

CAN STAKEHOLDERS BE SATISFIED WITH ACCOUNTANTS' EDUCATION TO ACT AS ADVISORS TO SELF-MANAGED SUPERANNUATION FUNDS

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ARTICLE INFORMATION

Article history:

Submitted: 29 January 2016,

Revision: 30 May 2016

Acceptance: 2 June 2016

Key words:

Superannuation, SMSF, Financial services sector; Accountants, Education

ABSTRACT

This article investigates to what extent accountants are taught about self-managed superannuation funds (SMSF) in their Australian undergraduate accounting degrees and subsequent professional education programs. The article reports a survey of 138 academics teaching into Australian undergraduate accounting degrees. The results indicate that during their undergraduate accounting degrees, students are likely to be taught little about SMSFs. In a curriculum audit of their subsequent professional studies through professional bodies there is also minimal coverage of SMSFs. The evidence presented in this paper supports reforms to increase the educational requirements for accountants to give specialist advice in this area.

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Introduction

With Australia's aging population and the push by government, the last thirty years has seen a dramatic increase of Australia's retirement savings, especially through superannuation. Currently there is \$1.8 trillion invested through Australia's superannuation system (Bambrick, 2014), with a significant proportion through self-managed superannuation funds (SMSFs). SMSFs experienced a staggering 40 per cent increase from 2008 to 2013 to approximately 530,000 in number, accounting for one-third of assets held in superannuation (Swift, 2014). This growth has raised concerns as to whether they are being recommended inappropriately, the adequacy of regulation and whether they are being used for other purposes (CPA Australia, 2009). Swift (2014) raises concerns as to whether accountants and other financial service providers have an adequate understanding of SMSFs. Indeed, accountants are seen as one of the 'gatekeepers' to ensure regulatory compliance (Power, 2013), and are one of the professions critical for day-to-day 'responsibility for ensuring professional management and compliance' (London, 2014). Other gatekeepers include: financial planners, SMSF auditors and financial product and service providers.

Given the growth of SMSFs in Australia, the evidence in this article supports reforms to increase the educational requirements of accountants to give specialist advice in this area, as their formal education in this area is scant. It should be noted that there is also criticism of financial planners (Freeman, 2014); however their educational requirements in this area are higher than accountants. It appears that the public shares this concern, as evidence suggests that one-third of SMSFs do not have a professional advisor due to a lack of confidence in advisors' expertise (Australian Securities and Investments Commission (ASIC), 2013, p. 19 citing Investment Trends (IT), 2012a, pp. 14 & 69).

Such concerns, in part, underlie reforms for a new licence regime commencing 1 July 2016 that will require accountants to obtain a formal licence to give advice about SMSFs (Explanatory Statement: Select Legislative Instrument (ES), 2013, para. [37]). It is estimated that up to 5,000 to 10,000 accountants will become licenced under the new licence regime (ES, 2013, para. [37]). Tyson-Chan (2013) asserts that to meet this new licencing standard accountants will have to 'upskill themselves' in the SMSF sector. Of the current 150,000 membership of the two major accounting bodies, CPA Australia (CPAA) and Chartered Accountants (Australia and New Zealand) (CAANZ), it is estimated that there are 7% of accountants currently advising or wanting to advise more extensively with SMSFs (CPAA & Institute of Chartered Accountants (ICA), 2012). However, by December 2015 only 84 limited Australian Financial Services (AFS) licences had been issued, and representing only a 34% acceptance rating of the total 249 applications received, with another 432 applications received by the ASIC from January 2016 to May 2016 (ASIC, 2016).

