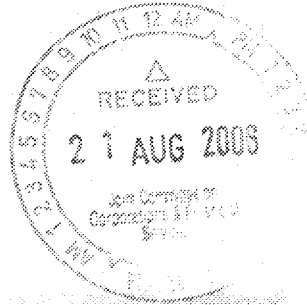


The Committee Secretary  
Parliamentary Joint Committee on  
Corporations and Financial Services  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600



17 August 2006

Dear Sir,

### **Inquiry into Structure of Superannuation Industry**

I wish to provide this submission to the Committee for its consideration on the issue of **"the role of advice in superannuation"**.

As a professional financial planner I am very concerned at the regulatory obstacles confronting the provision of affordable, high quality professional advice on superannuation. The ability for financial planners to provide advice in the area of superannuation has been rendered extremely difficult since the introduction of the FSRA reforms.

These reforms have not achieved ASIC's objective of simple, plain English advice and have resulted in longer, more complicated and jargon filled advice documents being provided to clients. Clients are then overwhelmed by the detail and do not take in the information to ensure they understand the advice being provided. Another example of this is in PDS's, where the short-form and more easily understood documents of 6-8 pages for wholesale funds that were once used have been replaced by 30-50 page behemoths that clients find difficult to read or understand.

The FSRA reforms have also imposed a costly and detailed level of regulatory compliance on financial planners advising clients on superannuation and this has been further compounded by ASIC's ongoing denigration of advice and APRA's non recognition of independent planning advice in their Circular II.D.1. on super switching.

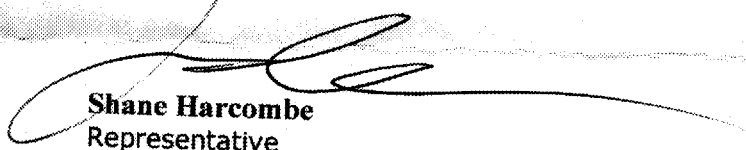
Superannuation and retirement planning involves far more than simply looking at fees. Professional retirement planning advice to a client will involve consideration of issues such as the client's retirement goals, the breadth and depth of investments based upon their risk profile, salary sacrifice strategies and determining adequate levels of risk insurance. Superannuation advice will also include guidance on nomination of dependants and binding death benefit nominations.

It has become particularly difficult to provide advice to clients with lower levels of superannuation savings (arguably those in most need of advice) because of the complexity of regulation and lack of regulatory support for the value of advice coupled with the client's inability to pay.

Indeed without the benefit of ongoing professional advice it is unlikely that a large percentage of Australians will achieve their retirement goals at a time when the Federal government is going to be burdened with an increasingly aging population and continuing demands on the Age Pension system.

I would urge the Committee to recommend the reduction of overly complex regulation in order to promote the provision of appropriate scalable advice on superannuation to all sectors of the community.

**Yours Sincerely**



**Shane Harcombe**  
Representative  
Financial Index Australia Pty Ltd