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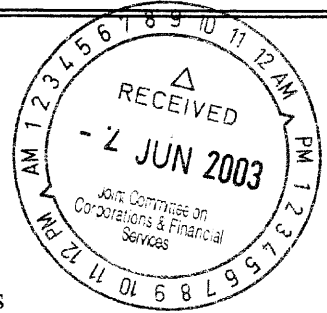
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29 May 2003

The Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Room SG.64
Parliament House
CANBERRA NSW 2600



Dear Sir or Madam

RE: FINANCIAL SERVICES REFORM (FSR)

We are writing to express our concern regarding the new FSR rules and the position of accountants under these rules. It is our understanding that under the new rules most, if not all, accountants will be required to hold an Australian Financial Services Licence to continue to provide the advice and conduct the activities they currently provide to their clients. We believe that this is unfair and that the rules should be changed so that accountants may continue to provide ordinary tax and accounting advice without obtaining and maintaining a Financial Services Licence.

Amended Regulation 7.1.29 has recently been released, which sets out those activities which accountants may undertake without holding an Australian Financial Services Licence. In our view, the Regulation still does not go far enough relating to superannuation matters. Traditional areas that accountants have always advised on that will not now be exempt from the licensing requirements include the following:

- Advice provided to a client on what type of superannuation fund the client should enter into, i.e. whether the client should use a self-managed superannuation fund (SMSF) or a retail superannuation fund.
- Advice provided to a client in relation to admitting a new member to the fund.
- Advice relating to changing the fund's investment strategy.
- Advice provided to a client concerning voluntary contributions to the fund.
- Advice concerning setting up sub-funds in the fund.
- Advice concerning transferring from the accumulation stage to an allocated pension stage (**critical advice**).
- Advice concerning the operations of the in-house assets rules for SMSF's.

If accountants en masse choose not to become licensed who is going to provide the above advice to clients?

We believe that it is extremely important that Regulation 7.1.29 is expanded to cover the above points. We also believe it is extremely important that accountants be given an exemption from the FSR rules to continue to provide ordinary tax and accounting advice.

If this issue is not addressed by Parliament it will force accountants to become licensed unnecessarily. With the very high costs that licensing entails accountants will be left with no option other than to pass these costs onto their clients. No doubt when the increased fees are explained to clients they will know that Parliament and their elected representatives are to blame and not their accountants!

Yours faithfully

HALL JACKSON PTY LTD

Peter Jackson

Peter Jackson CA