This article seeks to analyse whether the recent reforms about licensing and education of accountants is justified in terms of evidence about accountants' contraventions of existing regulations and their formal education concerning SMSFs. This analysis will use Porter's (1993) 'expectation-performance' framework, which was used recently by Anderson and Brown (2014) to assess whether regulatory reform is required for insolvency practitioners. Porter describes two types of 'expectation-performance' gap, being the reasonableness gap and the performance gap (Porter, 1993, p. 50). Adapting this for accountants in the area of SMSFs, the performance gap denotes 'differences between what the public reasonably expects of [accountants] and what [accountants] is perceived to actually achieve' in respect of SMSFs (Anderson and Brown, 2014, p. 187). This performance gap may be due to deficient performance or deficient standards. Deficient performance means 'differences between the expected standard of performance by the ... profession, as required by existing standards, and public's perception of that standard of performance'. Deficient standards mean 'differences between duties and obligations which can be reasonably expected and the professional regulatory requirements' (Anderson and Brown, 2014, p. 187). Whereas, the reasonableness gap refers to the 'differences between what the public expects of the [accounting] profession and what [accountants] can reasonably be expected to achieve' in respect of SMSFs.

It will be argued that there is evidence to suggest that accountants' formal education about SMSFs is extremely limited, especially at the undergraduate level. While there appears to be little evidence of accountants being negligent in their SMSF advice, given the growth of the sector (in terms of assets and importance), the government is justified to bring in formal licencing (education) requirements to require accountants to specialise in this area.

Section Two of this article will provide an analysis of the performance gap and focus on evidence of deficient performance and consider whether the current standards are adequate. Section Three will provide an outline of the evidence concerning the reasonableness gap in terms of public expectation and the reasonable expectation of accountants as generalists. From the analysis, Section Four will provide the overall observations and the conclusion for the article.

Performance gap

To consider if there is a performance gap, evidence of accountants' lack of understanding of SMSFs and breaches of current regulations; as well as deficient standards will be discussed.

Deficient performance

In determining whether there is a performance gap in accountants' role with SMSFs, it should be recognized that 23% of SMSFs do not have a main source of advice (advisor), the reason for which includes a lack of value added by advisors (33%), and a lack of confidence in advisors' expertise (33%) (ASIC, 2013, p. 19: citing IT, 2012a, pp. 14 and 69). However, it is not clear to what extent this is based on actual experiences of the SMSF member. For example, it appears that those with advisors reported the highest level of satisfaction with advice from accountants (in terms of investment and tax), followed by financial planners (ASIC, 2013, p. 19: citing IT, 2012a, p. 39).

There is anecdotal evidence of a perception of a 'general consumer lack of trust in the system' (Swift, 2014, p. 15: Quoting Bedding), and concerns about 'mis-selling of SMSFs by financial planners and accountants' to people without sufficient assets or investment knowledge (Swift, 2014, p. 15). It is difficult to find concrete evidence of a 'widespread compliance problem' (Durie, 2006, p. 3) by accountants, even though many have expressed concern. For example, Makeham has observed that he 'knows accountants ... who are delivering advice to people that is not anywhere near the level that it should be' (CPAA, 2014, p. 5 quoting Makeham). Furthermore, Dixon has stated that he has encountered new clients who have been given 'wrong and, in some cases, illegal advice from their accountants' in terms of SMSFs (Dixon, 2013).

To gauge the level of quality of SMSF advice, ASIC in 2012 undertook a review of the establishment of over 100 SMSFs, which were set up by 18 business advisors that were either accountants or financial planners (ASIC, 2013, p. 20). It was concluded that the majority of investors had received 'adequate quality advice', although there were areas for improvement and 'pockets of poor advice' (ASIC, 2013, p. 23). ASIC considered the 'exempt accountant advice' as part of this review and expressed concern that there was not strict compliance with it (ASIC, 2013, p. 23). For example, in a number of cases there was no record of the written statement that the advice was from a person not licenced to provide financial product advice and that the investor should consider taking advice from an Australian Financial Services ('AFS') licensee (ASIC, 2013, p. 26). Also, ASIC found that some accountants had recommended an investor change from an APRA-regulated fund to a SMSF, which falls clearly outside the restricted exemption (ASIC, 2013, p. 26).

