

21 June 2022

Joint Media Release

Associations united in response to quality of advice review

The Joint Associations Working Group (JAWG) has collaborated to lodge a submission to Treasury's Quality of Advice Review calling for a more consumer-focused regulatory approach, reduced costs, and greater recognition of professional judgement.

Existing regulatory requirements are confusing, complex, and overwhelming and mandate a one-size-fits-all advice process that neither caters for, nor considers, the individual needs and circumstances of each consumer. This could be addressed by ensuring advice is less costly to produce and presented in a way that is meaningful and more easily understood by individual consumers, under a principles-based, consumer-focused regulatory framework that encourages professional judgement.

The submission makes several recommendations and observations that include:

- A regulatory regime that supports an advice process aligned to professional judgement and the situations of individual consumers guided by professional standards, as opposed to compliance with prescriptive regulation, has several advantages including lower compliance costs via a risk-weighted approach to advice outcomes, and recognition of the advice sector as a profession.
- The removal of the safe harbour steps from the Corporations Act, and clarity on what is needed to satisfy the Best Interests Duty must be provided.
- Open data and the sustainability of the financial advice sector are key prerequisites to improving access to affordable quality professional advice and encouraging innovation in the sector. There is a significant amount of unnecessary waste in the system that leads to additional cost, time and resource requirements for consumers and advice providers. Much of this waste could be reduced or eliminated through access to up-to-date and reliable data that is already available within the financial services ecosystem.
- A profession-wide position on the tax deductibility of initial and ongoing advice fees and a review of the ASIC industry funding model are needed.
- Retention of professional standards and education requirements while reviewing the one-size-fits-all education pathway with respect to current and potential advice specialisations and business models.

The JAWG calls on the Quality of Advice Review to take up these recommendations to reduce the compliance burden and deliver affordable and accessible advice to more consumers.

A copy of the joint submission is available here: <https://tinyurl.com/bdemksbp>

About the JAWG

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, they represent 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.

Members of the JAWG are:

1. Association of Financial Advisers
2. Boutique Financial Planning Principals Association Inc.
3. Chartered Accountants Australia and New Zealand
4. CPA Australia
5. Financial Planning Association of Australia
6. Financial Services Council
7. Financial Services Institute of Australasia
8. Institute of Public Accountants
9. Licensee Leadership Forum
10. Self Managed Super Fund Association
11. Stockbrokers and Investment Advisers Association
12. The Advisers Association Ltd

Joint Associations Working Group



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