



FINANCIAL PLANNING  
ASSOCIATION *of* AUSTRALIA

02 February 2022

Assistant Secretary  
Advice and Investment Branch  
Treasury  
Langton Cres  
Parkes ACT 2600

Email: [FAStandards@treasury.gov.au](mailto:FAStandards@treasury.gov.au)

Dear Ms Bray,

### Re: Financial Adviser Education Standards

The Financial Planning Association of Australia<sup>1</sup> (FPA) welcomes the opportunity to provide feedback to Treasury on the proposal paper in relation to Financial adviser education standards.

We would welcome the opportunity to discuss with Treasury any matters raised in our submission. If you have any questions, please contact me on 02 9220 4500.

Yours sincerely

**Ben Marshan CFP® LRS®**

*Head of Policy, Strategy and Innovation*

Financial Planning Association of Australia

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<sup>1</sup> The Financial Planning Association (FPA) is a professional body with more than 12,000 individual members and affiliates of whom around 10,500 are practising financial planners and 5,207 are CFP professionals. Since 1992, the FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first “policy pillar” is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of the Future of Financial Advice reforms.
- The FPA was the first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices.
- We have an independent Conduct Review Commission, chaired by Dale Boucher, dealing with investigations and complaints against our members for breaches of our professional rules.
- We built a curriculum with 18 Australian Universities for degrees in financial planning through the Financial Planning Education Council (FPEC) which we established in 2011. Since 1 July 2013 all new members of the FPA have been required to hold, or be working towards, as a minimum, an approved undergraduate degree.
- When the Financial Adviser Standards and Ethics Authority (FASEA) was established, the FPEC ‘gifted’ this financial planning curriculum and accreditation framework to FASEA to assist the Standards Body with its work.
- We are recognised as a professional body by the Tax Practitioners Board.

## History of Supporting the Raising of Education Standards

The FPA first recommended to Government that education standards for financial advice provisions be increased to degree level in 1994, and the FPA has consistently been calling since then for financial planners to be tertiary qualified. We developed and required members to complete a Diploma of Financial Planning (DFP 1-8) (prior to the AQF framework redefining Diplomas to AQF5) prior to the introduction of the Financial Services Reforms (FSR) Act (2001), when no education requirements existed in the law and before the introduction of the Interim Policy Statement 146 and the subsequent introduction of the ASIC Training Register. Our first courses defined financial planning in Australia and strongly influenced the direction of financial planning education.

In 2010, the FPA announced a requirement that all new members must hold an approved degree.

The FPA has been at the fore of setting appropriate and high standards and requirements specifically for the provision of financial advice to continuously raise the bar of professionalism and protect consumers. Our continuous drive to professionalism is soundly supported by our financial planning practitioner members.

Prior to the introduction of the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 the FPA had for many years called for an increase to the minimum education standards required to become a financial adviser, as the FPA and our members had been very concerned about the standard of training courses operating under the minimum education requirements set in Regulatory Guide RG146.

As the licensed provider of the Certified Financial Planner® (CFP®) designation in Australia, in 2011 the FPA established the Financial Planning Education Council (FPEC) for the purpose of addressing a gap in the availability of financial planning specific bachelor degree courses in Australia as a pathway for entry into the CFP Program. For the purpose of ensuring entry qualifications for the CFP program, FPEC developed a Curriculum and Accreditation Framework for financial planning degrees.

FPEC has worked tirelessly over the past ten years to improve the availability of financial planning bachelor degrees and as such, set the foundation FASEA built the approved course list and eligibility criteria and assessment FASEA used for approving courses. The FPA was pleased that FASEA had adopted the well-established FPEC Curriculum and Accreditation Framework for approved degrees, particularly in relation to new financial advisers.

## Concerns with FASEA's Inflexible Approach

The original policy intent of the legislation as articulated by the Minister, was to raise the minimum education standards of advisers and in particular to put an end to the ability to become a financial adviser after doing a four day course<sup>2</sup>. The FPA has always supported this intent. It is vital that education pathways for existing advisers recognise the credible education available at the time, which for approximately 66%<sup>3</sup> of the profession was prior to the establishment of FPEC.

The FPA stands behind its long-held position that education standards to provide financial advice needed to be increased from the minimum requirement set in ASIC Regulatory Guide RG 146, however as we have

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<sup>2</sup> <http://kmo.ministers.treasury.gov.au/media-release/119-2017/>

<sup>3</sup> Executive Summary - FPA Member Research On FASEA, CoreData Australia, June 2018, page 2.

set out in prior submissions on the education standards set by FASEA, the implementation of the new requirements needed to be practical, workable, and take into account the impact on both the profession and the clients it serves.