Another measure of deficient performance can be ascertained through annual audits under the SMSF contravention report system, where only approximately 2% of SMSFs received a contravention report (ATO, 2013, p. 31). In 2013, 770 SMSFs had auditor contravention reports lodged containing 18,000 contraventions. However, it is not possible to determine what role accountants played in these contraventions, although the figures would suggest that overall the sector is very compliant. Nevertheless, there is concern about how robust the audit process is (Bambrick, 2013, p. 2). A study by Colmar Brunton interviewed a number of SMSF auditors, with many of them CPAs or affiliate members of the National Institute of Accountants (NIA) (Colmar Brunton, 2012, p. 71). They concluded that due to the competitive nature of the SMSF market the amount that could be charged for audit jobs was restricted and this meant that at most only three to four hours could be spent on a file (Colmar Brunton, 2012, p. 72). It could be questioned whether this time-frame is sufficient to ensure compliance.

This concern includes the level of 'independence' of auditors given that many auditors can also be the professional advisors to the funds in terms of preparing accounts, as well as doing audits for relatives or their own funds (Bambrick, 2013, p. 8). Also there is concern about the level of knowledge and experience of auditors, especially those undertaking only a few SMSF audits (Bambrick, 2013, p. 8).

A number of tribunal cases have highlighted some of the mistakes that accountants have made in terms of SMSFs. The case of *CBNP Superannuation Fund v FC of T* 2009 ATC 10-105 concerned the breach of the in-house asset rule and heard evidence that the taxpayer's previous accountant had given incorrect advice to "borrow money from the Fund with the intention of doing whatever was necessary to remedy the breach within the Fund as soon as possible" (para. [20]).

Of more concern is the case of *Trustee for the R Ali Superannuation Fund v FC of T* 2012 ATC 10-231 which involved breaches by an accountant's own SMSF through loans to family members. In this decision Senior Member O'Loughlin said "the breaches ... were implemented by an accountant who at least ought to have known that such arrangements constituted contraventions of the Act" (para. [68]).

Overall while there is anecdotal evidence of concerns about accountants' performance, there appears to be limited evidence about accountants' negligence in this area. However, could the performance gap be attributed to deficient standards?

Deficient standards

Below is a discussion about the current limited exemption for accountants providing SMSF advice work and the new licence regime commencing in 2016.

Current limited exemption

Currently, recognised accountants are exempted from holding an AFS licence, so that they can advise on the establishment, operation, structuring and valuation of a SMSF (Durie, 2006). Additionally, pursuant to this exemption accountants can provide advice on taxation issues of a SMSF (Regulation 7.1.29A(4)). There is some protection for accountants who provide financial product advice in the course of advising about the tax implications provided no benefit (such as fee or commission) is received as a result of the client purchasing a financial product, and for retail clients there is an appropriate written notification (Regulation 7.1.29).

This exemption is restricted and accountants need to be cautious as to whether they technically fall within it. Part of the confusion is that while an accountant could recommend a client to set-up an SMSF, they could not recommend a superannuation fund other than a SMSF (CPAA, 2014, p. 5). Also, while they can 'process' a rollover of funds into a SMSF or advise on operational issues, they can't 'recommend' a client rollover or switch into a SMSF or provide advice in relation to particular assets or investment strategies (CPAA, 2014, p. 5).

The current standard can be seen as deficient due to its ambiguity and how it could lead to incomplete advice. Westover of the CAANZ acknowledges that the exemption has “been quite a grey area” (Westover, 2014, p. 2). When looking at the reasons provided by the government for the new licence regime, it was couched in part in positive terms by indicating that licencing would enable accountants (once licenced) to be able to advise on a wider range of alternatives (Shorten, 2012). The biggest concern of the current standard appears to be that it can lead to incomplete advice (Cain, 2015, p. 62 quoting Twentyman). That is, accountants’ SMSF advice (and the necessary limitations that the exemption imposes on them) may be ‘lopsided’, as their advice cannot be comprehensive as they would not be allowed to discuss the merits of investment strategies of SMSFs compared to other financial products (ES, 2013, para. [9]).

Education was another area of concern, particularly as it relates to ‘consumer protection concerns’, as accountants are not required to maintain the “competence of employees and ensuring they are adequately trained” (ES, 2013, para. [7]). The licence reforms are stated to be necessary to achieve the goals of the *Financial Services Reform Act 2001* (Cth), particularly the advice coming from people “required to be familiar with, educated upon” about the area the advice concerns (ES, 2013, para. [7]). Westover argues that the success of SMSF compliance lies largely with the skills of professional advisors (Westover, 2014, para. [7]). The Cooper Review confirms Westover’s argument that education should focus on SMSF professional advisors who are required to attain and maintain a minimal level of SMSF competency (Cooper Review, 2010, p. 230).

