

Corporate Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Department Of the Senate
Parliament House
Canberra

My wife and I first established our Superannuation Fund in 1968 and 41 years later we are now living wholly from the funds income.

Over the decades we dealt with many and varied Fund managers, Stock Brokers, Banks and Financial advisers good, bad and indifferent. On the basis of this experience over many years we believe we are qualified to offer legitimate comment to the Committee which is absent of conflict of interest. We seek only to support regulatory reform to a system fraught with dangers and risks for average Australian investors trying to be as financially independent in their retirement as possible.

The recent world wide financial upheavals have exposed all of us to great financial tribulations but especially self funded retirees who have seen carefully tended retirement nest eggs greatly devalued. There is no second chance for us--we can't lose 20 years and re-enter the work force. We suffered much stress and frustration and more so that our much vaunted regulatory regime has proven to be so grossly inadequate.

This then is the challenge I see for the Committee--to get it right once and for all and in the interests of the average consumer (and small independent advisers)rather than the large professional players who dominate the lobbying to protect vested interests.

In no special order we ask the Committee to:

(A) Ban the payment of commissions and other financial incentives to people describing themselves as Financial Advisers. Commission type sellers of financial products should be made to declare, in writing, to prospective clients their connection to and income from the promoter of such products.

(B) All independent and duly qualified Financial Advisers should be remunerated only by a fee for service.

(C)All Financial Advisers should be licenced in a system akin to other professionals --lawyers, doctors etc. Character, Academic qualifications, experience etc should form part of the registration requirement.

(D) Financial advice and financial investment information should be delivered in concise, plain English sentences. In the main the Finance industry is a master of voluminous statements of legal gobbledegook and our regulators far from proving to be our bulwark by insisting on transparency have adopted similar bad communication styles. We need to have these statements fashioned less by the lawyers and more by practioners of plain English.

(E) Ensure that the system which subsequently evolves from this enquiry embraces a culture and environment that is open and even handed for Financial Advisers of all size and shape. Please don't burden the process with unnecessary bureaucracy.

Personal experience has shown me that there is great comfort for the average investor in dealing with a small independent adviser (assuming he or she meets all the character and academic qualifications). The ability to deal with the Principal of the business on an ongoing basis and the formation of strong and open lines of communication is a great advantage.

This Parliamentary Inquiry can be the catalyst for change the average small investor has longed for or it can be a total waste of time and effort.

There is great investor cynicism that after this current upheaval is over it will be back to "business as usual" where the poor old mug investor just reverts to being part of the food chain for the "smart" operators and the views of the "big end of town" will prevail.

Like millions of other investors we have suffered great losses over the past 12 months and our anger is not helped by the every day exposure of the greed, stupidity and mismanagement of people in charge of some of our once highly touted investments.

Investors do not expect a totally safe and secure market but we should have confidence that a country like Australia should have top level regulation to inhibit the foolish actions of rogue, careless and selfish operators of investment products.

Thank You. I wish the Inquiry every success.

Peter Toohey