



The Institute of Public Accountants

**Submission to APESB:  
APES 230 Review**



**IPA** INSTITUTE OF PUBLIC  
ACCOUNTANTS  
*Partnership beyond numbers*

**June 2017**

30 June 2017

The Chairman  
Accounting Professional & Ethical Standards Board Limited  
Level 11, 99 William St  
Melbourne VIC 3000

By email: [sub@apesb.org.au](mailto:sub@apesb.org.au)

Dear Nicola

### **Post-implementation review of APES 230 Financial Planning Services**

The IPA welcomes the opportunity to comment on the post-implementation review of APES 230 Financial Planning Services.

As acknowledged by APESB, the world of financial services has changed in the last four years since APES 230 was issued, with significant legislative and market developments. The IPA would go further to say that these developments have been not only significant but 'game-changing'. The establishment of the Financial Adviser Standards and Ethics Authority (FASEA) which will have responsibility for governing the conduct of financial advisers, ensuring their professionalism by setting mandatory educational and training requirements, developing and setting an industry exam and creating a Code of Ethics.

We note the new requirements will commence on 1 January 2019, with the Code of Ethics commencing on 1 January 2020. It remains to be seen, however, there is the possibility that the new FASEA Code of Ethics may duplicate or conflict with APES 230, creating more confusion for members and accountants. There is also the possibility that the professionalization of the financial advice 'industry' and the increasing regulatory burden will force more accountants to become fully fledged financial advisers.

In terms of the environmental scan, we note the increasing predictions that the dealer groups, especially the larger ones, will seek greater commitment from 'entry level' authorized representatives, with many accountants being at that level, to become authorized at the higher levels of licensing. It would be the intention of the IPA to ensure that members have a genuine choice as to whether to include financial services in their practice.

The IPA has spent a huge effort over the last 6-7 years to encourage members to diversify into growing areas of demand and away from increasingly commoditized compliance work. Financial services has been identified as a major growth area (CoreData, IbisWorld, IFAC, CommBank, BStar).

We also note that some business models which rely too heavily on fee-for-service without some other support such as outsourcing to less expensive sources, using fintech, relying on volume, relying on HNW clients, some form of specialization and differentiation, have not been as successful as they may otherwise be. The consultation paper refers to CPA Australia Advice as an example of organisations operating on the basis of fee-for-service only. However, the CPA Australia Advice model required charging a certain level of licence fees for authorized representatives at the entry level (called "Essentials"), which have since been decreased by approximately 70 per cent. The current level of fees

at all levels makes the fees competitive with other market players. The IPA is a keen observer of fees since we need to ensure that our AFSL partners are highly competitive and that our members are offered preferential rates. We refer to the IPA's presentation to the APESB Board in November 2016, where we outlined the IPA's financial services model as a practical and risk-reduced approach to ensuring that our members have options