Corporations Amendment (Further Future of Financial Advice Measures) Bill

Joint Consumer Submission

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Joint Consumer Submission

1. This is the Joint Consumer Submission to the Inquiry by the Parliamentary Joint Committee on Corporations and Financial Services (**PJC**) into the Corporations Amendment (Further Future of Financial Advice Measures) Bill 2011 (the **Bill**). A list of individual consumer representatives and consumer organisations (consumer representatives) consulted during the development of this Joint Consumer Submission is set out in paragraphs 45 and 46 below.

Executive Summary

2. The case for change to the regulation of financial advice is overwhelming. Without regulatory change consumers will continue to suffer from incidences of poor quality advice and excessive fees. There will also be low consumer demand for financial advice.

3. The consumer representatives support the Government's Future of Financial Advice (**FoFA**) reforms and the Government's objectives of:

   - improving the quality of financial advice;
   - building trust and confidence in the financial planning industry; and
   - facilitating access to financial advice through the provision of simple or limited advice.

4. However, the consumer representatives believe that changes need to be made to the Bill to ensure that it achieves these objectives. In particular:

   - The provisions limiting the scope of the best interests obligation when advice relates solely to basic banking products or general insurance must be amended. Without amendment the Bill will actually set a lower standard of advice than the current law.
   - The carve-outs from the definition of 'conflicted remuneration' need to be amended to ensure that consumers actually receive advice that is untainted by conflicted remuneration.
   - The ban on shelf-space fees to platform operators should be widened to prevent all payments by product issuers that may distort the advice given to retail clients.
   - The ban on asset-based fees should be widened to limit the deleterious effects of such fees for consumers.
   - A number of drafting errors should be addressed to ensure that the Bill does not have unintended consequences.

Background

5. The consumer representatives refer to their submission to the PJC on the Corporations Amendment (Future of Financial Advice) Bill (**tranche 1 Bill**) dated 30 November 2011. That

submission sets out the background to the FoFA reforms, which include the Bill. In particular, that submission explains, in paragraphs 19 – 29, that the case for reform of the regulation of financial advice is overwhelming because, currently, the following features of the Australian financial advice industry frequently lead to poor consumer outcomes:

- strong conflicts of interest;
- flawed remuneration models;
- a sales culture; and
- a mismatch between supply and demand.

In particular, these features of the Australian financial advice industry lead to:

- poor quality of advice;
- excessive fees for advice; and
- low demand for advice.

This background is equally relevant to the reforms in the Bill.

6. The consumer representatives strongly support the Government's desire to deal with the problems in the financial advice industry through implementation of the FoFA reforms. If properly drafted and implemented the consumer representatives believe the FoFA reforms will achieve their objectives of:

- improving the quality of financial advice;
- building trust and confidence in the financial planning industry; and
- facilitating access to financial advice through the provision of simple or limited advice.

7. However, the consumer representatives believe that, as currently drafted, the tranche 1 Bill and the Bill have flaws that will limit the extent to which they address the significant problems in the financial advice industry. Their concerns in relation to the tranche 1 Bill are set out in their submission on that Bill dated 30 November. In relation to the current Bill they have concerns about:

- the reduction in standard of advice for basic banking product advice and general insurance advice;
- the breadth of the carve out from 'conflicted remuneration';
- the limited scope of the ban on shelf-space fees;
- the limited scope of the ban on asset-based fees; and
- drafting problems with the Bill.

Reduction in standard for basic banking products and general insurance

What is the problem?

8. The Bill lowers the standard of advice in the following two situations:

- the subject matter of the advice sought by the retail client is solely a basic banking product (as broadly defined in s961F) [1] and the provider of the advice is an agent or employee of an Australian ADI, or otherwise acting by arrangement with an Australian ADI under the name of the Australian ADI (**basic banking product advice**); or
- the subject matter of the advice is solely a general insurance product (**general insurance advice**).

9. The new duty to act in the best interests of the client in s961B is severely circumscribed in these two situations. When an adviser is giving basic banking product advice or general insurance advice, the adviser is deemed to have satisfied the duty to act in the best interests of the client if the adviser:

- identified the objectives, financial situation and needs of the client that were disclosed to the adviser by the client;
- identified the subject matter of the advice sought by the client;
- identified the objectives, financial situation and needs of the client that would reasonably be considered as relevant to advice on that subject matter (the **client's relevant circumstances**); and
- where it was reasonably apparent that information relating to the client's relevant circumstances was incomplete or inaccurate, made reasonable inquiries to obtain complete and accurate information: see s961B(3) and (4).

