



Peter Johnston, Executive Director Opening Speech Canberra Conference 2023

Welcome to arguably our most important Conference in 25 years. The political landscape has moved in recent times, despite the recent visits to Washington and Beijing the people at home are financially hurting and the Albanese Governments tenure is weakening. As suggested recently, we must be wary of the past as history has a very bad habit of repeating itself.

We all know the intense pain the Advice community has felt since that fateful day in December 2014 when Josh Frydenberg became the Financial Services Minister after Arthur Sinodinos' untimely departure. We believe Frydenberg insisted on maintaining control of our industry until his departure at the 2022 election. This essentially exonerates the roles Kelly O'Dywer and Jane Hume played in the delivery of the most brutal and horridly focussed legislation in living memory. Due to Frydenberg's autocratic and tyrannous rule of our industry, all other Senior Liberals like current Treasury spokesperson Angus Taylor were excluded from his decision making.

The lower quality profile of Politicians from all sides of politics since the 2004 elimination of the Parliamentary Pension Scheme did not help our cause during Frydenberg's rule, fundamentally most Politicians did not understand the ramifications at the time. Just to remind you, the Parliamentary Pension scheme was abolished on the 9th of October 2004 after a spat between PM John Howard and Opposition Leader Mark Latham [grandfathered of course].



Since this date it has become increasingly difficult to recruit quality people generally into politics, less than 10% of the current Politicians are pre 2004. This literally means 90% of all current Politicians have no income support if they lose their seat at the next election, Scott Morrison is a classic example.

Frydenberg's manipulations were not understood in Canberra and concealed from party colleagues. This is where the immense damage was done by the 3 Associations 'representing the industry' and agreeing to their legislative strategy. The cries for mercy from the Advice community were passed off as merely spurious claims from a cohort who were supposedly responsible for product failure and churning insurance policies.

Imagine if the AIOFP did not push back against the Liberal Party and the 3 Associations?

Naturally, the Liberal Party initially hated the AIOFP but now sanity has prevailed, they now understand the extent of the damage caused and realise we were only acting in the best interests of our Adviser members. I think they also now understand the power of the Advice community and their clients and are wary of our potential power.

The 2025 Federal Election result is far from certain. The 4 WA marginal seats the ALP unexpectedly picked up in 2022 from the Liberals are unlikely again this time around. Combine this with the disastrous referendum results for the ALP, the perception of broken promises around the cost of living and the surging confidence of Peter Dutton suggests it's at least a 50/50 bet.



This is great news for the Advice community, it means everything is on the table leading into the 2025 election. There are very few Politicians left in the Parliamentary Pension Scheme meaning a lost seat is a life changing negative experience for most, again a great scenario for our industry if we effectively manage and exploit the process.

The significance of the recent COREDATA survey should not be underestimated. To have 89% of Consumers willing to change their vote at the next election if legislation negatively affects their position sends a very clear and intimidating message to Canberra. We encourage all members to engage directly with their clients by sending through the COREDATA survey results to keep them informed on political strategy that will be in their best interests. There is nothing like self interest to get humans motivated.

The Advice community's ***client base*** is the most powerful political ammunition in our cache to encourage or intimidate desired political outcomes, but the ability to make solid donations to key stakeholders runs a very close second.

The results of our mid – year member survey suggests we have sufficient support to establish an 'ELECTION FUND' leading into the 2025 election. We are currently in negotiations with UNITY BANK and our legal adviser to establish a fund to commence on February 1st 2023. The fact that we have a fund is just as important as how much is in it, we suggest a minimum of \$10 per week is a reasonable starting point for those willing to participate.

Our political strategy is a fundamental approach based on getting bipartisan support for our 5 key issues leading into the next election. The prospects of a close election result plays into this very basic



political strategy. Abolition of Consent forms, rationalisation of the SOA, Professional judgement with Advice documentation, return to pre LIF commission levels, tax deductibility of advice and an independent assessment [or elimination] of the ASIC levy.

In 2020, we nominated the Education Pathway 10 - year rule to Shadow Stephen Jones, he sort approval from President Wayne Swan and it passed the ALP National Executive who were wary of releasing any policy after the 2019 Election outcome. Minister Jones released it at our 2021 Hunter Valley conference, Minister Hume agreed to match it within 36 hours and the rest is history. We will commence this process in earnest with the bitterly disappointing content in the latest QAR response providing an opportunity.

At last years AGM Members overwhelmingly requested the AIOFP use its scale to organise product/services for its boutique/mid - size members with the establishment of a Continuing Education Program high on the list. Today Ray Bailey will announce a service he has been working on that will deliver a cost - effective service comparable to other market options at a substantial discount to retail pricing.

The other request was creating new client opportunities for members and promoting the Certified Financial Strategist [CFS] designation to consumers as a point of difference.

We have in the past been critical of Designations particularly the CFP where continued surveying over the years reveals that not one consumer has ever asked about CFP or any other qualification for that matter. We have however found a niche for designations where they can be advantageous - as a justification and point of difference for key centres of influence to use when deciding to use the services of



particular Financial Advisers to assist their employees/members with personal advice solutions. The fact that the CFS is not just about qualifications is its point of difference, it is about highlighting practical aspects that consumers can understand and relate to - mitigation of risk, elimination of conflicts and recognition of experience separates CFS from all others.

Over the past 2 years we have approached a number of Corporates/Super Funds/Boutique Banks about providing Advice services to their constituents, we are pleased with the results.

An issue we needed to address was having comfort around the issue of Product failure ramifications. The recent Dixon fiasco and other product failures over recent years had to be addressed and countered to proceed with us providing services to their constituents, controlling what products are being offered to their people via a specifically tailored APL is the best option. We have established an AIOFP APL Panel [AAP] with 3 experienced and qualified members to decide on what products are approved. Lionel Rodrigues, Adam Kerr and Steve Blizzard form a panel of academically qualified and vastly experienced Advisers with over a combined 65 years of service to the Advice industry.

CFS members wishing to receive new client opportunities will pay a monthly fee to become a CFS PRIVATE CLIENT ADVISER. [PCA]

The AIOFP role is to ensure CFS Advisers governance standards are maintained, to inject some integrity in the process we believe a third party must be utilised. We are currently in negotiations with the Institute of Financial Professionals Australia [IFPA] to outsource this function to them.



The three objectives of this service are to provide new client opportunities for members, create a new revenue source to support the AIOFP and provide a client relevant designation they can relate to. Our aim is to commence in February 2024 with costs released in late January once the IFPA component is negotiated.

The new AIOFP Clients participating [or currently negotiating with] are COUTTS, HUDSON, NEXTRURAL, MINE/TWU SUPER, ELECTRICITY SUPER, UNITY BANK, HOSTPLUS. We expect the Super Fund industry will provide greater opportunities in the near future where Funds will seek third party professional Advisers to assist their members.

On Thursday we will give you a glimpse of the 2024 Conference program which we hope will inspire you to attend!

On behalf of the AIOFP Board and Management we hope you will enjoy this event.

Peter Johnson
Executive Director - AIOFP