



Committee	House of Representatives Standing Committee on Economics
Inquiry	Review of the Australian Securities and Investment Commission Annual Report 2020
Question No.	ASIC24QW
Reference	Written
Topic	Financial Advisers/Industry funding levy
Committee Member	Mr Tim Wilson MP (Committee Chair)

Question:

For each of the past five years, please advise:

- The total revenue brought in by fees charged by ASIC to financial advisers?
- The total number of financial advisers issued ASIC fees?
- The total number of financial advisers that have paid ASIC fees?
- The average total dollar amount of fees charged to financial advisers?
- The median total dollar amount of fees charged to financial advisers?

Answer:

(a) Table 1 below shows ASIC's regulatory costs to be recovered by industry funding levies on the financial advice sector. Levies were introduced from 1 July 2017 and are charged to Australian Financial Services licensees who are authorised to provide financial advice. Each licensee may have a number of financial advisers who operate under their licence. It is a matter for the licensees whether the levy is passed on to the financial advisers who operate under their licence.

Table 1: Total regulatory costs to be recovered from Financial Advice sector (\$m)

	2019-20¹	2018-19¹	2017-18¹
Licensees that provide personal advice to retail clients on relevant financial products	56.189	33.028	25.634
Licensees that provide personal advice to retail clients on products that are not relevant financial products	1.264	0.125	1.199
Licensees that provide general advice only	2.089	0.737	0.601
Licensees that provide personal advice to wholesale clients only	0.048	0.181	0.826
Total regulatory costs for Financial Advice sector	59.590	34.071	28.260
Total levies outstanding as at 30 June 2021²	2.400	0.285	0.177

¹ Costs in respect of 2017-18 are charged in the following financial year and so on.

² Outstanding amount is after the effect of approved waivers has been taken into account.

In addition to industry funding levies, Table 2 below shows the total fees charged to all **Australian Financial Services licensees** for new licence applications, cancellations and variations irrespective of what powers and conditions apply to the licensee. It is not possible to extract this information for only those licensees authorised to provide financial advice.

Table 2: User initiated fees (\$m)¹

	2020-21	2019-20	2018-19	2017-18	2016-17
Licence application, variation and cessation fees	1.917	1.377	1.398	0.778	0.590
Financial Authorised Representative fees	2.261	1.952	2.166	1.748	1.617
Compliance certificate lodgement fees	-	-	-	3.283	2.970
	4.178	3.329	3.564	5.809	5.177

¹ Figures do not include late lodgement fees charged for non-compliance with regulatory obligations.

(b) Levies were introduced from 1 July 2017 and are charged to Australian Financial Services licensees who are authorised to provide financial advice. The number of licensees in each of the four categories in the Financial Advice sector during the relevant financial year are shown in the table below.

	2019-20	2018-19	2017-18
Licensees that provide personal advice to retail clients on relevant financial products	2,991	3,051	2,985
Licensees that provide personal advice to retail clients on products that are not relevant financial products	625	645	649
Licensees that provide general advice only	1,004	1,020	1,014
Licensees that provide personal advice to wholesale clients only	1,624	1,579	1,511

(c) The value of outstanding levies for the Financial Advice sector is shown in Table 1 above. ASIC does not have a breakdown of the number of licensees with outstanding levies.

(d) The average levy for licensees that provide personal advice to retail clients on relevant financial products for each financial year was:

2019-20: \$18,762

2018-19: \$10,811

2017-18: \$8,577

The average is calculated by dividing the total costs by the total population in each year. The question is not relevant to other licensees in the advice sector who pay a flat levy.

(e) The median levy for licensees that provide personal advice to retail clients on relevant financial products for each financial year was:

2019-20: \$3,926

2018-19: \$2,642

2017-18: \$2,434