



KIRKS ACCOUNTANTS

ACCOUNTANTS & ADVISORS

ABN 95 006 672 199

Suite 29, 2 Enterprise Drive
University Hill South
Business Park
Bundoora Victoria 3083

P.O. Box 1069
Bundoora,
Victoria, 3083

Telephone: (03) 9467 6933
Facsimile: (03) 9467 3844
www.kirksaccountants.com.au

13th July 2022

Michelle Levy
Quality of Advice Review Secretariat
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: advicereview@treasury.gov.au

Dear Michelle

Quality of Advice Review

I am an accountant, tax agent and SMSF auditor of 35 years standing and a member of the Institute of Public Accountants and a Chartered Tax Advisor with the Tax Institute of Australia.

Since July 2016 I have been precluded from providing my clients with advice on their personal financial and superannuation affairs.

It does not serve my clients best interest if I have to restrict my advice to *factual advice*, In most instances their need for information is simple and uncomplicated and my firm's fee for service would be in the range of \$250 to \$500 inclusive of GST.

I wish to propose the establishment of two categories that reflects the structure of the personal financial products industry.

1) The Investment Advisor

The role of the investment advisor would be limited to the provision of personal financial and superannuation advice that could be strategic in nature, portfolio construction and investment plans, establishment of self- managed super funds, commencement of super income streams, contributions strategies etc. The advisor



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will be restricted in recommending specific financial products. The advisor's remuneration must be a fee for service and commissions or other conflicted remunerations must be prohibited. The advisor must be independent and avoid any form of conflicts of interest. The advisor must adhere to a strict code of ethics and professional conduct that can be regulated by ASIC through a registration process to obtain the designation of *Independent Investment Advisor*.

2) **The Financial Dealer**

The Financial dealer would typically be the boiler room operators, typically the investment companies, managed funds, superannuation funds etc. They will have employed personnel or tied contractors that sell their financial products. They will not be allowed to sell other companies or fund products. The products they select must be in accordance with the client's investment plan or advice prepared by them or their investment advisor.

They will be restricted on providing investment advice other than general advice on the financial products they sell.

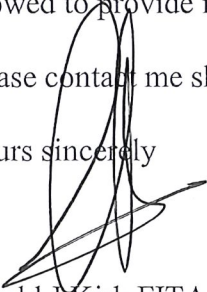
I submit that accountants are the first port of call for individuals given that they see their accountants on a regular basis and a level of trust is built up with time. Accountants can deliver a high-quality tailored advice on a very cost-effective manner.

In the last 2 weeks I have come across 3 instances where my clients were charged between \$1,560 and \$2,400 by financial advisors affiliated with two large public super funds when the clients' need was to commence a pension income stream with funds they had in the super funds and, to make contributions to these super funds. The clients felt the cost was excessive and the quality of service did not match their expectations and needs. They came to see me very confused and unsure of the details of the transaction they had entered into. In one instance the client was clearly recommended to invest in financial products that were clearly inappropriate for the client that did not match her risk profile and financial objectives.

I note that my firm would have serviced their needs adequately for a fee of no more than \$500. I and several other accountants in public eagerly await the day accountants will be allowed to provide independent fee for service investment advice.

Please contact me should you wish to discuss this further.

Yours sincerely



Gerald J Kirk FITA FFA CTA
Kirks Accountants