

31 August 2018

Professor Mark Brimble  
Acting Managing Director  
Financial Adviser Standards and Ethics Authority

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

Dear Professor Brimble,

### **AFA Submission: Foreign Qualifications**

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 Directors are currently 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 their wealth.

## **1. Introduction**

The Professional Standards legislation specifically acknowledges the ability to recognise foreign qualifications. There is a reasonably large number of financial advisers who have emigrated to Australia and have undertaken formal education in another country. From our own member survey, 12% of university graduates had an overseas degree. This is an important standard, that is very much dependent upon the primary education standard. The legislation is more prescriptive in terms of the requirements for the assessment of foreign qualifications as has been set out in Section 921V of the Corporations Act. In our view these requirements limit the flexibility in the handling of foreign qualifications. We also note the fact that decisions by FASEA on foreign qualifications are subject to review by a Tribunal, which presents additional considerations.

We are very conscious that some existing financial advisers may have a combination of overseas qualifications and Australian based qualifications. For those who have been in Australia for many

years they may also have completed courses such as the Diploma of Financial Planning (DFP), the Advanced Diploma of Financial Planning (ADFP) or professional designations. We therefore think that the assessment of these existing advisers with a range of different qualifications may in some cases be more complicated.

We note the understandable reservation about the knowledge that an overseas graduate may have with respect to the Australian legal, tax and practice regimes. The practical reality is that these regimes are constantly changing and someone who did a Degree in Australia a number of years back will not have studied the current legal, tax and practice regimes as part of that degree. This would undoubtedly have been addressed by the further study that they have undertaken since, in terms of formal study (i.e. DFP and ADFP) and also ongoing CPD. We believe that FASEA needs to take this further Australian based education and ongoing CPD into account when considering what bridging courses might be required to address the issues of the Australian legal, tax and practice regime for overseas graduates.

We are also very conscious that contrary to the suggestion in the FASEA consultation paper, that NOOSR no longer exists and there is no single Federal Government body that assesses foreign qualifications. As we understand it, this has now been devolved to the states/territories, although NSW does not have a dedicated Overseas Qualifications unit. This has contributed to our view that the model as proposed by FASEA needs to be re-designed to achieve a more consistent and efficient outcome. We have continued to refer to NOOSR below to align with the FASEA Consultation Paper.

The standard needs to give consideration to existing advisers who have previously been assessed by NOOSR and potentially other assessment agencies. We are aware that the Accounting Associations provide this assessment service for overseas qualified accountants and would not see a reason for this assessment to be repeated. Other providers (ie VETASSESS) do assessments for migration purposes and FASEA should address whether these will be considered or not.

## 2. Purpose of the Foreign Qualification Standard

We appreciate the purpose which is to ensure that foreign qualifications are appropriately assessed for suitability in Australia. We note the point about wide and complex fields with legal, taxation, investment and market requirements. It is worth noting that some overseas jurisdictions may have similar regimes to Australia. For example, income tax and capital gains tax are common in other countries. Capital Gains Tax for example, was introduced in Australia in 1985 and then fundamentally changed in 1999. It is now subject to debate with respect to potential further change. Whilst there are differences between countries, the study of tax is beneficial, and it may be that an awareness of the tax regime in a foreign country will be a particular asset for dealing with clients in Australia who have assets overseas. Our point is that the consideration of this issue needs to allow some flexibility.

## 3. Foreign Qualifications Key Roles and Responsibilities

### **Question 3.1: Do you agree that the NOOSR assessment is an appropriate approach in assessing the education level of an overseas qualification? If not, why not?**

Whilst we agree that an assessment of AQF equivalency should form part of the overall assessment for New and Existing Advisers' Foreign Qualifications, we disagree with the likely approach that seems to have emerged in the context of the closure of NOOSR. Having a state/territory-based approach to these assessments will create too many variables in order to provide a consistent national standard. State/territory-based complications include:

- NSW does not currently have an Overseas Qualifications Unit, meaning that assessments are completed by the NSW Department of Industry.

- The approach is likely to vary from state/territory to state/territory. Some will take longer to complete.
- The costs involved in each assessment vary state to state (or territory). For example, a financial adviser in the ACT is able to have their qualification assessed for free, whereas a fee applies for other states/territories.

NOOSR no longer exists and appears to have been retitled as the Qualification Recognition Policy Unit. We certainly support a position that previous AEI-NOOSR and NOOSR assessments should continue to be recognised. We would also support previous assessment by other approved agencies continuing to be recognised.

The AFA believes that a state/territory based approach will introduce too much uncertainty and inconsistency into the process. We also have reservations about a two stage process. This is inefficient and will result in additional costs and time delays. We recommend that FASEA manage the entire process and if necessary outsource the first stage assessment of the degree comparability to an external specialist party. In this way an adviser will only need to make one application and it is likely to deliver a more timely and cost effective outcome. We also believe that this approach would better reflect the intention of Section 921V(1) of the Corporations Act.

The AFA recommends that the foreign qualification approval process be a single process entirely managed by FASEA, with just one application, even though FASEA might outsource some activity to third parties.

