

10/11/2023

Australian Accounting Standards Board  
Level 14, 530 Collins Street  
Melbourne, VIC, 3000

Attention: Mr Angus Thomson

Dear Sir,

**AustralianSuper submission to Post-implementation Review of AASB 1056 *Superannuation Entities and Interpretation 1019 The Superannuation Contributions Surcharge***

AustralianSuper welcomes the opportunity to provide a written submission in relation to both:

- Post-implementation Review of AASB 1056; and
- Interpretation 1019 The Superannuation Contributions Surcharge.

AustralianSuper is Australia's largest superannuation fund and is run only to benefit members. It has over 3.2 million members and manages over \$300 billion of members' assets.

AustralianSuper strongly supports transparent financial reporting by superannuation funds and considers that AASB 1056 provides a suitable framework for the presentation of fund financial statements. The requirements of AASB 1056 suitably complement the numerous other superannuation reporting requirements, including APRA reporting, Annual Member Meeting disclosures and Portfolio Holding Disclosures. AustralianSuper does not see any need for significant changes to be made to AASB 1056 but supports the withdrawal of Interpretation 1019. The Interpretation is no longer relevant, and we do not believe that there are any analogous situations which require a revised Interpretation.

Detailed comments on the Post-implementation Review are provided in the Attachment.

We would be pleased to provide additional information or to discuss this submission in further detail. If that would be of assistance, please do not hesitate to contact Neil Sadler or Peter Denovan.

Yours faithfully



**Matt Harrington**  
Chief Financial Officer

## Attachment: Detailed Comments

### Topic 1: Level of reporting and sub-fund reporting

**Do you have any comments about the level at which superannuation entities prepare their GPFS, including whether some form of sub-fund reporting under AASB 1056 might be useful? Please provide reasons for your view.**

We believe that the current level of reporting in AASB 1056 is appropriate and would not support proposals to include some form of sub-fund reporting. In our view, the costs of sub-fund reporting would significantly outweigh any benefits and would not be in members' best financial interests.

### Topic 2: Statement of changes in member benefits

**Do you have any comments regarding the AASB 1056 requirement to present a statement of changes in member benefits, including whether it should be retained or modified?**

We believe that the current requirement to present a statement of changes in member benefits should be retained. Furthermore, we do not consider any changes to the composition of the statement are warranted.

No comment is made in relation to the operation of the statement in relation to defined benefit plans as AustralianSuper does not have defined benefit plans.

### Topic 3: Classification/disclosure of revenues and expenses

**Do you have any comments or suggestions regarding the AASB 1056 requirements or guidance on classifying and disclosing revenue and expenses?**

In general, we believe income/expense disclosure requirements in AASB 1056 should be limited to superannuation specific items. Whilst we consider AASB 1056 plays a role in providing transparent disclosures to users of superannuation funds' financial statements, we do not believe it should be the primary source of disclosure requirements for granular items of revenue or expenses. Therefore, in our view, the requirement to disclose the following expenses should be removed:

- *Audit fees* (AG29(g)). This requirement duplicates the disclosure requirement in AASB 1054 (paragraphs 10 and 11).
- *Sponsorship and advertising* (AG29(j)). This requirement overlaps with disclosure requirements in the Annual Member Meeting regulations and APRA form SRS 332.0.

### Topic 4: Fair value asset and liability measurement

**Do you have any comments or suggestions regarding the AASB 1056 requirements or guidance on fair valuing assets and liabilities?**

We believe that the current AASB 1056 requirements and guidance on fair valuing assets and liabilities are appropriate and do not consider any changes are necessary.

### Topic 5: Insurance arrangements

**Do you have any comments or suggestions regarding the AASB 1056 requirements or guidance on insurance arrangements?**

We believe that the current AASB 1056 requirements and guidance on insurance arrangements are appropriate and do not consider any changes are necessary.

No comment is made in relation to the accounting for insurance arrangements of defined benefit plans as AustralianSuper does not have defined benefit plans.

## **Topic 6: Subsidiaries**

### **Do you have any comments or suggestions regarding the accounting for subsidiaries under AASB 1056 requirements, including whether any enhancements are required?**

We believe consideration should be given to requiring a one-line consolidation of service/operating subsidiaries on the basis that there is no substantive difference between a superannuation entity that outsources investment management and other services compared with undertaking those activities via subsidiaries.

Regardless of any changes to the consolidation requirements of service/operating subsidiaries, we believe that there should be no change to the requirement for superannuation funds to recognise investment subsidiaries at their fair value.

## **Topic 7: Trends affecting superannuation entity reporting**

### **Do you have any comments or suggestions regarding the accounting that may be needed to address issues that emerge from trends in the superannuation industry, including trends in product development?**

Generally speaking, recent trends affecting the superannuation industry have been dealt with by APRA's reporting regime under its Superannuation Data Transformation program and as such, we do not see a need for major changes to AASB 1056 in response to industry trends.

However, a key industry trend is the increasing number of members moving into the retirement phase of superannuation across all funds over the next decade. In response to this, the AASB may consider requiring the disclosure of member liabilities to be separated into accumulation phase balances and pension phase balances. This simple change would provide users with an insight into the different risk profile of a fund's member liabilities.

## **Topic 8: Interpretation 1019**

### **Do you have any comments or suggestions in respect of Interpretation 1019? In particular, do you consider that Interpretation 1019 should be retained, modified or withdrawn?**

We believe Interpretation 1019 should be withdrawn. The interpretation was issued to address a specific tax (surcharge) which is no longer relevant. The surcharge that the interpretation dealt with was levied on the superannuation fund, whereas excess contribution taxes are levied on the member. Members can elect to deal with excess contribution taxes in various ways; for example, members can withdraw the excess contribution, have the tax deducted from their existing super balance, or pay the tax separately.

Therefore, the existing interpretation is no longer directly relevant, and there is no need for a separate interpretation to deal with excess contribution taxes.

## **Topic 9: Any other matters affecting AASB 1056 or Interpretation 1019**

### **Do you have any other matters relating to AASB 1056 or Interpretation 1019, in addition to the matters raised above for Topics 1 to 7, that you wish to raise?**

AustralianSuper does not wish to raise any other matters.

## **AASB General Matters for Comment**

**10. Does the application of the requirements in AASB 1056 and Interpretation 1019 adversely affect any regulatory requirements for superannuation entities?**

No.

**11. Does the application of the requirements in AASB 1056 and Interpretation 1019 result in major auditing or assurance challenges?**

Not that AustralianSuper is aware of.

**12. Overall, do the requirements in AASB 1056 and Interpretation 1019 result in financial statements that are useful to users of superannuation entity financial statements?**

In AustralianSuper's view, superannuation members are primarily interested in their own member statement which gives insights into the financial performance and position of their personal superannuation account. However, to the extent that a member or other user is interested in the financial performance and position of the fund as a whole, the requirements of AASB 1056 do result in financial statements that satisfy this need.

Refer to our response to Topic 8 for our view on Interpretation 1019.

**13. In your view, do the benefits of applying the requirements in AASB 1056 and Interpretation 1019 exceed the implementation and ongoing application costs for superannuation entities?**

AustralianSuper considers the benefits of applying AASB 1056 exceed the implementation and ongoing application costs.

Refer to our response to Topic 8 for our view on Interpretation 1019.