



“IT WILL ALSO RESULT IN BETTER BUSINESS FOR THE INDUSTRY – A WIN-WIN SITUATION

THE JIGSAW AND THE BIGGER PICTURE

Now the trick is to work with regulators to create the picture we all want to see.

Having just reached the *Future of Financial Advice* (FoFA) finishing line on July 1, 2013 (or the starting line, depending on your view), it is time to take a step back and take a macro view of the regulatory environment.

We're seeing a large number of regulatory "jigsaw pieces", and we need to review how these pieces all fit together efficiently. As with most new regulation, there will be an additional cost that, more often than not, eventually resides with the consumer. A more efficient regulatory environment will ensure we continue to have an appropriate supply of professional advisers to service the Australian public.

While there is often debate, generally it is accepted that the vast majority of

regulations are developed and introduced for valid reasons and with the best intentions. For example, the accounting profession has seen the introduction of a registration regime for approved self-managed superannuation fund (SMSF) auditors and is soon to commence transition to a limited licence framework. At the same time, financial planners have the impending introduction of registration under the Tax Practitioners Board (TPB).

Usually the key driver and policy objective for new regulation is consumer protection; and this is widely accepted as positive. With greater consumer protection, consumers will develop greater confidence in the financial services industry and will want to access professional advice, and it will also result in better business for the industry – a win-win situation.

The question now is: with all these additional and existing regulations and registrations, how do they best fit together efficiently? Take, for example, how chartered accountants operate.

A chartered accountant may be a registered company auditor, registered tax agent, registered BAS (Business Activity Statement) agent, registered company liquidator, approved SMSF auditor, or licensed under an Australian financial services licence (AFSL) or Australian credit licence (ACL) regime.

For chartered accountants, regulation is not a new phenomenon that they need to become used to. In many respects, it is the norm for those operating in public practice and providing professional services to adapt and adhere to regulations from a number of bodies, including APRA, ASIC, the ATO and the TPB.

There are also standards that apply through statutory government bodies such as the Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AUASB) and the accounting profession's Accounting Professional and Ethical Standards Board (APESB).

When applying for a licence, or registering, how many times does one need to demonstrate being a "fit and proper" person, or having certain competencies or experience; or abide by a code of conduct, or provide an academic transcript? There must be an opportunity to streamline the information we are providing to each organisation, and to enhance the interaction between regulators in order to reduce the administration of the various registrations and licences. This would align with regulator and government objectives of reducing red tape.

We need to ensure we do not increase the hurdles to a point where professional advisers find the regulation too hard and are forced out of their chosen profession.

Otherwise, the result could be fewer options for Australians trying to access advice, and significant economic implications for small business in Australia.

We now have the pieces of the regulation jigsaw puzzle – we just need to bring them all together and work with the regulators to achieve the big picture we want to see. ■