



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

<b>Email</b>	AdviceReview@TREASURY.GOV.AU
<b>Mail</b>	Secretariat, Quality of Advice Review Financial System Division The Treasury Langton Crescent PARKES ACT 2600
<b>Enquiries</b>	Enquiries can be initially directed to <a href="mailto:AdviceReview@TREASURY.GOV.AU">AdviceReview@TREASURY.GOV.AU</a>

## Appendix 1: Consultation template

Name/Organisation: Matthew Caruana – Control Finance Pty Ltd

### 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, we believe that the current obligations are excessive and an unnecessary requirement for the provision of sound 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?

- a) Yes
- b) Yes
- c) Unsure

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?**

Digital set up of product – as we have seen in Dash where a video will walk you through the SoA

I think it's important that clients are still walked through the notable points of an adviser's recommendations, so that they understand the outline of what will be happening with their finances, but this does not need to be as thorough as the current process. A simplified presentation of plans and what the implantation will look like should suffice.

**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?**

In most instances, the quality of financial advice provided and the time and cost required to produce that advice will be very similar, however the replacement of the best interest obligations will allow for the immediate implementation of the advice. As there's no waiting for the SoA to be produced (a process that can take weeks, if not months), advisers and their support teams can streamline their processes which ultimately allows them to engage with and provide advice to more clients.

**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?

Again, I think its important that there is still a duty for advisers to walk their clients through the scope of the advice and ensure their understanding of the plans

**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) In some instances, the quality of financial advice becomes better as the teams have more time in their day to commit to other tasks, for example learning about new products, training in different areas of support and ensuring ongoing clients have access to their adviser
- b) Office costs would reduce due to the relaxing of SoA requirements, which means more transactions are possible - making it more affordable. Advisers also have more time to meet with new clients which increases overall accessibility

**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?

I think most of the professional standards should stay in order to ensure the quality of advice provided to consumers

**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) At the moment, it can take our admin team hours to put together the documents required for the renewal process. In most cases, the clients will sign the documents and shove their copy in their bag. The current requirements for renewal result in an overwhelming amount of information being presented to the client – who, mind you, is paying fees to their adviser in order to NOT have to worry about all the fine print involved in managing their finances
- b) It will have a positive outcome for consumers, as they are more likely to invest their time in reading the documents when it's not 15 pages of repeated data. This ultimately allows them to see exactly what they are paying, and receiving in return for those fees, instead of just dismissing the mountain of paperwork and putting it in the 'too hard' basket as many currently do

**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 – it takes a lot of hours to prepare a document with again, an overwhelming amount of information for the average Joe to take in. Without an SoA, the implementation process is simplified and therefore there are less costs to pass on to the consumer
- b) Possibly, in more complex investments – though the exact extent to which it might negatively impact consumers is hard to comment on. However, as long as we maintain the standard of ensuring client understanding of the scope of the advice, there shouldn't be any negative impact. I believe it is possible to maintain an honest and open relationship with a client without the presentation of an overwhelming amount of information.

**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) No
- b) Possibly

### **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) None
- b) None

### **Transition and enforcement**

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

I think that there should still be a digital presentation of advice, but with more freedom to tailor the delivery of that advice to suit their specific client's needs

**General**

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

At the end of the day, clients really do not read the paperwork - just the bottom line