

## Chapter 9

### The projected impact of the FOFA reforms on the financial advice industry

9.1 This chapter examines the projected impact of the Future of Financial Advice (FOFA) legislation on the financial advice industry. The best available evidence suggests that, notwithstanding the difficulty of making precise estimates of the employment impact, there is likely to be a short-term increase in the number of financial advisers, before returning to levels broadly similar to current employment numbers.

9.2 The FOFA reforms will significantly increase the number of advisers giving scaled advice. While the total number of financial advisers will continue to consolidate under the FOFA reforms, the sharp increase in the provision of scaled advice will lead to 1.77 million pieces of financial advice being provided by 2025–26. This is double the estimated pieces of advice if the FOFA reforms were not to proceed.<sup>1</sup> Moreover, the committee emphasises that clients will have greater confidence in the quality of this advice under the FOFA reforms.

#### The projected impact on industry

9.3 The issue of the potential impact of the FOFA reforms on the financial advice industry in Australia has attracted comment in the media and in professional forums.<sup>2</sup> The committee's deliberations on the issue centred on three main aspects:

- the impact on employment and the current structure of the financial advice sector;
- the cost to advisers of the 'opt-in' requirement (see chapter 3); and
- the adequacy of Treasury's Regulatory Impact Statements (RIS).

#### *The impact on employment*

9.4 The Explanatory Memorandum (EM) notes that while there is likely to be a consolidation of the financial advice industry with larger institutionally owned dealer

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1 Rice Warner Actuaries, 'The Financial Advice Industry post-FOFA', January 2012, p. 3.

2 See 7.30 Report, 'Financial planners fight for industry reform', ABC Television, 15 February 2012, <http://www.abc.net.au/7.30/content/2012/s3431811.htm> (accessed 20 February 2012). ASIC Summer School: 'Building resilience in turbulent times', 'Good advice: the impact of FOFA', 20 February 2012. [http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/ASIC-SS12-Program-16-Feb-2012.pdf/\\$file/ASIC-SS12-Program-16-Feb-2012.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/ASIC-SS12-Program-16-Feb-2012.pdf/$file/ASIC-SS12-Program-16-Feb-2012.pdf) (accessed 20 February 2012).

groups (licensees) acquiring a number of smaller dealer groups, the extent of job losses is unknown.<sup>3</sup> A footnote in the EM cited research from Rice Warner Actuaries suggesting that adviser numbers will reduce from around 15,400 advisers in 2010 to around 8,600 in 2024.<sup>4</sup> This estimated decrease in adviser numbers of 6,800 was cited during the committee's public hearings.<sup>5</sup>

9.5 The committee questions the 6,800 job loss figure. It noted that the research on which the figure is based is from Rice Warner's March 2010 report. As the actuarial firm recognises, this report used assumptions about the FOFA package that are now irrelevant. In particular, the 2010 report assumed a ban on commissions for retail risk insurance and a ban on asset based fees. The current bill does not include these bans. Indeed, in its evidence to the committee, Treasury noted that 'the risk of possible reductions in insurance advice is one of the main reasons why the government decided not to ban all insurance commissions'.<sup>6</sup>

9.6 These changes were factored into a January 2012 Rice Warner report on the financial advice industry under the FOFA reforms. Whereas the March 2010 report estimated a 23 per cent decrease in adviser numbers over the 14 years following the regulatory change:

[T]he January 2012 report estimates that the number will be broadly stable with the final outcome subject to commercial strategies in response to the reforms...We note, in particular, that risk insurance currently generates around 40% of adviser revenue.<sup>7</sup>

9.7 The 2012 Rice Warner report concluded that under the FOFA reforms, there is likely to be a short-term boost to total adviser employment before 'setting toward a total level of employment broadly similar to the levels existing today'.<sup>8</sup> Total adviser employment is estimated to be 17,711 at 30 June 2012 and 17,068 at 30 June 2022 (see Table 9.1).

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3 Explanatory Memorandum, p. 43.

4 Explanatory Memorandum, p. 44.

5 See, for example, Mr Richard Klipin, Chief Executive Officer, Association of Financial Advisers, *Committee Hansard*, 23 January 2012, pp 12, 14.

