



14 December 2018

Stephen Glenfield
Chief Executive Officer
Financial Adviser Standards and Ethics Authority
Sydney NSW 2000

BY EMAIL: consultation@fasea.gov.au / Stephen.Glenfield@fasea.gov.au

Dear Mr Glenfield,

RE: FASEA Legislative Instrument: Relevant Providers Degrees, Qualifications and Courses

The Financial Services Council (FSC) is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia's largest industry sector, financial services.

Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses.

The financial services industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.

We welcome the opportunity to make a submission to the Financial Adviser Standards and Ethics Authority (FASEA).

Should you wish to discuss this submission further please do not hesitate to contact me on (02) 9299 3022.

Yours sincerely

BIANCA RICHARDSON
Senior Policy Manager

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RECOMMENDATIONS

Recommendation 1: That FASEA provide greater clarity that both licensees and education providers can determine whether an adviser holds a relevant degree.

Recommendation 2: Specific guidance and clarity be provided by FASEA to help enable relevant providers and licensees to conduct a verified and reliable self-assessment in an efficient manner e.g. TPB approved provider/ course database:
<https://www.tpb.gov.au/qas/search>.

Recommendation 3: That FASEA update the “relevant field of study” definition on page 1 of the Explanatory Statement to ensure the list of subjects that have been designated as related field of study are comprehensive and include the areas the submission has identified should be included.

Recommendation 4: That FASEA release the approved list of electives.

Recommendation 5: That FASEA update the definition of “degree” on page 1 of the Explanatory Statement to state relevant providers qualify for the relevant degree pathway where 8 or more courses have been studied in one or more of the designated fields of study across one or many full or partially completed degrees.

Recommendation 6: It is requested that FASEA provide detail around the use of the term “relevant experience” and what type of relevant experience is required to be determined as a New Entrant (Career Changer). To ensure consistency across the industry, we also seek greater clarity in respect of the assessment process education providers will need to complete in regard to determining a New Entrant as a Career Changer. We want to ensure the education provider recognises relevant experience.

Recommendation 7: The FSC and its members recommend that Recognition of Prior Learning be applicable to the New Entrant (Career Changer) pathway.

Recommendation 8: We request that FASEA provide detailed guidance or a policy to higher education providers on their application and assessment of RPL, and when RPL is applied for by an existing adviser with no degree that the adviser is awarded a qualification. We also request clarification whether “relevant experience” will be considered for existing advisers towards RPL.

Recommendation 9: That FASEA confirm that where RPL has been provided for an underlying subject, that this suffices as meeting the definition of a “successfully completed” condition.

Recommendation 10: We request that advisers who have completed specialist sector qualifications equivalent to an ADFS/P or FPA’s DFP be recognised for RPL credit.

Recommendation 11: It is recommended that FASEA issue a list of designations that can be awarded RPL credits including specialist area designations such as Australian Financial Markets Association (AFMA).

Recommendation 12: The FSC requests greater clarity around the requirements of the *Existing Adviser - Non relevant/ No degree*, and *New Entrant (Career Changer)'s* and if they are to complete and hold a Graduate Diploma to complete these pathways, or if they are only required to complete the necessary courses as part of a Graduate Diploma program.

Recommendation 13: It is requested that FASEA develop a mechanism to review degrees to be assured of their ongoing relevancy.

Recommendation 14: It is recommended that FASEA provide approved degree list version control and frequency of update, with historical versions accessible to the public and explicit confirmation that relevant providers who have met a previously approved degree (and conditions at that time) are not subject to further subsequent conditions.

Recommendation 15: That FASEA reconfirm and expand the list of approved degrees and subjects to be comprehensive in order to prevent adverse unintentional outcomes for early adopters of higher education study.

Recommendation 16: That FASEA align this statement with the Professional Year proposed legislative instrument allowing new entrants to commence the professional year on completion of an approved degree and then complete the Ethics bridging course subject as part of their Professional Year structured training. Alternatively confirm that “all bridging course” comment (i.e. 3 bridging courses) only applies to the postgraduate new entrant qualification options.

Recommendation 17: That FASEA provide further guidance as to degrees/underlying subject pathways where bridging course criteria have been met.

Recommendation 18: That FASEA use the term “student” in the legislative instrument when referring to subjects studied as this covers both a future new entrant and existing advisers today.

Recommendation 19: That FASEA state the frequency which the review panel will meet in order to give transparency and certainty to both existing relevant providers and future new entrants regarding the approval process and update frequency.

FASEA LEGISLATIVE INSTRUMENT: RELEVANT PROVIDERS DEGREES, QUALIFICATIONS AND COURSES

The FSC and its members support the proposed *Corporations (Relevant Providers Degrees, Qualifications and Courses Standard) Determination 2018*.

