

Two decades of change

SPEAKING FRENCH

DAVID FRENCH
THE INVESTMENT COLLECTIVE



One of the things that's great about my role as a financial adviser is the variety of work we get involved in.

One day it will be establishing and managing self-managed super funds, the next doing battle with Centrelink and the day after that helping a small business with structuring and budgeting. Looking back over 20 years is quite amazing. Many clients, retired for years, have more assets than when they first came to see us (despite the twin towers attack, the GFC and Covid-19).

Others prosper because of the work we did to help when their business was struggling. Some we have helped in amazing and very personal ways.

And 20 years is a long time. Things change. Back in 2000, the official Reserve Bank of Australia cash rate was 6.25 per cent, now it's 0.1 per cent. That might be good for homeowners with a mortgage (although my assessment is that you just pay more for the property), but it's terrible for many retirees.

For example, a few weeks ago the best term deposit rate I could get on \$2 million was 0.4 per cent. These low rates fuel other issues and some of the advertising I have seen for 'safe' investments with high returns mirrors that of the 1980s. We need to protect people from that.

While the share market goes up and down, the regulatory burden only ever goes up. There are several reasons but the primary one is that politicians jump at any shadow and use whatever tools are on hand to sheet home blame to others. Take the Hayne Royal Commission - Labor got the Coalition into a corner about supposed corporate wrongdoing and rather than narrow it down to specific issues, the Coalition caved in.

Stupidly the review was limited to 'wrongdoing' in the financial services sector, not on an overall assessment of good and bad. This led to a media free for all and fees for counsel-assisting, Hodge and Orr of \$15,000 a day give or take. Kenneth Hayne's report was shallow,



It's been 20 years of ups and downs in the financial industry.

but he could easily say he was not permitted to do more.

The result of this pathetic attack on the financial services industry and people like myself? Well, first a lot of people lost their jobs. Some of these did not deserve to, like the MD of IOOF, who was later acquitted of the accusations levelled by the newly minted rock star lawyers.

The regulator ASIC, joined in the pile-on, only to lose more court cases, including the infamous Wagu and Shiraz case. ASIC ploughed on, lying in press releases that it cost \$14,000 a year to run a self-managed super fund (my family has had one since 1995 and can tell you that is abject garbage) and making all sorts of ridiculous assertions about the industry failures being 'a tip of the iceberg'.

ASIC also backed industry funds, which got off lightly in the Royal Commission but are now front and centre for underperformance, paying member money to unions, and wasting it on advertising. ASIC itself is now tied in

knots, awaiting a massive restructure, due to incompetence and payments made to its previous chairman and his deputy, which were at best unclear.

And finally, our friends at the Australian Financial Complaints Authority (AFCA), which in 2020 is an actual manifestation of the old 'complaints department' everyone joked about in 1970s retail sitcoms.

Nowadays it is no joke. Anyone can complain and a financial services provider has to pay AFCA \$5000 to challenge any assertion, no matter how ridiculous.

Seeing all this, what do you think insurers offering professional indemnity insurance to financial services businesses and directors did? They ran for the hills, with the few that remained jacking their premiums to eye-watering levels. ASIC, the people's friend, then loaded the costs of its (generally) failed court cases on the remaining financial services businesses (that's how ASIC is funded, in large part).

Since the Royal Commission more than

5000 advisers have left the industry. Estimates show another 5000 will soon be gone. If like me, you are silly enough to believe in what you are doing, then there is only one option if you want to stay in business, and that is to increase fees.

Reports across the financial advisory industry suggest fee increases of between 10 and 30 per cent. All the while clients keep coming in. They do so because the interaction between superannuation, Centrelink, financial markets and tax is so complicated that you need a sharp mind, and the time to understand it, find your way round the maze of implementation and make sure things are on track.

When you read about the latest 'scandal' put it in the context of 20,000 financial advisers, servicing hundreds of thousands of people accounting for hundreds of billions of dollars. Politicians and regulators are making life very difficult. Because they are often incompetent and bear no consequences when they directly hurt you.