6 Mr Jim Murphy, Executive Director, Markets Group, Treasury, *Committee Hansard*, 24 January 2012, p. 59.

7 Rice Warner Actuaries, 'The Financial Advice Industry post-FOFA', January 2012, p. 8.

8 Rice Warner Actuaries, 'The Financial Advice Industry post-FOFA', January 2012, p. 5.

**Table 9.1: Change in number of advisers, 2011–2026**

30 June	Total number of advisers <b>before</b> regulatory change (full advisers and scaled)	Total number of advisers <b>after</b> regulatory change (full advisers and scaled)	Difference before and after (in a given year)	Change (from base year 2012)
2011	17,600	17,600	0	
2012	17,711	17,711	0	
2013	17,816	21,489	3,673	3,778
2014	17,934	21,779	3,845	4,068
2015	18,052	21,328	3,276	3,617
2016	18,180	19,966	1,786	2,255
2017	18,313	18,697	384	986
2018	18,443	17,617	-826	-94
2019	18,573	17,303	-1,270	-408
2020	18,649	17,227	-1,422	-484
2021	18,711	17,150	-1,561	-561
2022	18,776	17,068	-1,708	-643
2023	18,846	16,990	-1,856	-721
2024	18,913	16,907	-2,006	-804
2025	18,982	16,827	-2,155	-884
2026	19,041	16,740	-2,301	-971

Source: Table adapted from Tables 12 and 13 of 'The Financial Advice Industry Post-FOFA', Rice Warner Actuaries, January 2012, pp. 38–39.

**Table 9.2: Change in number of advisers giving full & scaled advice 2011–2026**

30 June	Number of Advisers giving full financial advice before regulatory change	Number of advisers giving full financial advice after regulatory change	Change in number of advisers giving full advice	Number of advisers giving only scaled financial advice before regulatory change	Number of advisers giving only scaled financial advice after regulatory change	Change in number of advisers giving scaled advice
2011	17,300	17,300	0	300	300	-
2012	17,407	17,407	0	304	304	-
2013	17,508	20,929	3,421	308	560	252
2014	17,621	21,087	3,466	313	692	379
2015	17,734	20,500	2,766	318	828	510
2016	17,857	19,000	1,143	323	966	643
2017	17,985	17,590	-395	328	1,107	779
2018	18,110	16,367	-1,743	333	1,250	917
2019	18,235	15,908	-2,327	338	1,395	1,057
2020	18,306	15,684	-2,622	343	1,543	1,200
2021	18,363	15,457	-2,906	348	1,693	1,345
2022	18,422	15,223	-3,199	354	1,845	1,491
2023	18,486	14,991	-3,495	360	1,999	1,639
2024	18,548	14,753	-3,795	365	2,154	1,789
2025	18,612	14,515	-4,097	370	2,312	1,942
2026	18,666	14,269	-4,397	375	2,471	2,096

Source: Table adapted from Tables 12 and 13 of 'The Financial Advice Industry Post-FOFA', Rice Warner Actuaries, January 2012, pp. 38–39.

9.8 Rice Warner explained that the short-term increase in adviser numbers may occur as a result of the shift to a fee-for-advice model, away from trail commissions and asset based fees. The 2012 report emphasised that underlying the FOFA reforms will be the 'key drivers' of an ageing population and maturing superannuation system which will ensure there are 'significant opportunities for growth in the financial advice industry'.<sup>9</sup>

9.9 Rice Warner's finding of the short-term increase in adviser numbers under the FOFA reforms is corroborated by other research. Treasury drew the committee's attention to IBIS forecasts that the average annual number of advisers will grow by 2 per cent up to 2015. Treasury noted '[W]e would see the industry adapting to these proposals and there not being significant job losses'.<sup>10</sup>

9.10 Table 9.1 also shows that for each year from 2012–2017, the number of advisers will be higher under the FOFA reforms than if the reforms are not implemented. In 2014, for example, the Rice Warner analysis indicates there will be 21,779 financial advisers compared with only 17,934 in 2014 should the FOFA reforms not go ahead.<sup>11</sup>

9.11 In each year from 2018–2026, however, the total number of financial advisers will fall under the FOFA reforms. For each of these years, the number of advisers assuming no FOFA reforms will increase on the previous year; the number of advisers assuming FOFA is implemented will decrease on the previous year (see Table 9.1).

9.12 Table 9.2 provides a breakdown of the data from Table 9.1. It shows that while the number of advisers giving full financial advice will fall from 2018–2026 as a result of the FOFA reforms, the number of advisers giving only scaled advice will increase for each year from 2013–2026 under the reforms. Indeed, taking 2012 as a base year, the increase in the number of advisers giving scaled advice under the FOFA reforms will more than triple by 2016 (966) and increase eight-fold by 2026 (2,471).

