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Jobs and Skills Australia

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Dear Jobs and Skills Australia,

### **2025 Core Skills Occupation List**

The Financial Advice Association Australia (FAAA)<sup>1</sup>, as the peak professional body for financial advisers, welcomes the opportunity to contribute to Jobs and Skills Australia's consultation on the 2025 Core Skills Occupations List (CSOL).

We note that while 'paraplanner' and 'financial services and investment specialists' have been flagged for consultation, the occupation of 'financial adviser/financial planner' is once again absent. This is despite an August 2023 decision by the ANZSCO Review Team to replace the principal title for 2223111 'financial investment adviser' with 'financial adviser/planner'.

This omission is inconsistent with the substantial evidence of skills shortages in financial advice, as already recognised on the National Skills Commission's Skills Priority List and JSA's Occupation Shortage List and fails to reflect the vital role financial advisers play in supporting household financial wellbeing, retirement outcomes, and broader economic stability.

This submission provides updated evidence on:

- The decline in adviser numbers, which has not been offset by new entrants.
- The long training and professional year requirements, which create a structural lag in workforce supply.
- The rising demand for advice, with millions of Australians seeking, but unable to access professional financial advice.
- The misclassification risk in recognising 'investment analysts' or 'specialists' instead of financial advisers.
- The important role of paraplanners in the financial advice ecosystem.
- The consumer and economic consequences of unmet financial advice needs.

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<sup>1</sup> The Financial Advice Association of Australia (FAAA) is the largest association representing the financial advice profession in Australia, with over 10,000 members. FAAA advocates for the interests of financial advisers and their clients across the country.

FAAA urges JSA to:

1. Include Financial Adviser/Financial Planner on the CSOL.
2. Maintain recognition of Paraplanner as a distinct but complementary occupation.
3. Ensure migration frameworks recognise the Professional Year and licensing requirements unique to financial advisers.

## **Introduction**

FAAA is the primary professional association for financial advisers in Australia. Our members are bound by high education, professional and ethical standards, and serve millions of Australians across metropolitan, regional, and remote communities.

We have consistently engaged with JSA, the Department of Employment and Workplace Relations, and other government agencies on workforce planning issues. Our 2024 submission to the draft CSOL highlighted the clear shortage of advisers, and we are disappointed that the 2025 consultation again fails to list this occupation under the term generally used in society.

## **Adviser numbers**

The number of financial advisers has declined dramatically since the start of 2019, following significant regulatory and education reforms:

- In late 2018 there were ~28,900 advisers on ASIC's Financial Adviser Register.
- By mid-2024, at the time of our last CSOL submission, this had fallen to ~15,600.
- As at September 2025, there are fewer than 15,300 practising financial advisers, representing a 47% reduction in seven years.

This decline is structural, not cyclical. Retirement of older advisers, regulatory change driven exits, and the lengthy qualification process for new entrants all contribute. The impending 1 January 2026 deadline for adherence with the updated educational requirements, looms large as a further cliff beyond which financial adviser numbers will further decline.

Despite this, consumer need for financial advice is rising. The consequence is a widening gap between supply and demand.

## **New entrants**

To become a financial adviser, an individual must:

- Complete an approved degree or equivalent;
- Undertake a Professional Year (1,500 hours, including 100 structured training hours);

- Pass the adviser exam; and
- Meet ongoing CPD obligations.

This process typically takes at least 4-5 years from commencement of study to registration.

The pipeline of new advisers remains small:

- In 2023, only 381 new provisional advisers were registered<sup>2</sup>.
- In 2024, this rose to around 511 entrants, but far below replacement levels.<sup>3</sup>
- With an estimated 700–1,000 advisers retiring annually, supply is not keeping pace.

This means workforce shortages are baked in for the foreseeable future. Migration recognition and inclusion on the CSOL would help to address this.

Paraplanning also plays an important role in the pathway to becoming a financial adviser, with many acting in this role while they study. It is important that this role and shortages related to this role are included in the list. Indeed, most qualified overseas new entrants work in paraplanning roles until they complete Australian bridging units or degrees.

