

THE OTHER REFERENDUM.....

Hi, the looming QAR announcement and the merger of the FPA/AFA has created an interesting juncture in the history of the Advice community. This new merged FAAA entity [assuming they are permitted to use this acronym] has used POLITICAL ADVOCACY as its key platform issue to attract member participation from both now relapsed entities.

This argumentation has induced an industry wide debate around past and the future likelihood of political success with enquiries from our members and the market about the AIOFP's political direction and success of its advocacy program.

It has in essence created an UNOFFICIAL REFERENDUM if you like on who will be the most effective advocate in Canberra for Financial Advisers, a critical debate that is long overdue.

Looking at this issue in sporting parlance terms, it is an examination of the scoreboard on how each has performed in the past and what their future game plan looks like.

As we all know, talk is cheap, actions and the scoreboard tell the story, the following is our candid view on what has and will happen going forward including our vision, structure and objectives.

Firstly, we are acutely aware that many Advisers are disillusioned with Associations squabbling and being forced into compulsory Association membership by TPB/Government action in the past. Unfortunately, this may cause some Advisers to not join any Association in protest, which is understandable, but the Advice community needs an effective Canberra advocate to protect its political future as recent political victimisation experience attests.

The last decade of political misery cannot be repeated, the unavoidable fact is the Advice community has had poor and commercially compromised

leadership from 3 Institutionally aligned/influenced self - proclaimed 'peak body' Associations who were directed by an Institutional agenda to cull Advisers. This heinous environment has caused widespread mental health illness issues and multiple suicides, not a good look for the scoreboard.

The cooperation of Associations with Government can be a powerful force, the AIOFP has proven that over the past 12 months with the 10 – year rule Education Pathway success, political strategy and working with Treasury on our QAR views.

Furthermore, the FPA/AFA/FSC backing Ministers FRYDENBERG/O'DWYER/HUME to achieve the Liberal Party desired political outcomes of LIF/FASEA/Compliance/Grandfathering also demonstrated how effective Association cooperation can be. Unfortunately however, in this instance it was used to cull Advisers from the industry.

The FPA/AFA/FSC collusion performance over the past decade speaks for itself, it has been an unmitigated disaster for the Advice community and they think officially joining two will be a better outcome.....the scoreboard refutes this position.

The AIOFP offers no apologies for calling out anti – Adviser behaviour in the past or in the future, we consider it to be important to 'keep the bastards honest' and protect the Advisers/client's position. Yes, it has ruffled some well - established feathers but we intend on continuing the approach - we only care about Advisers, their clients and the operational environment.

The AIOFP has demonstrated over the last 5 years that Adviser numbers are not necessarily the most important element when dealing in Canberra, being committed to the best interests of Advisers and a cogent political strategy are of equal importance.

THE SHORT AND LONG POLITICAL GAME PLAN.

Members have been asking about the AIOFP political strategy within the current environment and why it is now different from the past 8 years. This question is highly relevant in the current market debate context and should be addressed by all Associations seeking Adviser support.

Please consider the following –

- A political **SHORT GAME** is where short term benefits are sort despite the medium to long term political damage to your reputation and therefore effectiveness with the current key players. A **LONG GAME** is either cooperating with the current key political players despite any perceived short comings to achieve favourable outcomes on an ongoing basis **OR** implementing a LONG negative strategy to achieve your objectives.
- The AIOFP has successfully transitioned from a LONG **negative** game plan to a LONG **positive** game plan since the 2022 Election. We refused to cooperate with the last Government's attitude towards the Advice community and played the LONG negative game against them by educating Politicians on the damage FASEA/LIF/compliance etc had done, lobbying against them with the crossbenchers, supporting the Opposition and finally implementing the marginal seat campaign with our members and their clients in certain seats. This LONG negative game ended when the ALP won Government in May 2022.
- If the Coalition had won the last election the AIOFP would have been in the political wilderness and it's management on a beach somewhere after forfeiting its political capital with the Liberal Party over the last 7 years.
- We bet on the ALP winning the 2022 election and have now moved to the LONG positive strategy of supporting a Government that is on a mission to rectify the Liberal Party industry damage. Yes, the progress has been slower than we all want BUT there are mitigating circumstances for that, the facts are the ALP are doing something about it. It is fruitless criticising them like others do, they have a process to go through and we must just be patient. The Liberals spent 9 years implementing their nefarious actions against the Advice community, you cannot expect the ALP to dismantle it in 12 months.
- It is fair to say the AIOFP has developed a positive working relationship with the ALP generally, the Ministers office, Treasury, ASIC, AFCA and CHOICE. All essential stakeholders to assist Advisers and their clients going forward.

- Our strategy contrasts with the SHORT game Ms Levy and the FPA/AFA are playing with criticising the Minister over a QAR response. This constant noise can only cause damage to their political capital with the ALP and the Ministers office. Nagging and annoying someone will either see the targeted person acquiescing or going in the opposite direction – a high risk SHORT negative strategy.
- Ms Levy’s objective must be to get as much publicity as possible in the industry to win work going forward for her Law practice. Being a Liberal Party appointee who has been constantly goading the Minister with a SHORT negative strategy, her ‘Liberal’ orientated practice is unlikely to get any future Government work with the ALP in power, their only target is the Institutional sector. Hence no dignified silence like Comm Hayne, only an ‘in your face’ constant barrage of criticism and grandstanding – a very SHORT negative game plan but likely an effective long term commercial outcome.
- The FPA/AFA are playing a similar dangerous SHORT negative game after a LONG game of positive cooperation with the Liberal Party. ***Constantly criticising the Minister in concert with Ms Levy to get member attention for their merger is likely to backfire on them.*** Considering the ALP will more than likely be in power for at least another term, the disarray of the Liberal Party generally and the FPA/AFA past support of the Liberals LIF/FASEA legislation, their political effectiveness going forward can only be described as questionable. ***Their scoreboard looks very poorly positioned.***

SUMMARY.

AIOFP has proven over the past 5 years that a sound political strategy can be more effective than just having sheer numbers to get a desired political outcome. We contend that the AIOFP will be even more effective with greater numbers backing our strategy.

Remember this truism? ***‘If you always do what you always did, you will always get back you have always got....’***

The last pieces of legislation the FPA/AFA were meaningfully involved with are LIF/FASEA, not a great look on the scoreboard from an Advisers perspective.

It is truly time for a change in Canberra to progress and protect the Advice community. The current FPA/AFA SHORT term negative high stakes game plan is fraught with danger particularly after a LONG positive relationship with the Liberal Party where the Banks had been throwing cash around to 'encourage' political outcomes. The FPA/AFA have failed to support Advisers in the past by choosing to favour the Banks/Liberal Party and it appears they have not learnt their lesson with the support of Ms Levy's Institutionally biased views.

Will being formally joined at the hip make any difference with the merger? We doubt it, it looks more like a coming together of two damaged parties with two badly damaged scoreboards.

We think a LONG positive game plan cooperating with a Government focussed on correcting the poor past legislative aspects is the best strategy to further the interests of Advisers and their clients. Risk Commission elevation, compliance rationalisation, amending the Exam format, addressing the new entrant's pathway including appropriate conditions for risk only Advisers and the ASIC Levy are on our short - term agenda.

We will be releasing a very candid extension of these views and our position later in the week.

Peter Johnston

Executive Director

Association of Independently Owned Financial Professionals