

**WORKING DRAFT**  
**Constituents' Submissions – Specific Comments Table 5**  
**Exposure Draft 02/10: APES 230 Financial Advisory Services**

**Note: Specific comments relating to APES 230 Financial Advisory Services are addressed in a separate table. This table excludes minor editorial changes.**

Item No.	Paragraph No. in Exposure Draft	Respondent	Respondents' Comments
1		CFP	<p>I believe that if the education bar/entry level for Financial Planning qualifications were raised to be granted Authorised Rep status, and we had a professional body (ie FPA) with teeth that all Authorised Representatives had to belong to (with professional standards that all followed), we might not be having this debate about ongoing fees.</p> <p>Further details:</p> <p>Education Standards: We're competing in an industry where the majority of planners are NOT members of a professional body. I'd say about a half of all Authorised Representatives are members of the FPA, and the FPA has conflict of interest in representing both Dealers who sell product, and Planners who don't sell in-house product. Financial Planning requires at least a general knowledge of Tax Law, Superannuation Law, Corporations Law, Family Law, Economics, Centrelink, Human Psychology, conflict resolution, communication and writing skills, and for many, business administration. We are the GPs equivalent in the Finance Industry, and entry level qualifications and experience should reflect the high standard required to offer advice in this broad and complex space.</p> <p>Some goals:</p> <ol style="list-style-type: none"> <li>1. By say 2014 all new entrants who want to become professional financial planners to have as a minimum a tertiary qualification in financial planning. At the moment, anyone can get RG 146 accreditation (within a few weeks) become an Authorised Rep and call themselves a Financial Planner. We have a client who was a tradesman who, with less than a year of part time study, holds out the same shingle as me (it took me 9 years of Uni, CA Program and CFP studies to obtain my qualifications and experience)! I think we need different designations eg if you aren't currently a CFP, or by 2014 have not completed the tertiary pathways prescribed by the FPA plus one year's supervised work, you should NOT be able to call yourself a Financial Planner. The designation could be "Paraplanner" or "Product Adviser". I realize this will could put a squeeze on finding new employees, but as Principals, we can choose to employ people (as I have) without Tertiary qualifications who can still do lots of the Planning work, and either NOT sign off as Authorised Rep, or make it clear that they are NOT as qualified or experienced in their sign off by having a different designation.</li> <li>2. By 2012, develop with the education sector a commonly recognised curriculum for financial planning based on the Financial Planning Standards Board curriculum topics.</li> <li>3. Dealers and Planners to work with ASIC, the government and the profession to develop an objective assessment mechanism that instills</li> </ol>

Exposure Draft 02/10: Proposed Standard: APES 230 Financial Advisory Services

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			<p>confidence in financial planner entry competence.</p> <ol style="list-style-type: none"> <li>4. By 2012, all education programs should provide a clear entry pathway to professional designation.</li> <li>5. Membership of a professional body (the FPA will have to do for the moment) is a compulsory component of the issue of a Authorised Rep licence, just like you have to be a member of the Institute of CAs to both become and stay a CA, or like a doctor both qualifies through and stays a member of, say, the College of Surgeons.</li> <li>6. All Continuing Professional Development (CPD) should include mandatory training in ethics. Australian Financial Services Licensees to dedicate resources and attention to the supervision of CPD to ensure it focuses on professional alignment, rather than simply compliance with RG 146. Regular Dealer Audits or Peer Audits should oversee this.</li> </ol> <p>I have always felt that the solution is to license individuals with the appropriate qualifications and membership of a Professional body with practice guidelines, ongoing education requirements and disciplinary measures, rather than through Dealer groups. A doctor is not licensed by a Hospital or Pharmaceutical company. An architect is not licensed by Boral. A CA Financial Planning specialist should be ideally qualified in this regard. Once qualified, a CA can practice on their own and source technical advice, software choices etc at their discretion. The client pays the CA, and the CA attends to the overheads. In Financial Planning, the compliance costs of being a small licensee under the current regime is onerous and ever increasing - I estimate the cost to our practice at over \$50k pa to keep on top of both compliance and research matters, and of more concern is trying to find and keep suitably qualified and experienced staff in this Compliance area. For this reason, I've chosen to be an AR of Count and take advantage of economies of scale, but I would rather that I was licensed and choose to pay Count for services rendered, rather than them having control of the revenue source. I felt very vulnerable when Count as a Dealer chose to relinquish it's FPA membership for a time, and that meant I would lose my FPA CFP designation - a ridiculous state of affairs. I earned my qualification, not Count!</p> <p>In summary, here are some solutions to this whole debate:</p> <ul style="list-style-type: none"> <li>• Push for a minimum entry level of university qualification and “internship” to be licensed as an Authorised Representative ie make CFP the minimum entry level NOW. Being able to call yourself a planner after 3 months training with no prior industry experience is an insult to qualified and experience Financial Planners, and more importantly is dangerous for uninformed clients. Have a different designation for those “planners” who don’t meet the education or experience standard.</li> <li>• Mandate membership of a Professional body for all qualified planners – like the Institute of Chartered Accountants. This body can work with Practitioners to develop standards of Advice and guidelines for methods of remuneration.</li> </ul>
2		RMFA	<p>As with other professions, the financial planning industry does have some unprincipled, poorly educated and inexperienced advisers. It is largely this group who are giving us a bad reputation. These advisers must be weeded out by putting higher educational prerequisites in place to qualify for and retain a Proper Authority. A period of supervised traineeship should also be mandatory. It is laughable that a person with only secondary education and no relevant experience can qualify for a proper authority by doing a 3 day course.</p> <p><b>In summary, here are some solutions to this whole debate:</b></p>

