

**From:** Anne Graham  
**Sent:** Wednesday, October 06, 2010 1:26 PM  
**To:** sub@apesb.org.au  
**Subject:** APES 230 Exposure Draft

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

Dear Sir/Madam

I would like to express my views on the APES 230 Exposure Draft.

Firstly, I am a CPA and CFP and have been providing financial planning advice to clients for over 10 years.

I have a number of concerns with the new proposal and I'd like to raise a few points:

1. A poor adviser does not become a better adviser by charging an hourly or \$ based fee as opposed to a % based fee. Poor advice, is still poor advice. If an adviser is charging hourly, then it follows that the adviser will be compensated for incompetence - the longer the job takes, the higher the income earned.
2. Commissions are completely different to the asset based fee. I agree that commissions need to be addressed as neither the client nor the adviser controls those payments. However asset based fees are agreed to by the client, for the services provided by the adviser. The client has control over the fee and can cease paying it at any time.
3. The biggest issue is the quality of advice a client receives, transparency around that advice (eg advantages and disadvantages, alternative strategies, risk, possible outcomes) – not the method of calculating the fee for that advice. Provided the fee is disclosed and discussed and agreed by the client and the adviser, then it is irrelevant if that fee was calculated as a % of assets invested or hourly or a project fee. If the fee is disclosed and agreed/negotiated then the method of calculation is not relevant.
4. The proposed standard is inconsistent with the proposals being considered by the Government and industry bodies in that its reach is far broader, it is retrospective and the commencement date is less than 12 months away. The changes required to be made by businesses in this very short time are immense and I don't believe have been fully considered.
5. The proposals will clearly place members of the affected groups (CPA, ICA and NIAA) at a clear commercial disadvantage to financial planners who are not members of those groups. This will lead to advisers who are members of say CPA cancelling their membership, Accounting members ceasing to provide financial planning advice due to the potential disruption to their business as a result of the changes they will be required to make, and other unintended consequences.
6. I don't believe it's reasonable for an external body to determine how a business should charge its clients for the services it provides. Should the REIV advise (no, mandate) that real estate agents they can only charge a flat fee for property transactions and not a percentage based fee? Is stamp duty going to be calculated as a flat fee? Are accountants going to be told there is a specific method in which they must charge clients for preparation of a tax return? This is all folly of course.

Clients appreciate the value of advice provided by a good adviser and if they believe the fee charged for that advice is fair and reasonable, then the method of calculating that fee is not relevant.

Thank you

**Anne Graham** CFP® CPA

Money Management "**Financial Planner of the Year**" 2009

AFR Smart Investor Masterclass Financial Planning 2007, 2008 and 2009 - Top 50

State Winner Vic - FPA Value of Advice Awards 2006

McPhail HLG Financial Planning Pty Ltd