Under The Trees volunteer

Being part of a community has many benefits. And with that in mind, I was totally taken back when Di Buckthorpe invited me to be part of the Under The Trees community.

Under The Trees is a laidback music and arts festival located under the trees at the soccer fields on Jacaranda Drive, Boyne Island.

I feel truly honoured to be one of approximately 90 volunteers, each bringing their individual skillset to form a team that will deliver not just on the day but now the previous evening as well.

It is the inaugural evening event that I'll be involved with on Friday September 17 - The Under The Trees Twilight Eve - Art Gala. The brainchild of Di, the evening will include art appreciation, fabulous live music, entertainment and me welcoming all to The Wine Bar.

I met with Di on the deck of The Tannum Sands Surf Club, to discuss my role. Firstly, we need to choose the wines that will be available on the evening. And I look forward to providing full disclosure in the next WineBill column.

Well as we all know it has been nippy, which allows us to fully enjoy a nice heavy well-aged red wine.

Yes! Blow the cobwebs off or just drop into your favourite bottle shop. I did just that and discovered a Howard Park, Single Vineyard Series 2012 Leston Shiraz.

The Howard Park single vineyard regional concept is designed to highlight the distinctive regional and site characteristics of



Shiraz and Cabernet Sauvignon from their best vineyard sites in the two premier Western Australian grape growing regions, the Great Southern and of course the Margaret River.

This particular Shiraz had an intense dark crimson colour. The bouquet delivered in so many ways; it had blueberries, cinnamon, cracked pepper, plums, mocha and violets. The palate had matured over the cellaring period and had reached a full richness, full of supple ripe fruit and elegant oak. It was served with an artisan cheese board: olives, sundried tomatoes, crackers, tapenade and mixed nuts. And it even had cheese! Aged cheddar, Comte and a blue cheese.

So this week's treat will be a Cabernet Sauvignon. From its arrival into Australia in 1832, as part of James Busby's vine cuttings, it sits proudly our second most widely planted red grape variety.

Cabernet Sauvignon is truly an Australian classic. As the Coonawarra wine region is arguably considered to be the preeminent producer of Cabernet Sauvignon in Australia, it is that section I shall go.

Theodore represented in famous Fink Desert Race

Theodore update with Paul and Denise Fowkes from Theodore News

Theodore has a number of entries in the famous Fink Desert Race.

Susan Koop was the latest contender, entering in the under250CC event.

Dust and the rough track makes the race a challenge. Google didn't know the number of competitors in the actual race but Susan came in outright at 482, achieving 29th place in the 250cc class. The race took Susan 3 hours and 47 minutes.

Platypus watch

Platypus are very common around Theodore with a number of colonies. Junction Park area has a number of these colonies.

Platypus can be easily seen early morning and late afternoon along the Castle Creek walkway, behind the Theodore Men's Shed and at the Junction.

Binoculars are not normally needed but are helpful. The key is to sit still and watch the edge of the water. A swirl in the water will either be a Saratoga or Platypus.

Turtles, water dragons and other water birds are also common.

Wildlife Queensland has planned a free two-hour workshop at the Theodore RSL Hall this Saturday from 2-4pm. Register for the workshop at wildlife.org.au what's on page.

Theodore Local Ambulance Committee

Theodore Local Ambulance Committee is running its cent sale after the Covid break.

The RSL hall will be holding the event on



Susan Koop has entered the Famous Fink Desert Race.

July 31 from 1pm. Admission includes afternoon tea and lots of prizes are on offer. Donations to the event are welcome. The LAC can be contacted on 4993 1103

State of Origin

Hotel Theodore is well known for its State of Origin events - big screen TVs, Calcutta and footy sweeps all take place at the hotel.

This Sunday it's on again. Theodore State School runs the Calcutta event. Some of the major players get auctioned off with syndicates often forking out big dollars to take a share on the prize pool.

Touch football is back on

Local team captains get your crew out training as the Theodore touch football is back on for both junior and senior events. Seniors start on August 4 and Juniors start on October 9. Iconic team names like Pink Bits, Cool Runnings and Ball and Chains are well known in the local competition.