### ***Wild estimates***

9.13 The committee received varying evidence on the extent to which the legislation would affect the financial advice industry. The committee believes that the considerable discrepancy in these estimates of job losses raises questions as to the reliability of estimates at the higher end.

9.14 Mr Craig Meller, Managing Director of AMP Financial Services, told the committee that there could be job losses in the industry of up to 25,000 over the next

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9 Rice Warner Actuaries, 'The Financial Advice Industry post-FOFA', January 2012, p. 4.

10 Mr Jim Murphy, Executive Director, Markets Group, Treasury, *Committee Hansard*, 24 January 2012, p. 59.

11 Rice Warner Actuaries, 'The Financial Advice Industry post-FOFA', January 2012, pp 38–39.

few years.<sup>12</sup> Mr Richard Klipin, Chief Executive Officer of the Association of Financial Advisers, told the committee that FOFA will 'decimate' the financial advice profession with over 6,800 adviser jobs at risk and over 30,000 jobs in total. *The Australian* newspaper reported Mr Klipin's comment that 'losses over coming years could reach 35,000 once the cuts flowed through to back-office personnel'.<sup>13</sup>

9.15 In evidence to the committee, Mr Jim Murphy, Executive Director of the Markets Group in Treasury, commented on the issue of job losses from the FOFA reforms. Of the 35,000 job loss estimate, he told the committee:

I just think that is silly. It seems to me that there is going to be increased use of financial services. There is going to be increased wealth and money going into the financial services sector; I cannot see how there could be job losses. There may be job losses where people who have not been engaged in the industry, or who have relied on the basis of commissions, will have to change major practices and are towards the end of their career. But anyone who is a financial planner who has been engaged, I would expect, would be able to quite easily adopt a change in practices.<sup>14</sup>

### *Committee view*

9.16 The committee makes the point that previous reforms to the financial services sector, such as the Financial Services Reform Act (FSRA), were also met with initial apprehension. In the case of the FSRA reforms, they have been well received and the committee believes that once implemented and bedded down, the FOFA reforms will also be seen as very positive.

### **Recommendation 14**

**9.17 The committee recommends that the government should amend the footnote references to Rice Warner estimates in the regulation impact statements of the Explanatory Memorandums to both bills. The new footnote should be updated to reflect Rice Warner's revised estimate of the employment impact of the Future of Financial Advice reforms.**

### *The impact on the structure of the financial advice industry*

9.18 The committee received some evidence on the potential impact of the FOFA reforms on the structure of the financial advice industry. In particular, there was comment that large financial advisory firms employing many advisers across a range of financial services will face less competition from firms with relatively few advisers.

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12 Mr Craig Meller, Managing Director, AMP Financial Services, *Committee Hansard*, 23 January 2012, p. 3.

13 Andrew Main, '35,000 jobs at risk as advice reforms bite', *The Australian*, 24 January 2012, p. 17.

14 Mr Jim Murphy, Executive Director, Markets Group, Department of the Treasury, *Committee Hansard*, 24 January 2012, p. 58.

9.19 The Association of Financial Advisers, for example, argued that the FOFA reforms will lead to further consolidation of the financial advice industry, resulting in more concentration and less competition.<sup>15</sup> AMP Financial Services was asked its view of the competitive neutrality of the FOFA legislation. The Managing Director, Mr Meller, responded that with the prospect of lower cost bases and transitional investments:

...I think there is likely to be a migration of advisers to large players like AMP. So, despite the fact that we think there is some competitive advantage in the advice industry for this legislation to companies like my own, we do not believe it is in the broader interests of the financial advice industry that there should be what we think is likely, which would be a consolidation of advisers.<sup>16</sup>

9.20 Mr Grahame Evans, Group Managing Director of Professional Investment Services, gave the committee examples of where the industry had already consolidated and the impact of these events. He noted the case of Count Financial, a Sydney-based advisory firm with 60 staff:

What did Count do? They thought, 'This is all too hard. We're now going to sell out,' and they sold out to the Commonwealth Bank. Do you expect in the long term that Count will be able to offer a great array of products—a choice of products—or do you expect that their owner would ensure that their products are represented, probably disproportionately, on their approved product list? You have to ask yourself: will that be the case?<sup>17</sup>

9.21 Mr Evans argued that the FOFA reforms, in their effort to protect consumers, threatened to reduce competition in the industry and choice for consumers. As he told the committee:

Australia did not get to be the No. 1 financial services hub in the world and respected by everybody else because we were anticompetitive. I think this is an important aspect of FOFA. We have to make sure that, in our rush to protect the consumer, there is a balance between the objectives of being able to give the consumer appropriate protection and not reducing the competition that is out there in the marketplace.<sup>18</sup>

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15 Mr Richard Klipin, Chief Executive Officer, Association of Financial Advisers Ltd, *Committee Hansard*, 23 January 2012, p. 18.

