



30 June 2017

The Chairman  
Accounting Professional & Ethical Standards Board Limited  
Level 11, 99 William Street  
Melbourne VIC 3000

E-mail: [sub@apesb.org.au](mailto:sub@apesb.org.au)

Dear Ms Roxon

### Post-Implementation review of APES 230 Financial Planning Services

The Financial Planning Association of Australia welcomes the opportunity to provide input into the Post-Implementation review of APES 230 Financial Planning Services.

Our submission relates to question 5(b) of the consultation paper:

*5. The APES 230 remuneration provisions allow fee-for-service basis, asset based fees and third party payments.*

*b) If APES 230 was transitioned to limit remuneration to fee-for-service basis, would this work? Would such a change create any challenges?*

### FPA Response

There have been a number of significant and ongoing changes across the breadth of the advice profession since the time APES 230 was introduced. Increased regulatory costs continue to rise resulting from such changes, with the profession adjusting business models and systems to cope with additional overheads from:

- Introduction of the ASIC Supervisory Funding Model
- Funding of the Financial Adviser Standards and Ethics Authority (FASEA)
- Adviser Code monitoring scheme
- Privatising ASIC Register – loss of income for ASIC and increased costs for industry
- Financial advice entry exam
- Cost of meeting new education requirements
- Tax Practitioners Board (TPB) – registration fees and education requirements apply for re-registration
- Establishment of the new one-stop external dispute resolution body, the Australian Financial Complaints Authority
- Introduction of Life Insurance Framework with commissions being capped over the next 3 years
- Implementation and ongoing costs of Future of Financial Advice (FoFA) reforms.

Changes to remuneration structures would have a significant impact on the profession at this time. The industry would not currently be in a position to fund such a drastic change in policy.

We would encourage the APESB to focus on access to advice for consumers. Limiting remuneration to a fee-for-service basis, could cut off remuneration options that make advice accessible and affordable for consumers.



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There is also a strong need to understand the difference between accounting services and businesses, and financial planning services and businesses. Accountants' services are more transactional in nature and are limited to tax matters. Financial planning businesses can manage millions of dollars for their clients – the larger the client portfolio, the more time is needed to appropriately service the client, and the higher the risk of things go wrong. Financial planners need to have the ability to charge an appropriate fee commensurate to the risk, size and complexity of the client. All financial planning fees are required to be offered to and accepted by the client, and it is a legal requirement to ensure they are in the best interests and appropriate for the client. This client engagement and choice is vital.

An accounting fee for service model is not transferrable to financial planning. They are different services and business models.

Recommendation:

A separate and detailed consultation should be undertaken to clearly identify the implications for the profession and consumers, and the detail of how a fee-for-service only policy would work in practice across the breadth of the profession including necessary timeframe considerations for any transition.

We would welcome the opportunity to discuss the matters raised in our submission with you further. If you have any queries, please do not hesitate to contact me on 02 9220 4500 or [policy@fpa.com.au](mailto:policy@fpa.com.au).

Yours sincerely

**Heather McEvoy**  
*Policy Manager*

Financial Planning Association of Australia