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?
Yes.
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. However I think the definition should cover not just financial products, but financial services as well. For example: • IDPS Platforms are a service not a product • Recommendations to open a SMSF need to be captured by the personal advice defn. What is to stop Accountants recommending SMSF to their clients all over again, especially if they do not charge for that initial advice, but charge annual compliance costs thereafter?

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?

I support the proposals to remove the need for an FSG.

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?

Proposal 3 needs to be extended. It is a great change to now focus on the content of the advice, rather than the process. However I think the definition should state that the advice is reasonably likely to benefit the client, after having regard to the client's needs & objectives. These set the context for advice, and place power back in the hands of the consumer, as advisers will be forced to consider their needs in the formulation of advice. For example, I can justify any platform based upon service levels, and the client will arguably be better off. However, if their need is lower cost, and not high service, my advice needs to change.

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)?

My issue with the best interests obligation is that advisers can only consider client interests. For example, I can not say that I am recommending a particular platform because it will lower my cost to serve, which I can pass on to the consumer. This is considered adviser-centric and not client based. No other industry imposes that burden on its participants. Best interests has to go, but I gather it will remain for relevant providers. Surely it is already enough to say that under the Code of Ethics, if we have a conflict of interest, then we must stop?

And now the chasm will open. Banks & super funds (the institutions) don't have to worry about best interests. But relevant providers (financial advisers) can not make a recommendation that lowers their costs to the clients' indirect benefit.

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

a) limited advice?

b) digital advice?

Proposals go far enough

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 am concerned that now anyone can provide financial advice. The only test that applies is that this advice must be to their benefit. Previously you had to be qualified & registered. Does this then allow real estate agents, accountants, general insurance brokers, lawyers & budget coaches to all be giving advice on Superannuation? Or on building a share portfolio? And provided they don't charge a fee, they are not subject to any regulation other than the requirement for it to be "good advice".

If the focus is on allowing industry super funds to give product advice, can we not structure the industry as follows:

- employees of super funds, life insurers & banks can advice in relation to their in house financial products, and
- all other advice is to be provided by relevant providers whom are subject to the code of ethics

Does the code of ethics provide sufficient structure to regulate the activities of relevant providers? Do we not still have financial advisers recommending their own in house product through SMAs in a conflict of interest? Or cases of accountants that recommend SMSFs as financial advice, then provide a service to set them up, then compliance on an annual basis, then financial advice to go in to an unlisted property syndicate which locks up the member for 10 years plus?

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
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?**
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?

Yes, with no negative impact

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?

Yes and No.

- For initial engagements, financial advisers will still have to develop a meaningful disclosure document that sets out the client need & their basis for advice. This will be in the interest of full disclosure to the consumer. So no real cost reduction here.

- For subsequent advice, I see much more flexibility for the adviser & the client, which is totally appropriate. Once there is a position of trust, the client generally acts on verbal instruction and has no need for disclosure documents which are rarely read by them. So big saving here.
- This is also a positive change for ad hoc requests from members of the public that want some direction but do want to incur the cost of a full financial plan. An adviser can say now give them say a financial model to show them what they are capable of achieving, without having to document every detail.

The opportunity missed:

- I think there are good grounds for a standardised document across the financial advice industry to cover the initial advice provided. This would cover client needs & objectives, current products, recommended products, like for like cost comparison, better position statement, potential conflicts & remuneration (fees + commissions). This could be a 3 page document, similar to what is produced in the aged care industry.

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?

Yes, with no negative impact

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?

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