Another concern was the disparity of licencing requirements between accountants and the other major sources of advice to set up SMSFs, namely, financial advisors who are required to have a licence with the requisite education requirements, whereas accountants do not (ES, 2013, para. [11]).

Also concerns were raised about whether accountants were revenue raising when recommending a client to set-up a SMSF. It was alleged that an accountant may “gain significant revenue” from the formation of a SMSF and the consequential professional services advice, such as audit and compliance work (ES, 2013, para. [10]).

Overall the limited accountants’ exemption could be perceived as a deficient standard.

New licence regime

In response to concerns about the limited exemption a new licence regime was implemented to commence July 2016 by the *Corporations Amendment Regulation 2013* (No. 3). The new licence regime will mean that accountants have three options: a limited AFS licence, full AFS licence or being an authorised representative under another entity’s AFS licence. The limited licence still allows accountants to give structuring advice with respect to SMSFs.

Also, there are transitional arrangements for recognised accountants who apply for an AFS Licence prior to 1 July 2016 and only provide 'advice'; they need not demonstrate the 'experience requirement' (Corporations Regulations 2001, regulation 7.6.01BA(2)). This restricted advice relates to: (a) advice to acquire (or not) or to dispose of a SMSF; (b) whether to establish a SMSF, advice about contributions or pensions from superannuation; and (c) class of product advice on superannuation, securities, simple managed investment schemes, general and life insurance products and basic deposit products (s 912A(4) *Corporations Act* 2001 (Cth)). Accountants seeking registration after 1 July 2016 will be required to meet the experience requirements to obtain a licence (ES, 2013, para. [25]).

It appears that this restricted licence was created to address concerns from accountants about costs involved in obtaining a full AFS licence in providing financial advice (ES, 2013, para. [16]).

An alternative for an accountant is to maintain a full AFS licence, or obtain a limited, strategic or full authority through an existing AFS licensee (Holman, 2014). Such an authority means that back office licensing, maintenance and operations regarding compliance, audits, responsible managers, policies and procedures is maintained by an existing AFS licence holder (Holman, 2014). However, Charlton emphasises if being a licensee it is important for accountants to provide "integrity and independent thinking" (Cain, 2015, p. 60 quoting Charlton). Overall these new standards provide for greater initial and ongoing education for accountants to advise about SMSFs. To what extent accountants already receive formal education about SMSFs is now considered.

Reasonableness Gap

To consider the reasonableness gap, the formal education of accountants will be detailed and then compared to the public expectations of them.

Reasonable expectations of accountants

To ascertain what accountants could reasonably be 'expected to achieve' given their formal qualifications a curriculum audit of Australian undergraduate accounting degrees and post-graduate education requirements was conducted.

Undergraduate coverage of SMSFs

Following Thompson's methodology (1998) a quantitative survey was conducted of Australian undergraduate accounting degrees in 2013 to elicit the time spent on teaching the various business structures (including SMSFs). While the general results of this survey are reported elsewhere (Freudenberg and Boccabella, 2014), this article will analyse the in-depth results relevant to SMSFs.

The survey explored the coverage of SMSFs in the various law courses likely to be taught within an accounting degree, as it would be expected that it would be these courses that would cover SMSFs. However, other accounting courses were also surveyed as well to explore if there was coverage in them. Questions explored the inclusion of SMSFs in course content, lectures, tutorials and assessment. A total of 154 Australian academics commenced the survey with 138 completing it entirely. One hundred and ten of these survey respondents were those teaching into 'business law courses' and 28 were respondents teaching into other 'accounting courses'. The sample is well distributed in terms of universities across Australia – with participants from 36 Australian institutions.

In terms of business law courses the survey specified the types of courses likely to be taught, as well as the option for participants noting an 'other business law course'. Through this it became evident that five business law courses were generally mandatory (note it is likely that within each accounting degree there is only three or four mandatory business law courses, but their names can vary).

