



Australian Government  
The Treasury

**TSY/AU**

# Quality of Advice Review

Template for response

August 2022



# Consultation process

## Request for feedback and comments

Interested parties are invited to provide feedback on the proposals for reform listed in the Quality of Advice Review Proposals Paper using the template in [Appendix 1](#). Consultation will close on Friday 23 September 2022.

While submissions may be lodged electronically or by post, electronic lodgement is preferred. For accessibility reasons, please submit responses in a Word or RTF format via email. An additional PDF version may also be submitted.

## Publication of submissions and confidentiality

All of the information (including the author's name and address) contained in submissions will be made available to the public on the Treasury website unless you indicate that you would like all or part of your submission to remain in confidence. Automatically generated confidentiality statements in emails do not suffice for this purpose. Respondents who would like part of their submission to remain in confidence should provide this information marked as such in a separate attachment.

Legal requirements, such as those imposed by the *Freedom of Information Act 1982*, may affect the confidentiality of your submission.

View our [submission guidelines](#) for further information.

## Closing date for submissions: 23 September 2022

<b>Email</b>	AdviceReview@TREASURY.GOV.AU
<b>Mail</b>	Secretariat, Quality of Advice Review Financial System Division The Treasury Langton Crescent PARKES ACT 2600
<b>Enquiries</b>	Enquiries can be initially directed to AdviceReview@TREASURY.GOV.AU

## Appendix 1: Consultation template

Name/Organisation: [REDACTED]

### Questions

#### Intended outcomes

1. Do you agree that advisers and product issuers should be able to provide to personal advice to their customers without having to comply with all of the obligations that currently apply to the provision of personal advice?

I believe that the way that we currently give financial advice needs to change. I have been in the industry for about 18 years now and I have seen statement of advice documents increase from around 10 pages to mammoth 120 page documents. The sad part of this is that contained within the documents is about 10 pages of advice and 110 pages of disclosures.

I am concerned with product issuers being given access to providing personal advice for clients. As I have personally witnessed, product issuers will consider what customers can do with their products, not what is available or right for them. We should hold product issuers to a higher level where they would have to consider everything available to the client, not just their suit of products.

#### What should be regulated?

2. In your view, are the proposed changes to the definition of 'personal advice' likely to:
  - a) reduce regulatory uncertainty?
  - b) facilitate the provision of more personal advice to consumers?

**c) improve the ability of financial institutions to help their clients?**

- a) I am unsure but I am willing to support a change in this direction
- b) This could be the case. I used to do a lot of low cost advice and pro bono work for clients, however the 'cost of compliance' in both money and time has got to the point now that I am unable to do this. The changes proposed could reduce this burden and allow for more consumers to receive advice.
- c) This is yet to be seen. I remember working in AMP when mysuper came into play and AMP hired/trained staff to work in the "scoped" team. AMP put these advisers through diploma course and put them on the phone with little experience both in product and strategy with what seemed to be the sole purpose of moving an amount of money out of mysuper so they could continue to charge fees. They didn't understand how transition to retirements worked, how pensions worked etc. This was evident with questions they were asking their supervisors.

**3. In relation to the proposed de-regulation of 'general advice' - are the general consumer protections (such as the prohibition against engaging in misleading or deceptive conduct) a sufficient safeguard for consumers?****a) If not, what additional safeguards do you think would be required?**

My main concern is that clients may not understand before it is explained to them what general advice, personal advice and information only are and what impacts it has on them and their situation.

If a client is calling about their personal situation, they are wanting personal advice. If a client already has what they are calling about, it's personal advice. My biggest concern (and this has always been the case) is that product manufactures using general advice to give personal advice. However, given the changes proposed, the removal of statement of advice documents etc, it would be possible to give personal advice via a financial adviser after conducting research into the clients situation and looking at their needs and wants.

### How should personal advice be regulated?

4. In your view, what impact does the replacement of the best interest obligations with the obligation to provide 'good advice' have on:

- a) the quality of financial advice provided to consumers?
- b) the time and cost required to produce advice?

I always say that as advisers, whether accountants, solicitors, financial advisers etc, we are put into a position of privilege in order to help people with their needs, wants and goals. The idea of best interests was great! That advisers HAD to put their clients interests before their own and help the clients to achieve should be the bedrock of everything we do. Sadly, we have seen that some people, when put into positions of power will exploit those around them. I like the idea of Best Interest, I don't think the safe harbour check list etc worked that well. I am troubled when vertical integrated business use a check list to justify the use of their products when others can be/are better.

