



5 March 2018

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
Email: economics.sen@aph.gov.au

Dear Sir / Madam

Re: Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures (No.2) Bill 2018 [Provisions] and Foreign Acquisitions and Takeovers Fees Imposition Amendment (Near-new Dwelling Interests) Bill 2018 [Provisions]

The Financial Planning Association of Australia welcomes the opportunity to provide feedback on the following draft legislation to enact the Government's measure to increase the supply of affordable housing:

- Exposure Draft Explanatory Material
- Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measures No. 2) Bill 2018

The FPA notes the policy intent for these measures is to provide incentives for investors to increase the supply of affordable housing that is available on a long-term basis. However we question whether the right balance has been achieved between investor incentives and improving the availability of affordable housing that will meet the ongoing and long-term needs of the community.

Consumer protections

MITs are a regulated financial product under the Corporations Act, usually with multiple investments held at any one time. As such, MITs can be complex financial products. The massive consumer losses associated with Forestry MISs and agribusiness MISs highlights the need for consideration of clear consumer protections for those considering investing in a MIT, particularly for consumers investing in such structures without financial advice.

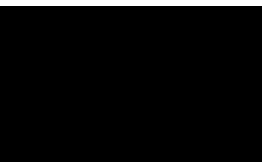
We are concerned that neither the Explanatory Material nor the bills:

- Reference the Corporations Act oversight of MITs as regulated financial products
- Highlight the potential investment risks consumers should consider about MITs and the different investment strategies of MITs on the market, or
- Provide a recommendation to seek personal financial advice to ensure an MIT is an appropriate investment for the individual's circumstances.



We would welcome the opportunity to discuss the matters raised in our submission with you further. If you have any queries, please do not hesitate to contact me on [REDACTED]

Yours sincerely



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Policy Manager
Financial Planning Association of Australia¹

¹ The Financial Planning Association (FPA) has more than 12,000 members and affiliates of whom 10,000 are practising financial planners and 5,600 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first “policy pillar” is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and super for our members – years ahead of FOFA.
- An independent conduct review panel, Chaired by Graham McDonald (lawyer), deals with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules required of professional financial planning practices. This is being exported to 24 member countries and 150,000 CFP practitioners of the FPSB.
- We have built a curriculum with 17 Australian Universities for degrees in financial planning. Since 1st July 2013 all new members of the FPA have been required to hold, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP standing are equal to other professional designations, eg CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board