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The Chairperson
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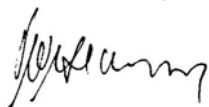
Dear Sir/Madam

Proposed Standard: APES 230 - Financial Advisory Services

I am writing to provide comment on the above proposed Standard.

1. At paragraph number 4 the standard is prescriptive in its determination of what constitutes a fiduciary relationship. As you would know, currently the Federal Government is considering this very same issue. To introduce this standard now, with what amounts to a pre-emptive definition of a fiduciary relationship, may prove to be the source of unwanted and unnecessary confusion within the profession when potentially a different definition is later adopted by Government.
2. The introduction by the standard of a prescriptive fee model by 1 July 2011 is disturbing for a number of reasons.
 - Firstly, there is no commercial recognition of the extensive timeframe required to convert both future and past clients to such a model. The reality is that the operative date of 1 July 2011 is unachievable even if the financial planning members of our profession started that transition today. The time intensive compliance task of transitioning existing clients to a fee for service model will be enormous. A simple "back of the envelope" calculation reveals that there is at least 1,000 hours of conversion work for a typical financial adviser. A 1 July 2011 commencement date is unrealistic.
 - Secondly, as a reading of the financial services press readily reveals, the issue of how to effectively introduce fee for service for risk insurance remains contentious. Obviously this difficult issue must first be resolved. A recent survey by Riskinfo reported that 63% of advisers would cease to recommend risk insurance under a fee for service model. With Australians acknowledged to be chronically underinsured, the departure of so many advisers from the risk insurance market would see this problem worsen.
3. All of this presupposes that the client accepts the imposed fee for service change. So, despite having previously reached a mutually acceptable agreement with a client on how they are to be charged for the provision of financial services, the standard, now without client agreement or consultation, imposes a prescriptive fee model upon existing service arrangements. Some might say this was sheer arrogance.
4. The introduction of this proposed standard will threaten the employment of members of our profession who are required by their employers to adopt the commonly used commission arrangements or percentage based asset fees. Statutory mandated fee disclosure and client agreement on fees will be insufficient. When the employee notifies their employer that the business must change it's revenue model because of the introduction of APES 230, what do you think the response will be? Certainly not a "no worries mate" retort.
5. The proposed standard is clearly discriminatory because it unfairly targets only those members engaged in certain commission based financial services. Members within the stockbroking industry or real estate can consider themselves fortunate. If the standard was truly about removing a member's conflict of interest, then the net would be caste wider. But I understand that other powerful interests are at play here.

Yours faithfully,



Peter Uhlmann