

OCCASIONAL ADDRESS

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Delivered at the graduation ceremony for graduates from
the Faculty of Business

Great Hall, City Campus, Friday 6 May 2005, 2.30pm

Chancellor, Vice Chancellor, distinguished guests, faculty members,
graduates and family and friends.

First, I wish to acknowledge the Eora and Guring-gai peoples, the traditional
owners of the land on which this University stands.

Second, this is a day for you to savour! A Rite of Passage: the point in time
when you move from one phase of life to another. Above all, it is an occasion
to mark, ritualise, and **celebrate**.

It is a great honour to join you today in these celebrations – richly deserved by
both graduates and their families – and to have the opportunity to share some
thoughts which I hope will have resonance and relevance as you embark on
new beginnings.

For me, the path into law, and particularly commercial law, was a natural one -
with strong family connections in both areas. But the opportunities a trained
mind has opened up for me have been rich and diverse, as has my own
willingness to accept diverse and interesting opportunities as they have been
offered to me. Working in the public and private sectors, in banking and
finance, and in manufacturing and transport, have brought great challenges,
and opportunity, and an interesting life. A good education opened my
horizons and my mind. My career has continued to expand them.

And so it will for you. However, in addition to these is what I believe is the
single most important element to being successful in the business world – and
that is your personal reputation. You will discover it is hard to obtain a solid
reputation and it can be lost very quickly.

A good reputation is based on hard work, commitment, integrity and high
professional standards. It may surprise you to know that my current role
requires me to drive up the professional standards and ethical behaviour of
over 12,000 other people! And that is why I have chosen this particular topic
today.

It's now, as you embark on your careers, that you will truly have the chance to make a difference. I have no doubt that you will find that standards of ethical and professional behaviour vary quite widely.

We all need to make a distinction between what's legal and what's ethically and morally right. It is, of course, possible to engage in activities that are perfectly legal but morally and ethically reprehensible.

It's worth recalling that the world's financial markets were founded on the notion of "My Word is My Bond". This was the maxim of the London Stock Exchange, the world's oldest equity market. No one in their right mind would work on that principle today!

We've all seen the high profile stories of businesses and business people who have fallen from great heights. Corporate wrongdoing in recent years has been widespread. The names of Alan Bond, Conrad Black, Enron, Rivkin, Williams and Adler have become infamous far beyond the business world.

Take Enron as an example. This was America's seventh largest company, whose implosion changed overnight the perception that big companies can be trusted. How did Enron's highly educated executives make so many mistakes? Why were they unable to distinguish right from wrong?

For the last 18 months, I've been considering these issues from the perspective of a new and rapidly evolving sector of the financial services industry: financial planning.

The Financial Planning Association is the peak professional association for financial planning in Australia. Our 12,000 members are both institutions and individuals. Most of them are practicing financial planners who are dedicated to advising Australians on how to organise their financial affairs to achieve a better quality of life.

Demand for financial planners has grown rapidly in recent years as the value of superannuation savings has risen, a large number of people near retirement and the value of assets owned, such as family homes, has increased substantially.

Early in 2004 the Government introduced a new regulatory regime for the provision of financial services, so that consumers would have a greater level of protection and better understanding of the products and services they are being offered. This legislation raised the bar, and some found it too high.

The legislation took effect at a time when the reputation of financial planners had been severely dented by the bad practices of a minority of unscrupulous operators and by negative publicity following a 'shadow shopping' exercise into the quality of advice offered by financial planners.

Legislation has gone far to reassure consumers that they can confidently seek professional financial planning advice which is based on the individual client's needs and circumstances – rather than the financial self interest of the adviser.

But more needs to be done to raise standards of professionalism and, with it, the confidence of Australians to seek the advice that they need.

Self regulation is a crucial part of this effort. Practitioners who are members of the Financial Planning Association sign up to a Code of Ethics and Rules of Professional Conduct which sets them apart from non-members. One of the hallmarks of professionalism is an enforceable code of ethics.

Another hallmark is the existence of a body of knowledge, experience and education. FPA members claim this by virtue of their professional and formal education qualifications – and through a required program of continuing professional development.

These are professionals who strive for higher standards of proficiency and competence. They focus on building a relationship with their clients based on trust and the quality of advice given over a period of time – often over many years.

Professional advisers must exercise judgment and independence in the advice they give to their clients. They must act always in the best interests of their client, avoiding conflicts of interest altogether, or managing them by ensuring clients are aware of the potential for conflict.

As the financial planning sector's leading professional association, our job is both to facilitate the passing on of knowledge to our members and to continually raise standards of practice. By supporting our members in this, we support the whole of the profession as well as the interests of the Australian people.

But there's a broader message here.

Ethics and professionalism aren't just for financial planners. They are for every one of us in the business community as a whole.

Living by high ethical and professional standards is not easy. It takes integrity and guts. There will always be 'wild cards' and 'bad apples' ready to dirty the reputation of those around them. "Mud sticks", as the saying goes, and it doesn't always stick to the right people. And when it does stick, it takes a lot to regain reputations, and community trust.

But it's well worth the stand – and who better to take that stand than tomorrow's generation of business leaders – now in front of us all today?

The early 20th century English playwright George Bernard Shaw wrote in *The Doctor's Dilemma* that “All professions are conspiracies against the laity”.

In the new order of the 21st century, let's see that the opposite holds true.

I wish you the strength, commitment and passion to make it so, whatever your chosen path. Enjoy your day. And my sincere congratulations!