

In response to the inquiry announced into the structure and operations of the superannuation industry I would like to make a couple of comments as a practitioner. We have noticed an enormous increase in the cost of providing advice to superannuation fund members in our normal course of business.

To meet the standard set we need to review each client individually on an annual basis and provide reams of documentation to support the recommendations which doesn't provide clear concise and effective communication as was a requirement of the act.

Consideration must be given to the fact with superannuation we are dealing with an investment time frame of up to 60 years we failed to see what can be gained from a client with annual reviews.

Added to this is the fact that we have licensees that determine on a short term basis relevant funds or fund managers which can be used. Sometimes we need to even seek alternate investments for clients which is outside the long term strategy we have established because they are no longer available on recommended lists. This just causes an enormous amount of work to satisfy the compliance requirements. We find we are doing needless work to satisfy the regulations that will have no benefit to the client at all.

Another issue that needs to be considered is the amount of time practitioners spend in providing appropriate education to their support staff. Most support staff are familiar with PS146 and really need to be trained to that standard which becomes a burden for the practitioner. This is not a bad thing long term. However, in the current employment environment people move on and we find we have spent enormous amount of time and money in training staff not only in product but also on compliance requirements which they don't see a need for.

Quite simply at the end of the day there is very little difference between funds it is the asset class the client chooses that has the major bearing on the outcome and this is based on the consumers attitude to risk. They don't understand what we are talking about and need reassurance something that is hard to give them when we are requesting annual reviews when we have told them the investment is lifetime.

I would like an opportunity to speak with the committee to answer any queries they have I believe they need more face to face discussions with practitioners to get a good understanding of how the industry works.

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