10. Moreover, an adviser who is giving basic banking product advice or general insurance advice does not have an obligation to give priority to the interests of the client. That is, the new obligation, in s961J, to give priority to the client's interests when they conflict with the interests of the adviser or its associates does not apply at all to basic banking product advice or general insurance advice: s961J(2).

11. Contrary to the assertions in the Explanatory Memorandum for the Bill,[2] this means that for basic banking product advice and general insurance advice the duty of the adviser is lower than under the current law. Under the current s945A of the Corporations Act, advisers who provide personal advice to retail clients are required to:

- determine the relevant personal circumstances in relation to the advice to be given and make reasonable inquiries in relation to those personal circumstances;
- give consideration to, and conduct such investigation of, the subject matter of the advice as is reasonable in all of the circumstances; and
- give advice that is appropriate to the client.

ASIC has summarised these s945A requirements at follows:

> 'Under this rule … each of the following three elements must be satisfied:

[1] Unless otherwise indicated, all section references are references to sections in item 23, Schedule 1 of the Bill.
[2] The EM inaccurately asserts the obligations in imposed in these two situations are 'based on what is already expected of providers [of advice] under the obligation in the existing section 945A of the Corporations Act to have a reasonable basis for advice': paragraph 1.51

(a) the providing entity must make reasonable inquiries about the client's relevant personal circumstances;

(b) the providing entity must consider and investigate the subject matter of the advice as is reasonable in all the circumstances; and

(c) the advice must be 'appropriate' for the client.'[3]

Under the Bill, where the adviser is giving basic banking product advice or general insurance advice:

- s961B(2)(a) – (c) requires the adviser to make reasonable inquiries about the client's personal circumstances; and
- s961G requires the adviser to give appropriate advice.

However, under the Bill there is no obligation on the adviser to consider and investigate the subject matter of the advice.

12. It is extraordinary that an outcome of the FoFA reforms, which are aimed at improving the quality of advice and building consumer trust and confidence in the advice industry,[4] is a lowering of the standard of advice in relation to financial products that can be considered essential and, in fact, almost mandatory for the average consumer.

13. The Explanatory Memorandum justifies this situation on the basis that

> 'basic banking products and general insurance are recognised as being simple in nature and are more widely understood by consumers. This means that there is a lower risk of consumer detriment in relation to the provision of advice on these products.'[5]

The consumer representatives reject the notion that all of these products are simple and well-understood by consumers. Basic banking products include term deposits of up to 5 years and the features of these products (especially in relation to roll-overs) are not necessarily well understood by consumers. In fact, consumers do not necessarily understand the fees attached to their everyday transaction accounts. Likewise, the terms and exclusions of many general insurance products are not necessarily fully comprehended by consumers. General insurance products are highly complex and may be gravely misunderstood by consumers, often to their detriment. In particular, detriment arises when consumers fail to understand their obligation to make proper disclosure of certain matters or the effect of the exclusions from the policy. Both basic banking products and general insurance products are still capable of being mis-sold, especially by advisers with incentives to mis-sell, and poor quality advice in relation to these products can still lead to consumer

[3] ASIC Regulatory Guide 175 *Licensing: Financial product advisers—Conduct and disclosure* (April 2011), at 175.113.
[4] Explanatory Memorandum to the Bill, p.3.
[5] Explanatory Memorandum to the Bill, paragraphs 1.52 and 1.70.

detriment. In fact, there are established incidences of misconduct and poor practices in relation to these products.[6]

14. This lowering of the standards for basic banking product and general insurance advice is unnecessary. There is no suggestion that providers of this type of advice are not currently complying with the requirements of current s945A of the Corporations Act. Moreover, the consumer representatives believe that providers of this type advice would also be able to comply with the new best interests obligation and obligation to give priority to the interests of clients. There is no reason why advisers providing this type of advice could not comply with the requirements of s961B(2)(d) – (g), in particular, by conducting a reasonable investigation into the financial products that might be recommended. Additionally, providers of this type of advice could comply with the obligation to give priority to the interests of clients, even if they receive conflicted remuneration. As stated in the Explanatory Memorandum to the Bill,[7] an adviser will not breach the obligation to give priority to the client's interests merely by accepting commissions or other forms of conflicted remuneration. They would only breach this obligation if they gave priority to maximizing their remuneration over the interests of the client. The consumer representatives believe that providers of basic banking product advice and general insurance advice can, and should, be prevented from giving priority to their own interests, over their clients' interests.

