



## Australian Government

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### Department of the Prime Minister and Cabinet Office of Best Practice Regulation

Reference: 16880  
Telephone: 6271 6270  
e-mail: helpdesk@obpr.gov.au

Mr Kevin M Stevenson  
Chairman and CEO  
Australian Accounting Standards Board

Dear Mr Stevenson

### **Final Assessment Regulation Impact Statement – Superannuation Entities Reporting Standards**

Thank you for forwarding the Regulation Impact Statement (RIS) for the above proposal for final assessment on 19 May 2014. I note that you have formally certified the RIS as required by the best practice regulation requirements.

The Office of Best Practice Regulation's (OBPR) final assessment is that the Australian Accounting Standards Board (AASB) is compliant with the Government's requirements. This assessment is based on:

- the regulatory costs having been agreed with the OBPR;
- the AASB having twice submitted the certified RIS for the OBPR's assessment prior to a decision being taken; and
- your letter of 19 May 2014 certifying the RIS responds to the OBPR's formal comments on the RIS on 16 April 2014.

In addition, I note that the RIS:

- answers the 7 RIS questions
- does not contain obvious errors; and
- considers three options.

However, as discussed between our agencies', the OBPR considers that a higher level of analysis is required for the RIS to be consistent with best practice. In particular, as advised in our letter of 16 April, the RIS should have provided some analysis (even if qualitative) on the estimated impacts on affected stakeholders' financial reports.

While I appreciate such analysis may not be a relevant consideration for your Board the provision of such information would provide transparency to stakeholders on the likely impact of the decision.

I note the RIS outlines that the current reporting standards provided the appropriate recognition, measurement and disclosure requirements applicable to superannuation plans. However, the RIS notes that changes to the superannuation industry and regulations since 1993 have reduced the appropriateness of the current standards.

In particular the RIS notes the current standards were made when superannuation entities generally had either defined contribution members or defined benefit members which resulted in the corresponding superannuation plans having statements prepared on different bases. However, given superannuation entities with both defined contribution members and defined benefit members are now common, differential requirements are considered to be no longer appropriate and difficult to apply.

Consequently the RIS considers that issuing a new, up-to-date industry standard is appropriate.

The RIS notes that users of the financial statements are expected to benefit because those statements are expected to be more compatible to the financial statements prepared by other types of entities applying other Australian Accounting Standards. The RIS also notes that issuers of financial statements may receive benefits resulting from clearer guidance and less duplication in the issuance of statements.

In addition we note that the proposal will increase net average annual compliance costs by \$1.1 million. These costs are mostly transitional in nature.

The RIS documents that the AASB released two consultation documents in 2009 and 2011 as well as conducted roundtable discussions and targeted liaison to elicit comments from key stakeholders. We note that this consultation was thorough and stakeholder feedback was taken into account in the development of the proposal.

#### *Publication requirements*

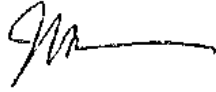
The Office of Best Practice Regulation (OBPR) maintains a RIS website and the Government requires that RISs be posted within 5 business days of a regulatory decision being publicly announced. We would appreciate you advising us when a decision on this proposal is announced, and forwarding a final copy of the RIS in *Microsoft Word .doc* format in a form meeting the Australian Government's *Web Content Accessibility Guidelines*.

We suggest liaising with your web services team to ensure these guidelines are met. The OBPR should be consulted if the RIS is amended. It is the agency preparing the RIS, not the OBPR, which is responsible for the content of the published RIS.

The website provides a public comment facility on RISs posted on the site. The OBPR moderates this facility for offensive content but does not moderate debate. Please retain this letter as a record of the OBPR's advice.

Our reference number for this issue is 16880. If you have any further queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to be 'JM' followed by a long horizontal stroke.

Jason McNamara  
Executive Director  
Office of Best Practice Regulation  
23 May 2014