



MEDIA RELEASE

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GOVERNMENT COMMITS TO REDUCE FINANCIAL ADVICE RED TAPE

The Financial Services Council (FSC) has welcomed the Government's response to the Quality of Advice Review and its commitment to prioritise 'Stream One' of its reforms, which are designed to remove costly red tape imposed on financial advisers.

The CEO of the FSC, Blake Briggs said: "Financial advice is weighed down by unnecessary and costly regulation and documentation requirements that can be simplified to improve the quality of advice provided to consumers.

"The Government is right to prioritise its 'Stream One' reforms, which will lower the cost of providing financial advice and improve consumers' experience when receiving advice.

"Just 10 per cent of the adult population receive advice and the regulatory burden has pushed the cost of delivering advice to around \$5,000.

"The FSC looks forward to working with the Government to deliver on its commitment to introduce legislation implementing these changes before the end of this year, including strengthening consumer protections by tightening exemptions to the ban on conflicted remuneration and standardising consumer consents for determining a 'sophisticated' client."

The Government has also outlined a medium-term plan to expand access to financial advice around retirement and explore new channels for advice.

"In its second and third streams the Government is at risk of unnecessarily restricting the number of institutions that can invest in new advice solutions, which could result in too many Australians missing out on quality financial advice at key stages of life," Mr Briggs added.

"The Government has recognised the importance of quality financial advice to consumers when they retire. FSC modelling has shown that implementation of the Quality of Advice Review's recommendations would see retirees spending \$25 billion extra in retirement by 2060, raising standards of living in retirement and reducing the cost of an aging population to the Government.

"Superannuation funds will play an important role in providing retirement advice, however if the Government narrowly implements key reforms they could fail to attract the industry investment that is necessary to deliver quality advice to the millions of Australians that would benefit from it at different stages of life.

"The Quality of Advice Review's recommendations for a 'good advice' duty and allowing 'non-relevant providers' to provide personal advice were designed to have broad application beyond the

superannuation sector, to encourage industry investment and ensure a level, competitive playing field.”

The FSC welcomes the Government’s commitment to further consult on subsequent streams of reform and encourages the Government to remain open to applying the Quality of Advice Review recommendations beyond the superannuation sector.

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About the Financial Services Council

The FSC is a peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia’s largest industry sectors, financial services. Our Full Members represent Australia’s retail and wholesale funds management businesses, superannuation funds, life insurers and financial advice licensees. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing more than \$3 trillion on behalf of over 15.6 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is one of the largest pools of managed funds in the world