



DIY Advocacy

AN FPA MEMBER'S STEP-BY-STEP GUIDE TO LOBBYING YOUR LOCAL MP



Dear FPA Member,

In the course of talking to our many members about the FPA’s advocacy efforts with Government and regulators, we are often asked by dedicated financial planners who are committed to their profession and their clients: ‘What can I do to make a difference to changes in laws and regulations?’

Our answer is ‘a great deal’. Many of our members, while supporting the role of the FPA in representing our members nationally, also want to take action individually at the local level. It’s easy to understand why many financial planners want to play their part in shaping the future of their profession.

The Future of Financial Advice (FoFA) changes are the most significant regulatory reform package of the last decade, and the resulting debate has raised many issues that financial planners are passionate about and want to convey to Government on their own and their clients’ behalf.

What’s more, the current minority Government means that all politicians will have a greater influence on the reform process and outcomes. There are 150 MPs, each representing an electorate of approximately 94,000 voters, and 76 Senators, 12 for each state and 2 for each territory. Each MP and Senator must cast a vote on the reforms when the legislation enters into Parliament.



Dante De Gori
General Manager, Policy and Government Relations
Financial Planning Association

We can’t stress enough how important it is that as many politicians as possible have a clear understanding of the FoFA reforms and:

- ~ the issues facing the financial planning profession,
- ~ the impact on consumers, and
- ~ the best outcomes that will achieve the Government’s objectives, strengthen consumer protection, and help the profession grow.

In short, there is no better time for you, as an FPA member, to lobby your local MP.

The question is ‘how do you go about it’? This guide is designed to take you through the lobbying process step-by-step, and we have also prepared a range of practical tools, including letters and factsheets, that you can adapt and use.

We hope you will find the guide useful, and most importantly, we trust you will take the opportunity to make your voice heard and play an active part in shaping the future of financial advice.

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Lobbying your local MP - A step by step guide

Step One - Identify who to target

Your local Member of Parliament is your direct line to Government. They are the person who will vote in the House of Representatives on issues that will affect your future. They are here to serve their electorate and as a member of their constituency you are able to meet with them and bring your issue to their attention.

You may already know who is your MP but not be sure how to get in touch with them and arrange a meeting. Online resource www.openaustralia.org has full contact details for all MPs searchable by post code. You will also find details of their recent appearances in Parliament, debates in which they have spoken, and a register of their interests. Importantly, there are links to their personal websites along with contact details so you can easily request your meeting.

Step Two - Research their background, knowledge and views

It is vital to go to your meeting prepared. Be aware of the Member's party policy and political stance on the FoFA reforms and financial planning generally. Take this into consideration when presenting your case. They may have spoken or made their viewpoint known already so it is important to know this before you meet.

It is possible that your local MP's understanding of FoFA and the issues affecting financial planners may range from very good to very poor, so make sure that you find out where they sit on this spectrum and be ready to educate them in simple terms if necessary.

Check www.openaustralia.org for any statements your MP might have made on the subject and make reference to these in your conversation.

Step Three - Decide your approach

Decide whether you are going to go to the meeting as a lone practitioner or as a representative of a larger group, for example, your FPA Chapter, or group of local financial planning practices. You may be attending the meeting as a group, in which case there are some important points to take into account.

- Don't go en masse as this can seem intimidating
- Decide your questions well in advance and make sure that all attending agree on the desired outcome
- Appoint one of the group as the speaker, and one to take notes

If you are going alone but representing a group ensure that you discuss beforehand what questions are going to be asked and what topics are to be covered. This is a rare opportunity so plan carefully and make the most of it.

Step Four - Make contact and get an appointment

Use the details you find online to send your meeting request. We have provided a sample letter in this booklet to assist you in drafting your letter. You can send your letter by post or by email. If sending an email we suggest attaching a formal letter to the email.

Your MP will assign you a meeting time at their local office. Meetings usually last for up to 30 minutes so plan your questions so you can get your point across quickly and clearly.

Useful websites

Australian Electoral Commission www.aec.gov.au

Parliament of Australia www.aph.gov.au

OpenAustralia www.openaustralia.org

Step Five - Prepare for the meeting

It is important to plan exactly what you want to say and to know the outcome you want to achieve.