Table 1 lists the five common mandatory courses, being:

- Introduction to Law/Foundations of Law ('Intro to Law');
- Introduction to Business Law ('Intro to Business Law');
- Law of Business Associations/Law of Commercial Associations ('Law of Associations');
- Company/Corporations Law – Introduction ('Company'); and
- Taxation Law – Introduction ('Tax').

Table 1: Business Law courses

Course name	Response count	Is it a 'mandatory' course	Your role with the course: Lecturer-in-Charge
Mandatory			
Intro to Law	25	92.3%	69.2%
Intro to Business Law	40	89.2%	64.9%
Law of Associations	22	81.8%	77.3%
Company	26	88.5%	57.7%
Tax	30	86.7%	90.0%
Elective			
Advanced Company	3	33.3%	67%
Advanced Tax	12	15.4%	92%
Other Business Law	18	15.8%	74%

This table details the various Business Law courses taught throughout Australian Universities, as well as whether the course is mandatory part of the degree for students, and whether the person doing the survey was the Lecturer-in-Charge of the course.

The other non-mandatory (elective) business law courses (also listed in Table 1) tended to be:

- Company/Corporations Law – Advanced ('Advanced Company');
- Taxation Law – Advanced ('Advanced Tax'); and
- Other Business Law type course ('Other Business Law').

In terms of discussing SMSFs in lectures the results indicate that greater than 90% of mandatory business law courses and accounting courses, either did not cover or spent less than five minutes discussing them: Table 2. On average only 4.5% of mandatory business law courses and 7.2% of accounting courses spent between 30 minutes and five hours teaching SMSFs in lectures. None of these courses spent greater than five hours teaching SMSFs in lectures.

There was a greater chance of accounting students being exposed to SMSFs through elective business law courses, as on average 18.5% of these courses spent 30 minutes to five hours in lectures discussing them. The courses more likely to include SMSF coverage were the two tax courses (Tax and Advanced Tax.)

Table 4: Coverage of SMSFs in lectures

Course name	Total Not Covered or < 5 mins	5 mins to < 30 mins	30 mins to < 2 hours	> 2 hours
Intro to Law	90.90%	0%	9.00%	0%
Intro to Business Law	96.90%	0.0%	3.10%	0%
Law of Associations	95.00%	5.0%	0.00%	0%
Company	100.00%	0.0%	0.00%	0%
Tax	82.70%	6.9%	10.20%	0%
Average for mandatory courses	93.1%	2.4%	4.5%	0.0%
Advanced Company	100%	0%	0%	0%
Advanced Tax	33%	17%	50%	0%
Other Business Law	94%	0%	6%	0%
Average for elective courses	75.9%	5.6%	18.5%	0.0%
Accounting courses	92.8%	0.0%	7.2%	0.0%

This table details the percentage of courses in terms of time in lectures that the topic of SMSFs was covered for the various Business Law courses, as well as the Accounting courses surveyed.

In terms of what students were taught in these lectures for the mandatory business law courses there was an emphasis on (a) Distributions from fund; (b) Taxation of fund contributions, profits and distributions; and (c) Delay of access to funds: Table 3. For elective business law courses, there was a greater spread of emphasis, although taxation received the greatest attention. In comparison the accounting courses concentrated on (a) nature of and governing law; (b) formalities; and (c) liability issues (members/controllers).

Table 3: Coverage of SMSF topics in lectures

Topics covered	Topics not covered or < 5 mins			5 mins to < 30 mins			30 mins to < 1 hour			1 hour to < 2 hours			2 hours to < 5 hours			> 5 hours		
	M	E	A	M	E	A	M	E	A	M	E	A	M	E	A	M	E	A
Nature of and governing law	42	57	60	50	33	40	8	10	0	0	0	0	0	0	0	0	0	0
Formalities	50	48	80	42	43	20	8	10	0	0	0	0	0	0	0	0	0	0
Liability issues	42	48	80	58	43	20	0	10	0	0	0	0	0	0	0	0	0	0
Asset protection	33	57	80	67	33	20	0	10	0	0	0	0	0	0	0	0	0	0
Admission of new members	50	71	80	50	19	20	0	10	0	0	0	0	0	0	0	0	0	0
Distributions from fund	42	43	80	42	48	20	17	10	0	0	0	0	0	0	0	0	0	0
Cessation of fund	67	62	100	25	29	0	8	10	0	0	0	0	0	0	0	0	0	0
Taxation of fund contributions, profits and distributions	42	33	100	42	38	0	17	10	0	0	10	0	0	10	0	0	0	0
Delay of access to funds	50	33	100	42	57	0	8	10	0	0	0	0	0	0	0	0	0	0

