

Dear Committee Members

This Bill is supposedly in response to the Storm collapse (I refer to the Second Reading Speech by Mr Bill Shorten) and proposes :

1. That clients “opt-in” every two years.
2. That clients receive a statement every year outlining fees and services for the previous and following year.

Please note :

1. These proposals **WOULD HAVE HAD NO AFFECT UPON THE STORM DEBACLE AT ALL.** Storm did not charge ongoing fees as such, rather massive fees up front which was part of the problem.
2. In fact, advisers would be tempted to utilise the same model – charge large upfront fees rather than ongoing fees.
3. The cost of administering the system is enormous. The cost of \$11 per client outlined in the Explanatory Memorandum is laughable : it would only cover the resources to post a letter.
4. Disclosure of fees is already ongoing : product providers outline adviser fees in their annual statements as well as financial planners in their ongoing advice documents.
5. Clients are sick and tired of the amount of documents they have to sign. It does not “instill more trust” but rather makes them suspicious they are signing away some right.
6. Currently it is difficult to see a financial planner because of the amount of time we spend in ensuring compliance with regulation. This will only add to that burden.
7. Increasing cost will make it difficult for lower income earners to afford advice.
8. We already focus on the client so that we stay in business - clients can “opt-out” at any time.
9. There is a real danger that clients will inadvertently drop out (by not returning their paperwork) leaving them financially exposed.

To my knowledge Storm had been reported by financial planners to ASIC as early as 2005 and yet we are effectively being “punished” for the actions of this firm. Our clients already show their frustration regarding over-regulation and are keen to vote against it, given the chance.

PLEASE VOTE AGAINST THIS BILL and provide Australians with more choice, more trust and less pointless paperwork.

Thank you.

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