#### 4. Foreign Qualification Requirements

##### **Question 4.1: Do you agree with the approach for approving New Entrant Foreign Qualifications? If not, Why not?**

It is our understanding that after 1 January 2019, all new entrants will have the option to undertake either a FASEA approved undergraduate degree or a FASEA approved postgraduate degree. We therefore cannot understand the proposal with respect to new entrants with a NOOSR approved degree having access to the postgraduate pathway and those with a NOOSR non-approved degree having access to the undergraduate pathway. We ask the question as to how this provides recognition for foreign qualifications? Is it the intention that those with a NOOSR approved degree would have access to the Graduate Diploma option? Why shouldn't those with a non NOOSR approved degree have access to the postgraduate pathway?

We note the reference to RPL, however we had assumed that universities and other higher education providers already had the ability to provide this for students undertaking a FASEA approved degree, whether they have a foreign qualification or not.

We also make the point that this does not address the possibility that the candidate may have other relevant Australian based qualifications. They may also have work experience in Australia, including in a related area such as a para-planning or customer service roles. In order to undertake such roles they may have already completed the DFP or ADFP.

We do not believe that this proposal actually enables a genuine capacity for the approval of foreign qualifications as is required by the legislation.

##### **Question 4.2: Is there an alternative approach that should be considered for approving New Entrant foreign qualifications?**

We believe that the FASEA assessment should give consideration as to whether the foreign qualification is a genuine financial planning degree, a related degree or an unrelated degree.

In the case where it is a genuine financial planning degree then there should be the option of a bridging course to ensure that the candidate has the ability to meet the full requirements. Where it is a related degree then we would recommend that they should have access to the proposed Graduate Diploma. Where it is an unrelated degree then it might be that the Post-graduate pathway is the most suitable requirement, in the form of a Masters Degree, with access to RPL.

**Question 4.3: Do you agree with the approach for approving Existing Adviser Foreign Qualifications? If not, why not?**

As stated above we believe that there should be a single application to FASEA that addresses both the stages (NOOSR and FASEA) that have been identified in the Consultation Paper.

Otherwise we broadly agree with what FASEA have proposed with respect to the related degree and unrelated degree pathway, although noting our previous stated concerns with the inequitable treatment of existing advisers with an unrelated degree.

For someone with a so called “NOOSR Non Approved Degree”, or who do not wish to have their foreign qualification assessed, we accept that they would need to undertake the no degree pathway, which FASEA has previously proposed would be a Graduate Diploma. We have previously expressed concerns about the inability of this proposal to take into consideration financial advice specific qualifications at the AQF 5 and 6 levels, professional designations or ongoing CPD. These issues will equally apply in the case of existing advisers with a non recognised foreign qualification. We are uncertain as to why there is a reference at the bottom of page 5 in the Consultation Paper to these existing advisers needing to complete a FASEA Approved Degree, unless this is intended to include a Graduate Diploma.

**Question 4.4: Is there an alternative approach that should be considered for approving Existing Adviser foreign qualifications?**

Yes. We believe that FASEA should manage the entire foreign qualification approval process even if this means that they need to outsource some of the activity. This would result in the adviser having a ‘once-off’ approval process with a single layer of fees covering the determination of AQF equivalency and relevancy.

**5. Precedent Database**

**Question 4.5 (5.1): Do you agree that a Precedent Database and its availability on the FASEA website will be useful? If not, why not?**

Whilst we agree with the proposal to have a Precedent Database, we believe that further information is required regarding how FASEA intends to use the Precedent Database. In particular, we seek clarification on the following:

- Will a qualification listed on the Precedent Database be automatically approved for all who hold that degree/qualification?
- How will the Precedent Database approach address issues with respect to the same degree, but maybe during a different time or with a different major/specialisation
- If the Precedent Database could be relied upon for the assessment of a degree that already appears on the Precedent Database, then how would the issue of equity be addressed with respect to those who originally paid for the assessment to have the degree approved?

We are somewhat cautious as to the ability of financial advisers and licensees to leverage the Precedent Database given that Section 921V clearly indicates that FASEA approval is contingent upon an application to FASEA. For this reason, we wonder whether the Precedent Database could only be used for an applicant to consider whether an application was a worthwhile exercise.

The AFA recommends that FASEA work with the Australian Universities and Higher Education Institutions to leverage their precedent databases for credits into their qualifications. By doing so FSAEA would be able to build an initial list of approved foreign degrees that could then be added to the FASEA Precedent Database. This would also speed up the process of building the FASEA Precedent Database as there would be no time delay whilst awaiting individual assessments to be conducted.

**Question 4.6 (5.2): Do you agree with the information that will be updated periodically on the website? If not, why not?**

Broadly yes, although this will depend upon the intended usage of the Precedent Database as discussed above. It might be appropriate to consider whether “Year Awarded” be changed to a 5 year range for that specific degree. This would be more useful for consideration by potential applicants.

**Concluding Remarks**

We thank you for the opportunity to provide feedback on the proposed Foreign Qualification requirements. We have proposed some alternatives to address the complications with having a two-stage process and what appears to be the case with each state/territory having a different assessment unit.

The AFA welcomes further consultation with FASEA. For any questions, please contact us on (02) 9267 4003.

Yours sincerely,



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