

Dear Sir / Madam,

I am a little disappointed to hear all of the negativity coming from the Productivity Commission, in particular to Brokers' Commissions.

I am an independent Broker of 22 years, together with my son of 4 years, we are a family business.

I am disappointed that the Commission is only looking for negatives in brokering, inviting customers to share their problems. Why don't you allow all customers to voice an opinion, there are many out there that have great experiences with Brokers, you need to hear from them as well.

I have a few points that I feel need to be tabled;

Customer Reviews

My son and I revisit our customers every 3 years, to review their loan and circumstances. The majority of the time we are able to find an improved loan and the customer walks away better off.

We do not and have never not refinanced a loan over commission, if a customer comes back to me and is not happy with the lender that I placed them with, I move them immediately, even though I receive a 100% clawback from the bank.

Even in the days where our trails were reduced from .25% to .15%, we still continued to refinance our customers, to the point of my annual income dropping sharply.

Removing Trail to lower Bank Interest Rates

I am not a huge bank owned entity, if you force a removal of trail onto the industry, you will kill us. To expect me to maintain my level of service and continue to refinance loans that to go from trail, to no trail is too much to ask. Overseas environments that do not pay trail, pay a considerably higher upfront. If trail is to go, then Clawbacks must go with it.

If you want to change a regulation, make it that a Broker, if still operating, has to visit their customer every 3 years to review the circumstances.

Removing trail will not reduce interest rates that banks charge, that saved income will simply go towards advertising and dividends, as brokers start to leave the industry and applications drop off.

Charging a Fee for Service

Fees for Service will not work in Mortgage Brokering. It works in Financial Planning, as not many people would know where or what to do regarding Super, Retirement Planning etc. In Mortgage Brokering, we have 20 plus banks out there that a customer can walk into. Why pay a Broker when they can go direct to the bank down the road. They will not get the best deal, as they do not know about the smaller non major with the low rates, so how has that improved the customers outcome. The other factor is human nature, the majority of customers will bring the Broker out, find out the best lending option, pay no fee and then go direct.

I hope that you will please consider my input and consider talking to customers who have had great outcomes and experiences.

Yours Faithfully

John Evans J.P.
M.I.C.M., Dip FS (F/MB)
Principal