What is the solution?

15. The carve-outs for basic banking product advice and general insurance advice should be deleted. That is, s961B(3) and (4), s961F and s961J(2) and (3) should be removed.

Breadth of the carve out from 'conflicted remuneration'

What is the problem?

16. As currently drafted, some of the carve-outs from the definition of 'conflicted remuneration' will significantly undermine the effectiveness of the ban on receipt of conflicted remuneration and, consequently, retail clients may still receive financial product advice tainted by conflicted remuneration.

17. The carve-out for information technology software or support provided by product providers, in s963C(d), is unnecessarily broad. It covers software or support services that are 'related' to advice in relation to the product provider's products. 'Related' is a very broad concept and, therefore, as currently drafted, the carve-out might allow the provision to financial advisers of, for example, Microsoft Office, expensive practice management and advice expert software like COIN which is not product or platform specific (http://macquarie.com.au/mgl/au/advisers/grow-business/planning-software/coin) and all routine information technology support services.

[6] For information about practices in the term deposit market that lead to consumer detriment see ASIC Report 185 *Review of term deposits* (February 2010). For information about misconduct in relation to consumer credit insurance see paragraph 19 below.

[7] Explanatory Memorandum to the Bill, paragraph 1.68.

18. The carve-out, in s963D, for monetary or non-monetary benefits given to agents or employees of Australian authorised deposit-taking institutions (ADIs) as remuneration for work done when recommending basic banking products may encourage mis-selling of basic banking products. There is no clear rationale for this carve-out. The consumer representatives do not accept that the argument that basic banking products are simple, well-understood products justifies this carve-out. The consumer representatives note that (unlike insurance products) there is no need to encourage sales of basic banking products and that basic banking products, which can include term deposits of up to 5 years, can and have been be mis-sold to consumers.[8]

19. Whilst the consumer representatives do not support the payment of conflicted remuneration in relation to financial products, they acknowledge that the Government has decided to permit conflicted remuneration (monetary and non-monetary benefits) in relation to general insurance and conflicted monetary benefits in relation to most life risk insurance products. The consumer representatives, however, wish to stress that they have strong reservations about the decision to permit conflicted remuneration in relation to consumer credit insurance (CCI). Previous studies have shown that there is persistent and significant mis-selling of CCI.[9] The most recent study, ASIC Report 256 *Consumer credit insurance: A review of sales practices by authorised deposit-taking institutions* (October 2011), identifies the following sales practice deficiencies:

- consumers not being aware that they have purchased CCI or that CCI is optional;
- consumers not being asked whether or not they wish to purchase CCI;
- consumers not being eligible to claim on all components of the CCI they have purchased;
- the potential for consumers to be pressured or harassed by sales staff; and
- consumers not understanding the cost or duration of the CCI policy.[10]

Commissions paid to those who sell CCI are significant. ASIC Report 256 found that commissions were close to 20% of the premium for the CCI product.[11] It is probable that commissions are one of the drivers for such mis-selling.[12] In light of this, the consumer representatives are concerned that the decision to allow financial advisers to continue to receive conflicted remuneration in relation to CCI is likely to lead to continued misconduct in relation to this product.

[8] For information about practices in the term deposit market that lead to consumer detriment see ASIC Report 185 *Review of term deposits* (February 2010).
[9] The most recent study is ASIC Report 256 *Consumer credit insurance: A review of sales practices by authorised deposit-taking institutions* (October 2011). See also the studies referred to in footnote 2 of that report.
[10] ASIC Report 256 *Consumer credit insurance: A review of sales practices by authorised deposit-taking institutions* (October 2011), p.18.
[11] ASIC Report 256 *Consumer credit insurance: A review of sales practices by authorised deposit-taking institutions* (October 2011), p.17. The maximum commission payable is capped at 20% by the National Credit Code.
[12] See, for example, ACCC *Consumer Credit Insurance Review: Final Report* (July 1998), especially Section 3.