16 Mr Craig Meller, Managing Director, AMP Financial Services, *Committee Hansard*, 23 January 2012, p. 9.

17 Mr Grahame Evans, Group General Manager, Professional Investment Services, *Committee Hansard*, 23 January 2012, p. 74.

18 Mr Grahame Evans, Group General Manager, Professional Investment Services, *Committee Hansard*, 23 January 2012, p. 74.

9.22 Associate Professor Joanna Bird told the committee that the consolidation of the financial advice sector was already happening. She noted that while it is difficult to foresee the exact impact of the FOFA reforms on the sector:

My instinct is that there would be some initial consolidation but eventually a truly independent and professional financial advice industry would emerge. These reforms are an important part of that evolution towards a truly professional financial advice industry.<sup>19</sup>

#### *Committee view*

9.23 The committee believes that as with any major reform, there will be adjustments and transitions. It argues that while competition among financial advisory services is important, the quality of advice and the professionalism of the industry are paramount. The FOFA reforms will create a highly professional financial advice industry. Further, as systems are developed and refined to meet the annual disclosure and 'opt-in' obligations, the large financial advisory firms will face more competition from small and medium sized entrants.

#### *The impact on advice*

9.24 The January 2012 Rice Warner report estimates that the FOFA reforms 'are likely to lead to an increase in the total number of pieces of financial advice'. By 2025–26, it estimates there will be 1.77 million pieces of advice provided compared with 831,000 pieces in the same year if the FOFA reforms were not to proceed. As noted above, Rice Warner explains this increase principally in terms of the growth of scaled advice. It estimates there will be 1 million pieces of scaled advice by 2025–26 compared to only 170,000 in 2025–26 if the reforms are not made.<sup>20</sup>

#### *The cost of opt-in*

9.25 The EM notes that 'advisers will also incur ongoing annual costs in that they must have clients opt-in each year to continue to provide ongoing service'.<sup>21</sup> Chapter 3 noted Rice Warner's estimate that the cost of 'opt-in' will be about \$22 million per annum and, on the basis of 2 million Australians receiving financial advice, a cost per client of \$11 per year.<sup>22</sup> Of this estimate, Rice Warner explained that the:

...estimated cost of 'opt-in' assumes that the adviser is already in regular contact with their clients, meeting at least once every year. We consider this a reasonable assumption given the oft stated position that advisers are

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19 Associate Professor Joanna Bird, *Committee Hansard*, 23 January 2012, p. 62.

20 Rice Warner Actuaries, 'The Financial Advice Industry post-FOFA', January 2012, p. 3.

21 Explanatory Memorandum, p. 61.

22 See chapter 3. Rice Warner's submission to the government citing figures is available at: [http://www.ricewarner.com/images/newsroom/1316044106\\_The%20Cost%20of%20Opt-in\\_Government%20Submission.pdf](http://www.ricewarner.com/images/newsroom/1316044106_The%20Cost%20of%20Opt-in_Government%20Submission.pdf) (accessed 14 February 2012).

providing ongoing service and advice. Hence, the discussion and request regarding renewal of the advice services can take place as part of that normal adviser / client interaction. This may not be the case for some existing business. However, the proposed grandfathering provisions will mean that 'opt-in' will only apply for new clients from 1st July 2012, so the first 'opt-in' will occur on 1st July 2014. Thus, advisers who adapt their business models to include annual (or at least biennial) client reviews for all new clients will be able to incorporate the 'opt-in' process into their normal client management processes.