Although supportive of the relevant degrees, FSC members believe more work is required to provide greater assurance to financial advisers and their clients.

To assist, we raise the following matters and suggestions:

Relevant Degree/Degree Conditions Determination

At present it is unclear as to who is responsible for determining a relevant degree and/or underlying subject conditions for an approved pathway. We consider that Licensees should also be given the opportunity to determine whether an adviser holds a relevant degree.

FSC members seek greater clarity that relevant degrees can be determined by both licensees and education providers.

Risk implications are significant across any responsible parties.

Recommendation 1: That FASEA provide greater clarity that both licensees and education providers can determine whether an adviser holds a relevant degree.

Recommendation 2: Specific guidance and clarity be provided by FASEA to help enable relevant providers and licensees to conduct a verified and reliable self-assessment in an efficient manner e.g. TPB approved provider/ course database:
<https://www.tpb.gov.au/qas/search>.

Subject List Incomplete

The FSC and its members believe the list of subjects that have been designated as related field of study appears incomplete. FSC members believe study in relevant fields such as financial planning, insurance, superannuation - inclusive of SMSFs and financial markets should also be recognised.

Recommendation 3: That FASEA update the “relevant field of study” definition on page 1 of the Explanatory Statement to ensure the list of subjects that have been designated as related field of study are comprehensive and include the areas the submission has identified should be included.

FASEA Approved List of Electives

FASEA has stated that existing advisers will be required to undertake a specific number of related units from a FASEA approved list of electives. However, FASEA is yet to release a list of electives.

For clarity, we believe FASEA should release the list of approved electives as soon as possible.

Recommendation 4: That FASEA release the approved list of electives.

Relevant degree - Multiple Qualifications/Partial Degrees

FSC members believe where an existing adviser has completed multiple degrees which contain courses in one or more designated fields of study, it should be permitted for the 8 subject requirement to be met across two or more qualifications (or partially completed qualifications), e.g. a recent case of a relevant provider with a partially completed Bachelor of Applied Finance and partially completed Graduate Diploma of Financial Planning with over 12 completed subjects in a designated field of study.

Recommendation 5: That FASEA update the definition of “degree” on page 1 of the Explanatory Statement to state relevant providers qualify for the relevant degree pathway where 8 or more courses have been studied in one or more of the designated fields of study across one or many full or partially completed degrees.

New Entrant (Career Changer) - Post Graduate Pathway

More clarity and detail is required for the Career Changer pathway. The FASEA Standards Summary, Summary of Standards p.5 advises the New Entrant (Career Changer) option will require the Career Changer to have “relevant experience”. Will the education provider assess this experience requirement as part of the course enrolment criterion?

We understand that the purpose of including the ‘Career Changer’ pathway is twofold:

- i. To enable existing employees in associated roles in financial planning such as paraplanning, client services etc. within ‘relevant’ financial services to more easily meet the FASEA standard in a post 1 Jan 2019 world; and
- ii. To enable people from other professions who already have a bachelor degree (e.g. teachers, psychologists, social workers) transition into a financial planning advice role via completion of an 8 subject Grad Dip. instead of a 24 subject bachelor degree, seeing as the person already has an AQF7 level bachelor degree (or higher) and a minimum degree of work experience (i.e. 3yrs) instead of a ‘fresh’ graduate with potentially limited employment experience.

Therefore, a teacher/or even a university lecturer career changer, for example is likely not to have ‘relevant experience’ in financial services, but they may have a PhD.

Recommendation 6: It is requested that FASEA provide detail around the use of the term “relevant experience” and what type of relevant experience is required to be determined as a New Entrant (Career Changer). To ensure consistency across the industry, we also seek greater clarity in respect of the assessment process education

providers will need to complete in regard to determining a New Entrant as a Career Changer. We want to ensure the education provider recognises relevant experience.

New Entrant (Career Changer) - Credit for prior learning

Based on the draft FASEA Education Pathways Policy, it is unclear whether Recognition of Prior Learning (RPL) is applicable for the New Entrant (Career Changer) pathway. As the proposed pathway is similar to the Existing Adviser with no degree pathway where an AQF 8 or above qualification is required to be attained, but RPL is applicable to the existing adviser, RPL should also apply to the Career Changer pathway as the education requirements are the same.

Recommendation 7: The FSC and its members recommend that Recognition of Prior Learning be applicable to the New Entrant (Career Changer) pathway.

Existing Adviser Credit for prior learning

Section 1546B requires relevant providers to complete one or more courses determined by FASEA to give the provider qualifications equivalent to the standard. FASEA's proposed Education Pathways Policy indicates that recognition of prior learning is a matter for higher education providers.

FSC members would be concerned if higher education providers applied recognition of prior learning for completion of an Advanced Diploma of Financial Planning and approved designation in such a manner that an individual would not be awarded a qualification.

