

1 April 2019

Mr Stephen Glenfield  
Chief Executive Officer  
Financial Adviser Standards and Ethics Authority (FASEA)

By email: [consultation@fasea.gov.au](mailto:consultation@fasea.gov.au)

Dear Mr Glenfield,

**AFA Submission: Relevant Providers Degrees, Qualifications and Courses Standard  
(Amendment No. 1)**

The Association of Financial Advisers Limited (AFA) has served the financial advice industry for over 70 years. Our objective is to achieve *Great Advice for More Australians* and we do this through:

- advocating for appropriate policy settings for financial advice
- enforcing a Code of Ethical Conduct
- investing in consumer-based research
- developing professional development pathways for financial advisers
- connecting key stakeholders within the financial advice community
- educating consumers around the importance of financial advice

The Board of the AFA is elected by the Membership and all current Directors are practicing financial advisers. This ensures that the policy positions taken by the AFA are framed with practical, workable outcomes in mind, but are also aligned to achieving our vision of having the quality of relationships shared between advisers and their clients understood and valued throughout society. This will play a vital role in helping Australians reach their potential through building, managing and protecting wealth.

## Introduction

We welcome the opportunity to provide feedback on this further development in the finalisation of the education standard for financial advisers. We are pleased that greater certainty has been provided with respect to the three different areas for the Recognition of Prior Learning that have been specifically addressed. We do however note that the Legislative Instrument does not include, at this stage, any reference to credits for relevant degrees or credits for non-relevant degrees. We would have assumed that discussion of the credits for a non-relevant degree were important in the context of discussion on those who have between 4 and 7 relevant subjects. This leaves us wondering whether there is any connection between the provision for a non-relevant degree and a person who has between 4 and 7 relevant subjects. We discuss this further below.

We have provided feedback below on the key changes to Section 5 of the Legislative Instrument. We have not provided feedback on the detailed changes to specific course approvals, which we assume

are the result of a detailed review by the particular higher education providers. We do not believe that we have any capacity to provide meaningful feedback in this section.

## Detailed Feedback

### Legislative Instrument

#### Section 5(2A):

Section 5(2A) lists three separate grounds for obtaining 2 credits as recognition of prior learning, being 4 to 7 relevant subjects, an advanced diploma in financial advice and professional designations. There is however a lack of sufficient clarity with respect to the fact that each of these three grounds could apply to a specific financial adviser, who could get up to a total of six credits.

#### Completion of 4 to 7 Relevant Subjects

We have understood the requirements of Subsection 5(2A)(a)(i) to be that an existing adviser will get two credits for between 4 and 7 relevant subjects, without the need to have completed a qualification and that this may be determined across multiple courses. This is an important point and reflects the verbal feedback that we have received from FASEA, that the relevant degree and the 4 to 7 relevant subjects categories will be assessed across multiple qualifications and inclusive of individual subjects. We are supportive of this broader definition that is less prescriptive than the previous focus upon a single qualification. We do note that point 3 under the heading Credit for Prior Learning on page 10 of the January 2019 FPS001 Education Pathways Policy does present a different requirement.

When this additional measure was first announced on 24 December 2018, we were initially confused as to the amount of credits that would apply as the reference to this measure specifically referred to 4 to 7 subjects as part of the completion of a non-relevant degree and suggested two credits. We subsequently became aware that it was 1 credit for the non-relevant degree and two credits for between 4 and 7 relevant subjects (three credits in total). We believe that there is room for confusion with this and suggest that it is more clearly explained.

#### Advanced Diploma Credits

We are concerned about the lack of definitive certainty with respect to the courses to be approved under Subsection 5(2A)(b). The only specific course that is mentioned is the reference in the note to the Diploma of Financial Planning (1-8). It seems surprising that the other eligible course (e.g. Advanced Diploma of Financial Planning) are not mentioned and neither is there any explanation of what the approval process is for this provision for credits.

#### Professional Designations

We note the requirements under Subsection 5(2A)(c) for relevant financial advisers to have completed all of the five nominated units of study. We support the requirement to have completed coursework in order to achieve this recognition, however in the case of the AFA's FChFP and ChLP professional designations, we believe it is appropriate to advise that with some students, we have provided credit where the candidate has previously completed the CFP or some of the units of the CFP. We are concerned that this could cause a complication when the FChFP and ChLP are approved and request that clarity is provided that the use of the term 'completed', includes the situation where RPL has been provided based upon completion of a similar unit in another program.

## Section 5(2B)

Since the initial release of the education Legislative Instrument, we have investigated the extent to which Commercial Law and Australian Taxation Law subjects have been approved by the Tax Practitioners Board. Our investigations indicate that very few of the large Australian universities have taken this step. From our perspective, this is a concerning situation that presents another hurdle for financial advisers seeking fair recognition for their previous study. This is not likely to be a key issue for students who have completed an accounting degree or an economics degree, however it might be a key issue for students who have completed a business degree or a commerce degree with another major. We cannot see why someone who has completed Financial Accounting 1A will have no problem with having this course approved, however someone who studied Taxation Law could find this particularly problematic. We suggest that this requirement, for these subjects to be TPB approved, be removed.

## Explanatory Statement

As stated above with respect to Subsection 5(2A)(a)(i) of the Legislative Instrument we would like to see paragraph 17 of the Explanatory Statement more clearly define the requirements with respect to the 4 to 7 relevant subjects option. In particular, we agree that it should not require the completion of a degree, and can arise as a result of any units of study at either AQF level 7, 8 or 9.

In addition, with respect to the second bullet point in paragraph 17, we believe that this should refer to the specific courses that are eligible, including the ADFP, ADFS (FP) and the DFP (1-8). Does FASEA intend to provide further guidance with respect to these courses? We note that there is no requirement for such course providers to apply to FASEA, so we remain uncertain as to how this will be finalised.

We have not reviewed the full detail behind this element or the specific application, however we support the intent of the second bullet point in paragraph 19, which seems to suggest that people can substitute other subjects where an adviser has not completed a course before it ceases to be offered.

## Concluding Remarks

We are supportive of these changes to the education Legislative Instrument. We remain supportive of a measure to recognise CPD activity through awarding credits for experience, as was suggested in the explanatory Memorandum to the Bill. We request that FASEA gives this important gap in the education standards regime further consideration.

Should you require clarification of anything in this submission, then please contact us on (02) 9267 4003.

Yours sincerely,



**Philip Kewin**  
Chief Executive Officer  
Association of Financial Advisers Ltd