



FINANCIAL PLANNING  
ASSOCIATION of AUSTRALIA

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Mr Peter Achterstraat AM  
NSW Productivity Commissioner  
NSW Productivity Commission  
GPO Box 5469  
Sydney NSW 2001

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

Dear Mr Achterstraat

### New thinking on continuing professional development (CPD)

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback on the NSW Productivity Commission's *New thinking on continuing professional development (CPD)* discussion paper.

The FPA is the leading professional association for financial planners. We represent the interests of the public and 11,000 practitioner members. We are interested in the Commission's proposed CPD Framework and how it may assist other jurisdictions in setting and reviewing mandatory CPD requirements in the future.

The FPA supports the concept of:

- a CPD Framework to guide the assessment of establishing and reviewing the State Government's mandatory CPD requirements for NSW licensed professionals.
- a consistent CPD framework that can be applied to determine whether existing or proposed mandatory CPD schemes are justified, and to ensure their design is efficient and effective.

In 2019<sup>1</sup>, Commonwealth Government mandated professional and education standards for the financial planning profession commenced. This included adherence to the following requirements to be authorised by and registered with ASIC to provide financial product advice to retail clients on relevant financial products:

- Education– minimum entry requirement of an approved degree (AQF7 or above)
- Professional year (PY) – new entrants commence PY once the education standard has been met

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<sup>1</sup> Transition arrangements for existing financial planners to meet the new education standard of an approved degree continue until 2026.

- Exam – all financial planners must pass the exam (new entrants and existing planners)
- CPD – minimum of 40 hours per year including a minimum of five hours each in of the CPD areas of technical competence, client care and practice, regulatory compliance and consumer protection; taxation<sup>2</sup> and a minimum of nine hours in the CPD area of professionalism and ethics.
- Code of Ethics – financial planners registered on the ASIC Financial Advisers Register (FAR) must adhere to the Code.

The FPA's submission is provided from the perspective of the provision of financial advice, which is licensed under the Corporations Act 2001, and the profession's experience of embedding and operating under government mandated standards.

### Discussion questions

#### 1. What is the role of CPD: skill maintenance or upskilling?

CPD is an integral part of a professional framework. It is a key mechanism for maintaining the currency of technical knowledge, growing new knowledge, expanding skills and abilities, and ensuring an understanding of professional behaviours. An important role of CPD should be to support change, such as technical skill development, expanding knowledge, growing professionalism.

CPD offerings should include a measure of change success. Rather than just focusing on quizzes, reading, listening to, or attending, it is important that the CPD activity measures the change in the person from completing the CPD activities. CPD should never be viewed merely as a compliance burden, rather it should be embraced as a method of improving personal and professional confidence and proficiency.

Regulation, technology, consumer expectations and business operations are commonly and constantly evolving. CPD allows professionals to keep up to date with any changes and identify opportunities to improve business efficiencies and services provided to consumers. The formal structure of CPD acts as an additional consumer protection mechanism as it applies a consistent minimum standard to all professionals in a profession.

#### 2. What is the right balance between initial education requirements and CPD? How could CPD be used to facilitate progression through graduated occupational licencing?

For individuals wishing to enter a profession, initial education should deliver learning outcomes focused on the essential core knowledge and skills necessary to provide the professional service to consumers. CPD should build on these learning outcomes including providing opportunities for specialisation and career progression.

Achieving the right balance between initial education requirements and CPD must be assessed for each specific profession. As discussed in the Commission's discussion paper, this balance would be dependent on a number of factors including (for example):

- the essential skills and knowledge required to provide entry level services appropriately and safely to consumers
- whether entry level services can be provided unsupervised or if new entrants to the profession must be supervised while undertaking initial on the job training

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<sup>2</sup> Financial planners who provide a tax (financial) advice service must also complete 5 hours in the CPD area of taxation.

- the information symmetry of the consumer and the provider
- the service provided and the risk of consumer harm.

To minimise the potential barrier to entry to the financial planning profession created by the new education standard, the government permitted up to 30 hours per year of formal relevant education provided by an education provider to count as CPD. This includes:

- a degree or equivalent qualification approved under new education standard
- a course on the new Code of Ethics
- education or training provided or approved by a professional association
- formal education or training study towards qualifications or designations relevant to practice as a relevant provider.

### 3. How could CPD be used to enable upskilling and improved labour market flexibility? What barriers must be overcome?

The FPA supports an outcomes-focused approach to CPD.

The Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018<sup>3</sup> requires all financial planners listed on the ASIC Financial Advisers Register<sup>4</sup> to prepare a CPD plan before the start of each CPD year. The CPD plan must identify areas for improvement in, and development and extension of, the financial planner's competence, knowledge and skills and describe the qualifying CPD activities the financial planner will complete during the CPD year to achieve those improvements. The licensee must monitor the individual's implementation of the plan and ensure appropriate qualifying CPD activities are available for the financial planner.

As the mandated requirements include set CPD areas that must be covered and requires 70% of the financial planner's CPD activity to be approved by the licensee, the education and training industry had to change its offerings and processes to meet the new demands. CPD completed by FPA practitioner members must also contain a minimum of 70% of material that has been approved by the FPA.

The new legislated CPD standard also required the development of new course content and delivery options to improve accessibility for all financial planning professionals regardless of geographical locations or circumstances. New courses on the legislated Code of Ethics, professionalism and ethics have been developed in the last 2 years for financial planners. CPD content on taxation is also emerging to meet the new CPD requirement for providers of tax (financial) advice services which commenced on 01 Jan 2023.

Under the new requirements all course content must include appropriate assessment mechanisms which also had to be developed. The profession had to ensure appropriate assessment structures were in place to assess and approve CPD program offerings. This was primarily conducted by the FPA and licensees.

<sup>3</sup> <https://www.legislation.gov.au/Details/F2020C00711>

<sup>4</sup> <https://moneysmart.gov.au/financial-advice/financial-advisers-register>

The introduction of the legislated CPD standard required an appropriate transition period to be set in the enabling legislation to allow education providers and the financial planning profession to prepare for the new requirements.

For example, to meet the requirements for each planner to develop a CPD plan approved by the licensee, and for that plan to form the basis of the record keeping requirements in s12 of Corporations (Relevant Providers Continuing Professional Development Standard) Determination 2018, involved a significant investment in technology and training for the profession and education providers.

More recently, the Corporations (Relevant Providers—Education and Training Standards) Determination 2021<sup>5</sup> set new CPD requirements for providers of tax (financial) advice services and provided an 18-month transition to enable the profession to recode CPD record keeping systems and for planners to undertake sufficient approved taxation CPD activity to meet the required hours for the first year of implementation. The extended transition to 18 months was necessary as some planners CPD year is based on the financial year, while others complete it on a calendar year basis.

#### 4. How can digital technology be better used to facilitate and deliver CPD?

AI and natural language processing could and should be used to allow nuances and emerging topics to be searched for and tracked. For example, ESG, environmental investing and social investing are all the same educational topic but can be searched for via three different words. These are an emerging educational topic for financial planners that are buried under the higher taxonomy of the legislated CPD areas. AI could be used to develop recommendations of learning plans and trending topics for financial planners, taking learning from a tick box exercise to a motivating and inspiring continuous learning program.

A centralised micro-credentialling and digital badging system would enable planners to show the public which areas they specialise in and have been audited in (noting we do sample audits of FPA members CPD records).

The white paper talks about record keeping. At the moment, AFSLs tend to pay for financial planners' CPD trackers. However, financial planners own this data and can download their CPD records when changing licensee. This portability of CPD records is vital given that maintaining CPD is a mandatory requirement to be registered on the ASIC FAR and authorised by a new licensee. It also improves transparency and protections for consumers.

Digital technology has the potential to introduce a centralised reporting system for CPD for professions, including the financial planning profession. Professionals (such as financial planners) could be free to choose to use a centralised platform (developed by government or their profession) or subscribe to independent data trackers. AI/NLP search functionality could also permit consumers to search for an individual professional who has a passion for and who has recently/consistently studied a particular CPD area. For example, a financial planner who undertakes specialised technical CPD on expatriates and self-invested personal pensions (SIPPs) for those needing to transfer pensions from the UK to Australia.

#### 5. Does the framework appropriately guide regulators as to whether mandatory CPD is the right policy?

The Commission's draft framework proposes a high level simple and clear guide for assessing whether mandated CPD is appropriate for any profession. The FPA provides comments below in response to *Table 3: Potential framework design features*.

