

Friday 21 April 2023

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

By email: Stephen.Jones.mp@aph.gov.au

Dear Minister,

Delivering affordable and accessible advice

The Joint Associations Working Group (JAWG)¹ supports the implementation of the Quality of Advice Review's recommendations to make financial advice more accessible and affordable to millions of Australians.

Quality financial advice can have a significant positive impact on the financial wellbeing of an individual. However, for many years there has been much discussion but no effective action to make financial advice more affordable and accessible to more Australians.

With five million Australians near to or at retirement and fewer than 16,000 financial advisers, the need for effective regulatory reform is even more pressing.

The JAWG believes that the Quality of Advice Review provides a series of carefully considered recommendations that taken together represent a holistic package of reform that will protect consumers and make advice safer, more accessible, and more affordable.

However, we also understand that to implement all of the recommendations as a holistic package may take significant time. In the interim, many Australians will continue to be denied access to the financial advice they need, or worse, may seek or otherwise receive advice from other unqualified channels to their financial detriment.

In acknowledging the Government's commitment to resolving this issue for the good of all consumers, the JAWG supports the review recommendations being implemented in stages, rather than as a holistic package. This will ensure immediate gains can be made, including substantially reducing the cost of accessing financial advice.

The JAWG believes that the following recommendations can be implemented in the immediate short term:

1. Reforms to documentary requirements

¹ The Joint Associations Working Group (JAWG) is an established working group comprising key associations representing Australia's financial services industry and professional financial advisers. Collectively, the JAWG represents more than 90 per cent of advisers on the Financial Advisers Register (FAR), and most major financial services firms. The associations have individually and collectively taken leadership roles in their sectors in Australia and globally dating back to at least 1886.

- Recommendation 8 – Repeal Fee Disclosure Statements and introduce a ‘standard fee consent form’
 - Recommendation 9 – Reform the requirement to provide a statement of advice in its current form
 - Recommendation 10 – Financial Services Guides that can be accessed via a business’s website, or which continue to be provided in the current form
 - Recommendation 11 – Require a client to provide written consent to being treated as a wholesale client
2. Best Interests Duty
- Recommendation 5 – Replace the existing best interests duty and related obligations (the duty to give appropriate advice, the duty to warn the client and the duty of priority) with a new statutory best interests duty that is a true fiduciary duty and does not include a safe harbour
3. Design and Distribution Reporting Obligations
- Recommendation 12.1 – Amend the reporting obligations for relevant providers
4. Deduction of fees and client directed payments
- Recommendation 7 – Adoption of clearer member directed charging requirements for the provision of personal advice by Superannuation Funds
5. Conflicted remuneration
- Recommendations 13.1-13.9 – Tighten some of the exemptions on the ban on conflicted remuneration

These short-term reforms have the collective potential to reduce the cost of advice, making advice more scalable and more accessible.

JAWG believes that recommendations that will require a longer timeframe to implement include:

1. Definitions
- Recommendation 1 - Revise the definition of Personal Advice
 - Recommendation 2 - General Advice warning
 - Recommendation 3 - Amend the definition of Relevant Provider
- Amendments to the Code of Ethics to remove any inconsistencies with the new best interests duty.
2. Good Advice
- Recommendation 4 - Introduction of the Good Advice Duty
3. Design and Distribution Obligations
- Recommendation 12.1 - Limit the exception to the Reasonable Steps obligation in the distribution of financial products under the Design and Distribution Obligations to relevant providers.

The JAWG looks forward to collaborating with the Government on implementing much needed change and collectively working towards our common goal of making quality financial advice accessible and affordable for more Australians.

Yours sincerely,

**Boutique Financial Planning
Principals Association**



David Murdoch

President

**Chartered Accountants
Australia and New Zealand**



Simon Grant

Chief Executive Officer

CPA Australia



Dr Gary Pflugrath

Chief Executive Officer

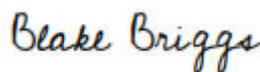
**Financial Advice Association
of Australia**



Sarah Abood

Chief Executive Officer

Financial Services Council



Blake Briggs

Chief Executive Officer

**Financial Services Institute
of Australasia (FINSIA)**



Yasser El-Ansary

Chief Executive Officer &
Managing Director

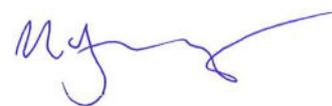
Institute of Public Accountants



Andrew Conway

Chief Executive Officer

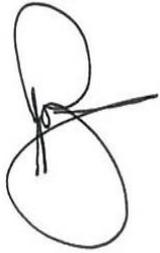
Licensee Leadership Forum



Neil Younger

Co-Convenor of the Licensee Leadership
Forum

**Self Managed Super Fund
Association**



Peter Burgess

Chief Executive Officer

**Stockbrokers and Investment
Advisers Association**



Judith Fox

Chief Executive Officer

The Advisers Association Ltd



Neil Macdonald

Chief Executive Officer

CFA Societies Australia



Lisa Carrol

Chief Executive Officer