From this perspective, we have been concerned over the last four years about the practicalities, complexity and cost (to Government, industry, and consumers) of implementing FASEA's education pathways for existing advisers, when in many cases there will be no benefit to consumers. This included education costs for advisers, but most importantly the availability and cost of advice for consumers. These were real and valid issues that have played out over the past four years to the detriment of the profession and the consumers it professionally supports.

To this point, the FPA undertook extensive member consultation in 2017 to assist us in developing our response to FASEA proposed education pathways for existing advisers. Our research showed that the FASEA proposed education pathways would likely result in a large number of departures from the profession resulting in an advice gap that would be to the detriment of consumers, which has been borne out in the significant reductions we have seen. A key responsibility in setting the new requirements should have been to ensure the preservation of the financial planning profession for both those who have long served within it, and for the clients they serve.

The FPA has for the past four years strongly encouraged FASEA to simplify its education pathways and recognise the availability of valid, quality, advice-specific education of existing advisers, and future courses for new advisers. Additionally, the FPA encouraged FASEA to consider that experience is a very important factor in the competence and skill of a financial adviser to provide professional services to their clients.

For this reason, the FPA broadly supports and recommends that the Government adopt a framework that considers the competence obtained through advice-specific education, the competence obtained through experience and a framework to fill the gap only where required to achieve the Governments intent. It was a disappointment to the profession and the FPA that FASEA failed to place a value on the experience obtained through on-the-job experience and quality professional development.

### Turning to the latest proposal

In saying this, the proposal made by the Minister<sup>4</sup> on 16 December 2021 risks the professionalism journey advice providers have been undertaking – not just over the most recent four years but stretching back to over 10 years. While experience is an important factor in competence to provide a professional service to a consumer, education is also universally identified as a key component of professional competence.

For this reason the FPA does not support the proposed 10 years of experience in the past 12 years pathway proposed, nor an “any relevant degree goes” outcome. We believe it is an insufficient foundation to meet the objectives of raising the minimum education requirements for professional financial advice providers and continuing to build consumer confidence in the profession.

As part of preparing a response to this consultation, the FPA again surveyed members to understand their views on the proposed modifications. Importantly, 83% of FPA members have already met (40%) or are on track to meet (43%) the existing education standards. A majority of members oppose the proposal made by Treasury in this consultation, but broadly our membership supports an education framework which includes more recognition of prior learning and experience, which we believe FASEA failed to take into consideration sufficiently as part of their legislated framework.

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<sup>4</sup> Morrison Government to make quality financial advice more affordable <https://ministers.treasury.gov.au/ministers/jane-hume-2020/media-releases/morrison-government-make-quality-financial-advice-more>

## FPA Recommendations

Based on this, we firstly propose the consideration of amendments to the education standards of financial planners be considered as part of the Quality of Advice review. While the FPA shares the Government's goal of making financial advice more affordable and accessible to Australian consumers, simply providing an experience pathway is not going to achieve a reduction in the cost to produce advice as it does not address the regulatory inefficiencies created by decades of adding regulatory duplication in the form of 8 regulators and overlapping regulatory obligations with different little benefit for the end consumer. As identified in our survey from 2017 and as has been borne out, financial planners want to be recognised for the competence, education and experience they already possess as professionals, not work in a profession where some practitioners are given a free pathway indefinitely. The proposed pathway won't bring those who have exited back, and as noted in our current survey, this won't stop those who plan to retire over the next few years from retiring.

Consideration of the impact of the education standards – successful or otherwise - must be assessed in the context of the broader regulatory environment financial planners operate in, not as an adhoc decision. As we consider what the components of quality advice should be, we believe it makes eminent sense to also consider the qualifications and competencies required by those who will be providing that advice. For this reason, the FPA recommends that the consideration of amendments to the education standards for financial planners be considered by the Quality of Advice Review.

**FPA Recommendation 1. The education standards should be reviewed as part of the quality of advice Review shortly to be undertaken by Treasury.**

## Experience Pathway Proposal

The FPA does acknowledge that by following Recommendation 1 above, this leaves the profession facing uncertainty about future change for a further 12 months. However, a high proportion of current financial planners have already made commitments to further study based on the current standards. If certainty could be offered to these planners that their existing studies would meet any new requirements, we believe this objection could be overcome.

If despite our concerns the Government chooses to make amendments to the education standards at this time, simply basing an exemption on 10 years of experience over the past 12 years doesn't consider the quality or amount of experience obtained over this period.

