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ADVISERS HAVE ONE SHOT AT RESCUING GRANDFATHERED REVENUE

EXCLUSIVE There will be no second chances for a growing group of financial advisers heading to the High Court in a bid to save grandfathered commissions.

by James Mitchell - May 14, 2019 10 comments

The rescue attempt is being made by a cohort of advisers who together make up the Advice Regulation Challenge (ARC), which has been established by a number of industry leaders, including AIOFP executive director Peter Johnston, to form a united stand against what he describes as “the collective punishment of the advice community for broader problems in the financial services sector”.

The ARC is being funded by advisers and chaired by barrister Arwed Turon, with Melbourne Securities Corporation serving as trustee.

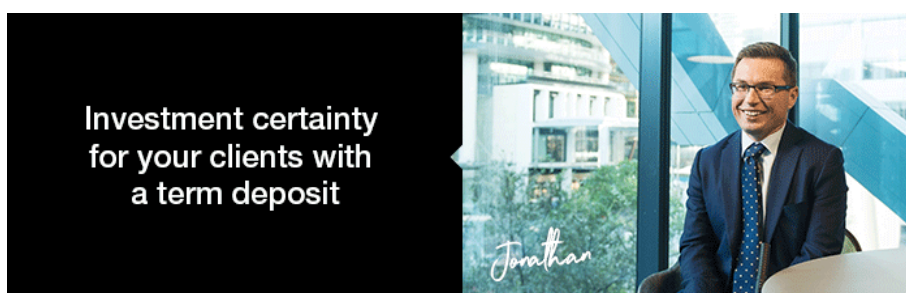
The group is heading to the High Court, where it will be represented by lawyers Corrs Chambers Westgarth and constitutional barrister Peter Kulevski who will argue that proposals to ban grandfathered revenue are unconstitutional.

However, unlike other court systems in Australia, the High Court does not permit appeals; its judgement is final.

“We only have one opportunity in the High Court to challenge this issue and must resist those who have an ulterior motive to our success,” Mr Johnston said.

“We must do whatever we can to ensure we have the best chance of success, doing nothing is not an option. It is clear that the entire industry needs to put aside any political differences and support ARC. We have assembled the very best legal team for the challenge but we need your financial and political assistance to ensure success.”

Central to the ARC’s agenda is the belief that the current government and past governments have failed to liaise with and properly understand the financial advice sector and the thousands of Australians it employs.



“With a new government looming it is time for advisers to make a stand and send a clear message to Canberra that we will not tolerate our past unfair treatment,” Mr Johnston said.




“We are also planning a social media and public marketing campaign to educate politicians and consumers on the positive role advisers have and correct the negative political spin we have endured.”

The move comes amid pressure for the advice sector to professionalise and reform, driven largely by the royal commission hearings last year and the recommendations in Hayne’s final report.

This week, the CFA Institute published a report on the financial advice industry recommending that grandfathered commissions be banned immediately.

“Conflicted remuneration has been at the heart of many of the issues raised before the Hayne royal commission,” the group said.

"We strongly believe that the grandfathering of commissions allowed under the Future of Financial Advice legislation should be outlawed either immediately or with a short sunset period to allow firms to adjust. Hayne's recommendation 2.4 is that it be outlawed 'as soon as reasonably practicable', and we call for this to happen within the next 12 months."

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NEWS


COMMENTS (10)

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 **Agent 86** 2 hours ago.
Embarrassing to who " Enough " ???
If its embarrassing to you that both sides of Govt are prepared to completely screw over honest advisers who have serviced their clients over many years only to potentially have their income and value of their business decimated through no fault of their own, then your understanding of this situation is void.
If you have an entrenched evangelistic ideology that anything to do with any form of commission payment is ethically wrong then that is fine, but it makes you look uneducated and misguided.
Advisers do put in the effort engaging with their clients on trail...that how they are remunerated and often at a significantly lower overall cost to the client than charging them a fee for service every time you do something for them.


17 [Quote Reply](#)

 **Anonymous** 3 hours ago.
It is interesting that we appear to have to EDUCATE politicians on what we do as advisers. With the market now having its spat globally, with property prices falling, with the reserve bank contemplating the next move on interest rates. Australia is in a very compromised state. This is our leadership regardless of political persuasion. This is the best we have got folks. So to now also need to educate these politicians who have got us to this point, is but a very sick joke. Yet these who do not understand our industry, do not understand advice processes, can only pass more and more laws and red tape, regardless of industry. These are the ones presiding over our industry? Thank god they are not surgeons and we are patients!!!!


0 [Quote Reply](#)

 **Anonymous** 4 hours ago.
While the revenue will go down (GF commissions), the compliance and cost to serve keeps going up.


3 [Quote Reply](#)

 **BOB** 4 hours ago.
Some advisers spent years building & or buying books of business to just steel their income in any way shape or form is criminal ! At least somebody is trying to do something!

1 [Quote Reply](#)

 **Bearstow** 5 hours ago.
Desperate attempt at retaining some money for jam. Sorry, I think the bigger picture is, the good Advisers have moved on and their clients are happy to pay their fee.


-1 [Quote Reply](#)

 **anonymous** 5 hours ago.
I would have thought being paid and not doing anything for it is akin to theft


-2 [Quote Reply](#)

 **Christopher Walsh** 5 hours ago.
Typo there "the High Court does permit Appeals" Opps


0 [Quote Reply](#)

 **Anonymous** 6 hours ago.
I don't have any grandfathered commissions but I sincerely hope they win. You cannot tell me that there are NO areas where grandfathered trails don't benefit the client. If its anything like risk commission there will be some customers that could not afford a fee for service compared with the time they cost and their trail commission but that is part of the job.
If they do win we need to be acting on the LIF next.

14 [Quote Reply](#)

 **Denis Denuto** 7 hours ago.
In summing up, it's the constitution, it's Mabo, it's justice, it's law, it's the vibe and aah no that's it, it's the vibe. I rest my case.

29 [Quote Reply](#)

 **Enough** 7 hours ago.
Put the time and money into engaging with your clients on trail. This is embarrassing



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