



18 April 2013

Foreign Affairs, Defence and Trade Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

Email: [fadt.sen@aph.gov.au](mailto:fadt.sen@aph.gov.au).

Dear Sir / Madam

**Re. Veterans' Affairs Legislation Amendment (Military Compensation Review and Other Measures) Bill 2013 [Provisions]**

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback to the Senate Foreign Affairs, Defence and Trade Legislation Committee in relation to the Bill amending compensation provisions for veterans.

Of particular interest to the FPA is *Schedule 5—Compensation for financial advice and legal advice*.

The FPA notes that the Bill proposes to include a definition of *practising lawyer* in Subsection 5(1). However, the FPA is concerned that the Bill only requires that:

*....the financial advice was obtained from a suitably qualified financial adviser...*

The Parliamentary Joint Committee on Corporations and Financial Services (PJC) is currently undertaking an inquiry on the Corporations Amendment (Simple Corporate Bonds and Other Measures) Bill 2013. Schedule 2 of this Bill serves to restrict the use of the expressions "financial planner" and "financial adviser" to those who are appropriately licensed to provide financial advice to retail clients. The implementation and monitoring of the licensing regime is the responsibility of the Australian Securities and Investments Commission (ASIC) and imposes qualification and other requirements for financial planners. The PJC is due to report to the House of Representative on 15 May 2013.

The need to restrict the use of the terms financial planner and financial adviser in the Corporations Act will close a significant gap in consumer protection, which currently leaves trusting consumers open to influence by unprofessional and inappropriately qualified individuals portraying to provide financial advice, especially unsolicited advice from people with whom consumers may or may not have a relationship with.



The FPA recommends the adoption of a consistent approach to the definition of financial adviser and requests the Senate Foreign Affairs, Defence and Trade Legislation Committee amend Schedule 5 of the Bill, where necessary, to require financial advice to be obtained from a Financial Planner or Financial Adviser who meets all the licensing and competency requirements, as defined in Schedule 2 of the Corporations Amendment (Simple Corporate Bonds and Other Measures) Bill 2013 currently before Parliament and the PJC.

The FPA welcomes and supports the increase in compensation for financial advice to \$2,400.

The FPA would welcome the opportunity to discuss this further. If you have any questions, please contact me

Yours faithfully

**Dante De Gori**

*General Manager Policy and Conduct*

Financial Planning Association of Australia<sup>1</sup>

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<sup>1</sup> The Financial Planning Association (FPA) represents more than 10,000 members and affiliates of whom 7,500 are practising financial planners and 5,500 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first "policy pillar" is to act in the public interest at all times.
- We banned commissions and conflicted remuneration on investments and superannuation for our members in 2009 – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Professor Dimity Kingsford Smith, dealing with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This is being exported to 24 member countries and the 132,000 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 17 Australian Universities for degrees in financial planning. As at the 1<sup>st</sup> July 2013 all new members of the FPA will be required to hold, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP standing are equal to other professional bodies, eg CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board