FSC members would also be concerned where members who have received recognition of prior learning (RPL) for an underlying course as per the proposal are still required to complete the subject as a "mandatory condition".

We also note, the FASEA Standards Summary, 'Summary of Standards p.5 advises the New Entrant (Career Changer)' option will require the Career Changer to have "relevant experience". Will "relevant experience" be considered for existing advisers towards RPL?

The FSC and its members request consistent application of RPL by education providers: RPL should be consistently applied across all education providers and FASEA should issue formal guidance/policy to aid education providers in this regard.

Recommendation 8: We request that FASEA provide detailed guidance or a policy to higher education providers on their application and assessment of RPL, and when RPL is applied for by an existing adviser with no degree that the adviser is awarded a qualification. We also request clarification whether "relevant experience" will be considered for existing advisers towards RPL.

Recommendation 9: That FASEA confirm that where RPL has been provided for an underlying subject that this suffices as meeting the definition of a “successfully completed” condition.

Existing Adviser - Credit for prior learning: Advanced Diploma of Financial Services/Planning (ADFS/P)

Based on the draft FASEA Education Pathways Policy, a maximum of two RPL credits will be awarded for existing advisers who have completed an ADFS/P, including the historical eight course Diploma of Financial Planning (DFP) - “DFP 1-8” awarded by the Financial Planning Association (FPA). For specialist areas such as financial markets, an ADFS/P or DFP are neither relevant nor required. Specialist sector qualifications equivalent to FPA’s DFP e.g. AFMA’s Diploma of Financial Markets (Advising Stream) or earlier equivalent, which satisfies the requirements under ASIC’s RG 146 (Licensing: Training of financial product advisers); should also be recognised and be awarded with RPL credits.

Recommendation 10: We request that advisers who have completed specialist sector qualifications equivalent to an ADFS/P or FPA’s DFP be recognised for RPL credit.

Existing Adviser - Credit for prior learning: *Designations*

To aid with the assessment and application of RPL for professional designations, we request FASEA release a list of designations that can be awarded credits for RPL.

Recommendation 11: It is recommended that FASEA issue a list of designations that can be awarded RPL credits including specialist area designations such as Australian Financial Markets Association (AFMA).

Existing Adviser - Non relevant/Other degree pathway

Based on the draft FASEA Education Pathways Policy, in the *Existing Adviser - Non relevant/ No degree*, and *New Entrant (Career Changer)* pathways it is stated “advisers will complete education towards an approved Graduate Diploma”. It is unclear whether the intention is for those advisers to complete and hold a Graduate Diploma in order to complete these pathways, or are they only required to complete the necessary courses as part of a Graduate Diploma program (but not necessarily finishing the entire program)?

Recommendation 12: The FSC request greater clarity around the requirements of the *Existing Adviser - Non relevant/ No degree*, and *New Entrant (Career Changer)’s* and if they are to complete and hold a Graduate Diploma to complete these pathways, or if they are only required to complete the necessary courses as part of a Graduate Diploma program.

Assuring the relevancy of degrees

FSC members have raised concerns in relation to:

- Reviewing of degrees that their relevancy is maintained;
- until now, the consultation process has discussed pathways using degrees which have been already accredited by the FPEC;
- Under the new system, many of the degrees which will become accepted will not sufficiently meet requirements for new advisers.

Recommendation 13: It is requested that FASEA develop a mechanism to review degrees to be assured of their ongoing relevancy.

Recommendation 14: It is recommended that FASEA provide approved degree list version control and frequency of update, with historical versions accessible to the public and explicit confirmation that relevant providers who have met a previously approved degree (and conditions at that time) are not subject to further subsequent conditions.

Subject List Confirmation

It appears the current list of subjects listed in the draft Legislative Instrument is incomplete. One example is UniSA course subject “BANK3011 International Currency and Banking Markets” appears as approved in entries 63, 64, 65, 66 and 67, however FSC members are aware of a relevant provider with a UniSA qualification with the same subject name but a different course code – “BANK2066 International Currency and Banking Markets”. This BANK2066 is not approved and is the only missing subject for the relevant provider.

A second example is RMIT Bachelor of Business (financial Planning) where 10 course subjects (listed in the table below) appear as approved in items 47, 48, and 51. FSC members are aware of a relevant provider with the exact same RMIT qualification (see below) and 10 subject names however contains different course codes (as listed in the table below).

These 10 codes are not listed as approved although each of the 10 subject titles are identical for the relevant provider. The different course code is highlighted below in yellow – which we believe needs to be added to the LI.

