

6 December 2006

BY FAX AND EMAIL

David Sullivan
Committee Secretary
Parliamentary Joint Committee on
Corporations and Financial Services
Department of the Senate

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Dear Mr Sullivan

**Inquiry into the structure and operation of the superannuation industry
Submission by Equisuper Pty Ltd**

We refer to the email dated 16 November 2006 from Mr Stephen Palethorpe attaching a proof copy of the Hansard transcript of evidence for the Committee's public hearing held in Melbourne on 25th October 2006.

As requested, please find attached our corrections (marked by hand).

We address below the Questions on Notice as taken during our evidence (page 111).

Cost of financial planning advice

Currently, Equisuper's financial planning services are provided through an arrangement with Industry Fund Financial Planning (IFFP). Our members are offered a free initial one-hour consultation.

We understand that IFFP provides both:

- full financial advice, which covers the preparation of a full financial plan; and
- limited financial advice. Limited financial advice is generally provided where the client only has a few specific issues to consider. For example, advice relating to salary sacrifice arrangements.

The cost of financial advice is charged on an hourly basis by IFFP. Therefore, the cost of a full financial plan will vary between clients. We understand that this cost may start from around \$2000 for a simple financial plan.

The cost of limited advice will depend on the advice sought and the issues required to be dealt with by the planner. However, a fixed fee may be charged for some limited advice items.

Provision of limited financial advice

The *Corporations Act 2001* (**Corporations Act**) permits a licensed entity, or an authorised representative of a licensed entity, to provide limited personal financial advice. This may apply where a client has decided against a full financial plan and requested advice on specific issues (for example, salary sacrifice arrangements or selection of investment options within a superannuation fund). However, the Corporations Act does require advisers to:

- make reasonable inquiries about the client's relevant personal circumstances (section 945A(1)(a));
- give reasonable consideration to, and conduct reasonable investigation of, the subject matter of the advice (section 945A(1)(b); and
- ensure that the advice is appropriate for the client (section 945(1)(c)).

A statement of advice would be required to be provided to the client in accordance with Division 3 of Part 7.7 of the Corporations Act. The limited scope of the advice must be clearly stated in the Statement of Advice. That is, the Statement of Advice would need to highlight the gaps in the advice so as to draw to the client's attention any other matters they might need to consider. In its August 2005 guide, ASIC has specifically indicated that, for limited advice situations, the Statement of Advice should clearly state what is not covered.

If you have any queries in relation to these responses, please do not hesitate to contact me on (03) 9248 5930.

Yours faithfully



Barry Anderson
Company Secretary