

13 September 2010

The Chairperson
Accounting Professional & Ethical Standards Board Limited
Level 7, 600 Bourke Street
MELBOURNE VIC 3000
AUSTRALIA
e-mail: sub@apesb.org.au

Dear Ms Spargo,

Proposed Standard: APES 230 - Financial Advisory Services

Thank you for the invitation to comment on the above Proposed Standard.

I make this submission in my capacity as a member of the Institute of Chartered Accountants in Australia. I am also the Chief Executive Officer of a large retail financial services organisation, Colonial First State (CFS), and Deputy Chair of the Financial Services Council (FSC, formerly the Investment and Financial Services Association (IFSA)).

CFS provides investment, superannuation and retirement products to individuals as well as to corporate and superannuation fund investors. CFS is the second largest administrator of retail funds (A\$61 billion¹) in Australia and has the sixth highest number of financial advisers through Commonwealth Financial Planning, Financial Wisdom, Whittaker Macnaught and BW Financial Advice.

Given both my past experience as an accountant and my current role as the head of a number of financial advice businesses, I believe I am uniquely qualified to provide comment on the matters contained in the Proposed Standard.

At the outset I would like to commend the Board for its efforts in support of increasing professional standards in the industry. I have long supported increasing professional standards for financial advisers and accountants alike. Under my stewardship CFS has been a strong supporter of the product and advice remuneration reforms contained in the FSC Member Superannuation Charter and the Financial Planning Association's Remuneration Principles. And whilst I am comfortable with most of the principles within APES 230, there is one important assumption upon which the Proposed Standard is based which I do not support. This relates to the definition of 'Fee for Service' for the provision of Financial Advisory Services. The application of this definition will hinder the future delivery of affordable and accessible financial advice by Members to their clients. Below I have outlined reasons for my concern in relation to the proposed definition.

The Proposed Standard and the definition of Fee for Service

Proposed Standard APES 230 requires that Members of a professional body which adopts the Standard comply with the Standard when providing a 'Financial Advisory Service'. The Standard requires that a member who provides a Financial Advisory Service only charges clients on a 'Fee for Service' basis.

¹ Plan for Life, Mar 2010