FASEA Legislative Instrument	Relevant Provider holds
Item 51: RMIT Bachelor of Business (Financial Planning) (v2) - during or after Semester 1, 2003	RMIT Bachelor of Business (Financial Planning) Completion 11 August 2017
(a) BAFI1014 Personal Wealth Management;	(a) BAFI2040 Personal Wealth Management;

(b) BAFI1002 Financial Markets;	(b) BAFI2112 Financial Markets;
(c) BAFI1008 Business Finance;	(c) BAFI3229 Business Finance;
(d) BAFI1032 / ACCT2286 Superannuation and Retirement Planning 1 / Superannuation and Retirement;	(d) ACCT2298 Superannuation and Retirement Planning 1 / Superannuation and Retirement;
(e) BAFI1034 / ACCT2287 Insurance and Social Security/ Risk, Insurance and Social Security;	(e) ACCT2297 Risk, Insurance and Social Security;
(f) BAFI1043 Investment;	(f) BAFI2042 Investment;
(g) BAFI1050 / ACC2287 Wealth Creation & Preservation / Wealth Creation & Estate Planning;	(g) ACC2296 Wealth Creation & Estate Planning;
(h) LAW2457 Law of Investments & Financial Markets;	(h) LAW2542 Law of Investments & Financial Markets;
(i) JUST1031 / LAW2453 Taxation 1;	(i) LAW2544 Taxation 1;
(j) BAFI1056 / ACCT2288 Financial Planning Practice Management/ Financial Advisory Practice.	(j) ACCT2264 Financial Advisory Practice.

A third example, which will impact many advisers, relates to Kaplan’s Master of Financial Planning. The legislative instrument does not account for changes in subject names and/or subject codes. For example:

- FPC002 has also been known as FPC002U
- FPC003 has also been known as FPC003U
- FPC003 is listed in the legislative instrument as ‘FPC003 Superannuation and Advice’; whereas the actual title is ‘FPC003 Superannuation and Retirement Advice’
- FPC008 is listed in the legislative instrument as ‘FPC008 Investment Management: Fund Management Perspective’; but was previously titled ‘FPC008 Investment Advice’.

Recommendation 15: FASEA reconfirm and expand the list of approved degrees and subjects to be comprehensive in order to prevent adverse unintentional outcomes for early adopters of higher education study.

New entrant pathways and bridging courses

FPS001 - Page 6 – Summary of Pathways diagram, column 1, refers to new entrant pathways requiring “All with embedded bridging knowledge areas” meaning a SIGNIFICANT unintended consequence would be that most/all new entrants DO NOT satisfy this statement.

FPS001 – Page 9 – Transition states Bridging subject – “Ethics and professionalism (including the FASEA Code of Ethics and Code Monitoring Bodies) will need to be completed in order to meet the required education standard. This means that new entrants cannot be registered on FAR or commence professional year as a result which is problematic given the FASEA Code of Ethics is unlikely to be finalised until early 2019 and courses are unable to be built until after this time.

Recommendation 16: That FASEA align this statement with the Professional Year proposed legislative instrument allowing new entrants to commence the professional year on completion of an approved degree and then complete the Ethics bridging course subject as part of their Professional Year structured training. Alternatively confirm that “all bridging course” comment (i.e. 3 bridging courses) only applies to the postgraduate new entrant qualification options.

Recommendation 17: That FASEA provide further guidance as to degrees/underlying subject pathways where bridging course criteria have been met.

Challenges with Higher Education Providers

Where specific Higher Education Providers prove difficult in dealings with the relevant provider e.g. deemed by the relevant provider to be dealing unfairly or creating inefficiencies that could detriment the relevant provider in obtaining their professional qualification obligations.

Recommendation 17: FASEA provide a Higher Education Provider complaints handling mechanism and effective powers to enforce timely correction.

Consistent terminology within Legislative Instrument

The “other condition” column within the legislative instrument refers predominately to “relevant provider” but then in entry 118 for Western Sydney University states “students”. FSC members suggest the correct term is “students” as “relevant provider” is a legal term which cannot apply to a new entrant (i.e. they need to be a provisional relevant provider before they can become a relevant provider).

Recommendation 18: That FASEA use the term “student” in the legislative instrument when referring to subject studied as this covers both a future new entrant and existing advisers today.

Bridging Course Panel

FPS002 page 5 refers to the “review panel will meet regularly” to approve bridging courses. Given timely release/approval of these bridging courses is critical for existing relevant providers to a) prepare for the national exam and b) meet the FASEA 1 January 2024 education standard; FSC members request specificity be given to the frequency of these review panel meetings. The bridging courses must also be made available to new entrants hence the certainty required regarding the meeting frequency as in this later case it may impact when employment can start.

Recommendation 19: That FASEA state the frequency which the review panel will meet in order to give transparency and certainty to both existing relevant providers and future new entrants regarding the approval process and update frequency.