

27 May 2022

Ms Michelle Levy
Independent Reviewer
Quality of Advice Review
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

via email: AdviceReview@treasury.gov.au

Dear Ms Levy

Quality of Advice Review

We welcome the opportunity to comment on the Quality of Advice Review (the Review). Small and family business owners should be confident that advice services are high quality, affordable and supported by appropriate consumer protections.

Stakeholders have identified that the changes to improve standards and rebuild trust in the advice sector has resulted in a significant decline in adviser numbers, higher costs, and increased regulatory burdens. The Review provides the opportunity to finesse and revitalise the advice framework, and as such we provide the following comments.

- 1. We recommend that where possible the *Corporations Act 2001* be revised to reflect the contemporary advice ethos.** To best support the advice sector whilst maintaining adequate consumer protections the Review should ensure regulations are defined, succinct, understandable and meld with guiding professional principles.

Furthermore, to mitigate interpretive confusion and unnecessary impost, we suggest effective regulatory guidance and determinations be available to all advice stakeholders.
- 2. The Government should consider options to support small business investment in technology to streamline data access for advisers.** Co-ordinated investment in technology and synchronicity of data transfer will lead to increased productivity, service efficiencies and reduce the cost of high-quality advice services.
- 3. We suggest consideration be given to allowing all fees associated with advice to be tax deductible.** The availability of tax deductions for fees will improve affordability and increase the opportunity for small and family businesses to access quality advice. Further, these provisions should be extended to retaining insurance commissions, and government support for professional year costs.
- 4. We recommend wholesale and sophisticated investor consent requirements should include acknowledgement of the investor's capacity and key attributes to forgo protection.** Our Office is concerned the existing wholesale and sophisticated consent arrangements may enable consumer protections to be circumvented however, the inclusion of these acknowledgements will assist to ensure adequate protections are provided to small business.

5. **We suggest the development of consumer financial literacy capabilities and product design functionality be prioritised.** Financially literate consumers and 'best of breed' personal wealth products are important components of an efficient vertically integrated advice sector. Prioritising the development of these areas will empower consumers and reduce complexity, subsequently driving wealth creation and a stronger economy.
6. **We recommend that advisers are provided a clear, timely and concise roadmap to professional recognition, which includes the harmonisation of professional associations and licensees' roles.** The advice sector has undergone significant transformation to rebuild trust, however, the transformation has also created uncertainty for advisers who now require appropriate support, clarity, and confidence to revitalise the sector.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Mr David Meakin on 02 5114 6106 or at david.meakin@asbfeo.gov.au.

Yours sincerely



The Hon. Bruce Billson
Australian Small Business and Family Enterprise Ombudsman