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Trevor Sykes takes on the shadowy world of investing in trees in his monthly column.

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The dollar's rise to record highs is a windfall for some but is squeezing others. **Page 21**

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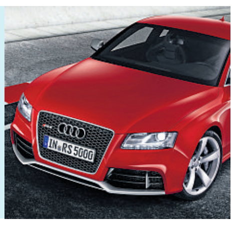

THE AUSTRALIAN
FINANCIAL REVIEW

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Super giant swoops in financial advice coup

Duncan Hughes

The nation's largest industry superannuation fund has stolen a march on independent financial planners, major banks and retail funds by striking a deal to create a one-stop superannuation and advice shop with a selected few financial planners.

The 1.75 million members of AustralianSuper stand to gain cheaper, lifelong advice from the fund's six selected planning firms.

By taking advantage of the federal government's financial planning reforms unveiled yesterday, the deal aims to make superannuation rather than banking and insurance products the focus of investment advice.

Independent financial advisers fear the government's attempts to improve accountability and transparency in their industry will add about $50,000 a year to their costs, which they will pass on to clients.

But they say the reforms help industry funds such as AustralianSuper by removing commissions on super-linked life insurance and allowing lower fees for simple advice.

The six advisers chosen by AustralianSuper will gain significant new business but had to accept consumer-friendly conditions stronger than in the government reforms.

AustralianSuper general manager of growth and new opportunities Paul Schroder said the strengthening of advisers' fiduciary responsibility and abolition of commissions in the

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PLANNER SHAKE-UP

'Financial planners should start the process of transforming themselves from used car salesmen into professionals.' Sally Patten, page 48

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- Awaiting more detail, **page 49**
- A bonus all round, **page 59**

Blow-out in budget deficit to $50 billion

- Weaker economy hits tax take
- Swan sticks to 2012 surplus plan

Laura Tingle and **Adrian Rollins**

A further slump in revenue could push the budget deficit out to about $50 billion in 2010-11, putting more pressure on the federal government to preserve next year's bottom line when it unveils the budget on May 10.

Treasurer Wayne Swan told *The Australian Financial Review* yesterday the government remained on track to return the budget to surplus in 2012-13, but conceded that the economy's weakness in the current financial year would hit the starting point for next year's budget.

A $50 billion deficit would be a significant deterioration from the $41.5 billion forecast in the government's midyear budget review in November. Low capital gains, income and company tax receipts, along with the strong dollar, which rose to a 29-year high of $US1.0948 yesterday, have hurt government revenues.

The latest monthly update of budget figures is expected to show revenue now running more than $6 billion behind forecast in the year to March, compared with $4.5 billion in the year to February. The bottom line will be further blown out by payments of $2.5 billion already made to Queensland and Victoria to help cover the cost of natural disasters.

The current budget weakness meant "a far lower starting point" for the 2011-12 budget, Mr Swan said in an interview just over a week before

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BOTTOM LINE

'The budget should be a point at which Labor can finally shed its sense of defensiveness about its economic management credentials.'
Laura Tingle, page 59

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AFR Magazine – free inside

Too much too young

Insider trader John Hartman had it all – the big job, the fast car and the good family. Now he's in jail. Colleen Ryan investigates.

PLUS:

High-wire act
The fine art of festival programming, by Brook Turner.

Without reserve
Warwick McKibbin, the RBA's home-grown oracle, by Geoff Winestock.

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Machiavelli is an unlikely inspiration for Greens deputy leader Christine Milne, by Sophie Morris.

Treasure hunt
How the NGV lures its wealthy donors, by Katrina Strickland.

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Fashion's front row pecking order, the other Americans by Andrew Quilty, watches, books, travel, wine and more in your *Financial Review Magazine*

INSIDE TODAY

Photo of John Hartman by Louise Kennerley

Top law firms fight to survive

Major national law firms are scrambling to review their growth strategies and target new opportunities in Asia as they try to overcome loss of revenue to foreign firms and rapidly expanding mid-sized local rivals.

Managing partners of large firms say the legal market will undergo radical change in the coming years, drastically reducing the number of top-tier firms from about six.

The changing face of the legal world will see the big players struggling against ambitious rivals, write **Alex Boxsell** and **James Eyers**.

In the next five years, there could be just "one or two elite independent national firms", up to three global elite firms focused on limited practice areas, and several other international firms "occupying the middle space", Allens Arthur Robinson's chief executive partner, Michael Rose, said.

This would place "a lot of pressure on those firms that are not able to get to the national elite

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Seven's big punt on AFL

Neil Shoebridge and **John Stensholt**

Telstra, Kerry Stokes's Seven West Media and pay TV companies Foxtel and Austar United Communications have taken a $1.25 billion bet that live sport will continue to draw big audiences over the next five years.

The new 2012 to 2016 media contract announced by the Australian Football League yesterday represents the richest TV deal in local sporting history and a dramatic jump in the value of the AFL's rights.

The $1.25 billion deal includes just under $1.12 billion of cash and $135 million of contra, mainly free ads for the AFL on Seven, Foxtel and Austar channels. The AFL's previous five-year TV deal, which expires in

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