As noted above, from our survey in relation to these proposals, the FPA and our members do not support the proposed 10 years of experience in the past 12 years exemption to the education framework proposed by this consultation. As noted, 83% of FPA members, irrespective of age or experience have already met or are undertaking the study required to meet the existing education standards which the Government set through FASEA – at considerable cost to themselves in time, money and opportunity cost in their practices. These members have let us know in no uncertain terms that they feel the proposal undermines the commitment they have made to professionalisation to win the trust of consumers, Government, regulators and the media and support their colleagues and the sector more broadly.

As noted in the Ministers announcement in relation to this proposal, the intention is to make advice more accessible and affordable to Australian consumers. Simply providing an exemption at this point, given the 37% drop in authorised financial planners to date and post the exam compliance cut off, will fail to attract exited financial advisers back, nor will it remove the regulatory burden, duplication and inefficiencies which have led to the significant increase in the cost to provide advice and therefore the affordability of advice for Australians. In fact our members are concerned the proposal will actually worsen adviser numbers over

time, by making the profession less attractive to new entrants. If a tertiary qualification is perceived to be no longer a requirement to practice, and there is no date by which it will be, we can no longer tell young students they will be joining a trusted and respected true profession.

Specifically, when the practicalities of the 10 years of experience in the past 12 years is considered (noting the experience of financial planners in dealing with the TPB's experience measures) members have raised the following concerns:

- Competency to provide professional advice is not purely based on duration of experience.
- Discrimination against professional advice providers who have had periods of leave due to maternity or paternity leave; illness; caring for family members; or periods of time overseas.
- Discrimination against part time workers, for example a planner working 4 days a week will only have completed the equivalent of 9.6 years of experience in the past 12 years.
- 10 years of experience could be achieved by a variety of age demographics which fall outside the intent or reasonableness of the proposal, for example it is foreseeable that a 30 year old who commenced providing advice after completion of the 4 unit RG146 diploma may have 10 years of experience but practice for another 30 years without being required to undertake additional tertiary education, while a 55 year old career switched with 9 years' experience is still required to complete a Graduate Diploma.
- Discrimination against advisers who have inconsistently provided advice over the timeframe. For example, while a financial adviser may have been authorised to provide advice for 10 years in the past 12 years, they may have only sporadically or occasionally provided advice if they had another profession they undertook (for example accounting).
- Given the FSCP has only just been established, there may be examples of financial advisers who have serious compliance concerns, other conduct issues, breach reports under previous legislation and complaints against them which have not yet resulted in ASIC action. This may give rise to adverse publicity and scandals that would damage the profession and call into question the decision to relax education standards and ignores an adviser with an atrocious compliance record and other types of banning orders.

The FPA recommends that should the Government follow through on its intent to implement an experience pathway into the education standards, it should be based on 15 years' experience in the last 20 years to broadly align with when the legacy education standards ushered in under FSR commenced in 2001 and cater for those with non-standard work patterns. It should be limited to practitioners who are over the age of 55 and are more likely to exit the profession over the next decade, but have significant experience, positive client engagement and competence to provide advice. And it should have a 10-year sunset period after which they should exit advice provision if they have not undertaken the experience competency assessments (recommended below). This will provide the additional benefit that financial planning can work to attract more new entrants through the increased trust shown by consumers, Government, regulators and the media in the financial planning profession.

**FPA Recommendation 2 - The FPA recommends that the Government should not implement an experience exemption to the education framework. However, if the Government does proceed, it should be both increased to 15 years' experience in the last 20 years and include a 10-year sunset by which time the financial adviser is required to have ceased providing advice or met the education standards.**

## FPA's Proposed Framework

As noted in Recommendation 1, the FPA recommends the education standard is reviewed in the context of the Quality of Advice Review. However, should the Government decide to amend the education standards at this point, the FPA recommends enhancements to the education pathways FASEA developed, which are compliant with the provisions in the legislation, that also achieve the Government's stated original policy intent to improve the minimum entry standards for financial advisers (which were supported by the recommendations made in Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry<sup>5</sup>) and that acknowledges past education and experience of existing advisers that is specific to the provision of financial advice as pointed to in the Ministers statement<sup>6</sup>.

In our view, the education standards should be designed on the basis of a fair, equitable and professional competence framework which doesn't undermine the professionalism journey of financial advice, the time, effort and money put into meeting the existing standards which have been and are being made by many in the profession (including 83% of FPA members).

