



15 May 2020

BT Technical Podcast #3 – Transcript.

This week's podcast will cover the developments that occurred in Federal Parliament with its first major sittings since February 2020.

Hello and welcome to this week's podcasts brought to you by the BT Technical Services team. My name is Bryan Ashenden and I have the pleasure of leading the team of experts that are available to answer any technical advice strategy related queries you may have.

In this podcast I will look to cover major announcements that have occurred over the past week, topical issues that you should be aware of, and where relevant, major themes and issues that we are identifying through the course of the week as we respond to your questions.

This week both houses of Federal Parliament returned for the first time since the end of February 2020 – other than for two discrete days to pass COVID-19 related measures.

The week started with a significant announcement, with the Government announcing a 6 month deferral to the legislative program for Royal Commission related reforms, with the Government acknowledging the need to balance regulatory reform with the need for financial institutions to have time to prepare whilst still servicing and supporting clients through the COVID-19 environment.

Where legislation was due to be implemented by 30 June this year, this will be extended out to 31 December 2020. This includes the obligations under enforceable code provisions, the new annual renewal and payment for financial advice, the requirement to disclose lack of independence, the inability to deduct advice fees from MySuper accounts and limitations on deducting advice fees from choice accounts. Additional Licensee obligations that also have a six-month extension include the reference checking and information sharing obligations as well as the obligations to report both compliance concerns and misconduct of financial advisers.

Also being extended out six-months are those measures that originally were to be consulted on and have legislation introduced by 31 December 2020. This includes the proposed single, independent disciplinary body for financial advisers tasked to monitor compliance with the Code of Ethics.

Last week we also saw that the Bill that was before the Senate to extend the FASEA completion deadlines for the exam and education requirements for existing advisers was listed for consideration under a heading of "non-controversial legislation". However, that prophetic announcement did not come to fruition, with the Bill not passing the Senate this week due to unrelated amendments to the Bill being moved by the Opposition.

In a positive sign, we did see the Government introduce legislation to Parliament related to the 2019 Federal Budget announcement of deferring the work test requirement for superannuation contributions from age 65 to 67. Whilst a legislative change is only required for the associated changes to extend the bring-forward contribution opportunity to age 67, with the Government to introduce regulations to change the contribution rules under superannuation law, this week's progress shows the commitment of the Government to retain the proposed 1 July 2020 start date for these measures. However, these measures also did not pass through the Parliamentary processes this week, so you will still need to take caution in any advice you provide to clients this financial year, particularly for clients who are aged 65 or close to, about their contribution options.

Despite none of these important legislative measures actually passing through Parliament this week, the good news (perhaps) is that at the end of this week's Parliamentary sittings it was announced that both houses will return for another two weeks of sitting in mid-June 2020. Fingers crossed, we won't have to wait too much longer for some legislative certainty around these important changes for advisers and clients.

Remember, for any technical advice strategy considerations, you can call our BT Technical Services team on 1800 655 901 or send the team an email at technical@btfinancialgroup.com

And if you haven't yet registered, there is still time to join us at **2pm on Wednesday 20 May 2020** where Matt Manning from our team will be presenting a webinar on year end measures. Head to bt.com.au/professional to register if you are interested.

Until next week, bye for now.

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