20. The consumer representatives acknowledge that the life insurance market is very competitive and that life risk insurance products are constantly being reviewed and improved. In these circumstances, a financial adviser's recommendation to move a client into a new life risk insurance product may well be in the client's best interests. Nevertheless, the consumer representatives believe there is some mis-selling and churning of life risk insurance. They are concerned that the carve-out for life risk insurance commissions, in s963B(1)(b), may exacerbate this problem, especially as, after the commencement of the Bill, life risk insurance will be the product that is most likely to provide financial advisers with commission income.

What is the solution?

21. The carve-out for information technology software or support provided by product providers, in s963C(d), should be modified so that s963C(d)(ii) reads 'the benefit is essential to the provision of financial product advice in relation to the financial products issued or sold by the benefit provider.' The Explanatory Memorandum should further explain that this carve-out does not allow the provision of standard information technology software and support necessary for the operation of any financial advice business but, instead, is intended to allow the provision of information technology software and support that is essential to allow sales of, or advice in relation to, a specific product.

22. The carve-out, in s963D, for monetary or non-monetary benefits given to employees or agents of ADIs as remuneration for work done when recommending basic banking products, should be deleted.

23. The Government should consider removing benefits paid in relation to CCI from the carve-out in s963B(1)(a) and s963C(a)

24. The Government has said that it will introduce a 'claw-back provision enabling life insurance companies to recover some or all of the commission paid if a policy turns over early'.[13] However, this claw back provision has not yet been released and so, at this stage, it is difficult to assess the extent to which it will prevent mis-selling and churning of life risk insurance. The consumer representatives note that they support this proposed claw-back provision and believe that the Government should consider expanding this provision to enable ASIC and clients to seek a remedy in any case of mis-selling of life insurance and, possibly, CCI.

Limited scope of the ban on shelf-space fees

What is the problem?

25. The consumer groups strongly support the ban on shelf-space fees, that is, payments to platform operators by product providers (ie product issuers or sellers) that are made solely to ensure that products are placed on a platform or that they receive preferential treatment on a platform. Most new investments made by financial advisers on behalf of clients are

[13] The Hon Bill Shorten MP, Future of Financial Advice Reforms – Draft Legislation' Media Release No 127, 29 August 2011

made through platforms.[14] In this environment, shelf-space fees, which influence the products available through platforms and the treatment of those products, can clearly significantly influence the range of products that are recommended to retail clients by financial advisers and, ultimately, distort financial product advice.

26. Unfortunately, the Bill fails to ban all such potentially distorting shelf-space fees. The ban in s964A does not prevent non-volume-based benefits paid to secure placement or preferential treatment on a platform, even though such non-volume-based benefits may be as objectionable as volume-based benefits. Flat fee payments, especially if very large and bearing no relation to the costs of the platform operator, could easily distort product recommendations given to retail clients. For example, the payment of such a fee by a particular product issuer may lead to increased recommendations to acquire the products of that issuer, in much the same way that, in the past, high commissions have lead to recommendations to acquire certain products.

What is the solution?

27. Section 964A should ban the acceptance of shelf-space fees and shelf-space fees should include both volume-based shelf-space fees and 'any other benefit provided by a product provider to a platform operator, other than:

- fees for services provided by the platform operator which reasonably represent the market value of those services;
- the purchase price for property which reasonably represents the market value of the property; and
- genuine education or training benefits'.

28. If this change is not made the Bill should require on-going, public disclosure (eg on a publicly accessible website) of all payments by product providers to platform operators.

Limited scope of the ban on asset-based fees

What is the problem?

29. As currently drafted the ban on asset-based fees on borrowed amounts, in s964D and s964E, will still allow extensive use of asset-based fees by financial advisers to the potential detriment of retail clients. Moreover, the proposed ban does not reflect the policy position announced by the Government. Previously, the Government has said that advisers would be prevented from charging asset-based fees if any part of the client's portfolio was geared.[15]

30. From a consumer perspective asset-based fees are objectionable. In fact, they mimic the undesirable features of commission remuneration. Firstly, they create conflicts of interests

[14] In 2008, approximately 78% of new investments placed by financial planners was through platforms according to Investment Trends, *2008 Planner Technology Report*, cited on p.38 of ASIC's submission to the Parliamentary Joint Committee on Corporations and Financial Services' Inquiry into Financial Services and Products in Australia. Available at http://www.aph.gov.au/senate/committee/corporations_ctte/fps/submissions/sub378.pdf.