Given the stated intent of the initial legislation, the recommendations of the Royal Commission supporting a professional education framework, and the Minister's recent statement introducing this consultation, the FPA has developed a framework designed to achieve the following:

1. Have a competence-based framework which includes core competencies which are shared by ALL advice providers:
  - a. which can be achieved through education; or
  - b. via demonstration of competency obtained through experience.
2. Have a competence-based framework for authorisation of specific license authorisations (i.e., specialisations) which are specific to each financial planner based on the advice they provide:
  - a. which can be achieved through education; or
  - b. via demonstration of competency obtained through experience.
3. The competency framework developed (or used) should be based on AQF7 or above so that the profession, government and regulators and consumers can have trust that financial planners are tertiary qualified and competent.

How this works in practice:

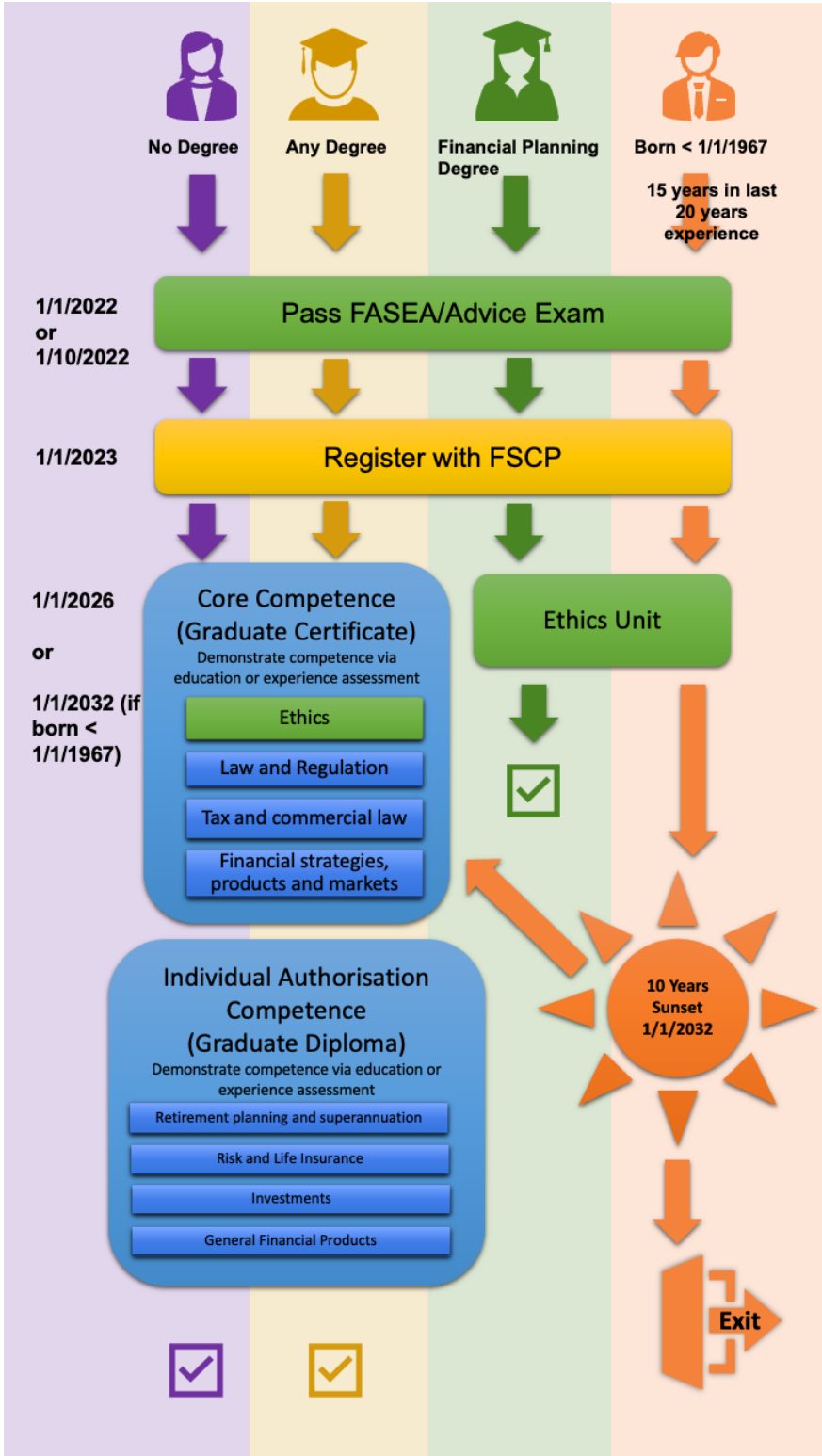
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<sup>5</sup> "I said in the Interim Report, and remain of the view, that prevention of poor advice begins with education and training. Those who know why steps are prescribed are more likely to follow them than those who know only that the relevant manual says, 'do it'.

