

7 October 2010

ABN 64 138 615 353
Level 1, 109 William St
PO Box 601
Port Macquarie 2444
Ph: (+612) 6584 6222
Fax: (+612) 6584 6322
www.direction.com.au

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

Dear Madam,

Re: Proposed APES 230 ED

As a CPA Australia member practicing as a financial planner I recognise the importance of professional standards to ensure members provide quality and ethical advice to clients.

I support and currently apply the fundamental principles outlined in the APES 230 ED when providing advice to my clients and view these principles as essential in the provision of professional financial advisory services.

As an Authorised Representative I provide holistic financial planning advice, including advice on insurance, and do so on a fee for service basis consistent with APES 230 ED. I take a range of factors into account, as detailed in APES 230 ED, when determining my fee and therefore, do not charge percentage based asset fees.

While I support all the principles of 'Fee for Service' in APES 230 ED, I believe the definition itself requires further clarification, particularly with regard to percentage based asset fees.

There appear to be two separate issues APES 230 ED is trying to address in its definition of 'Fee for Service'. These are:

1. Conflicts of interest - there must not be any perceived or actual conflicts of interest (ie: commissions, production bonuses, remuneration related to product sales); and
2. The fee should be set in a professional manner (ie: taking into account factors such as the complexity of advice, the required skills, the level of

Strategyfirst
FINANCIAL PLANNING PTY LTD

ABN 69 114 540 528
Level 1, 696 Pittwater Rd
Brookvale 2100
Ph: (+612) 9939 4688
www.strategyfirst.com.au

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Planning Pty Ltd
(Licence No. 290771).



training and experience required and degree of responsibility applicable).

As APES 230 ED is currently worded, it suggests that percentage based asset fees are a form of commission and/or give rise to conflicts of interest. Given these fees are paid by the client, not the product provider, I do not believe this is the case.

However, percentage based asset fees do not, in my opinion address the second issue of a fee that is set in a professional manner.

I believe this standard would benefit from further clarity on this issue and in particular, the reasons for banning percentage based asset fees.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K Bowler', written in a cursive style.

Kath Bowler

Director & Representative