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			<p>Push for a minimum entry level of university qualification and “internship” to be licensed as an Authorised Representative ie make CFP the minimum entry level NOW. Being able to call yourself a planner after 3 months training with no prior industry experience is an insult to qualified and experience Financial Planners, and more importantly is dangerous for uninformed clients. Have a different designation for those “planners” who don’t meet the education or experience standard.</p> <p>Mandate membership of a Professional body for all qualified planners – like the Institute of Chartered Accountants. This body can work with Practitioners to develop standards of Advice and guidelines for methods of remuneration.</p>
3		FAA	<b>Confidential submission</b>
4	3.9  3.3	HPW	<p>3.9: the word “should” would be better as “must”. The consideration of guidance issued by professional bodies and the appropriate regulatory bodies is not voluntary. It is an obligation.</p> <p>Para 3.3: the first sentence of this paragraph should be changed to state that the permission “must” be in writing, not “preferable”. The second sentence is fine the way it is and should be retained. Changing the first sentence to a “must” gives a clear message that formal permission is the only option, however the second sentence recognises that on some occasions, verbal permission is received and in those cases the permission must be backed up by a file note, instead of relying on a recollection.</p>
5		MSC	<b>Confidential submission</b>

**Staff Instructions**

- Comments of a “general” nature should be dealt with first, followed by paragraph specific comments.
- Respondents’ comments must be copied verbatim into this table.
- Comments should be dealt with in paragraph order, not respondent order.
- Use acronyms only for respondents. Update the attached table with details of additional respondents.

**RESPONDENTS**

1	CFP	Crossing Financial Partners
2	DMJ	Daniel Mendoza-Jones
3	DFG	Davidson Financial Group
4	LBA	Lockhart Business Advisors

**Exposure Draft 02/10: Proposed Standard: APES 230 Financial Advisory Services**

5	FFA	Fitzpatrick's Financial Advisers
6	ORT	Ortmann's Pty Ltd
7	CRA	Cooper Reeves Accountants
8	SG	Surbal Group
9	SD	Shane Dumbrell
10	RMFA	Roberts & Morrow Financial Services P/L
11	FFP	Forsythes Financial Planning Pty Ltd
12	FAA	Forum Accounting & Advisory
13	FMFS	FM Financial Solutions
14	RIA- MR	Roskow Independent Advisory - MR
15	RIA - NS	Roskow Independent Advisory - NS
16	BIA	Brockton's Independent Advisory
17	IFAAA	IFAAA
18	NEX	Nexia Court Financial Solutions Pty Ltd
19	CONFP	Continuum Financial Planners
20	HPW	Hewison Private Wealth
21	DMR	DMR Corporate Pty Ltd
22	AP	Advantage Partners
23	PMHFP	Port Macquarie Hastings Financial Planning Pty Ltd
24	CFS	Colonial First State
25	MFS	Managed. Financial Strategy
26	JR	Johnston Rorke
27	MS	Moore Stephens
28	KEN	Kennas
29	QPPC	Qld Public Practice Committee
30	GBWW	GBW Wealthcare
31	AIES	Australian International Education Services
32	SCT	Strategic Consulting & Training Pty Ltd
33	PPA	Pitcher Partners Advisory Pty Ltd
34	CFPL	Curran Financial Pty Ltd
35	MHGL	McPhail HLG Financial Planning
36	FERB	Ferguson Betts
37	WB	William Buck

38	DFP	Direction Financial Planning
39	PU	Peter Uhlmann
40	BAG	Bosco Accounting Company Aust Ltd
41	OHM	OHM Australia Financial Services Pty Ltd
42	PWC	PwC Australia
43	LFM	Landmark Financial Management Pty Ltd
44	KHFG	KH Financial Group
45	FPAA	Financial Planning Association of Australia Limited
46	DELOITTE	Deloitte Touche Tohmatsu
47	BG	Bongiorno Group
48	WHK	WHK Group Limited
49	KCA	Kothes Chartered Accountants
50	AMP	AMP Financial Services
51	AFAC	Accountant Financial Adviser Coalition
52	SPAA	SMSF Professionals' Association of Australia
53	Count	Count Financial Limited
54	MSC	Confidential Submission
55	CNIC	Cutcher & Neale Investment Services
56	FTS	Financial & Technical Solution Limited
57	GT	Grant Thornton Australia Limited
58	SHRB	Suzanne Hadden & Robert M. C. Brown
59	NCA	Noble Chartered Accountants
60	ISN	Industry Super Network
61	PB	The Joint Accounting Bodies
62	APPC	Australia Public Policy Committee
63	KPMG	KPMG
64	EY	Ernst & Young
65	FSC	Confidential Submission
66	ASIC	Confidential Submission