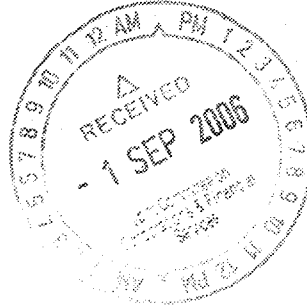




Hillross

JOHN HEBBINK RFD CFP® FAICD  
Authorised Representative



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

30 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 for 23 years, I am 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 and Super Choice. The FSRA reforms have imposed a very costly and detailed level of regulatory compliance on financial planners advising clients on superannuation. Unfortunately, the requirements for providing advice are not consistent across the board. To quote a regularly used phrase – the playing field is not level! 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 – life, disability and income protection!** Superannuation advice will also include guidance on nomination of dependants and binding death benefit nominations.

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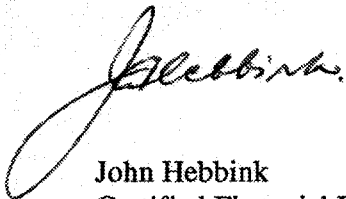
It has become particularly difficult to provide advice to clients with lower levels of superannuation savings (arguably those in most need of advice) because of the complexity of regulation and lack of regulatory support for the value of advice coupled with the client's inability to pay. I might add that the emergence of Industry Funds has also complicated the situation. Apart from their aggressive advertising regarding the non-payment of any fees to financial planners, they generally enroll members without any consideration of the individual's risk profile and/or needs for insurance. We have to charge fees to recover the costs of compliance. The industry funds don't appear to have the same rules! The usual practice is that an employer provides the name, address and date of birth of the new employee who is then enrolled into the default fund with a minimum level of insurance. Please note that at this stage there is no check on the member's identity which results in the need for identity confirmation if the member wishes to withdraw funds. I have a number of clients who have been enrolled with an industry type fund under the names of "Ricky", "Danny", and "Mike" etc. I doubt if these are their given names and of course this practice leads to "lost" super.

Unless the member understands their personal position, and there is seldom anyone to explain it, they don't go to a financial planner for a proper check up and generally remain under-insured. The advertising mentioned above actually discourages the seeking of advice from a financial planner. There has been considerable recent press regarding the lack of insurance for most Australians. Insurance is not something which is bought – it has to be sold!

Indeed, without the benefit of ongoing professional advice, it is most 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 faithfully



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