

15 September 2025

Dr Catherine de Fontenay
Commissioner
Productivity Commission

Email: 5pillars@pc.gov.au

Dear Dr de Fontenay,

Submission to the Productivity Commission on the Interim Report: Building a Skilled and Adaptable Workforce

The Financial Advice Association Australia (FAAA) welcomes the opportunity to provide feedback to the Productivity Commission's interim report *Building a Skilled and Adaptable Workforce* (Interim Report).

The FAAA, as the peak professional association for financial advice providers, represents over 10,000 members, including many employers and employees. The membership has a strong interest in the issues discussed in the Interim Report.

The FAAA welcomes recent Government initiatives

The Interim Report, on page 87, details the recent Government initiatives to provide a streamlined pathway to becoming a financial adviser via more flexible minimum study requirements.

The FAAA is very supportive of these measures, announced by the Assistant Treasurer on 10 February 2025.

We believe that this would be a key reform to broaden the pathway for new entrants to join the financial advice profession, and will help to make financial advice a potential occupation for people who have studied at a broader range of universities. At present there is only one of the Group of Eight Universities who offer a Government approved financial planning degree.

FAAA position in general

The FAAA is generally supportive of the eight draft recommendations in the Interim Report. However, the financial advice profession needs significant, immediate intervention to prevent ongoing decline. Financial adviser numbers have decreased significantly, from more than 28,000

at the start of 2019 to approximately 15,400 currently. A further significant decrease (estimated to be approximately 1,000 advisers) is expected from 1 January 2026, when the transitional period for existing providers to meet the financial adviser education standard ends.

Very recently (3 September 2025), Adviser Ratings projected that adviser numbers will need to increase to more than 50,000 by 2055¹ to meet the increased demand for financial advice from doubling (from 7.8 million currently to 16 million) the number of individuals aged 55 and above by 2055.

Drastic intervention is required, both immediately to meet the current excess demand problem, and over the medium to long term.

For these reasons, the FAAA believes the financial advice profession should be prioritised in any Productivity Commission recommendations.

Credit transfer and RPL outcomes applicable to the financial advice profession

The FAAA agrees in principle with the proposal to streamline credit transfer and RPL.

A more seamless transition between VET and higher education is not an issue for the financial advice profession at present, as VET diplomas are not recognised towards the financial adviser education standards.

However, the FAAA has been advised that the proposed education standard for the new class of adviser (NCA) is an AQF 5 diploma, delivered by universities. The NCA is a proposal of the Government, as part of the Delivering Better Financial Outcomes reforms, to allow simple financial advice to be provided by less qualified personnel, predominantly on behalf of institutions.

Currently there are only a couple of universities with approved financial planning degrees that have integrated VET or RTOs within their programs and have the capability to deliver AQF 5.

If more seamless transitions between VET and higher education does occur, those universities doing RPL or credit transfers towards bachelor degrees may need guidance to help them.

Assessing education standards

Prior to 2019, the universities decided their own RPL and credit transfer for financial planning degrees. The Financial Planning Education Council (FPEC) was formed, which set guidelines and

¹ <https://www.adviserratings.com.au/news/the-great-adviser-race-can-australia-build-its-financial-army-before-demographics-strike/>

helped to provide some uniformity in determining which units and which degrees were ‘approved’ for financial planning.

When the now defunct Financial Adviser Standards and Ethics Authority (FASEA) assumed the education assessment role in 2019, they set very prescriptive and restrictive standards for RPL and reduced what the universities had previously allowed. We would like to see this reassessed.

Treasury assumed this role from FASEA on 1 January 2022. The role is an onerous one, especially when assessing overseas qualifications, often requiring a high level of sector specific knowledge.

The FAAA recommends that part of the education standard assessment function be performed by an association based body like FPEC, which could work closely with the Productivity Commission when embedding the proposed new credit transfer and RPL structure for the financial advice profession.

RPL assessments are costly for the education provider, and opaque to the applicant.

An independent appeal mechanism, to review rejected application decisions, would also help streamline the process, add accountability and address timeliness issues.

Information request 2.2

The FAAA supports the aim of establishing a national credit database, recognising the enormity of the task.

Professional associations may have an opportunity to make a valuable contribution to a national credit database. For the FAAA, the database would help create consistency for our RPL decisions for CFP status, and help our members and prospective members understand their pathway options to becoming a financial adviser, integration with master’s degrees and CFP status.

Codifying RPL decisions is also supported, although incorrect and one-off decisions that should not create a precedent, should be flagged accordingly. Consideration of confidentiality of data will also be required. A legislative requirement to enter data into the database may be required to ensure consistency of approach across relevant education providers.

Standardised tests will improve efficiency, but in the FAAA’s experience, in certain cases some human intervention is required due to the number of variations in applications received. In the financial advice profession, we see new entrants and university applicants aged 17 to 60 plus with education standards that have varied significantly over that time period, and previous education from many different countries.