M = Mandatory Law Courses, n = 12; E = Elective Law Courses, n = 21; A = Accounting Courses, n = 5. This table details the percentage of courses in terms of time in lectures that covered the various sub-topic about SMSFs.

In terms of whether accounting students have a further opportunity to workshop the issues surrounding SMSFs in tutorials, greater than 90% of mandatory business law courses and accounting courses either did not cover SMSFs in tutorials or spent less than 5 minutes: Table 4. Only approximately 4% of these courses spent substantial tutorial time (30 minutes to 2 hours) on SMSFs. Again the elective business law courses (especially Advanced Tax) had a greater focus on SMSFs in tutorials, with approximately 41% spending greater than 30 minutes discussing them.

Table 4: Coverage of SMSFs in tutorials

Course name	Total Not Covered or < 5 mins	5 mins to < 30 mins	30 mins to < 2 hours	> 2 hours
Intro to Law	90.91%	5%	5%	0%
Intro to Business Law	93.75%	0%	6%	0%
Law of Associations	100%	0%	0%	0%
Company	100%	0%	0%	0%
Tax	82.14%	11%	7%	0%
Average for mandatory courses	93.4%	3.1%	3.6%	0.0%
Advanced Company	100%	0%	0%	0%
Advanced Tax	50%	8%	33%	8%
Other Business Law	100%	0%	0%	0%
Average for elective courses	83.3%	2.8%	11.1%	2.8%
Accounting courses	93%	4%	4%	0%

This table details the percentage of courses in terms of time in tutorials that the topic of SMSFs was covered for the various Business Law courses, as well as the Accounting courses surveyed.

Considering whether accounting students were assessed on their SMSF knowledge, it becomes apparent that this largely does not occur. 100% of accounting courses surveyed, and 96% of the mandatory business law courses had no or less than 5% of assessment directed towards SMSFs: Table 5. The only elective business law course with substantial assessment towards SMSFs was Advanced Tax with an average of 17% of courses having 5% to 20% of assessment directed towards SMSFs, and 8% of courses with greater than 20%.

Table 5: Coverage of SMSFs in assessment structure

Course name	0% to < 5 %	5% to < 20%	>20%
Intro to Law	91%	5%	5%
Intro to Business Law	97%	3%	0%
Law of Associations	100%	0%	0%
Company	100%	0%	0%
Tax	93%	4%	4%
Average for mandatory courses	96%	2%	2%
Advanced Company	100%	0%	0%
Advanced Tax	75%	17%	8%
Other Business Law	100%	0%	0%
Average for elective courses	92%	6%	3%
Accounting courses	100%	0%	0%

This table details the percentage of courses in terms of weighting of assessment that the topic of SMSFs was assessed for the various Business Law courses, as well as the Accounting courses surveyed.

Overall this data demonstrates that Australian accounting students have minimal, if any, exposure to SMSFs in their undergraduate degrees. This is especially the situation if they do not do the elective ‘Advanced Tax’. However, this perceived deficiency may be addressed in later post-graduate education especially that provided by the leading accounting professional bodies.

Professional bodies

To ascertain whether accountants are likely to be exposed to SMSFs during their post-graduate studies a review of the education courses required for professional membership of the two major professional accounting bodies was undertaken (CPAA and CAANZ).

