

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

#### FINANCIAL ADVICE SECTOR

##### Industry Fund Services

##### ISF02QON

Mr FALINSKI: I'm sorry to interrupt, but what I'm hearing is you think there is a way around the best interest test or there is a way to comply with the best interest test by changing a few of the parameters?

Mr Gervasoni: No. We definitely believe there's a way of complying with the best interest duty. In following the safe harbour steps, you can still provide limited scope advice because, if a member's need is only on a single issue or their query relates to a single issue and you follow—

Mr FALINSKI: How do you know that unless you've done a full assessment? If I talk to you and say, 'I just want some limited advice on my super,' how do you know, without doing a full assessment, that I only need advice on my super? Do you want to take that on notice?

Ms Bowtell: The issue has arisen in the context of the professional standards and the code of ethics and the obligation to take into account the member's long-term position and where the limited advice can sit within that. We take the view that the parliament has allowed for limited advice, the regulators have allowed for limited advice, and the parliament has also provided for a code of ethics, and it expects those two things to be able to work together, and that's how we try and reconcile it.

Mr FALINSKI: Have you spoken to ASIC about this?

Ms Bowtell: We spoke with ASIC—

Mr FALINSKI: Where I'm getting to, very simply, is: has ASIC signed off and said, 'Yes, that's within the legislation and within the code that that's doable'?

Ms Bowtell: Representatives of ASIC have certainly said words to that effect at industry conferences, as have representatives of FASEA.

Mr FALINSKI: I was just going to ask this. You mentioned that ASIC has said this at trade shows. One example would be very helpful to the committee. You can take that on notice.

#### ANSWER

IFS is confident that limited scope advice can be delivered in a compliant manner.

ASIC has guidance on foot ([RG244](#)) on the steps required to deliver limited scope advice, and FASEA has directly addressed the issue ([FG002](#)) stating that “A limited scope engagement can be a highly effective tool to provide clients who have limited means or resources to access comprehensive advice”

ASIC’s [Report 639 Financial advice by superannuation funds](#) examined a sample of intra-fund and scaled advice provided by superannuation funds. The majority of that advice was compliant with s961B, 961G and 961J of the Corporations Act. ASIC provided additional tips to trustees and advice providers to ensure compliant scaled advice and Intrafund advice.

In April ASIC [granted relief](#) to trustees delivering scoped advice in relation to early release of superannuation, including a no action approach where trustees provide this advice through a collective charging (intra-fund) model.

The FASEA CEO was reported as providing assurance to an [SMSF Association webinar](#) that limited scope advice can be compliant with the FASEA Code of Ethics and Senator Hume is [reported](#) to have recently called for industry to offer more scaled and single issue advice, calling for “a far more prominent role for single issue advice”