## **Demand for financial advice**

Research consistently demonstrates substantial and growing unmet demand for financial advice across Australia. According to the FAAA Value of Advice Index 2024, approximately 11.8 million Australians do not currently receive advice, yet a significant proportion of this population are open to engaging with a licensed professional. Demand is particularly acute among Australians approaching retirement, who require guidance on superannuation, retirement income strategies, and later with respect to aged care funding. At the same time, younger Australians increasingly seek advice on investments, debt management, and first-home purchases, while families and small business owners look for support on cashflow, insurance, and succession planning.

These diverse client needs underscore that financial advisers provide a vital, consumer-facing service that is not yet easily substituted by technology or non-advised solutions. While many financial advisers, and their licensees, are using AI in their business processes and in some cases to assist in preparing Statements of Advice, they ultimately still need to be finalised and presented by a professional financial adviser.

Even when Australians are willing and able to pay for advice, access remains constrained by the shortage of qualified professionals. Many prospective clients experience long waiting times or are deterred by high fees that are caused by strenuous compliance obligations and demand for advice being so high. Regional and rural communities are

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<sup>2</sup> <https://www.ifa.com.au/news/33769-adviser-landscape-finds-stability-in-2023-as-new-entrants-inject-fresh-energy>

<sup>3</sup> <https://www.ifa.com.au/news/35260-downward-trend-for-adviser-numbers-slows-in-2024>

disproportionately affected, often having very few advisers available locally, while certain metropolitan populations, including low-income households and culturally and linguistically diverse communities, remain under-served.

The economic contribution of financial advice is substantial. Evidence demonstrates that advised households accumulate higher retirement savings, maintain more comprehensive insurance coverage, and make more effective investment and debt decisions than unadvised households.

In contrast, those without access to professional advice are more likely to face financial stress and, in later life, rely on government support. With Australia's population ageing, superannuation balances growing, and retirement planning increasingly complex, the demand for advice is projected to continue rising. If current workforce shortages persist, many Australians will remain underserved, potentially jeopardising retirement outcomes, household financial wellbeing, and broader economic stability.

According to the Future Skills Organisation Workforce Plan 2025 Occupations Dashboard, there is current demand for 64,287 'financial investment advisers and managers' in 2025 and this rises to 69,135 by 2030.

This figure is similar to JSA's own 'Employment Projections' suggesting that demand for 'financial investment advisers and managers' will grow from 68,400 in 2029 to 72,300 by 2034.

## CSOL classifications

### 'Financial adviser'

The current consultation's reference to 'financial services and investment specialists' does not accurately capture the work performed by licensed professional financial advisers.

Financial advisers provide **personalised, holistic advice to Australians**, covering superannuation, retirement planning, insurance, budgeting and estate planning.

In contrast, investment analysts and other so-called 'financial specialists' typically focus on institutional research, portfolio construction, or asset allocation, and do not interact with individual clients to provide tailored advice.

Misclassifying advisers as investment specialists risks **undermining workforce planning**, limiting the visibility of a clear shortage, and creating barriers for migration recognition and broader policy support.

The title 'Financial Adviser/Financial Planner' would clearly differentiate the profession from analysts or other specialists and aligns with the definitions used by ASIC under the Corporations Act.

Recognising this distinction is essential not only for migration and CSOL purposes, but also to support broader policy goals. Advisers are central to ensuring Australians can navigate retirement, superannuation, and aged care decisions safely and effectively, and their absence would directly exacerbate consumer risk and leave significant gaps in essential financial services.

The dual terms, ‘financial adviser’ and ‘financial planner’ are used interchangeably.

### ‘Paraplanner’

Similarly, paraplanners play a critical but **distinct role within the financial advice ecosystem**. They provide technical, research, and compliance support to advisers, assisting with the preparation of Statements of Advice and ensuring regulatory obligations are met. Paraplanners are not licensed to provide personal advice and cannot substitute for a financial adviser in meeting consumer needs.

Recognising paraplanners as an occupation where a shortage exists is therefore appropriate, but insufficient on its own. Without explicit recognition of financial advisers, workforce planning will fail to address the most critical shortage affecting consumer access to licensed financial advice.

The complementary recognition of paraplanners remains important, as they help to expand the capacity of financial advice practices and enable financial advisers to meet increasing consumer demand. Together, a workforce comprising both financial advisers and paraplanners ensures that the financial advice system can operate efficiently, meet regulatory requirements, and maintain high standards of consumer protection. However, any workforce planning exercise that omits financial advisers will fail to address the core constraint in Australia’s financial advice system and will leave millions of Australians underserved.

