



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

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

Appendix 1: Consultation template

Name/Organisation:

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?

Advisers yes, a little hesitant about product issuers – as I query if they will they get to know the clients in sufficient detail?

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?

Yes, likely to, but more details needed.

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?

unsure

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 still feel the provider needs to make reasonable enquiries on a clients situation – and not only provide “good advice but also aim to have the clients best interest in mind when giving that advice – don’t move the dial too far back otherwise we will be back to seeing product flogging!.

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)?**

Yes and in respect to Digital; advice yes- likely

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

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

The Moneysmart website is a good client resource – but remember that lots of adviser are providing generic product or strategy info to clients when they give advice (outlining the pros and cons of the specific advice / strategy, how it works etc). Rather than every adviser re-inventing the wheel – maybe there should be a few standard “generic info” links that could be drafted up (and most importantly kept up to date) by the regulator that advisers / product providers giving advice on a product or strategy need to provide to any end consumer. It would mean everyone is getting some basic background info on either a product or a specific strategy (or strategies) and would create quiet a bit of efficiency across the whole industry.

The fee consent form debacle (where every product issuers invented their own specific form and process) was a classic example of wasted resources personified. If ASIC (or FASEA) or who ever the relevant regulator was just said when the fee consent proposals where put forward here is the standard universal fee consent form to be used by every adviser and this form needs to be accepted by every product provider (Like a TFN form) – it would have been a huge saving and created massive efficiencies.

If digital advice is the future then give advisers and the industry some basic universal tools that can be used by everyone. It will mean relevant and factual background information is being provided to consumers and would save duplication. This will only work if you keep it all up to date – its only maybe 15-20 strategies that are regularly used by advisers and maybe 10-15 product types so not hard to resource / staff at your end.

- 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?**

Quality may drop a bit I suspect, but affordability should increase all things being equal. I expect lower value clients / consumers (who need help the most) and are currently missing out will no doubt benefit.

- 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?**

Yes, but lets not turn this into a free for all for the banks to start mass selling products to consumers – lest not forget that is how this whole mess started! I think big corporates need to be held to a higher account as they won't get to know there customers as much as an individual adviser – just a statement of fact and pretty obvious I think.

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?**

Unsure

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 – well you couldn't make the current fee consent process any harder unless we had to deliver fee consent forms via homing pigeon, with the pigeons flying at a pre determined altitude of between 17.5 metres and 23.5 metres at all times, except for a Tuesday and every second Thursday where 17 metres to 24 metres is acceptable. Sorry just being a smart – but in all seriousness – the fee consent process was beyond a joke – I mentioned in my original submission I had clients laughing at the ridiculousness of the whole process. I get the fee for no service issue – but the fee consent process was a hinderance to both client and consumer.

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) - A little – but surely some type of written record of advice given is needed. Even if the requirement to give an SoA is dropped I will continue to give some type of written advice every-time advice is given – maybe just not the 60 page word-fest to move from product A to product B.
- b) Yes – highly likely – a consumer needs to know the risks of what they are doing and be informed prior to making a decision - something in writing needs to be given, just streamline it a bit but there is critical info that I think has to be provided when doing product advice / switching (can be 5 – 10 pages rather than the current 50-60 pages). If you take away this requirement totally banks and product providers will go to town and in a few years we are back to asking “how did it all go so wrong??”.

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?**

A – not at all – its not hard to give them

B – Yes consumers need this info

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?

No comment expect the DDO is the biggest tick a box exercise ever invented – total waste of time.

Transition and enforcement

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

Give personal advisers / smaller groups a chance to move early as they are nimbler and can maybe iron out any issues- then let the big boys move second. Also would be a nice reward for the smaller groups / advisers who have been put through the wringer in recent years (understatement it has been way worse than that) – as all the drama and grief of the last few years is mainly as a consequence of Banks / AMP etc doing the wrong thing. In simple terms if you are tied / or owned by a product provider get to the back of the line and let the non institutionally (or non product aligned) advisers have a crack at getting this industry back on track.

General**15. Do you have any other comments or feedback?**

The independent and non independent adviser categories are not fair – I am self licensed – use a broad range of products and am not tied in with any one product provider but because I take commissions risk products I can't say I am independent on my FSG and cant use a lot of other terms to highlight I am not part of a big group. It is all about the parent company / so aligned or not aligned would be fairer and more accurate for consumers who don't want to deal with a product delivery styled adviser or someone tied to a product provider. It is hard and costly to be non aligned (for want of a better word) – lots of consumers want independent or non aligned advice so maybe make that definition a bit clearer for them.

Also on that front – risk insurance is super important, especially for younger clients. I agree with capping commission and having checks and balances to stop churning - but consumers will not pay for insurance advice and regardless of how “professional” you want the industry to be insurance needs to be sold, you need to identify the need and highlight the risks a consumer has by not having a risk management plan in place. If you are worried about under insurance don't make it too hard, as advisers won't sell it and there will be bigger claims in years to come on the government coffers. I am aware that many advisers just scope it out or refuse to offer risk insurance – regardless of the fact it is often in the best interests of a client. I am not a huge risk writer but as a “wholistic adviser” it is an important cog in the wheel to giving full advice so don't make it too hard.