[15] *The Future of Financial Advice: Information Package* (28 April 2011).

or incentives that may encourage the adviser to give poor quality advice. They bias advice away from strategic advice, such as personal debt reduction, towards recommendations to acquire products from which an adviser can extract an asset-based fee. They do not provide an incentive to provide ongoing services to the client because the financial adviser is paid regardless of the services provided. Secondly, they are frequently not transparent to clients as they often involve the payment of fees out of funds under the control of the adviser, without any direct involvement by the client. This can be contrasted with the transparency of fee agreements and cost estimates provided by other professions such as lawyers. Finally, asset-based fees bear no relationship to the work actually done by the financial adviser. They ensure the financial adviser is paid a certain proportion of the client's assets regardless of the amount of work done by the financial adviser or the quality of that work. These inherent flaws in asset-based fees often lead to excessive fees for financial advice. Research conducted by Rice Warner Actuaries in May 2011 indicates that the cost of advice provided by an adviser who uses a commission or asset-based fee remuneration model is 3 to 18 times the cost of similar advice provided by an adviser who uses a fee-for-service remuneration model.[16] The higher fees paid by clients whose advisers use a commission or asset-based fee remuneration model will obviously erode the wealth of these clients.

31. The consumer representatives acknowledge that, in spite of the significant problems with asset-based fees, the Government has decided to allow such fees except where the client's investments are geared. However, the consumer representatives strongly believe the Bill should be amended to ensure that it is consistent with the Government's announced policy position and to circumscribe the use of asset-based fees. This amendment is particularly important because, as is acknowledged in the Explanatory Memorandum to the Bill, asset-based fees are likely to become more prevalent after implementation of the Bill.[17]

32. The consumer representatives understand that the Government may have departed from its announced policy position that advisers would be banned from charging asset-based fees if any part of the retail client's portfolio was geared because of a fear that advisers would respond to this ban by creating two portfolios for retail clients, one with geared funds (which would not attract asset-based fees) and one with ungeared funds (which could attract asset-based fees.) The consumer representatives believe this fear is groundless. The practice of artificially splitting a client's portfolio to avoid the application of the ban on asset-based fees would breach the anti-avoidance provision in the tranche 1 Bill. Therefore, advisers are highly unlikely to adopt such a practice and, if they did, ASIC could take action under the anti-avoidance provision.

What is the solution?

33. Section 964D(1) should be amended to provide: 'The financial services licensee must not charge an asset-based fee for financial product advice if borrowed funds have been, are or will be used to acquire financial products by or on behalf of the client to which the financial product advice relates. However, the financial services licensee may charge asset-based fees if all borrowed funds have been repaid at the time the fee is charged.'

[16] Rice Warner Actuaries, *Value of IFFP Advice – Industry Super Network* (May 2011) available at http://www.industrysupernetwork.com/wp-content/uploads/2011/05/ValueofAdvice-ReportMay2011.pdf

[17] Paragraph 3.37.

34. Section 964E(1) should be amended to provide: 'A representative of a financial services licensee must not charge an asset-based fee for financial product advice if borrowed funds have been, are or will be used to acquire financial products by or on behalf of the client to which the financial product advice relates. However, the representative may charge asset-based fees if all borrowed funds have been repaid at the time the fee is charged.'

Drafting issues

Form of the duty in s961B

35. The requirements in s961B(2), and the definitions in s961C – s961E, indicate that the duty in s961B is really a duty to exercise reasonable care and diligence, rather than a duty to act in the best interests of the client. That is, it is analogous to the duty imposed on directors by s180 of the *Corporations Act 2001* and on responsible entities by s601FC(1)(b) of the *Corporations Act 2001* and is designed to deal with the situation in which advisers act with insufficient care or diligence when giving advice. Duties to act in the best interests of another entity are, on the other hand, designed to deal with the situation in which persons, who are entrusted with the ability to affect the interest of another party (such as directors, responsible entities and advisers) engage in self-dealing transactions.

36. The description of this duty in s961B as a best interests duty may cause uncertainty and unpredictability. It may be difficult for courts and external dispute resolutions schemes to interpret the duty and there is a risk that their interpretations may not further the Government's policy aim.