Consequently, our estimate of the cost of 'opt-in' assumes no additional time and work required to meet with or talk to clients since we regard this as part of a normal advice service. Whilst we have no knowledge of the basis of other 'opt-in' cost estimates, we suspect that these treat such client contact costs as stand alone costs separate from the costs of the normal regular contact. In fact, one to two hours of an adviser's time in a client interview could, alone, have a time cost of \$200 or more. However, we believe that it is unlikely that advisers will be conducting extra, separate meetings merely to gain their clients' approval to 'opt-in'.<sup>23</sup>

9.26 The committee agrees with these assumptions. It does note, however, that some witnesses queried the assumptions underpinning the Rice Warner estimate. AMP Financial Services, for example, told the committee that the 'retrospective nature and the requirement to bring all the mature products into the reporting framework' was probably not in the Rice Warner estimate. Further, these costs would add considerably to both the ongoing and implementation costs of the opt-in requirement.<sup>24</sup>

9.27 As noted in Chapter 3, the projected cost of opt-in per client varies significantly depending on assumptions of what will be required from advisers. The Financial Planning Association's estimate, based on an independent survey of advisers, was \$132 per client;<sup>25</sup> Burrell Stockbroking and Superannuation's estimate was five times this amount at 'around \$650' per client.<sup>26</sup>

9.28 Apart from the considerable discrepancies in these estimates, the committee also observes that there has been some vagueness as to what is being estimated. The Financial Services Council, in both its written submission and in its verbal evidence to the committee, appeared to confuse the cost of opt-in with the cost of annual disclosure. Its submission produced a table from a November 2011 survey which

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23 Rice Warner, 'The Cost of Opt-in', *Submission to the government*, 15 September 2011, p. 4 [http://www.ricewarner.com/images/newsroom/1316044106\\_The%20Cost%20of%20Opt-in\\_Government%20Submission.pdf](http://www.ricewarner.com/images/newsroom/1316044106_The%20Cost%20of%20Opt-in_Government%20Submission.pdf) (accessed 14 February 2012).

24 Mr Craig Meller, Managing Director, AMP Financial Services, *Committee Hansard*, 23 January 2012, p. 8.

25 Mr Mark Rantall, Chief Executive Officer, Financial Planning Association, *Committee Hansard*, 23 January 2012, p. 42.

26 Burrell Stockbroking and Superannuation, *Submission 11*, p. 2.



listed the average cost per client of summary (\$54) and detailed (\$98) fee disclosure statements.<sup>27</sup> In evidence to the committee, however, these costs were identified as the cost of opt-in.<sup>28</sup>

9.29 Moreover, the committee draws attention to the comments of AMP and the Financial Planning Association, which are important qualifiers to the financial advice industry's estimates of the impact of 'opt-in':

The reality is that no independent impact statement has been done on the cost of this to either participants or consumers, and that is the heart of the matter for this issue.<sup>29</sup>

...you will not actually know what the real cost is until you do this full regulatory impact statement so that you can get down and get some detailed estimates as to what it does cost on an annual opt-in basis.<sup>30</sup>

### ***The Regulatory Impact Statement***

9.30 The EM to the bill contains a Regulatory Impact Statement (RIS). The EM acknowledges at the outset that the RIS is based on the policies announced by the government in April 2010.

9.31 On 8 August 2011, the Office of Best Practice Regulation (OBPR) noted that an adequate RIS was prepared on the broad ban on volume-based payments from product issuers to financial advisers. It added that while RISs were prepared for the other reforms they were not assessed as adequate for the decision-making stage. The OBPR thereby assessed the proposals as being 'non-compliant' with the Australian Government's best practice regulation requirements.<sup>31</sup>

9.32 The OBPR elaborated on these issues in evidence to the Senate Finance and Public Administration Legislation Committee in February 2012. Mr Jason McNamara, the Executive Director of the OBPR, explained that:

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27 Financial Services Council, *Submission 58*, p. 7.

28 Ms C. Storniolo, Senior Policy Manager, Financial Services Council, *Committee Hansard*, 23 January 2012, p. 37.

29 Mr Mark Rantall, Chief Executive Officer, Financial Planning Association, *Committee Hansard*, 23 January 2012, p. 42.

30 Mr Alastair Kinloch, Director, Government Affairs, *Committee Hansard*, 23 January 2012, p. 8.

31 Department of Finance and Deregulation, Office of Best Practice Regulation, 'Non-compliance with best practice regulation requirements—Future of Financial Advice—Treasury', <http://ris.finance.gov.au/2011/08/08/non-compliance-with-best-practice-regulation-requirements-%e2%80%93-future-of-financial-advice-2011-%e2%80%93-treasury-2/> (accessed 31 January 2012).

Treasury provided a number of RISs...I think that there were six separate RISs...But we found those RISs not yet adequate. They had not met the best practice requirements.