*I believe that, as they come into effect, the new education requirements will improve the quality of advice that is given and improve the way that financial advisers manage the conflicts of interests with which they are faced.*" Commissioner Hayne, Final Report - Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

<sup>6</sup> Morrison Government to make quality financial advice more affordable <https://ministers.treasury.gov.au/ministers/jane-hume-2020/media-releases/morrison-government-make-quality-financial-advice-more>

### Recommended FPA Education Framework



## Pathways

The FPA proposes four pathways (assuming an experience pathway is adopted by Government). Under all four pathways, there is an assumption that the Exam has already been completed, registration with the FSCP will occur no later than 1 January 2023, and there will be no amendment of the current education time frame (except under the experience pathway sunset recommended by the FPA above).

The proposed pathways are therefore as follows:

1. No degree
  - a. For financial planners who have not completed a university degree at AQF 7 (Bachelor's degree); AQF 8 (Graduate Diploma or Masters); or AQF 9 (Doctoral Thesis).
2. Any degree
  - a. For financial planners who have completed a university degree at AQF 7 or higher which is not an approved (current) or specific (future degrees not included on an approved list) financial planning degree.
3. Financial Planning Degree
  - a. For financial planners who have completed a university degree at AQF 7 or higher which is an approved (current) or specific competence (future degrees not included on an approved list if it is not maintained by Treasury) financial planning degrees.
  - b. This pathway can be used for new entrants noting the opposite completion order and additional professional year obligations (i.e. education; professional year; exam; registration).
4. Experience Pathway
  - a. For those born before 1/1/1967 (i.e. 55 and over) who have 15 years of experience over the past 20 years.
  - b. The FPA recommends this pathway should sunset in 10 years after which the financial planner ceases to be authorised or has completed the education requirements via the core competence and individual authorisation competence frameworks below.

## Core Competence

1. For the core areas, a competency framework covering 4 areas can be developed which covers:
  - a. an Ethics Unit (compulsory) [same as the current one, so if you've done it, nothing further to do]
  - b. a legal and regulatory unit
  - c. a tax and commercial law unit
  - d. a financial strategies, products and markets unit

For any of these units: experience and CPD can be used to demonstrate competence; or if the unit has been completed at AQF7+ as part of prior degrees, certifications or individual units of study (through universities, RTOs or approved professional associations); or the unit of education can be completed (through universities, RTOs or approved professional associations). To create an easy to understand education option, they can be built into bachelor's degrees (they already are in financial planning specific degrees) or can be built into a Graduate Certificate for career changers or can be undertaken as individual units for experienced planners who are in this transition phase.

Competence can be assessed by universities, RTOs, or approved professional associations using a variety of methods such as challenge pathways (which are already used by universities under the existing framework), knowledge assessments, interviews, portfolios of work, exams, assignments etc., ensuring the assessment is anchored on the core competencies required of the unit of study.



## Individual Authorisation Competence

2. As licensees must ensure a financial adviser is competent to provide the advice they are authorised to provide, specific competence in the following knowledge areas is already required. A financial adviser will need to demonstrate competence (through experience or education) in the following types areas at AQF7 (or higher):
  - a. Retirement Planning and Superannuation
  - b. Risk and Life Insurance
  - c. Investments (derivatives, foreign exchange contracts, bonds, stocks, debentures, MIS, Margin lending, carbon credits, MDAs)
  - d. General financial products (basic banking, general insurance)

For any of these units: experience and CPD can be used to demonstrate competence; or if the unit has been completed at AQF7+ as part of prior degrees, certifications or individual units of study (through universities, RTOs or approved professional associations); or the unit of education can be completed (through universities, RTOs or approved professional associations). To create an easy to understand education option, they can be built into bachelor's degrees (they already are in financial planning specific degrees) or can be built into a Graduate Certificate for career changers or can be undertaken as individual units for experienced planners who are in this transition phase.

Competence can be assessed by universities, RTOs, or approved professional associations using a variety of methods such as challenge pathways (which are already used by universities under the existing framework), knowledge assessments, interviews, portfolios of work, exams, assignments etc., ensuring the assessment is anchored on the core competencies required of the unit of study.

Given many financial planners have come from alternate education or degree pathways (accounting, finance, economics, business, commerce etc.) where they have completed units in previous degrees, these should not be duplicated or completed again.