- Decide who says what beforehand
- Rehearse if necessary and try to anticipate possible responses
- Have what you want to say in writing, preferably in bullet points
- Remember your MP represents your local community. Consider the implications of the FoFA reforms for local financial planning businesses and local clients, who are all the MP's constituents.
- Prepare background material, including appropriate local case studies to take with you to back up your case
- Take printed materials with you to hand out like fact sheets, business cards, etc.
- Keep detailed notes of the conversation and any follow up information you need to send to the MP after the meeting.

Step Six - Have the meeting and achieve your objective

When attending your meeting with your MP it is important to explain why you think they can help and what you would like them to do for you. Stick to your questions and answer any questions that are put to you honestly.

Step Seven - Follow up

You may not get a result straight away as your MP will want to think about the ramifications of your request. Thank them and politely request that they let you know the outcome of your meeting within the next seven days. After the meeting, evaluate what was discussed and send the MP a copy of your notes including any actions they agreed to undertake.

We want to hear from you

The FPA meets regularly with politicians to put forward members' views on FoFA and other issues affecting financial planners and their clients.

A consistent message from the profession is necessary if we are to provide a professional representation that politicians can rely on when formulating policy decisions.

To achieve this, let us know if you meet with a politician. We would like to know any views they may have expressed, particularly about issues relating to FoFA and the financial planning profession.

Get in touch

We would love to hear who you have met with. If you have any questions or would like to provide any feedback on our DIY Advocacy initiative, please email us at policy@fpa.asn.au.

{INSERT DATE}

{INSERT MP / SENATOR NAME}
{INSERT ADDRESS LINE 1}
{INSERT ADDRESS LINE 2}
{INSERT SUBURB/ STATE/ POSTCODE}

Dear {INSERT MP / SENATOR NAME}

RE: *Future Of Financial Advice (FOFA): Corporations Amendment (Future of Financial Advice) Bill 2011 and Corporations Amendment (Further Future of Financial Advice Measures) Bill 2011*

I am writing as a financial planner and small business owner who lives locally to request a meeting with you at your electorate office to discuss the respective *Future of Financial Advice (FOFA) Bills* which were introduced into parliament late 2011 by the Assistant Treasurer and Minister for Financial Services and Superannuation, Bill Shorten MP.

As our local Member of Parliament who will be voting on the Bill, I would greatly appreciate the opportunity to discuss with you the impact some of the Bill's measures will have on our small business and our clients, who are also your constituents.

The FPA supports the need for effective regulation to facilitate access to financial advice for all Australians, while protecting consumers. The current make up of the Federal Parliament provides an invaluable opportunity for all politicians to work at a local community level with those financial planners working in their electorate, to ensure the financial services regulations are effective and promote a savings culture across the Australian community.

The FPA supports the Future of Financial Advice (FOFA) reforms, especially the two overriding principles:

1. Financial advice must be in the client's best interests – distortions to remuneration, which misalign the best interests of the client and the adviser, should be minimised; and
2. In minimising these distortions, financial advice should not be put out of reach of those who would benefit from it.

The FPA is however concerned that the FOFA reforms as currently tabled, will not deliver on these guiding principle. The three key reasons for this include:

1. **Primary target missed:** The current draft of the legislation and the PJC's recommendations do not deliver on the goal of improved access to financial advice. For example, amendments to the best interest duty are needed, especially as they relate to scaled advice.
2. **Greater consumer risk:** Consumers face greater risk with the opt-in renewal notice requirement, as key protection mechanism to advice and dispute resolution schemes will be removed
3. **Cumbersome red tape:** additional fee disclosure statements for both existing (retrospective) and new clients are redundant. Fee disclosure obligations already exist for advisers and product providers in disclosing to the client the fees paid. If current disclosure obligations are inadequate then address this first, before enforcing additional regulatory red-tape.

I would be pleased to meet with you to discuss the *FOFA Bills*. I will contact your Electorate Office shortly to arrange a convenient time.

Yours sincerely,

{INSERT NAME}
{INSERT TITLE}
{INSERT COMPANY NAME}



Why the Opt-In renewal is bad policy

CORPORATIONS AMENDMENT (FUTURE OF FINANCIAL ADVICE) BILL 2011 | DATE: 17.10.2011

Parliamentary action required

Vote **No** - The *Corporations Amendment (Future of Financial Advice) Bill 2011* requiring a two-year client Opt-In renewal for financial planners to be able to provide an ongoing service to their clients should **not** be adopted.