Pursuant to the CPA Program there are four compulsory subjects, two electives and a practical component that is required. The compulsory subjects are ethics & governance, financial reporting, strategic management accounting and global strategy and leadership (CPAA, 2014b). Also, the two courses ‘advanced taxation’ and ‘advanced audit and assurance’ are compulsory if taxation law and auditing are not completed at the undergraduate level (which may be possible at some universities). Otherwise the electives include financial risk management and contemporary business issues. In all of these courses, including the advanced taxation course, there is no coverage of superannuation, let alone SMSFs. This would suggest that the expectation of what a member of CPAA could achieve in terms of SMSFs is low given their likely limited exposure to SMSFs throughout their formal undergraduate and post-graduate studies.

In terms of the CAANZ Program it has five courses: audit and assurance, financial accounting and reporting, management accounting and applied finance, taxation and a capstone course. For the CAANZ tax module there is one unit devoted to superannuation which focuses on Australia's superannuation system broadly, with only a brief mention of SMSFs. Indeed, in 22 pages of the superannuation unit the term 'SMSF' is only mentioned eight times. Out of the 27 hours of teaching provided for the CAANZ tax module four hours are allocated to the taxation of superannuation funds. Consequently, the expectation of CAANZ members in terms of SMSFs should be greater than that for CPAA members given they are likely to have more exposure to SMSFs. It should also be remembered that a member of CAANZ is required to have completed a taxation course within their undergraduate degree, whereas for CPAA, this is optional.

It appears for accountants to advise on SMSFs that this is a specialised area and accountants would need further study whether through attending seminars or stand-alone courses. Implicitly the professional accounting bodies have acknowledged that their members' knowledge and understanding of SMSFs may be lacking. Since the Cooper Review into the superannuation system there has been an increase in training efforts, especially since the licence reforms were legislated. For example, the CAANZ stated that since the review they have "made significant contributions" ... "through provision of training events including major SMSF conferences, publications, manuals, tools, checklists and formal guidance" (CAANZ, 2014, p. 18). While this is good progress, it does bring into question the adequacy of training and materials prior to the licencing changing. Also, CAANZ notes that it has recently brought in a 'CA SMSF specialisation' which includes mandatory education, assessment and experience requirements (CAANZ, 2014, p. 18). Similarly, CPAA has recently brought in a SMSF specialisation (CPAA, 2015). It appears that the government reforms have caused the professional bodies to increase activity in this area. For example CPAA provides a SMSF Learning Manual (Twin Pack) which is equivalent to 24 hours continuing professional development (CPD), covering Understanding SMSFs and SMSF strategies. More recently CPAA introduced a SMSF Specialisation with the first intake occurring in 2015 (CPAA, 2015).

Also, CPAA organised a one day SMSF conference and expo in 2015. CAANZ has a number of online and in-person workshops held for members in terms of SMSFs, including SMSF and property development, bankruptcy and SMSFs and advanced pensions.

Public expectations

To illustrate what is the likely public expectation from accountants, data about the role that accountants play in advising, establishing and providing on-going compliance work for SMSFs will be canvassed.

The public appears to expect accountants' assistance with SMSFs. Indeed, accounting professional bodies acknowledge that structuring advice in terms of setting up SMSFs is part of their "traditional accounting activities" (CPAA & ICA, 2012, p. 1). This role of accountants is implicit in that many small and medium sized business owners see having a SMSF as part of "running their next business" and are used to "dealing with an accountant" (Swift, 2014, p. 15: Quoting Robert Jackson, Director, Deloitte). Part of this is due to accountants being cognitive of the client's business, taxation and financial position (Durie, 2006).

When professional advice is sought the data demonstrates that accountants clearly have a major role, as nearly 50% of SMSFs were established by them (ASIC, 2013, p. 16: citing IT, 2012b, p. 13). Also accountants appear to be instrumental with instigating the establishment of SMSFs, as a reason for setting one up is due to advice from an accountant (32%) and then a financial planner (18%) (ASIC, 2013, p. 16: citing IT, 2012b, p. 14).

The public expectation of accountants' role in this area is also in terms of ongoing advice, as 32% of SMSFs indicate that their main source of advice is from accountants, followed by financial planner/advisers (19%), stock brokers (9%) and specialist superannuation consultants (6%) (ASIC, 2013, pp. 18-19: citing IT, 2012a, p. 33). Also, 99% of the 2012 SMSF annual returns were lodged by tax agents or accountants (ATO, 2013, p. 10). Case law re-enforces the role that accountants play. For example, in the case *CBNP Superannuation Fund v FC of T* 2009 ATC 10-105 the SMSF under review for breach of the in-house asset rules was not represented by a lawyer but instead their current accountant.

