

21 December 2012

Ms Irene Sim
General Manager
Retail Investor Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: futureofadvice@treasury.gov.au

Dear Ms Sim

Corporations and Consumer Legislation Amendment (Consumer Financial Protection) Bill 2012

CPA Australia and the Institute of Chartered Accountants Australia (“the Institute”) welcome the opportunity to comment on the proposals to restrict the use of the terms ‘financial planner’ and ‘financial adviser’.

CPA Australia and the Institute represent over 150,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally. Specifically, members of the accounting profession are increasingly becoming involved more widely in financial services and related advisory and service roles.

CPA Australia and the Institute support the Government’s policy objective to improve consumer trust and confidence in the financial services sector and specifically in relation to those who provide financial advice services. Further, we understand the government’s need to ensure greater protection for Australian consumers by endeavouring to prevent anyone who is not licensed from promoting themselves to consumers as appropriately qualified to provide financial planning advice.

At a conceptual level the regulation of specific terms could introduce complexity and additional costs, which would inevitably be passed onto the consumer. Therefore, it needs to be clearly demonstrated that implementing further regulation is in fact in the public interest and will deliver positive benefits to the public and more specifically to those who seek professional financial planning advice.

We believe that restricting the term “financial planner” to only those individuals who are appropriately licensed to provide financial product advice may be in the public interest. It will implement penalties which will hopefully deter unqualified individuals from holding themselves out as appropriately competent to provide such advice to consumers. By restricting the requirements to reflect the current legislative requirements to provide financial product advice also appears appropriate, as it will not impose additional requirements on those individuals currently licensed to provide financial product advice to retail clients.

However, we do not support restricting the use of the term ‘financial adviser’ and any other word or expression that is of like import. We believe this is unnecessary and overly restrictive. In addition, it would add complexity to consumers’ understanding.

Representatives of the Australian Accounting Profession



cpaaustralia.com.au



Institute of
Chartered Accountants
Australia

charteredaccountants.com.au

The term “financial adviser” is recognised and used in broader terms by other professionals than those licensed to provide financial product advice to retail clients. This includes professional accountants and financial institutions such as investment banks who provide financial advice both in Australia and internationally. It is also widely used by professional advisers who provide financial product advice to wholesale clients.

We also have further concerns about the potential implications of restricting any other word or expression that is of like import. This proposal will arguably impact commonly used terms in other related areas of financial advice. For example many professional accountants commonly use titles such as Financial Planning and Analysis Manager, Manager Finance and Planning, Manager Financial Planning or Financial Planning Manager. These titles are all reflective of individuals who operate in finance departments of national and multinational businesses who have no connection to regulated financial product advice and services.

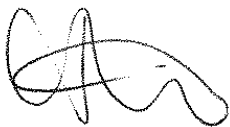
There are further implications for professionals operating in the wealth management sector, including those individuals who are a ‘wealth consultant’, ‘investment adviser’, ‘investment consultant’, ‘provider of financial advice’ or ‘financial consultant’. These terms could all be seen as expressions that are of like import. It is therefore unclear where the line is drawn as to what is a similar term which creates further difficulties to both monitor and enforce. It may also create further confusion for the consumer.

The underlying objective of this proposed regulation is to improve the trust and confidence of consumers in the financial planning industry. To achieve this objective, it is important that the proposed regulation provides clarity to the industry and clearly assists the consumer identify those individuals who are appropriately qualified to provide licensed financial planning advice. The most effective way to ensure this is to enshrine only one expression and ensure that that expression clearly reflects the primary function of the individual; to provide financial planning advice. We therefore would not be opposed to the implementation of new regulation, provided that it only restricted the use of the expression ‘financial planner’.

In addition to enshrining the expression ‘financial planner’ there is the important need for both the government and industry to work together to deliver an education campaign that provides consumers with a clear understanding who can provide licensed financial planning advice and importantly, the very real benefits of seeking such advice.

If you have any questions regarding this submission, please do not hesitate to contact Keddie Waller (CPA Australia) at keddie.waller@cpaustralia.com.au or Hugh Elvy (the Institute) at hugh.elvy@charteredaccountants.com.au.

Yours sincerely



Keddie Waller
Policy Adviser – Financial Planning
CPA Australia



Hugh Elvy
Head of Financial Advisory Services
Institute of Chartered Accountants
Australia