



INSTITUTE OF
**PUBLIC
ACCOUNTANTS®**

**Submission to the
Treasury:
Better Advice Bill –
Exposure Draft
Regulations**

October 2021

15 October 2021

The Manager
Retirement, Advice and Investment Division
The Treasury
Langton Cres
Parkes ACT 2600

By email: SDBconsultation@treasury.gov.au

Dear Sir/Madam

Better Advice Bill – Exposure Draft Regulations

The Institute of Public Accountants (IPA) welcomes the opportunity to comment on the Better Advice Bill.

The IPA is one of the three professional accounting bodies in Australia, representing over 46,000 accountants, business advisers, academics, and students throughout Australia and internationally. Three-quarters of the IPA's members work in or are advisers to small business and SMEs.

Summary

1. IPA supports the measures in the Bill relating to the recommendations from the Financial Services Royal Commission, including 2.10 to establish a Single Disciplinary Body (SDB), and believes these should proceed.
2. However, we do not support the proposed provisions relating to the treatment of Tax (financial) Advisers (TFAs) resulting from recommendation 7.1 of the review of the Tax Practitioners Board (TPB), and contend that these should be excised (ie removed or deleted) from the Bill, allowing the remainder of the Bill to proceed.
3. The TFA related measures need further consideration to ensure a workable and less complex outcome is achieved, for the benefit of all stakeholders, including consumers of financial advice and tax services.
4. Excising or removing the TFA related provisions will not impact the remainder of the Bill.

What IPA supports

In our submission in May 2021, on the Financial Sector Reform (Hayne Royal Commission Response – A New Disciplinary System for Financial Advisers) Bill 2021, we supported, and still support, the establishment of a SDB for financial advisers; and the removal of TFAs from the *Tax Agent Services Act 2009*.

Despite concerns raised in our submission on the operation of the SDB and the registration system, we believe that the financial advice sector needs certainty and stability – therefore, we support the need to continue with:

- the establishment of a SDB and new registration system for financial advisers;
- the winding up of FASEA by 1 January 2022; and
- the extension of the exam deadline subject to stipulated conditions (which makes it fairer for those who have passed the exam).

What IPA doesn't support

Analysis of the draft Bill indicates that the TFA related measures could be excised without any adverse impact on the remainder of the Bill, given they are relatively self-contained. For instance, in Schedule 1, Part 1, references to (part of) sections 910A, 921R and 921BB could be removed. This analysis can be shared if required.

IPA's firm view is that the proposed TFA related provisions will introduce a very high level of complexity without addressing the underlying issues of improving the regulation of TFAs. The confusion extends to how consumers will distinguish between TFAs and other Registered Tax Agents (RTAs), when TFAs will be forced to re-register as RTAs. It also does not address the issue of duplicated regulation, which was one of the main policy objectives of the TPB review. Detailed concerns and objections to the proposals have been raised by numerous stakeholders, including the IPA, in multiple consultations.

In the meantime, we propose that the status quo be retained for TFAs to allow sufficient time to carefully consider the most appropriate structure for the registration and supervision of TFAs. It is imperative that we preserve the policy objective of recommendation 7.1 of the TPB review, which IPA supports, whilst ensuring the optimal outcome is achieved from a practical, operational and consumer protection perspective.

This consideration could either be part of the Quality Review in 2022 or undertaken separately; and completed reasonably quickly given that most of the development work has already been done by a range of stakeholders.

If you have any queries or require further information, please don't hesitate to contact Vicki Stylianou, Group Executive, Advocacy & Policy, either at vicki.stylianou@publicaccountants.org.au or mob. 0419 942 733.

Yours faithfully



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