Information request 2.3

The FAAA is not a higher education provider, but we do assess RPL for our CFP professional designation.

The FAAA is open to sharing data on decisions, but wary of building a prescriptive approach as our target market comes from a diverse background.

The FAAA notes that the Australian Tertiary Education Commission (ATEC) will play an important role in getting organisations to jointly produce and publish credit decisions. We emphasise the importance of the professional associations in these processes and note that professional designations play an important part in reskilling a workforce, and financial advice in particular provides excellent opportunities for career changers.

The FAAA stresses the importance and value of allowing the professional associations to have a voice and input into this process.

Similar to the Nursing and Midwifery Board of Australia example on page 41, the financial advice profession should have similar control, rather than a Treasury department making all educational standard decisions.

In regard to draft recommendation 2.1, the FAAA supports the right to have credit transfer or RPL assessed before the deadline for accepting an offer, and a national database of academic credit decisions. We also support a model of coordinated assessments of prior learning and credit transfers, but noting our comments above regarding the input from professional associations being recognised.

Information request 2.4

In response to *Information request 2.4: Financial incentives for training in small and medium enterprises (SMEs)* the FAAA encourages the Productivity Commission to consider recommending Government support to financial advice businesses that are SMEs that provide Professional Year (PY) programs to potential new financial advisers.

This measure will help to solve the current undersupply of financial advice to the Australian community, and improve adaptability in the Australian workforce.

Support payments for financial adviser PY candidates

To address the current growing demand for qualified financial advisers and ensure the sustainability of the advice profession, the FAAA proposes that the Government establish an ongoing program of \$10,000 payments per candidate to each SME financial advice practice that appoints a PY candidate.

The Financial Planning Association (which merged into the FAAA in 2023) ran a selection of programs in 2021, subsequent to a \$2.2m *Women In Finance Grant* from the office of Prime Minister and Cabinet. One of the most oversubscribed programs was a \$10,000 grant to practices to take on a PY candidate, which provides a strong indication of the viability of the proposal above. If required, the FAAA is willing to vet potential applicants, replicating the process used in the *Women In Finance Grant* program.

Although a cap on the number of grants could be introduced, the FAAA advises against a cap until the financial advice profession is off the *Occupation Shortage List* run by Jobs and Skills Australia.²

The PY is a mandatory requirement for new entrants, offering practical training and mentorship. However, its cost (born by both applicant and employer) often acts as a significant barrier to a PY program being offered, particularly with small businesses. Data from Adviser Ratings indicates just 484 new advisers entered the profession in calendar year 2024, plus 381 returned advisers, while 1,013 advisers ceased in the same period.³

Anecdotal evidence suggests that only 50% of the students who finish an approved financial planning degree go into financial advice positions as they can't find an entry role which supports the PY program. Furthermore, many who start the PY don't finish it.

With the exit of large institutions from the financial advice sector, it is small businesses that are essential to the employment of PY candidates. Often these businesses struggle to afford the cost to employ and supervise PY candidates, even more so when they face the risk that a PY candidate will move to another business after completing the program. Support for these small businesses to enable them to employ PY candidates will facilitate more places to be offered.

We recommend that the Government provide subsidies to support PY positions, enabling more advice practices to employ more PY candidates. An appropriate subsidy, aligned with what is currently offered for apprentices, would ensure more positions can be offered, while maintaining professional standards.

² <https://www.jobsandskills.gov.au/data/occupation-shortages-analysis/occupation-shortage-list>

³ <https://www.adviserratings.com.au/news/2025-australian-financial-advice-landscape-report-out-now/> (page 37)

Financial adviser exam subsidies

Another barrier to new entrants to the financial advice profession is the cost of the compulsory financial adviser exam. The current cost of \$1,500 is a substantial expense for new entrants and one that is excessive considering the changes at the start of 2024 to the nature of the exam, which have made it cheaper to run. These fees impose an unnecessary burden on candidates already navigating the costs of education and professional development, and are a disincentive for qualifying candidates to pursue the financial advice profession, when other options carry no upfront costs.

We believe this initiative will help to foster a steady pipeline of well-trained advisers which will in turn assist with increasing the affordability of financial advice for consumers.

Summary comments

The FAAA believes the eight recommendations in the Interim Report, along with the education standard flexibility measures announced on 10 February 2025 and financial stimulus to encourage more candidates through the PY, will have a positive impact on the downward trend in financial adviser numbers over the last six years.

Please contact me on (02) 9220 4500, or via phil.anderson@faaa.au, if you have any questions or if we can provide further information on any of the points raised.

Yours sincerely,



Phil Anderson

General Manager Policy, Advocacy and Standards
Financial Advice Association Australia