

Retirement, Advice and Investment Division
Treasury
Langton Cres
Parkes ACT 2600

1st December 2023

I am writing to provide feedback on **Treasury Laws Amendment (2024 4 Measures No. 1) Bill 2024: Quality of Advice Tranche 1**

My submission relates solely to the proposal to remove the requirement for prescribed Fee Disclosure Statements.

I have made a number of previous submissions to treasury and also a submission to the Assistant Treasurer on the topic of Fee Disclosure Statements / Ongoing fee consents. I am grateful to Stephen Jones for having the courtesy of acknowledging and responding to our submission to him.

These submissions were made after correspondence on this topic was sent to the previous government – Josh Frydenberg and Jane Hume – who did not have the same courtesy.

I expect that this will be my last submission as it is clear that these submissions are ultimately futile.

Feedback on the proposal to remove Fee Disclosure Statements whilst retaining Ongoing Fee Consent requirements

It is not clear what objective is served by removing Fee Disclosure Statements but retaining endless fee consents. The result is simply a shortening (or perhaps the removal of one page) of the documents that must be produced, sent out, signed and returned by each retail client each year.

The administrative burden on the client is not reduced by removing a few “FDS” lines from annual fee consent documents. The administrative burden on advisers, licensees and super funds is not materially reduced by this action.

What will of course continue to happen is that financial advisers will continue to service only “higher net worth” clients, whose higher balances can generate the higher fees required to justify the ongoing administrative burden. Furthermore, and incredibly, investors who qualify as wholesale by having substantial investment portfolios will continue to be exempt from this burden.

The minimum fees applied by retail financial advisers will continue to increase – ensuring that lower-balance clients will not be able to afford an adviser.

Good luck to the super funds trying to service millions of low-balance retirees with anything more than basic human guidance and a website/robot.

Anyway, clearly treasury staff already know what is best for the country, so there is little point wasting any more of their time with my uninformed views. I’m sure I can also find more enjoyable and useful ways to spend my own time.

Regards,

Steve Melling