37. To avoid this situation the legislation should be amended to make it clear that providers of advice have both:

- an obligation to act in the best interests of their client and prefer the interests of their client where there is a conflict between their client's interests and the interest of the provider of advice, their licensee, their AR or related parties; and
- a duty to exercise reasonable care and diligence.

38. To achieve this outcome s961B could be redrafted to provide: 'when providing advice the provider must exercise the care and diligence that a reasonable person would exercise if:

- they were providing advice on the same subject matter to the retail client; and
- had a reasonable level of expertise in the subject matter of the advice to be given to the retail client.'

Section 961B(2) would then set out the steps which evidence compliance with the obligation to exercise reasonable care and diligence.

39. If this change is made then s961J should be redrafted to provide that the adviser must:

- act in the best interests of the client; and
- if there is a conflict between the interests of the client and the adviser's interest (or the interests of the licensee, AR or an associate), prefer the interests of the client.

That is, this provision should be modeled on s601FC(1)(c) of the *Corporations Act 2001*.

40. The consumer representatives note that this suggested change would not increase the obligations or duties imposed on advisers in any way. In particular, they note that advisers already have an obligation to exercise due care.[18] The purpose of the suggested change is to ensure that the amendments in the Bill do not create uncertainty and unpredictability.

Uncertainty of ban on shelf-space fees

41. Payments to platform operators by unlicensed product providers will not be caught by the ban on shelf-space fees because s964A(b) limits the ban to benefits paid by a financial services licensee or an RSE licensee. (Product providers will not have an Australian financial services licence if they are relying on the exemption from licensing in s911A(2)(b) of the *Corporations Act 2001*). Section 964A(b) should be amended as follows: 'a monetary or non-monetary benefit is given, or to be given, by an issuer or seller of a financial product (the **product provider**) to the platform operator'. Subsequent references to 'funds manager' should be amended to refer to a 'product provider'.

Definition of asset-based fees

42. An asset-based fee is defined in s964F as a fee 'that is dependent on the amount of funds used or to be used to acquire financial products by or on behalf of the person'. This definition is too narrow and will not capture asset-based fees that are calculated by reference to the value of the client's investment at the time the fee is charged (as opposed to the value of the client's investment at the time of first acquisition). The definition should be broadened to include 'a fee that is dependent on the value of the client's assets.'

Treatment of inherently geared products

43. The ban on asset-based fees on borrowed amounts does not set out how the ban will apply to inherently geared financial products such as warrants.[19] As a matter of policy and to ensure equivalent treatment of functionally equivalent situations, the ban should be amended so that it is clear it applies to prevent the charging of asset-based fees if inherently geared products are acquired by the retail client. (If, contrary to the suggestion in paragraphs 33 and 34 above, the ban only applies to the proportion of the client's portfolio that is geared, then the ban should be amended so it is clear that asset-based fees can only be charged by reference to the client's equity in inherently geared products.)

Fees charged by representatives other than authorised representatives

44. As currently drafted the ban on asset-based fees on borrowed amounts does not apply if the fee is charged by a representative other than an authorised representative. Although it is unusual for representatives other than authorised representatives to directly charge fees, this may occur. Therefore, s964E should be widened to refer to fees charged by any

[18] Such an obligation would be an implied term of a contract to supply financial advice. See s12ED *Australian Securities and Investments Commission Act 2001.*

[19] The Regulatory Impact Statement in the Explanatory Memorandum to the Bill states that the ban applies 'where leverage is built into the product' (see paragraph 3.76). However, in a number of respects the Regulatory Impact Statement does not reflect the Bill and so this statement is unlikely to aid interpretation of s964D.

representative. If considered necessary, representatives (other than authorised representatives) could be given a defence if they were directed to charge the fee by their licensee and an obligation could be imposed on licensees to take reasonable steps to ensure that their representatives (other than authorised representatives) do not charge banned asset-based fees.