There are a number of benefits to this framework for the profession, for government and for consumers:

- Education or experience (as demonstrated through competence) is assessed at AQF7+ therefore all financial planners can be considered tertiary level competent to provide advice.
- Where an adviser is already competent (through education or experience) no further study is required.
- Licensees have a simple method to assess whether they can authorise an adviser in specific license authorisations.
- Where a planner or licensee wants to add an area of advice, it is clear what education or competence a planner needs to demonstrate to be authorised in this new area.
- Education and competence pathways can still be assessed against a framework which can be developed by or in consultation with the profession.
- No list of approved courses is required to be kept or maintained by Government as universities, RTOs and professional associations have a set of formal competencies to build units of study and competency assessments against under their existing TESQVA and ASQVA authorisations.
- FASEA has already developed the competence framework for each unit listed above, universities, RTOs and professional associations already have units of study designed against these requirements.
- Consumers can have trust that the profession of financial planning is one based on education and competence irrespective of years of experience.
- It is easy to understand for financial advice providers.

**FPA Recommendation 3. The FPA Recommends the Government adopt a competency framework for the financial planning profession which recognises both education and experience to demonstrate competence at AQF7+ to replace the existing education framework. This will benefit existing financial advisers, irrespective of years of experience in providing pathways to demonstrate competence with flexibility of completing study or demonstrating competence.**

## Treasury Questions

### 1. the impact of the proposal on industry and stakeholders, including the cost to business.

As noted in our response, the FPA is concerned that the proposals will lead to significant additional costs and uncertainty to the industry, stakeholders and financial advice businesses. These will come from a number of areas as follows.

Through making significant changes to the education standards, including putting the onus on licensees to assess education compliance themselves without the FASEA lists available, will require a reassessment of all relevant providers to assess whether they meet a new education framework. This was both one of the benefits of the old ASIC Training Register when maintained by ASIC, but also a drawback when it ceased to be maintained in 2012 and there was no longer a method for ensuring a financial planner had met the education competencies required. It was not uncommon for experienced financial planners when changing licensees be told they no longer met the minimum education requirements and were required by a new licensee to undertake additional education. Licensees are therefore concerned that the proposed framework will not support them to make decisions on whether the appropriate education has been undertaken, particularly given the majority of licensees around Australia are now small businesses.

Licensees have already spent considerable time and cost in funding the education standards to date for the majority of their financial planners (as demonstrated by the high completion rate already seen amongst FPA members).

There is also clear evidence that higher education leads to improved compliance outcomes. Evidence from AFCA shows a significant decrease in consumer complaints (less than 1.8% of complaints, an over 50% decrease) and increase in complaints found in favour of the advice firm (nearly 2/3rds) as the education standards have continued to be implemented. ASIC has also provided evidence to Parliament that the kinds of compliance issues seen in financial advice have changed significantly over the past four years. The FPA has many years of evidence to show that highly educated FPA members (degree entry education standards, code of ethics compliance, high ongoing CPD) and in particular CFP members (higher education certification, code of ethics compliance, higher ongoing CPD) are significantly less likely to be banned by ASIC than you would expect in a population of their size<sup>7</sup>. There is therefore concern that an exemption based on experience rather than competence will lead to higher compliance and remediation costs for this cohort, which will impact financial advice businesses from the proposals made in this consultation.

7

	ASIC financial adviser bans	FPA Members	Percentage FPA Members	CFPs	Percentage CFPs
TOTAL (From July 2009 to January 2022)	294	29	10%	17	6%

**2. whether the proposal meets the policy objective of streamlining the education standard and whether the proposed approach appropriately recognises on-the-job experience while ensuring there is a base level of knowledge across the financial advice industry.**

As noted above, the FPA advocated to FASEA for more recognition of experience and education to be considered in the education standards and a disappointment that FASEA created a one size fits all education framework given the variety of pathways existing financial planners came to the profession and their areas of practice (from holistic, to specialised, to highly scoped). From this perspective, the FPA is very supportive of the policy objective of streamlining the education standards and recognising on-the-job experience through a demonstration of competence. On the other hand, we do not believe that an experience pathway by itself will ensure there is a base level of knowledge across the financial advice industry, and runs in contradiction to the recommendations of previous Parliamentary inquiries into the financial advice industry, including the Inquiry into Financial Products and Services in Australia<sup>8</sup> which recommended an increase to education and ethical standards for the financial planning profession and the findings of the Royal Commission which noted “*The proposed changes to lift the professional, education and ethical standards of financial advisers represent a further important step towards making financial advice a profession*”<sup>9</sup>.

