

Thursday 2 February 2022

Hon Stephen Jones MP  
Minister for Financial Services  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

By email: [Stephen.Jones.mp@aph.gov.au](mailto:Stephen.Jones.mp@aph.gov.au)

Dear Minister,

### **Delivering affordable and accessible advice**

The government's Response to the Quality of Advice Review has the potential to fundamentally improve financial advice in the interest of consumers by ensuring many millions more Australians can access advice for decades to come. The Joint Association Working Group (**JAWG**) wants to collaborate with the government on implementing much needed change to ensure this.

We note your strong support for the Quality of Advice Review process under Michelle Levy since its inception. We are grateful for your acknowledgement that financial advice is out of reach for most Australians, in part because of poor regulatory settings.

The government's response to the Quality of Advice review should be driven by the needs of everyday Australian consumers. Compulsory superannuation has significant benefits. However, if advice policy settings are left unchanged only a third of retirees will get financial advice over the next decade.<sup>1</sup> The number of Australians who now receive financial advice has fallen by around half. At the same time the number of advisers has dropped to around 15,800<sup>2</sup> from over 26,500<sup>3</sup> in 2019. The average cost of financial advice has increased steadily to over \$5,000.<sup>4</sup>

Urgent action is needed, the government has a rare opportunity to deliver affordable and accessible advice to consumers as an outcome of its response to the Quality of Advice Review.

Some stakeholders continue to argue for the status quo without offering real solutions for the many

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<sup>1</sup> NMG - FSC Retirement Income Policy - Release Slides (<https://fsc.org.au/resources/2561-fsc-media-release-two-million-more-australians-better-off-under-quality-of-advice-reforms/file>)

<sup>2</sup> WealthData

<sup>3</sup> Rainmaker Information - Industry Intelligence (Source: <https://www.rainmaker.com.au/media-release/australias-financial-adviser-numbers-in-2024#:~:text=The%20number%20of%20financial%20advisers,to%20research%20from%20Rainmaker%20Information.>)

<sup>4</sup> KPMG, *Cost profile of the financial advice industry* (2021)

Australians who retire each year without financial advice. Any response to the Quality of Advice Review must increase access to quality financial advice, while maintaining appropriate consumer protections that are proven to work in the interests of consumers. To the JAWG this means the government's package will only succeed if it:

1. Ensures consumers can get scaled advice, that is the advice they want, how they want it, and when they want it, including via digital means.
2. Supports a professional financial advice sector, by increasing the number of financial advisers and financial advice providers, while maintaining a level playing field.
3. Removes regulatory and disclosure requirements not benefiting consumers.
4. Reduces the time and cost to prepare quality financial advice.
5. Establishes a regulatory approach that facilitates the provision of financial advice without uncertainty or shifting goalposts.

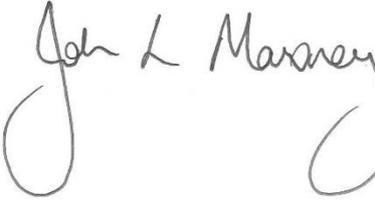
We believe that many of the final recommendations of the Quality of Advice Review are aimed at achieving these objectives. But Australian consumers will be left behind without the adoption of a holistic package of reforms. The reforms must extend beyond easy wins such as streamlining fee disclosure requirements and iron-out obligations like the design and distribution obligations.

The government should commit to implementation timeframes that would see consultation with industry on a holistic package of reforms that are introduced into the Parliament this year.

We look forward to the release of the final report. Following its release we would welcome the opportunity to meet to discuss how the government can improve the financial wellbeing of all Australians by ensuring they have access to quality financial advice.

Yours faithfully,

<b>Association of Financial Advisers</b>	<b>Boutique Financial Planning Principals Association</b>	<b>Chartered Accountants Australia and New Zealand</b>
		
<b>Phil Anderson</b> Chief Executive Officer	<b>David Murdoch</b> President	<b>Simon Grant FCA</b> Group Executive Advocacy and International Development
<b>CPA Australia</b>	<b>Financial Planning Association of Australia</b>	<b>Financial Services Council</b>
		
<b>Dr. Gary Pflugrath</b> Executive General Manager,	<b>Sarah Abood</b> Chief Executive Officer	<b>Blake Briggs</b> Chief Executive Officer

Policy and Advocacy		
<b>Financial Services Institute of Australasia (FINSIA)</b>	<b>Institute of Public Accountants</b>	<b>Licensee Leadership Forum</b>
		
<b>Yasser El-Ansary</b> Chief Executive Officer & Managing Director	<b>Andrew Conway</b> Chief Executive Officer	<b>Neil Younger</b> Co-Convenor of the Licensee Leadership Forum & Chief Executive Officer
<b>Self Managed Super Fund Association</b>	<b>Stockbrokers and Investment Advisers Association</b>	<b>The Advisers Association Ltd</b>
		
<b>John Maroney</b> Chief Executive Officer	<b>Judith Fox</b> Chief Executive Officer	<b>Neil Macdonald</b> Chief Executive Officer
<b>CFA Societies Australia</b>		
		
<b>Lisa Carroll</b> Chief Executive Officer		