

STATEMENT FROM THE JOINT ASSOCIATIONS WORKING GROUP

Monday, 8 April 2024

STILL TIME TO FIX ADVICE REFORMS SO “HOT MESS” DOESN'T TURN INTO DISASTER

The Joint Associations Working Group (JAWG) is calling on the Government to move swiftly to fix legislation introduced into the Parliament so that it doesn't make advice more unaffordable and less accessible for consumers.

Advice in Australia is unaffordable and inaccessible, with the cost of advice in Australia currently out of reach for many consumers, costing more than \$5,000 in many cases.

This is why JAWG supports the Government in its efforts to reform financial advice to benefit all Australians and welcomes a number of red tape reduction measures progressed by the Government as part of the *Delivering Better Financial Outcomes* package.

However, under the Government's proposed *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024*, consumers will face more red tape when it comes to setting up an ongoing adviser arrangement with superannuation trustees to pay for advice, with no additional consumer protections.

Under the proposed legislation, superannuation trustees that allow fee deductions will need to check every piece of advice individually and duplicate valid checks already undertaken by financial advisers and their licensees.

Professional advisers, superannuation trustees and advice licensees have consistently provided the Government with suggestions to reduce red tape, make it easier for consumers to access affordable advice, and remove duplication in the adviser fee deduction processes for consumers, advisers, licensees, superannuation funds and their trustees.

JAWG understands this is a technical area that is hard to get right and is ready to work with the Government to get the best outcome for consumers.

The Government needs to make urgent changes to the legislation to make advice more accessible and affordable to consumers to provide a way forward that is not unworkable and worse for all than the current situation at law.

Advisers already have a Best Interests Duty and they must ensure their fees are reasonable and apportion the fees appropriately to meet the SIS Act requirements.

Codifying the requirement for trustees to also substantiate the claim of deductibility will increase red tape as multiple interpretations will be put in place, requiring advisers to respond to numerous different processes, which adds to the cost of advice and results in a poor consumer experience.

About the Joint Associations Working Group

The Joint Associations Working Group is a coalition of 12 industry and professional bodies representing financial advisers, stockbrokers, accountants, superannuation trustees and investors with the goal of making advice more affordable and accessible for consumers.

Members include:

Boutique Financial Planning Principals Association Inc. (BFP)

CFA Societies Australia

Chartered Accountants Australia and New Zealand (CA ANZ)

CPA Australia

Financial Advice Association of Australia (FAAA)

Financial Services Council (FSC)

Financial Services Institute of Australasia (FINSIA)

Institute of Public Accountants (IPA)

Licensee Leadership Forum (LLF)

Self Managed Super Fund Association (SMSFA)

Stockbrokers and Investment Advisers Association (SIAA)

The Advisers Association Ltd (TAA)