There is an opportunity for the Minister to enhance the education standards to ensure it is flexible in implementation, focuses on the technical knowledge and skill competencies required to provide professional, compliant advice to Australian consumers, and ensure clients, government, regulators and the community have trust in the financial planning profession. Financial advice is provided in a variety of ways, scoped, holistic and specialist, and the education framework should ensure that each professional financial planner can demonstrate competence based on their authorisation.

**3. what would enable other education providers such as registered training organisations and professional associations to offer courses that meet the proposed education requirements at an AQF 7, 8 or 9 level; and**

Section 1546B(2) prior to its removal stated:

*To avoid doubt, an existing provider may meet the education and training standard in subsection 921B(2), or complete one or more courses in accordance with paragraph (1)(b) of this section, before this section commences.*

The Explanatory Memorandum stated:

*“... the designation that an adviser holds is not relevant. Instead, the body must consider the courses that the adviser completed to **qualify** for the designation”<sup>10</sup>.*

*“... the mere fact that Anastasia holds the Excellent Advisers Designation is not in itself relevant. Instead, the body must consider the courses that Anastasia undertook to **qualify** for the designation.”<sup>11</sup>*

‘Qualify’ is not defined in the Corporations or TEQSA Act. Therefore FASEA was entitled to refer to the common usage of the word or dictionary meaning, which is: “*to become officially recognised as a*

<sup>8</sup>

[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Corporations\\_and\\_Financial\\_Services/Completed\\_inquiries/2008-10/fps/index](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/Completed_inquiries/2008-10/fps/index)

<sup>9</sup> Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry p. 134

<sup>10</sup> 6.12

<sup>11</sup> Example 6.3: Appropriate bridging courses, page 76

*practitioner of a particular profession or activity, typically by undertaking a course and passing examinations.”<sup>12</sup>*

Importantly, feedback from education providers also indicates that ‘to qualify’ means to have successfully completed the courses necessary to be issued with and hold a higher education award.

This sets the legal parameters that enables the Minister to allow the underlying units of study of professional designations, such as the five units required to be issued with a CFP designation, to be relevant and assessed for the purposes of meeting the education standards for “equivalent qualifications” either through assessment by Treasury or via the framework implemented going forward to enhance the education standards.

If it can be demonstrated that the units of study undertaken to attain a professional designation meet the intent of the legislation – that is to increase standards in the provision of financial advice - with learning outcomes specific to the provision of financial advice, that designation should be accepted and incorporated into the education pathways for existing advisers.

The 4 units of study undertaken to qualify for the Certified Financial Planner® (CFP) designation have been granted advanced standing from units of study by the following (for example, these are three of 19 current arrangements) TEQSA regulated higher education providers of FPEC accredited Graduate Diplomas, in line with the TEQSA RPL guidelines:

- Deakin University - 4 unit maximum exemption (50% of the course subjects)
- Charles Sturt University – 4 unit maximum exemption (50% of the course subjects)
- University of NSW –2 unit maximum exemption (UNSW have a policy of 33% maximum credits)

All of these 19 providers are TEQSA “regulated higher education providers” offering exemptions to their TEQSA “regulated higher education awards” at both an AQF 8 and 9 level for the CFP units. This clearly demonstrates that education providers assess and value the study undertaken to ‘qualify’ for the CFP designation as delivering learning outcomes equivalent to Graduate Diplomas and Masters courses regulated by TEQSA at AQF 8 and 9 levels. FASEA also recognised the CFP® program to the maximum level allowed within their RPL framework, again demonstrating the learning outcomes at AQF 8 and 9 levels.

It also shows that the CFP designation is “*an award of a similar kind, or represented as being of a similar kind, to any of the above awards*”.

Therefore, the CFP designation can be considered a “higher education award” under s5(c) of the TEQSA Act, permitting the completion of study undertaken to qualify for CFP status, as per the Explanatory Memorandum, as a qualification for the purposes of “equivalent qualification”.

Specifically, s921B(2)(a) and s921U(2)(a)(i) of the legislation clearly allows for the Minister to approve each qualification, however the law itself does not dictate any requirements as to the education provider:

*s921B(2)(a) the person has completed a bachelor or higher degree, or equivalent qualification, approved by the Minister under section 921U*

*s921U(2)(a)(i) The Minister must, by legislative instrument, approve bachelor or higher degrees, or equivalent qualifications, for the purposes of paragraph 921B(2)(a).*

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<sup>12</sup> <https://en.oxforddictionaries.com/definition/qualify>

The Explanatory Memorandum to the Bill states that:

*“the person must complete a bachelor or higher degree, or equivalent qualification, approved by the body (which may include an international course or **a course that is not delivered by a university provider**)”<sup>13</sup>.*

Some of the issues the Minister may need to consider include *“whether to approve some or all of the courses offered by providers other than universities”<sup>14</sup>.*

Importantly neither the legislation nor the Explanatory Memorandum specify that the education provider must be TEQSA regulated. Hence, FASEA was not obliged to limit its approval of qualifications and courses to TEQSA “regulated higher education providers” and TEQSA “regulated higher education awards”. The standard in subsection 921B(2) is that a person has *completed a bachelor or higher degree, or equivalent qualification, approved by the Minister...* – that is, approved by the Minister, not TEQSA approved.

