



**Certainty Advice Group's
SUBMISSION ON INTERIM REPORT A**

**Australian Law Reform
Commission
FINANCIAL SERVICES LEGISLATION
ALRC Report 137**

Friday, 25th February 2022

Prepared by:

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Certainty Advice Group



ABOUT CERTAINTY ADVICE GROUP

www.certaintyadvicegroup.com

Since 1989 Jim Stackpool, founder of Certainty Advice Group, has trained, consulted and advised financial planners, advisers and accountants throughout the Australian Financial Services Industry.

To understand the context and any bias in our response to ALRC Financial Services Legislation Response to Interim Report A, it is important to note that **Certainty Advice Group is a training and consulting organisation** for advisory firms and does not provide retail or wholesale financial advice to consumers.

This experience and breadth of work assignments over 30 years provides the ALRC with a unique non-product basis and perspective as to delivery of valuable financial advice. The majority of issues Interim Report A are addressing have arisen due to lack of separation of advice and product. We have been training firms for 30 years in the successful implementation of separating advice and product as it is the future of advice.

Certainty Advice Group's vision is the delivery of valuable financial advice for the majority of Australians. This will be achieved by appropriate frameworks, standards, business support models, training and collaboration of advisory teams who aim to build advice brands based purely upon the value of advice rather than the distribution of a financial products.

Since 1989, Jim Stackpool of Certainty Advice Group has trained thousands of financial planners, accountants and advisers, responded to numerous financial services and accounting industry inquiries, written numerous industry white papers, authored four books on the delivery of financial advice, acting as judge of several industry awards on areas of 'best practice', chaired and co-chaired committees for tertiary financial services courses and created Australia's first registered certification mark – Certainty Advice – for unbiased financial advice with ACCC and IP Australia.

Further detail on [Jim Stackpool biography can be found here](#).

Executive Summary

The terms 'general' advice, 'personal' advice and 'product' advice are three quite distinct terms used consistently, confusingly and at times maliciously in discussions of the taxonomy of financial services.

These terms mean different things to people within and outside the financial services industry. When these terms are freely used across an ever-growing range of financial service offerings, each with a varied range of consequences, it adds to the complexity faced by Australians simply trying to live their best possible financial lives.

When Australians face issues regarding their health, they are not confused between the advice from their medical practitioner, the advice from their pharmacist, or the 'advice' from their supermarket. Nor are they confused about the incentives influencing their health purchase.

This is not the case in financial services.

Australians have proven their ability to adapt to needed debates on issues of gender, social and racial inequality, climate change, and transparent governance. Like the many reports before it from other well-intentioned reviews, Report 137 is exposing the inequality debate underpinning Australia's largest industries by revenue¹ which has consistently delivered value to the providers of financial products often at the expense to those they are meant to serve – Australians seeking financial advice and products.

Essentially the ALRC's initial reform focus should be on the terms 'products' and 'advice'.

The first, *products*, simply requires product knowledge or factual information. The second, and more widely mis-used term *advice*, requires client knowledge, education, training and experience.

A product is an instrument with a fee materially connected to the product provider.

Advice is a service, not an instrument, with a fee not materially connected to any instrument.

Future product and advice definitions must distinguish between providers based upon method of provider incentive, rather than levels of client or adviser sophistication. The current terms general advice and personal advice only serve to confuse. The distinction between Retail, Wholesale and Professional clients is meaningless and should also be scrapped.

¹ BIGGEST INDUSTRIES BY REVENUE IN AUSTRALIA IN 2022 – [IBISWORLD](#)

Detailed Responses

A1	No Response
A2	No Response
A3	Agree
A4	<ul style="list-style-type: none"> a. Agree b. Agree c. Agree d. Agree e. Agree f. Agree



'We're giving personal advice. A product just happens to be a subset of what we're doing.'

Jarad Stirling, Director
Stirling Financial Consulting
www.stirlingconsulting.com.au

A5	<ul style="list-style-type: none"> A – Disagree B – Agree C - Disagree
A6	No Response
A7	No Response
A8	Agree
A9	<ul style="list-style-type: none"> a. Agree b. Agree
A10	Disagree
A11	No Response
A12	No Response

'The words product and advice don't really fit together.'



Reine Clemow, Director
Acqira Wealth Partners
www.acquirawp.com.au

A13	<p>a. Agree b. Disagree – the use of terms "general advice" and "personal advice" should no longer be used. c. Disagree</p> <p>"Advice" should not be confused with "Recommendation"</p> <p>The differentiator is method of payment or existence of incentives.</p> <p>A recommendation is a transaction where a fee or incentive is materially affected to the supply of a product.</p> <p>Advice is a transaction where the fee is in no means materially affected to the supply of a product nor any third-party or related-entity incentives.</p>
A14	Disagree
A15	Agree
A16	<p>A. Disagree B. The terms retail, wholesale or sophisticated client should be removed</p>
A17	None – the term "sophisticated investor" should be scrapped.

*'Is a 90-year-old lady who's worth 20 million a wholesale client?
No, but you're allowed to sell her options because she's a
wholesale client'*



Nigel Baker, Director
Arch Capital
www.archcapital.com.au

A18	Agree
A19	No Response

	This requires a significant response involving the many interests forging the future of advice for more Australians from within regulators, industry, policy and aligned services.
A20	No Response
A21	A. Agree – this needs to be re-written B. Agree C. Agree D. Agree
A22	No Response
A23	No Response
A24	Disagree



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'I don't believe our industry is heading in the right direction until we actually take out the whole of the conflicted remuneration, the conflicted ownerships, the way we're licensed, the way that advice is delivered'

Tim Carrigg, Director
Apprise Advisory
www.appriseadvisory.com.au