As mentioned above, while paraplanning can be a standalone career, it also acts in some cases as a transition role for those still undertaking education to meet the standards required to become a financial adviser. We believe that this could ultimately help to ensure a greater number of financial advisers, so that the role is no longer on the shortage list.

## **Economic and social impacts**

The shortage of financial advisers has significant and wide-ranging consequences for both Australian consumers and the broader economy. Households without access to advice are less likely to make optimal decisions regarding retirement savings, superannuation contributions, insurance coverage, and debt management.

The FAAA Value of Advice Index 2024 indicated that Australians who do not receive professional advice are more likely to under-save for retirement, hold inadequate insurance, and face higher financial stress. In practical terms, this means that many

individuals risk entering retirement with insufficient funds, potentially increasing their reliance on government support programs.

Regional and rural communities are particularly affected. Many areas have few or no practising financial advisers, creating long waiting lists and forcing consumers to rely on remote or online services, which may not adequately address local circumstances or complex needs.

Even within metropolitan areas, certain populations such as low-income households, recent migrants, and individuals with non-standard employment, remain under-served. Financial services Industry data consistently shows that firms are operating at full capacity, with advisers regularly turning away clients due to limited bandwidth.

The economic implications extend beyond individual households. Financial advisers contribute to **better wealth accumulation, reduced household financial stress, and improved financial literacy** across the community, all of which support productivity and economic stability. The Productivity Commission and independent research have demonstrated that advised households accumulate significantly higher superannuation balances over time and are less likely to make early withdrawals that can compromise long-term financial security.

Without an adequate supply of advisers, Australians are at greater risk of poor financial outcomes, which can translate into higher demand on social services and reduced economic resilience. Ensuring an appropriately sized and skilled financial adviser workforce is therefore critical not only for consumer protection but also for the effective functioning of the broader economy. According to Investment Trends research from 2023<sup>4</sup>, 11.8 million Australians have unmet financial advice needs. They also state that 1.3 million of those with unmet advice needs plan to seek an adviser in the next two years.

Indeed, according to research from AdviserRatings<sup>5</sup>, adviser numbers would need to increase to more than 50,000 by 2055 to meet the increased demand for financial advice. This is based upon the projection that pre-retirement and retired people over the age of 55 will double in the same time period.

## Migration

Current migration frameworks do not adequately recognise the professional year or licensing requirements unique to advisers. This creates barriers for otherwise qualified international professionals.

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<sup>4</sup> <https://investmenttrends.com/2023-financial-advice-media-release/>

<sup>5</sup> <https://www.adviserratings.com.au/news/the-great-adviser-race-can-australia-build-its-financial-army-before-demographics-strike/>

We urge JSA to engage actively with ASIC and Treasury on a model for financial advisers and paraplanners that is fit for purpose. This would include:

- Recognition of the professional year as part of the skills assessment framework.
- Align migration pathways with ASIC's adviser registration requirements.
- Support targeted migration as a complement to domestic workforce development.

## **Recommendations**

FAAA recommends that JSA:

1. Include Financial Adviser / Financial Planner on the CSOL to reflect recognised shortages.
2. Amend ANZSCO terminology to accurately describe the profession.
3. Retain Paraplanner on the CSOL as a complementary occupation.
4. Address migration recognition barriers, including recognition of the Professional Year.
5. Work with the financial advice profession to ensure workforce planning aligns with consumer need and national policy priorities.

The omission of financial advisers from the CSOL is inconsistent with both evidence and policy needs. Without more advisers, Australians face worsening access to professional financial advice; jeopardising retirement incomes, household financial wellbeing and confidence in the financial system.

FAAA urges JSA to rectify this by including financial adviser/financial planner on the CSOL for 2025, alongside paraplanners. While this action by no means represents a silver bullet, it would go some way to recognising the problems that the financial advice profession faces and, resultantly, consumers face.

For any further information on the above submission, please get in touch with George John, Senior Manager, Government Relations & Policy at [george.john@faaa.au](mailto:george.john@faaa.au).