

SECTOR SPLIT ON DISCIPLINARY BODY MAKE-UP

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<https://www.ifa.com.au/news/28259-sector-split-on-disciplinary-body-make-up>

Debate in the industry continues around which professional body should have responsibility for overseeing and monitoring adviser compliance, with a new poll split on how the forthcoming disciplinary body should be implemented.

The poll in a recent BT Academy webinar saw 48 per cent of participants say that a separate new body should be created to monitor compliance with the FASEA code of ethics, while 37 per cent said they thought the new body should form part of FASEA itself.

Just 10.4 per cent said they thought industry associations such as the FPA should be responsible for code monitoring, while 4 per cent said the responsibility should lie with the TPB.

The data follows recent comments from law firm The Fold Legal that the government's proposed adviser disciplinary body could be delayed until late 2021, and the recent suggestion from the FPA that the body, when it is created, also be responsible for registration and licensing.

Some industry stakeholders have suggested the FPA is seeking to create a role for itself in helping to maintain a register of advisers if ASIC hands this task to the new disciplinary body, with Synchron director Don Trapnell commenting in a recent ifa podcast that the association's proposal was "self-serving".

"I think the FPA sees itself as somehow being the one peak body, [but] in our lives we need to have choices and there are a number of other associations out there that do just as good a job as the FPA," Mr Trapnell said.

"The challenge is, the biggest licensee out there, AMP, has 1,200 reps. These are big numbers, [and] taking away those organisations, the licensees, and who monitors the adviser? No good saying a single association would do it, because they can't monitor 20,000 people."

However, Mr Trapnell supported the need for less competing regulatory bodies in the advice space, rather than adding further layers of compliance for advisers to answer to.

“The current system basically involves advisers answering to five groups of regulation, their licensee plus the other government groups, and to bring that down to one single regulatory authority makes a lot of sense,” he said.

“It has to make life a lot easier for the adviser and therefore lower the adviser’s cost, and if it lowers the cost it is good for the consumer.”

FPA head of policy and standards Ben Marshan recently told ifa the association did not envision a specific role for itself if the industry was to move to a self-registration model, other than knowledge sharing with the incoming disciplinary body.

“Based on the government’s announcement in October last year it will be an independent disciplinary body run by the government, so the FPA won’t have direct involvement,” Mr Marshan said.

“However, the FPA did a lot of work preparing to launch, test and revise Code Monitoring Australia. Through this process, the FPA went through a lot of iterations for how a disciplinary body can be set up, so we have the experience and information to share with the new disciplinary body.”