



18 April 2013

Dr Richard Grant
Acting Secretary
PO Box 6100
Parliament House
Canberra ACT 2600

Email: corporations.joint@aph.gov.au.

Dear Dr. Grant,

**Corporations Amendment (Simple Corporate Bonds and Other Measures)
Bill 2013**

The Self Managed Superannuation Funds Professionals' Association of Australia (SPAA) welcomes the opportunity to make a submission in relation to the Parliamentary Joint Committee on Corporations and Financial Services' review of the Corporations Amendment (Simple Corporate Bonds and Other Measures) Bill 2013 ("the Bill").

SPAA broadly supports Schedule 1 of the Bill which seeks to amend the *Corporations Act 2001* to allow for streamlined regulatory requirements to allow the issuing of simple corporate bonds to retail investors.

We also generally support the amendments in Schedule 2 of the Bill which amends the *Corporations Act 2001* to restrict the use of the terms "financial planner" and "financial adviser" to Australian Financial Service Licence (AFSL) holders and their authorised representatives. However, we note that the restricted use of the terms "financial planner" and "financial adviser" does not guarantee the skill or competencies of financial advisers that are able to use the terms.

SPAA's views on the schedules are discussed further in the [Attachment](#).

About SPAA

SPAA is the peak professional body representing the SMSF sector throughout Australia. SPAA represents professionals, irrespective of their personal membership and professional affiliations, who provide advice to individuals aspiring to higher levels of participation in the management of their superannuation savings. Membership of SPAA is principally accountants, auditors, lawyers, financial planners and other professionals such as actuaries.

SPAA is committed to raising the standard of professional advice and conduct in the SMSF sector by working proactively with Government and the industry. In doing so, SPAA has contributed to SMSF advisors providing a higher standard of advice to SMSF trustees. This in turn has enabled trustees to make more informed decisions addressing the adequacy, sustainability and longevity of their own retirement savings. SMSFs offer trustees greater control and flexibility and have become an integral part of the Australian Superannuation landscape by providing significant and viable options for managers, business owners, executives and retail operators alike.



Yours sincerely

Andrea Slattery
CEO

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Mrs. Andrea Slattery
Chief Executive Officer



Schedule 1

SPAA supports the amendments in Schedule 1 of the Bill to make simple corporate bonds more readily available to retail investors because we believe that this will allow SMSF trustees to better manage their retirement income longevity risk. Longevity risk is a concern for the superannuation system as the life expectancies of Australian's increase over time.

SPAA has maintained a position that it does not believe mandating longevity products or providing tax or social security incentives for them is a suitable way to address longevity risk. As an alternative, we have suggested that the availability of CPI-indexed Government bonds and better developed retail bond markets would support investment to alleviate longevity risk.

SPAA considers that financial markets need to accommodate individuals who desire higher levels of participation, control and flexibility to manage their financial and longevity risks in superannuation. We believe that the simple corporate bond amendments will enhance the ability for SMSF trustees to access fixed income products that can assist them in managing longevity risk.

Accordingly, we support the proposed amendments.

Schedule 2

SPAA supports the amendments in Schedule 2 of the Bill to restrict the use of the terms "financial planner" and "financial adviser". SPAA has long advocated professionalism and the highest standards of advice to ensure SMSF trustees get the best advice, and believe that the amendments are a step in the right direction.

However, while we believe the amendments are worthwhile, they should not be regarded as having done enough to increase the professionalism of financial advice. We strongly believe that improving the skills and competencies of financial advisers is the most important facet of increasing the professionalism of financial advice and giving consumers more protection. Increased competencies of advisers will ensure the best outcomes for consumers of financial advice.

We also wish to note that while the amendments restrict the use of the terms "financial planner" and "financial adviser" they do not guarantee a consumer any recourse for fraudulent use of the terms. We are concerned that the amendments give the misleading impression that consumers will be protected by the restriction on the use of the words financial planner/adviser. The amendments do not provide consumers with any recourse against a person that has contravened the restriction on the use of the words financial planner/adviser.

To strengthen the proposed amendments, and deliver better consumer protection, we believe that the amendments should provide for a person that has illegally held themselves out to be a financial planner/adviser to compensate consumers that suffer a loss due to their advice/actions. This could be administered and enforced by ASIC as part of their administration and enforcement of the restricted use of financial planner/advisor. We believe providing consumers with recourse for fraudulent or incompetent advice would be an important addition to the amendments and provide real consumer protection.