Organisations and representatives consulted

45. The following consumer organisations have been consulted in the development of this Joint Consumer Submission and endorse its contents:

- Australian Shareholders Association
- Australian Investors Association
- CHOICE
- Consumer Action Law Centre
- COTA
- National Information Centre on Retirement Investments Inc

Information about each of these consumer organisations is set out in Table 1 at the end of this submission

46. The following individuals have contributed to the content of the submission:

- Stephen Duffield, Consumer representative FOS (Panel)
- Jenni Eason, Member ASIC's Consumer Advisory Panel, Australian Investors Association
- David Leermakers, Policy Officer, Consumer Action Law Centre
- Catriona Lowe, Chief Executive Officer, Consumer Action Law Centre
- Jenni Mack, Chair ASIC's Consumer Advisory Panel, Chair CHOICE
- Wendy Schilg, Member ASIC's Consumer Advisory Panel, Chief Executive Officer, National Information Centre on Retirement Investments Inc

Table 1: Consumer Organisations endorsing the Joint Consumer Submission

No	Consumer Organisation	Description
1	Australian Investors Association (**AIA**)	The AIA was formed by a small group of investors in 1991. It is an independent not-for profit organisation focused on delivering investor education so Australian individuals can become better long-term investors. The AIA offers a range of education services to its members including investment conferences, seminars, information email bulletins,

		discussion groups and website information covering a diverse range of topics (i.e. equities, derivatives, managed funds, property and self-managed superannuation funds. The AIA is also involved in policy work and campaigns through its engagement with the media, Government and other regulatory bodies. For more information about the AIA see: http://www.investors.asn.au
2	Australian Shareholders' Association	The Australian Shareholders' Association (ASA) was established as a not-for-profit organisation in 1960 to protect and advance the interests of investors. It is a membership-based organisation, funded by member subscriptions. The ASA continues to press for improvements in transparency and accountability in relation to company performance, executive remuneration, treatment of minority shareholders, risk management and dividend policy. The ASA liaises with other bodies such as regulators, lawmakers, industry groups and accounting bodies and represents member views on a number of accounting and financial industry bodies. The ASA holds regular members' meetings all across the country, and also conducts adult education workshops aimed at improving members' financial literacy. For more information about the ASA see: http://australianshareholders.com.au
3	CHOICE	CHOICE first began in 1959 when the first female member of the WA Parliament's upper house, Ruby Hutchison, and her husband ran informal meetings on ways for consumers to protect themselves. CHOICE is the public face of the Australian Consumers' Association (**ACA**). It is an independent, not-for profit organisation, with over 200,000 subscribers. CHOICE, as part of its core work: • provides independent consumer information, advocacy and advice to consumers on a diverse range of consumer goods and services; • conducts scientific product reviews; and • is an active advocacy group that is constantly agitating government and industry groups to ensure consumer rights are protected and running campaigns against unjust consumer policies and practices. For more information about CHOICE see: http://www.choice.com.au
4	Consumer Action Law Centre (**CALC**)	CALC is a campaign-focused consumer advocacy, litigation and policy organisation. It was formed in 2006 by the merger of the Consumer Law Centre

		Victoria and the Consumer Credit Legal Service and is jointly funded by Victoria Legal Aid and Consumer Affairs Victoria. It provides a range of services including: • as a community legal centre - free legal advice and representation to vulnerable and disadvantaged consumers across Victoria; • legal assistance and professional training to community workers who advocate on behalf of consumers; and • as a policy and research body – input to law reform agendas and Government bodies across a range of consumer issues, and also through the media, and community. For more information about CALC see: http://www.consumeraction.org.au
5	COTA Australia	COTA Australia was established in 1951 to protect and promote the well-being of Australian seniors. It is an independent consumer organization with both individual and senior organizational members Australia-wide. COTA Australia has particular regard for the vulnerable or disadvantaged and seeks to give a voice to senior Australians. COTA Australia 's main focus includes: • developing and formulating policy positions to assist Government and regulators; • promoting active ageing and a positive image of ageing; • representing the interests of all older people; • provide assistance to seniors who seek re-employment; and • collecting, interpreting and providing information to individuals. For more information about COTA Australia see: http://www.cota.org.au
6	National Information Centre on Retirement Investments Inc (**NICRI**)	NICRI is a free, independent, confidential service which aims to improve the level and quality of investment information provided to people with modest savings who are investing for retirement or facing redundancy. NICRI gives general information on investing and how to complain, information about the financial planning industry (e.g. how to find an adviser, their fee structures, etc) and provides a telephone information service for consumers wishing to know about investment products, how to improve their financial situation and where else to go to get assistance. NICRI also has a role in government policy making with respect to investment issues. For more information about NICRI see: http://www.nicri.org.au