There was: the carve out of simple products; treatment of soft dollar benefits; access to advice; replacement of the accountant's exemption; renewal requirements on ongoing financial advice fees to retail clients; and the treatment of paid commissions on insurance products within superannuation and life insurance products outside of superannuation.<sup>32</sup>

9.33 In terms of the reason for the inadequacy of these RISs, Mr McNamara recognised that the lack of time was a key factor:

The timing was an aspect in terms of getting the RIS to an adequate standard. Essentially, as Treasury were preparing RISs, we had exchanged drafts, so it was an ongoing process and it is true that time ran out...

The issue was that the regulatory impact statement has to be prepared before a decision is made. So, once the decision is made there really is not a need for regulation impact statements. So, it is to inform the decision-making stage. Departments can voluntarily choose to do one for attachment to an explanatory memorandum but, in general, our system requires it to be done before the decision.<sup>33</sup>

9.34 In evidence to the committee during this inquiry, Treasury also acknowledged that time was a key factor in the OBPR's finding that RISs were inadequate. Mr Jim Murphy, Head of Markets Group at the Treasury, explained:

The government made it very clear that it wanted to introduce these bills, and the OPBR took the position that they could not approve them in the time. That is how we ended up with this result. What I am saying to you is that two things have emerged: firstly, there is a review of the way risk processes operate—I think there are some issues about the way they operate, but that is just my personal opinion; and, secondly, I cannot speak for the minister but it would clarify these matters if these regulatory impact statements could be released in some way.<sup>34</sup>

9.35 Indeed, Mr Murphy told the committee that it would be 'very helpful' if the six regulatory impact statements were released and added, 'I am hoping to take that up with the minister'.<sup>35</sup>

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32 Mr Jason McNamara, Senate Finance and Public Administration Legislation Committee, *Proof Committee Hansard*, 14 February 2012, p. 30.

33 Mr McNamara, Senate Finance and Public Administration Legislation Committee, *Proof Committee Hansard*, 14 February 2012, p. 30.

34 Mr Jim Murphy, Executive Director, Markets Group, Department of the Treasury *Committee Hansard*, 24 January 2012, p. 60.

35 Mr Jim Murphy, Executive Director, Markets Group, Department of the Treasury *Committee Hansard*, 24 January 2012, p. 60.

9.36 Certainly, the absence of Regulatory Impact Statements was the target of criticism from some witnesses. AMP Wealth Management told the committee that:

...a full regulatory impact statement should be completed before the legislation is enacted so that the impact on customers, the community, the planners and the broader industry is fully known. This is crucial given the substantial impact on small business, the implications for financial advice and the capital expenditure required to be made by the industry in computing, training, product disclosure statements, printing, auditing and many other issues which, aggregated across the industry, we believe will amount to several hundreds of millions of dollars.<sup>36</sup>

9.37 Some witnesses, such as the Financial Services Council, supported a full regulatory impact statement on the condition that the implementation date is moved back. Others witnesses prioritised implementing the legislation.<sup>37</sup> Ms Pauline Vamos, Chief Executive Officer of the Association of Superannuation Funds of Australia, was asked her view on whether the government should conduct a full RIS before proceeding with the legislation. She responded:

We certainly believe it is best practice. In terms of this particular legislation, we would not advocate going backwards. We believe that the public policy outcomes that are trying to be delivered are clear. There needs to be time to adjust; there needs to be time to implement. It is such a significant consumer reform that it is important that is proceeded with.<sup>38</sup>

9.38 The Australian Securities and Investments Commission (ASIC) told the committee that beyond RISs, an assessment can be made 'a year or two after the legislation has been introduced' to see how it is working in practice.<sup>39</sup> The committee strongly supports this review (see chapter 10, recommendation 15).

9.39 The committee also argues that the government should consider publicly releasing the six RISs that were not assessed by the OBPR as adequate. It notes that Treasury appears to support this approach.

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36 Mr Craig Meller, Managing Director, AMP Financial Services, *Committee Hansard*, 23 January 2012, p. 1.

37 Mr John Brogden, Chief Executive Officer, Financial Services Council, *Committee Hansard*, 23 January 2012, p. 35.

38 Ms Pauline Vamos, Chief Executive Officer, ASFA, *Committee Hansard*, 24 January 2012, p. 16.

39 Mr John Price, Senior Executive Leader, Strategy and Policy, ASIC, *Committee Hansard*, 24 January 2012, p. 68.

***Committee view***

9.40 The committee believes it should be up to the Minister to decide whether to publicly release a cost benefit analysis or the six Regulatory Impact Statements that were prepared by Treasury and assessed by the Office of Best Practice Regulation as not adequate for the decision-making stage. If the Minister does decide to release this information, the committee believes that this should be done prior to the legislation being enacted.