This provides the legal parameters to develop appropriate criteria and to consider, assess, and approve courses offered by education providers who are not approved by TEQSA, particularly in relation to existing advisers.

This premise is further supported by the Minister who, in her second reading of the Bill to the Parliament, stated that:

*“Professional associations are likely to offer training and education services to their members, to assist them to prepare and to meet the new standards”<sup>15</sup>.*

The CFP Program is offered and issued by the FPA. While the FPA is not a university provider or a TEQSA regulated higher education provider, the FPA is specifically licensed to deliver the CFP Program in Australia by the global Financial Planning Standards Board (FPSB). *FPSB Financial Planning Curriculum Framework for the CFP Program*<sup>16</sup> specifies the detailed knowledge categories, learning level descriptors and outcomes, and curriculum components the CFP Program must deliver.

Importantly, the entity licensed to issue the CFP Program must also meet the FPSB’s standards for excellence in education, examination, experience and ethics. As such the FPA must report against and show its ability to deliver, administer and enforce adherence to the FPSB requirements:

1. Education – candidate must complete courses in territory-specific topics in the body of knowledge for financial planning, at the upper division undergraduate or master’s degree level (or its equivalent). CFP professionals must maintain high levels of ongoing continued professional development (CPD), including a minimum level of ethics related CPD.
2. Examination – assesses the ability of a candidate for CFP certification to apply his or her knowledge, skills and abilities to real-life financial planning situations. A candidate for certification

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<sup>13</sup> <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F9b169b3b-768b-49e5-aabb-ed05f3ce0ebb%2F0005%22>

<sup>14</sup> <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F9b169b3b-768b-49e5-aabb-ed05f3ce0ebb%2F0005%22>

<sup>15</sup> <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22chamber%2Fhansard%2F9b169b3b-768b-49e5-aabb-ed05f3ce0ebb%2F0005%22>

<sup>16</sup> <https://www.fpsb.org/cfp-certification/cfp-certification-requirements/>

can sit for the CFP Certification Examination after having successfully fulfilled a FPSB Member's education requirement.

3. **Experience** – candidate must meet relevant work experience standards in the financial planning process prior to being awarded CFP certification to ensure they possess financial counselling skills in addition to financial planning knowledge.
4. **Ethics** – candidate must agree to abide by a strict Code of Ethics and Professional Responsibility that defines their ethical responsibilities to the public, clients and employers. CFP professionals must disclose any investigations or legal proceedings related to their professional or business conduct and agree to place the interest of clients first, act fairly, diligently and with integrity, and offer clients professional services that are objective and based on clients' needs. CFP professionals must disclose in writing to clients information about their sources of compensation and conflicts of interest.

While TEQSA serves a vital role in ensuring the quality of education provided in Australia, 'regulated higher education providers' are not required to meet requirements that are specific to the provision of financial advice. The FPA, as a licensed issuer of the CFP designation program, must ensure the graduates of its CFP education program continue to meet global high ongoing education, professional and ethical standards. These requirements are specific to the provision of financial advice and are reflective of the intent of the Government package of reforms which include education, exam, CPD and a Code of Ethics.

For these reasons FPA supports the proposal to broaden the education standards to support professional associations to offer courses that meet the proposed education requirements at an AQF 7, 8 or 9 level.

4. **whether the professional year standard (set out in the *Corporations (Work and Training Professional Year Standard) Determination 2018*) should be amended to require additional study at a Graduate Certificate or Diploma (AQF 8) level to complement the broadening of the relevant fields of study. These could be done in a specialised area of the licensee and new entrant's choosing, allowing the professional year candidate to develop a deeper knowledge alongside their practical training.**

Given the current number of new entrants who have completed the professional year, there is no evidence to suggest that the current education component of the professional year framework is leading to a knowledge gap in new entrants. The FPA does not support an amendment to the professional year requirements at this point, and especially not an increase in the cost burden for the licensee, practice or new entrant that study at AQF 8 level would entail, given they have already completed a degree at AQF 7 or 8 (career changers) level.