

Dear ASIC,

The 270 page statement has undertaken an extensive analysis of ASIC costs & made an apportionment to various activities.

This year/period is somewhat unusual being post Hayne when over-regulation, especially by legislators & regulators is at heightened levels.

While understanding the work in the CRIS statement, the result for the retail advisory industry shown in the attached is likely to achieve the opposite result to affordable & available advice.

It is submitted the attached schedule increasing costs to licensees to \$3138/advisor is simply uneconomic for the retail advisory industry.

My submission is that the fees need to be held at \$2500/ retail advisor.

Hayne suffers from not having a second Commissioner with financial nous. As a result, time will not treat Hayne well. One result is the banks have exited financial advice as have wholesale advisors.

The number of Firms providing advice to retail advisors is falling. It is likely retail advisors in the current year will fall further from 21,308 to under 15,000.

The attached schedule which excludes wholesale & recoveries from the banks gives a calculation not commercially sustainable & will result in more advisors exiting the retail advice space.

For example our Firm has always had the culture that we will advise anyone. If we can't recover a fee, then that is our social responsibility.

Rather than encouraging this noble goal, we are considering moving a number of our advisors to wholesale only with senior advisors such as myself no longer engaging in retail advice.

I find this rather sad ie that the post Hayne over regulation is leading to dramatically less quality advice for retail investors.

I personally get a deal of satisfaction from helping less sophisticated investors including children & new investors.

But everywhere we go, costs of engaging in this increasingly marginal activity are rising.

For example there is concern about insurance costs. Last year our insurers said "Oh you do retail advice. Well that's another \$ XXXXX on your premium".

My submission is that ASIC need to allocate some recoveries or spread some of the costs differently to keep the retail advisory fees at \$2500/advisor.

Historically the annual company fees were part of the recoveries.

The rationale for this is all shareholders benefit from the price discovery process in listed markets, so all should contribute. The annual ASIC company fees go some way towards a broader contribution from the free loaders who benefit from the work we do. Another way to express this is the n versus 1/n problem.

Retail advisors bear n of the costs but their clients receive 1/n of the benefits.

I urge ASIC to understand that the attached schedule continues and will continue to achieve the opposite result to what is intended ie it will result in less affordable & quality advice.

Cheers

Chris B

Summary table of estimated industry funding levies for the financial advice sector

Table 68: Estimated industry funding levies for the financial advice sector

Subsectors	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Licensees that provide personal advice to retail clients on relevant financial products	\$71,354m	2,991 AFS licensees with 21,308 advisers.	<p>Adjusted number of advisers on the financial advisers register</p> <p>The levy metric is based on the number of relevant providers (within the meaning of s910A) that are:</p> <ul style="list-style-type: none"> registered on the financial advisers register at the end of financial year; and authorised to provide personal advice to retail clients on behalf of the entity. 	\$1,500	No threshold	\$1,500 plus \$3,138 per adviser
Licensees that provide personal advice to retail clients on relevant financial products that are not relevant financial products	\$1,761m	625	<p>Number of days authorised</p> <p>The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation.</p>	N/A	N/A	\$2,817
Licensees that provide general advice only	\$2,971m	1,004	Flat levy	N/A	N/A	\$2,959
Licensees that provide personal advice to wholesale clients only	\$0.043m	1,624	Flat levy	N/A	N/A	\$27

Note: The number of advisers is based on information self-reported to ASIC.