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: HESTA

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?
HESTA welcomes the opportunity to respond to the Proposals Paper. We address our views under the response to Question 15. We reiterate our recommendations from our submission to the Issues Paper, in particular the importance of ensuring a balance between removing regulatory barriers for the provision of advice and maintaining appropriate consumer safeguards against harmful behaviour.
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?**

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?**

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?**

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)?

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

a) limited advice?

b) digital 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?**
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?**

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?

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?

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?**
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?**

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?

The existing regulatory regime has been developed to protect consumers from product providers that use advice for acquisition rather than to provide help. It has resulted in regulatory requirements that reduce our ability to efficiently provide the help our members need and proposals to streamline some of these regulatory requirements would be welcome.

However, regulatory reform of financial advice must have primary regard for the impact to consumers. Proposals that would enhance access to advice for the sake of access must be assessed through the primary lens of consumer protection and must have regard as to whether the streamlining and deregulation of the regulatory regime retains appropriate member safeguards against unscrupulous behaviour.

The Proposals Paper seeks to address important issues on the provision of advice that relate to affordability and accessibility, whilst seeking to balance the quality aspect of advice.

Proposals that would streamline regulation to allow wider access to advice and would remove barriers that prevent members from seeking financial help must be a sensible balance between improving access and maintaining safeguards for consumers. Increasing the risk of consumer harm should not be the price of deregulation.

HESTA will continue to advocate for the primacy of members’ interests and advocate for safeguards that ensure any changes to the regulatory regime are commensurate with the risks associated with deregulation.