Accounting
Standards Board**

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Retirement, Advice and Investment Division
Treasury
Langton Cres
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(by email to superannuation@treasury.gov.au)

13 September 2021

Dear Sir/Madam,

***Treasury Laws Amendment (Financial Reporting and Auditing Requirements for Registrable Superannuation Entities) Bill 2021* Exposure Draft**

The Australian Accounting Standards Board (AASB) is pleased to have the opportunity to provide comments on the *Treasury Laws Amendment (Financial Reporting and Auditing Requirements for Registrable Superannuation Entities) Bill 2021* Exposure Draft issued in August 2021 (the proposals).

The AASB is an Australian Government agency under the *Australian Securities and Investments Commission Act 2001*. The AASB develops, issues and maintains principles-based Australian accounting and reporting standards and guidance that meet the needs of external report users (including financial reports) and that are capable of being assured and enforced.

For some time, the AASB has been concerned that the financial reports prepared by superannuation entities are not subject to the same level of public accountability and oversight as corporate entities. For example, there is no explicit legislative requirement for APRA-regulated superannuation entities to prepare financial statements in accordance with Australian Accounting Standards and lodge the financial statements on the public record.

Whilst the AASB issued Australian Accounting Standard AASB 1056 *Superannuation Entities* (June 2014) to address concerns regarding the quality of superannuation entity financial reporting, Australian Accounting Standards do not have the authority to require superannuation entities to *prepare* financial statements. Accordingly, as APRA-regulated superannuation entities do not have a legislative requirement to prepare financial statements in accordance with Australian Accounting Standards, Australian Accounting Standards currently only apply where a superannuation entity voluntarily prepares general purpose financial statements.¹

¹ AASB 1056 applies to:


- (a) general purpose financial statements of each not-for-profit superannuation entity that is a reporting entity;
- (b) each superannuation entity that elects to prepare financial statements that are held out to be general purpose financial statements;
- (c) for-profit private sector superannuation entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; and
- (d) other for-profit private sector superannuation entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021.

In addition, the enforcement of financial reporting requirements for any entity is beyond the remit of the AASB, and instead, it is a matter for the responsible regulator. However, as noted above, as there is currently no explicit legislative requirement for superannuation entities to prepare financial statements, any financial statements they may prepare are not subject to any regulatory review arrangements.

Given the importance of superannuation to the Australian economy and the need for trust and transparency in the sector, the AASB is supportive of the proposals to extend and adapt the financial reporting and auditing requirements in Chapter 2M of the *Corporations Act 2001* to apply to registrable superannuation entities. The proposals are a welcome step in addressing the regulatory gap between corporate entities and registrable superannuation entities.

If you have any questions regarding this letter, please get in touch with myself or Helena Simkova, Deputy Technical Director (hsimkova@aab.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kendall', written in a cursive style.

Dr. Keith Kendall
AASB Chair