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Dear Ms Schneider Rumble,

**Submission: Delivering Better Financial Outcomes: Removing regulatory red tape that adds to the cost of advice without benefiting consumers**

Thank you for the opportunity to comment on the proposals which are aimed at delivering better financial outcomes by removing regulatory red tape.

**What is driving this submission**

- My learnings from a career in law and project management within financial services, including regulatory change.
- My strong belief in the need for a high quality, accessible and affordable financial planning marketplace which serves a broad cross section of consumers.
- My commitment to changing the way we develop and implement regulation.

**Context of this submission**

I commend the establishment of the Quality of Advice Review (“Review”) and its objective of making good quality financial advice more accessible and affordable.

In this submission, I would like to address two issues – consumers and implementation.

**1.0 Make consumers the starting point.**

It is relevant that the Terms of Reference of the Review were restricted to regulation.

Regulation is an important tool in being able to deliver good quality, accessible and affordable advice. The Review’s Final Report dated December 2022 (“Report”) states that:

**“We have lots of evidence about what consumers want**

Consumers want direct answers to their questions. Where it is relevant they want advice that takes into account their personal circumstances and when they are speaking to their financial institution they expect that the advice they are given does so.”

If Australia is to have a robust financial planning marketplace, which increases the numbers of Australians seeking financial advice and better serves the needs of all Australians and empowers them to achieve financial well-being, the focus needs to extend beyond regulation.

The emphasis, and starting point, should shift to consumers.

Initially, there is a need for a more in-depth understanding of what the broad range of consumers need and want.

Whilst insights from consumers and consumer bodies would have been necessary and valuable in assisting the Review to develop recommendations about regulation, they do not go far enough.

### **Recommendation**

1. Undertake research to provide a deeper understanding on consumer characteristics, needs and wants.
2. Based on that research, and adopting a collaborative design approach, develop a multi-faceted new financial literacy and well-being model. This would incorporate good quality advice, which is affordable and accessible to all consumers, not just those who are in a particular market segment.
3. Education, mindsets about money, communication and engagement will be critical components in this response.
4. This could be done:-
  - a. as a stand-alone piece of work to expand the offerings of the financial advice marketplace; or
  - b. by expanding what is incorporated in the third response to the Review titled “Exploring new channels for advice”.

## **2.0 Transform implementation.**

In Chapter 11, the Report highlights the role of the Regulator and the role and responsibility of industry.

Experience indicates that the complexity of regulation, and the severe consequences that flow from getting it wrong, have resulted in very costly, time consuming and effort intensive implementation. Industry also looks to the regulator to say how regulation should be implemented, even though implementation is an industry responsibility.

Implementation of regulation has been seen as business distracting rather than business accretive.

### **Recommendation**

We have a golden opportunity to develop a new, more collaborative implementation model and processes. Transforming the way regulation is implemented would deliver a multitude of benefits including:-

- improve the achievement of fit for purpose regulation that is more efficient and more effective, focusing on how the regulation will work in practice to ensure delivery of intended regulatory outcomes;
- reducing the cost and time to implement;
- delivering better business, people, culture and compliance outcomes; improving cultural norms which are supportive of the regulation;
- helping overcome complexity and uncertainty;

- aligning to, and being integrated with, business strategies and outcomes;
- identifying RegTech opportunities and developing solutions earlier to promote broader utilisation of RegTech;
- more expeditiously resolving regulatory constraints and barriers;
- facilitating and embedding formal evaluation of the regulation; and
- achieving higher levels of education and understanding across all participants to ensure the intention of the regulation is achieved.

Implementation planning incorporating design of a new implementation model and processes needs to start now.

These recommendations will help build a stronger financial advice industry which can more effectively 'Deliver Better Financial Outcomes'.

Kind regards

Sue Linney