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
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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?
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 to all

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?

Yes

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?

a) No detriment
b) Reduced

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
b) Yes

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

a) limited advice?

b) digital advice?

a) Practitioners who specialise should not be demonised if all advice they offer is limited rather than 'full' advice.
b) Digital advice should be outlawed, and certainly not encouraged. Digital financial information should be widely available, but not dignified by being called 'advice'

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?

a) Detrimental
b) Positive

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?

NO – All who give advice should be subject to the same requirements as ‘relevant providers’

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) Yes
b) Yes

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) Negligible reduction
b) No

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, the savings could be thousands of dollars for each occasion comprehensive advice is delivered
b) There is high risk of negative impacts if advice is not given in writing

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) Yes, but minimal
b) No

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?

a) Minimal
b) Minimal

Transition and enforcement

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

Change can't come soon enough, so should be immediate with a transition period

General

15. Do you have any other comments or feedback?

Chapter 7 of the Corporations Act should be urgently rewritten to shift the emphasis from 'product sales' to broadly encompass all aspects of the financial affairs of the advice recipient.

Re Proposal #5 – Superannuation Funds should NOT provide personal advice. They should be limited to providing general information. Much consumer harm has been caused by the vertical integration of financial services. Product 'manufacturers' should be separate from product 'distributors' and advisers.

Re Proposal #6 – Superannuation Funds should NOT charge collectively for advice provided to any member as an individual – on the grounds of fairness alone this is manifestly obvious. Collective charging can apply for provision of general information however, as the cost is minimal compared to that involved with giving personalised advice. Super Funds should not have discretion re how to charge for advice; some restrictions on collective charging should remain. If Super Funds are to be permitted to give personal advice, staff must be subject to the same professional standards are independent advisers. This would be practical if the ridiculous 40 hour per annum PD requirement was reduced to 10 hours i.e. in line with that required of West Australian lawyers.

Re Proposal #8 – Annual written consent to deduct fees is 'over the top'. Obtaining it only adds to the administrative burden and serves to minimise the time advisers have available to spend 'face-to-face- with clients. Fee authorities should only be required when the service / investment is initially established. Provided clients have the right to terminate fee deduction at any time, potential abuse of fee collection arrangements is adequately prevented.

Re Proposal #9 – All advice should be in written format and submitted to the client on a timely basis, even if only by a short email for the simplest of cases. Clients should not have to request written advice. Provision should be automatic.

Re Proposal #10 – FSGs should have to be given to clients at the first consultation and thereafter only when there are updates.