



[Home](#) + [News & media](#) + [Media centre](#) + [Media releases 2010](#) + [Cooper Review SMSF regulations unnecessary, says CPA Australia](#)

Cooper Review SMSF regulations unnecessary, says CPA Australia

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The government should not increase regulations for self-managed super funds (SMSF) if it wishes to maintain the flexibility and integrity of the SMSF sector, says peak accounting body CPA Australia.

'The Cooper Review has positioned SMSFs as an important sub-sector of the industry,' said CPA Australia CEO Alex Malley. 'It has silenced the naysayers and dispelled myths about the validity and structure of self-managed super funds. But the increased regulations recommended by the Super System Review panel are inappropriate.

'CPA Australia has long believed that the vast majority of SMSF trustees are well informed and able to manage retirement savings through a SMSF, and welcomes the Cooper Review's findings on self-managed super funds. The review found that SMFS are a robust retirement savings tool and should continue to operate within the confines of the law much as they have been.

'However we don't support the recommendation that ASIC be appointed set up a body to regulate SMSF auditors, as almost all auditors are members of the three professional accounting bodies and operate within a rigorous framework, which includes compliance with the law, having professional indemnity insurance, being subject to strict competency requirements, and other significant checks and balances.

'An extra regulatory body requiring compliance which has already been demonstrated is unnecessary and would raise costs and regulations for trustees,' Mr Malley said.

'If the government is concerned about regulation it should require other bodies / auditors to adopt the same competencies and standards required by the professional accounting bodies in order to undertake SMSF audits or, stipulate that SMSF auditors must be a member of one of the three professional accounting bodies.

'Given the positive findings of the SMSF sector, we are concerned by the recommendation to set up a body to regulate SMSF auditors. This move would add a layer of expense and red tape to a SMSF trustee's work, arguably reducing their level of control over their retirement fund.'

CPA Australia also disputes that a financial services licence should be required in order to recommend the establishment of a self-managed super fund.

'The government has already considered the accountants' exemption as part of the Future of Financial Advice reforms and proposed it be replaced with an appropriate alternative, including potentially a streamlined licensing regime.

'CPA Australia urges the government to continue with this course of action. Accountants play an important role as trusted advisers in the community and are ideally placed to provide consistent affordable superannuation structural advice to consumers, where it does not involve financial product or investment recommendations,' said Mr Malley.

'The super review has rightly highlighted the increasing complexity of the current system, and the need to ensure individual workers are not disadvantaged by current fees and regulations. Superannuation, after all, is becoming an increasingly important consideration for the economy as governments encourage individuals take control of their superannuation balances to improve their quality of life after retirement.'

*Alex Malley is available for media comment