

Submission on discussion document: *Financial advice provider licensing fees and changes to the FMA levy*

Your name and organisation

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Organisation	G3 Financial Freedom Limited

Responses to discussion document questions

FMA licensing fees

1 *Do you agree with the identified objectives for fee setting? Are there other objective which should be considered?*

Yes we agree however, not quite sure if the word 'incentives' in 11d is appropriate. We see what you are trying to suggest in the point however, wondering if the FMA should not need 'incentive' to provide an efficient and effective service?? Unless we missed it, we could not find this word in the Auditor-General's Good practice guide you make reference to, although we note there is a reference to this in the Treasury's Guidelines for Setting Charges in the Public Sector page 16

2 *Do you have any comments on our proposed transitional licensing fees as set out in the discussion document?*

None

3 *Do you have any comments on our assessment of the proposed full licensing fees as set out in the discussion document?*

None

Changes to the FMA Levy

4 *Do you agree with the identified objectives for setting the levy amounts that will apply in the new financial advice regime? Are there other objectives which should be considered?*

Yes

5 *Do you have any comments on the proposed levy? Are there any further advantages or disadvantages to our proposal?*

No comment

6 *Should the levy relating to financial advisers be payable by the financial adviser as proposed, or the financial advice provider?*

We do not have an explicit view on this however, if the levy is charged to the FAP and not the FA, the FAP can always choose to pass all/some of the cost on to the FA as part of their

requirements of the FA being a member of that FAP, or even via their FAP subscription requirements for an FA or Nominated Rep to benefit from the FAPs support, process and systems. I guess we are thinking here of the larger FAPs rather than those smaller practices where the FAs are the directors of the FAP

7 *Do you have any comments on the alternative options set out in the discussion document? Are there other options, or variations on the alternative options, that should be considered?*

In terms of your thoughts on a FAP not growing due to increased fees. Then as we mention in point 6 above, the FAP could have the option of passing some/all of that costs on to the FA/Nominated Rep maybe, for the larger FAPs with many FA/Nominated Reps

8 *What would the costs and benefits be of providing relief to single adviser businesses?*

Not sure this is relevant and should be a consideration. There are many different business models within the adviser community so just giving relief to a single adviser business we do not see as appropriate. Some single advisory businesses may be more profitable than multi-adviser practices due to lower overheads, staff and general expenses, so providing relief would be unfair. There could be the view that as we are trying to create a professional advisory profession/industry, then paying these fees is part of being a professional and that there is no discrimination between a single or two plus practice for example

Changes to levies relating to authorised bodies

9 *Do you have any comments on the proposed changes to the levies that relate to authorised bodies?*

None

Assumptions

10 *Do you have any comments on the assumptions used in this paper as outlined in Annex 1 of the discussion document?*

None

Other comments