

– The Joint Associations Working Group –



Licensee Leadership Forum

19 September 2022

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

Email: FinancialAdvice@treasury.gov.au

Dear Ms Bray,

FINANCIAL ADVISER EDUCATION STANDARDS CONSULTATION PAPER

We write on behalf of the members of key financial services industry and financial advice professional associations with respect to the current Treasury consultation into the Professional Standards framework for financial advisers. This is a consultation for which we have been advocating required review for some time.

As the key associations representing Australia's financial services industry and professional financial advisers, the Joint Associations Working Group¹ (JAWG) collectively represents more than 90% of advisers on the Financial Advisers Register (FAR), and the majority of financial

¹ The Joint Associations Working Group (JAWG) comprises; the Association of Financial Advisers, the Boutique Financial Planning Principals Association, Chartered Accountants Australia and New Zealand, CPA Australia, the Financial Planning Association of Australia, the Financial Services Council, the Financial Services Institute of Australasia, the Institute of Public Accountants, the Licensee Leadership Forum, the Self Managed Super Fund Association, and The Advisers Association.

services firms. The associations have individually and collectively taken leadership roles in their sectors in Australia and globally dating back to at least 1886.

Consumer need for financial advice is increasing, for example over 100,000 individuals a year are expected to move into retirement each year for the next five years. In recent years there has been a massive exit of highly experienced advisers, which is expected to continue if current settings are not adjusted, resulting in access to quality, affordable advice becoming harder for consumers to obtain.

On that basis, the JAWG collectively supports a modification to the existing adviser education framework. The Framework should include the following features:

Existing Adviser - Experienced Pathway

Advisers could access this pathway if:

1. The exam has been passed.
2. The adviser has relevant experience.
 - a. Able to demonstrate 10 years, full time equivalent, of relevant licensed experience (personal advice to retail clients) over the period 1 January 2004 to 1 January 2022
3. The adviser is able to demonstrate and maintain a clean record.
 - a. The test of a clean record must be objective and reasonable. A suggestion is to align with the ASIC reference checking protocol Section 3 "Conduct of the representative".
4. The adviser is required to sign a statutory declaration attesting 2 and 3 above with penalties for providing a false declaration.
5. Either:
 - a. Complete an approved ethics subject by 1 January 2026. OR
 - b. Be a voting member (and maintain membership) of a non-profit association that has:
 - i. A Code of Ethics / Conduct / Professional Standards
 - ii. Mandatory CPD obligations
 - iii. Complaints / Disciplinary system
 - iv. Quality Review system.

The JAWG recommends that the experience pathway include a Sunset clause which ends 1 January 2032. Any adviser who wishes to continue to practice post this date would need to meet the education requirements for existing advisers.

To help address the shortage of advisers, we need to help more students choose financial advice as a career, make a career change to become financial advisers a viable option through improved flexibility in education pathways, and make it easier for highly competent individuals to continue in their chosen profession.

The JAWG recommends that the following issues also be considered at the same time as consideration of an experience pathway is developed:

- The pathways for Existing Advisers and career changers must be revised to ensure any required education provides value and relevance to both the Adviser and their clients. The JAWG recommends that a holistic review of the education pathways be conducted including appropriate recognition of prior learning, quality education, certification, experience and competence available at the time of completion.
- The units and learning outcomes for each unit should be set and approved by a recognised independent authority which can assist universities to design units, approve units, and maintain a list of approved units. The approved independent authority should be a not for profit organisation that includes representatives from academia and professional associations which meet the criteria of point 5b. above, financial advisers and licensees. The authority should only charge on a cost recovery basis for the approval of courses and operate for the benefit of the profession, with all representatives providing their time on a voluntary basis.
- Existing advisers and career changers should then be provided the choice to complete the current FASEA pathway or the new revised experience and qualification pathways once finalised.
- Existing advisers who are Registered Tax Agents with the Tax Practitioners Board or were temporarily deauthorised on the FAR due to a career break (e.g. maternity leave) or change of licensee at 31 December 2021 and were not “deemed” onto the FAR, do not need to complete additional study (tax and commercial law).

The JAWG intends to respond to the new entrant proposals at a later date.

If you or your office require any further information or have any questions, please do not hesitate to contact the Financial Planning Association of Australia’s Head of Policy, Strategy and Innovation, Mr Ben Marshan (via email ben.marshan@fpa.com.au or phone (02) 9220 4544). Representatives from the signatories to this letter would also be happy to meet with you to discuss the matter further.

Yours sincerely,

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*Association of Financial
Advisers*

Angela Martyn
President
*Boutique Financial Planning
Principals Association*

Simon Grant
Group Executive – Advocacy
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Neil Macdonald
Chief Executive Officer
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John Maroney
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Matthew Fogarty
Co-Convenor of the Licensee
Leadership Forum & Chief
Executive Officer, Fitzpatricks
Private Wealth
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Cc: The Hon. Stephen Jones MP, Assistant Treasurer and Minister for Financial Services