Why the Opt-In renewal measure is bad policy:

- Consumer protection will be compromised (refer to next section).
- Advice costs will increase, reducing the affordability for Australians to access to advice.
- Small businesses will be compromised, as they will be required to implement more 'red tape' adding costs and complexities to their businesses.
- Opt-in is a solution for commissions, therefore with the banning of commissions and the introduction of a best interest duty, the opt-in renewal is a redundant policy.

Consumer detriment of client Opt-In renewal

- It is the ongoing relationship between financial planners and their clients that enable planners to immediately act, provide critical advice and reassure clients to enable them to make rational decisions during crisis situations and market uncertainty, such as during the GFC Mark I and Mark II.
- Clients who fail to Opt-In will have little recourse to licensees in the event of loss if circumstances change, such as during the extreme market uncertainty of the GFC, necessitating an adjustment to the advice given.
- Most clients receive advice under a client service agreement, which protects the client by contract terms and enables them to Opt-out at any time, however the Opt-In requirements will negate these Terms of Engagement, which are negotiated between the client and planner to meet the service needs of the client.
- The actual investment and other risks associated with managing one's financial affairs, such as breaching superannuation contribution caps, changes to legislation and changes to client's circumstances, for example, are then borne by the client alone.
- If client inertia results in a failure to opt-in, the client's investments remain in place yet the planners' ability to provide investment management services is stopped leaving the investments unmanaged and at risk.
- The client's advice strategy cannot be monitored or reviewed by the planner and could become dated and fail to meet the client's ongoing needs, which the client may not be aware of.
- The Opt-In renewal removes the ability for consumers to decide up front with their financial adviser as to whether or not they wish to have a service contract for a set time period or have an annual renewal service agreement, as is current practice.
- Fails to recognise that the financial planner-client is a long-term relationship built on trust, loyalty and openness. It is not a transaction like many other financial services.
- Forcing consumers to opt-in biennially will increase the burden and unnecessary red tape for consumers.

For further information contact

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FoFA - Fee Disclosure Statement

CORPORATIONS AMENDMENT (FUTURE OF FINANCIAL ADVICE) BILL 2011 | DATE: 17.10.2011

Parliamentary action required

Call for amendments:

- The *Corporations Amendment (Future of Financial Advice) Bill 2011* applying fee disclosure measures to existing clients ('retrospectively') should be amended to only apply to new clients from July 2012 ('prospectively').
- **Remove Subdivision C – Disclosure for arrangements to which Subdivision B does not apply.**

FPA opposes fee disclosure statement requirements for existing clients

(Subdivision C – Disclosure for arrangements to which Subdivision B does not apply)

1. Impact on consumers

The application of the fee disclosure statement requirements to existing clients will:

- unnecessarily duplicate existing disclosures of advice fees which are included in annual statement requirements of superannuation funds and product providers.
- cause confusion and concern for consumers as they will believe the 'fee disclosure statement' (in addition to their annual product statement) is a 'new' fee being charged.
- require major systems changes and add significant costs to the provision of advice to consumers.
- impact on millions of clients at a cost that has not been considered or analysed by the Government.

2. Fee disclosure requirements already apply

- current FSR legislation already requires financial planners and licensees to disclose all fees
- main disclosures include s946A (Statement of Advice) and s941A Financial Services Guide
- ASIC has 12 Regulatory Guides that enforce all obligations on financial planners especially in respect to the disclosure of fees

3. Government transparency

- during its two year consultation on the reforms, the Government always committed to a 'prospective' application of the FoFA reforms – that is the reforms would only apply to new clients from 1 July 2011.
- there has been no consultation or discussion about the impacts and implementation of this measure applying to existing clients.

FPA supports a fee disclosure statement requirement for new clients

The FPA supports the requirement:

- for all financial planners to annually issue an information 'fee disclosure statement' to new clients (who elect to receive and pay for ongoing advice services). This measure will support the banning of commissions on investments of new clients from 1 July 2012, as well as other FoFA reforms.



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