Conclusion

While there is only limited evidence of breaches and contraventions by accountants with SMSFs, there are overall concerns with their ability to adequately advise in this area. Given there is data demonstrating accountants' role with SMSFs, it is argued that there is an expectation gap as the public expects that accountants generally should be able to advise about their retirement savings, including SMSFs. However, the evidence suggests that Australian accountants' formal education about SMSFs is limited and therefore there appears to be a gap between the public's expectations of accountants without subsequent specialised training in this area. This is supported by evidence from Tran-Nam and Karlinsky (2008) which suggests that Australian small business advisors are struggling with Australia's retirement system as their survey found that 'retirement planning' (which would include SMSFs) was the third most complex area for advisors. Freudenberg et al. (2012 p. 697) has argued that this can be due in part to the low educational training of small business advisors in this area.

Also a 'performance gap' exists, as there appears to be deficient standards as there are "differences between duties and obligations which can be reasonably expected and the professional regulatory requirements (such as statute law, case law and professional standards)" (Anderson and Brown, 2014, p. 187). Of particular concern is that the current exemption could cause incomplete or 'lopsided' advice which could be as adverse as negligent advice.

The government's move to improve regulation and licencing in this area will assist to reduce the expectation-performance gap. Until recently, professional bodies have lobbied against regulatory change, with the CAANZ (2014) noting that "additional regulation of SMSF accountants and administrators is not warranted" and that they considered professional bodies are "best placed to achieve increased competencies without further regulation". However, the government has clearly seen a need for there to be regulatory reform to provide a catalyst for change in this area. It does appear the implementation of the new licence regime has finally caused the professional bodies to be more active in this area with increases in SMSF training and the introduction of specialisations.

The alternative is that it is not reasonable to expect accountants to advise in the SMSF area, given their other areas of expertise and educational background; and thus allow other professionals, such as financial advisors, to provide the expertise in this area. Without significant changes to accountants' education in the area of SMSFs, it is hard to oppose calls that accountants should remove themselves from advising in the SMSF sector.

The new licencing regime will address (in some way) the reasonableness gap in terms of what the public expects accountants can reasonably be expected to achieve in regard to SMSF advice, as it is a specialised area that normally accountants do not have substantial training in. It could be argued that the current undergraduate and post-graduate curriculum should be revised for accountants to include greater coverage of SMSFs. Given the role of the Advanced Tax course in covering SMSFs, it may be that this course should become a mandatory course compared to an elective course. Given that the professional accreditation requirements are a larger driver of the structure of accounting degrees (Freudenberg and Boccabella, 2014, p. 204), may be the professional bodies need to add the requirement for SMSFs to be taught. Alternatively, accounting students should consider doing a double major with Financial Planning, as the accreditation requirements of the Financial Planning Education Council provides greater coverage of superannuation and SMSFs (Financial Planning Education Council, 2012). Also, this is an opportunity for tertiary education institutions to provide courses to past accounting graduates about SMSFs if they are looking to upskill and improve their knowledge in this area.

Perhaps put too strongly, Holman re-enforces why accountants need to move in this area, as he argues that if accountants don't get a limited or full AFS licence, then "they will cease to exist in any meaningful way beyond the next five to seven years" (Holman, 2014, p. 2). This sentiment is supported by Charlton, as he warns "not being licensed will see a shrinking of the frontier regarding areas where accountants can advise without a licence" (Cain, 2015, p. 62 quoting Charlton). This is partly due to the fact that many clients will have SMSFs and these clients will expect that they can discuss their SMSFs with their accountants, and this will be an expectation that needs to be met (Holman, 2014).

Without adequate training and licencing of advisors in terms of SMSFs, Australia is at risk of jeopardising the progress made to date. With the exponential growth of the SMSF sector forecasted, it is critical that stakeholders are confident that professionals involved in the sector are adequately equipped. To this extent the new licencing regime and its educational requirements are important regulatory reforms.

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