5. Does the replacement of the best interest obligations with the obligation to provide 'good advice' make it easier for advisers and institutions to:

- a) provide limited advice to consumers?
- b) provide advice to consumers using technological solutions (e.g. digital advice)?

- a) Yes – this could make it easier for advisers to provide scoped advice to clients.
- b) I am concerned around robo-advice for clients. I believe that this removes the education aspect of what we do as advisers

**6. What else (if anything) is required to better facilitate the provision of:**

- a) limited advice?
- b) digital advice?

We need clear guidelines of how you would like us to operate. We need to set how you would like documents to be produced (when requested) and we need to remove the interpretation of AFSL.

We need to “wipe the slate clean” and say, from now on, this is exactly what we need when and remove all the triple handling of things.

We need to remove (from the industry) all the people that haven’t started their education requirements or passed their FASEA exams (as we a profession) and remove exemptions for those who have chosen not to do this.

**7. In your view, what impact will the proposed changes to the application of the professional standards (the requirement to be a relevant provider) have on:**

- a) the quality of financial advice?
- b) the affordability and accessibility of financial advice?

I believe this could help with deeper conversations and advice being given. It would also mean that advice could become more affordable for people. As long as you could control AFSLs so they don't go crazy and want long papers for everything you do (eg, SOA like documents full of disclosure).

**8. In the absence of the professional standards, are the licensing obligations which require licensees to ensure that their representatives are adequately trained and competent to provide financial services sufficient to ensure the quality of advice provided to consumers?**

- a) If not, what additional requirements should apply to providers of personal advice who are not required to be relevant providers?

I think that anyone who gives personal advice should be a financial adviser, that they should have their education, pass their tests, spend some time in the industry etc. It's not like you would go and see someone that's half trained as a doctor or get surgery from a technician who builds pacemakers.

### Superannuation funds and intra-fund advice

9. Will the proposed changes to superannuation trustee obligations (including the removal of the restriction on collective charging):

- a) make it easier for superannuation trustees to provide personal advice to their members?
- b) make it easier for members to access the advice they need at the time they need it?

- a) If the person is qualified, they have passed their exams (eg FASEA), they have gathered all the information needed for the client, they have considered the clients circumstances and what they are trying to achieve, that they have looked at the whole market and worked out if their product is the best for the client etc. they have modelled what the changes would look like and conducted research. then after all of that they should be able to provide personal advice to a client.

### Disclosure documents

10. Do the streamlined disclosure requirements for ongoing fee arrangements:

- a) reduce regulatory burden and the cost of providing advice, and if so, to what extent?
- b) negatively impact consumers, and if so, how and to what extent?

- a) This proposal could help.



**11. Will removing the requirement to give clients a statement of advice:**

- a) reduce the cost of providing advice, and if so, to what extent?
- b) negatively impact consumers, and if so, to what extent?

- a) Yes, this would reduce the amount of time and cost to providing advice. This means that we would be able to give advice quicker and cheaper to clients.
- b) As long as advice was explained properly to the client and given to them in writing if requested, then I would see little negative impact. The adviser would need to show research and considerations as part of the record keeping and be able to give that to clients as well if requested.

**12. In your view, will the proposed change for giving a financial services guide:**

- a) reduce regulatory burden for advisers and licensees, and if so, to what extent?
- b) negatively impact consumers, and if so, to what extent?

### Design and distribution obligations

13. What impact are the proposed amendments to the reporting requirements under the design and distribution obligations likely to have on:

- a) the design and development of financial products?
- b) target market determinations?

### Transition and enforcement

14. What transitional arrangements are necessary to implement these reforms?

I would like to see these changes implemented asap.

I would like to know exactly what we need to do and not have licensees have to make interpretations on what we are trying to achieve.

I would like the government to not move ahead with the education exemption that they proposed for advisers with 10 plus years experience. We need to move beyond these exemptions if we are to be a profession.

## General

### 15. Do you have any other comments or feedback?

I was very excited to read the QAR and the recommendations. I believe that after decades we are now moving in the right direction. I have spent the last 18 years in the industry and watched it be the “punching bag” of most governments over that time. I have watched as things have been over regulated and I have seen so many good advisers not be able to help people just because the increasing compliance costs of running a business have jumped higher and higher.

I am very glad that we have little vertical integration issues with product providers providing advice as this means that when people are getting advice it is to a higher calibre, and if we do introduce personal advice to product manufactures, that they should be held to the same standards that we as financial advisers have to maintain.