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<sup>5</sup> <https://www.legislation.gov.au/Details/F2021L01714>

Productivity Commission proposed potential framework	FPA comments
<p>Are mandatory requirements the minimum necessary to achieve the objectives?</p>	
<ul style="list-style-type: none"> <li>• Do requirements target identified issues or deficiencies in capabilities?</li> <li>• Is coverage based on risks?</li> <li>• Are mandatory units (versus informal learning) the minimum necessary?</li> <li>• Is the time period for compliance (i.e., annual completion, or triennial) as long as possible, as appropriate to the likelihood of change and the risks involved?</li> <li>• Has comparison with other jurisdictions or similar industries been used to inform design?</li> </ul>	<ul style="list-style-type: none"> <li>• Can the CPD requirement be adapted to improve the knowledge and skills needed to address identified issues or deficiencies in capabilities at both a profession and individual practitioner level? <ul style="list-style-type: none"> <li>○ Does the identified issues or deficiencies in capabilities necessitate a requirement for a CPD Plan to be developed and set by the licensee for each practitioner (under the licence); with monitoring and record keeping requirements?</li> </ul> </li> <li>• Is there a mechanism for CPD activity to be approved or accredited by a party independent of the CPD provider?</li> <li>• Is there a requirement for CPD activity to be assessable, including a component of practitioner self-reflection? (Assessment and self-reflection can address CPD engagement issues)</li> <li>• Does the CPD activity measure the change in the person from completing the CPD activities? An important role of CPD should be to support change, such as technical skill development, expanding knowledge, growing professionalism.</li> <li>• Do mandatory CPD areas include flexibility to adapt to specialisations that may be held by practitioners?</li> </ul>
<p>Does the scheme adapt to changing population needs, technology and regulation?</p>	
<ul style="list-style-type: none"> <li>• Is there scope to place requirements on hold where time is taken out of the workforce, for example, act as a primary carer?</li> <li>• Is content flexible and adaptable to meet deficiencies in areas of competency as identified over time (i.e., constant modification to address non-compliance or gaps in knowledge)?</li> <li>• Can practitioners choose when and how to complete requirements?</li> </ul>	<ul style="list-style-type: none"> <li>• Is there a requirement for the CPD activity to be led or conducted by 1 or more persons who are appropriate, and have sufficient standing, expertise, academic qualifications and/or practical experience in the deficient areas of competency?</li> <li>• Does the CPD lead to improved knowledge, growth, practice or is it simply tick a box?</li> </ul>
<p>Are reporting requirements the minimum necessary?</p>	
<ul style="list-style-type: none"> <li>• If the purpose of CPD reporting is to promote transparency and accountability: <ul style="list-style-type: none"> <li>○ Are there opportunities for licensees to be directly accountable to customers?</li> </ul> </li> <li>• If the purpose of CPD reporting is to monitor enforcement and compliance: <ul style="list-style-type: none"> <li>○ When: periodically or at the point of renewing a licence, or a requirement that licensees retain the information and provide to regulators on request, that is, spot audits?</li> <li>○ How: can on-line platforms simplify record-keeping and reporting to regulators?</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Who will cover the cost of monitoring compliance with the CPD requirements by the Regulator?</li> </ul>

The FPA also supports the requirements for review of mandatory CPD, as stated in the White Paper. Consideration must also be given to appropriate transition arrangements to ensure the consumer protections offered through appropriate CPD can be delivered practically, effectively and in a timely manner by the education and training providers and the profession.

6. What design features should be included in the framework to ensure CPD is well designed and maximises net benefits?

A CPD framework should include a 'gatekeeper process' for CPD activity to require the content to be audited and accredited by an independent party to ensure it is fit for purpose and non-bias. The absence of a gatekeeper process opens the CPD market to vested interests wanting to influence professionals under the guise of education. Such influence would likely not be in the best interest of consumers. While there should be flexibility in who is permitted to create CPD, gatekeepers should audit and accredit the content to ensure it is fit for purpose and non-bias. In the financial planning profession, licensees and the associations perform this CPD gatekeeper role.

A CPD framework should also include consideration of whether there is a risk that professionals can over-step their legal boundaries in the services and interactions they have with consumers. For example, as the purchase or selling of property involves a significant financial investment, it requires the consumer to make a decision that will impact their overall financial well-being, often in highly stressful circumstances. This decision is often influenced by the property agent. Property is not considered a financial product under the Corporations Act however property agents can easily and inadvertently provide financial product advice when discussing investment options and alternatives with consumers. This is considered unlicensed financial advice which attracts significant penalties under Commonwealth law. Consumer protection mechanisms within the Corporations Act do not cover unlicensed financial advice.

Hence, it is vital that a CPD framework consider the complexity of the law relevant to the services being provided and any potential legal boundaries or grey areas that, if over-stepped, pose a risk of consumer harm.

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

Yours sincerely



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*Head of Policy, Strategy and Innovation*  
Financial Planning Association of Australia<sup>6</sup>

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<sup>6</sup> The Financial Planning Association (FPA) is a professional body with more than 10,500 individual members and affiliates of whom around 8,500 are practising financial planners and 5,000 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.