



24 February 2015

Mr Ian Taylor  
Chair  
Tax Practitioners Board  
PO Box 126  
Hurstville BC NSW 1481

Email: [tpbsubmissions@tpb.gov.au](mailto:tpbsubmissions@tpb.gov.au)

Dear Mr Taylor

**Re. Relevant experience for tax (financial) advisers – TPB(I) D26/2015, and  
Sufficient experience to be able to provide tax (financial) advice services to a  
competent standard TPB(I) D25/2015**

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback to the Tax Practitioners Board (TPB) in relation to the Exposure Draft TPB Information Sheets on relevant and sufficient experience for tax (financial) advisers.

The following objectives have guided the FPA's response to the proposed requirements in the TPB Exposure Drafts. New competency requirements for financial planners must:

- be relevant to the provision of financial advice provided by financial planners;
- not restrict entry into the financial planning profession;
- be flexible so as to consider and be integrated with appropriate prior learning and continuing professional development of existing financial planners;
- cater for both existing financial planners and potential new entrants into the profession;
- deliver appropriate and meaningful learning outcomes in relation to the provision of financial advice provided by financial planners; and
- be integrated with and complement financial planner competency requirements under the Corporations Act, as set by the Australian Securities and Investments Commission (ASIC).

### **General feedback**

The FPA notes the use of the term 'authorised representative' in both information sheets. However, under the Corporations Act regime there are 'authorised representatives' and 'employed representatives' (who are usually employed directly by a licensee or corporate authorised representative). However, the definition of the term 'representatives' (s910A) covers both authorised and employed representatives.



Under the transitional arrangements for financial planners, the TASA regime permits 'authorised representatives' and licensees to notify the TPB during the notification period; and 'employed representatives' are permitted to register with the TPB only from the commencement of the transitional period.

However, the TASA experience requirements only apply from the commencement of the transitional period and therefore are relevant to employed representatives. The notification period includes an exemption from the TASA experience requirements.

Using the term 'authorised representative' implies that the TPB information sheets do not relate to 'employed representatives', or that 'employed representatives' are specifically excluded from the policy.

If 'employed representatives' are excluded from the requirements it will cut out a large group of financial advisers and potentially force licensees to authorise inexperienced people to be able to register them in order to meet their sufficient number requirements.

As the information sheets relate to experience requirements that apply from the commencement of the transitional period when employed representatives can register, the FPA believes it would be more appropriate to use the term 'representative' which captures both 'authorised representatives' and 'employed representatives'.

### **Relevant experience for tax (financial) advisers**

The definitions and explanations of relevant experience in the Exposure Draft are very high level. The FPA believes the TPB's information sheet would provide greater clarity and assistance to tax (financial) advisers if it included examples of the types of roles and functions that would enable an individual to obtain the relevant tax (financial) advice experience.

The FPA believes relevant experience can be gained by an individual (including but not limited to):

- providing limited financial advice under the supervision of an experienced senior financial planner or financial adviser,
- in a paraplanning role assisting representatives in the provision of financial advice to consumers,
- in a compliance role involved in the oversight of representatives providing financial advice to consumers,
- in a technical services role providing assistance to financial advisers and paraplanners on financial planning and financial product related technical issues, or
- as part of a financial planner internship program.

It is important that relevant experience includes mentoring and coaching from senior financial planning professionals experienced in providing tier 1 personal financial advice to consumers.



## **Sufficient experience to be able to provide tax (financial) advice services to a competent standard**

### Verification

The FPA notes that the information sheet is silent as to which party is responsible for verifying whether an individual's experience is sufficient to provide tax (financial) advice services to competent standard, for the purposes of TPB registration.

The FPA would welcome the inclusion in the information sheet of clarification as to whether the licensee would be responsible to verify an individual's work experience, or whether the TPB would perform this role. The FPA notes the TPB currently verifies the work experience of individuals applying for tax agent registration.

### Duration

The information sheet introduces a requirement for individual financial advisers to have a minimum of 18 months relevant experience to meet the TPB's sufficient experience obligations.

Under the Financial Services Regime there is currently no mandated minimum experience requirement to be able to be authorised to provide personal financial advice in Australia. It is up to each licensee to determine supervision and experience requirements of the individuals that provide financial advice under their license. The FPA has a minimum 1 year supervised experience requirement before being eligible to be a 'Financial Planner AFP' member, and 3 years experience to be eligible for 'CFP Professional' membership.

In its Report on the Inquiry into proposals to lift professional, ethical and education standards in the financial services industry, the Parliamentary Joint Committee on Corporations and Financial Services recommended the introduction of a structured professional year to be satisfactorily completed before an individual is able to provide financial advice to consumers.

The Committee also recommended the establishment of an independent Finance Professionals' Education Council that would not only set mandated curriculum for financial adviser education, but also develop a standardised framework and standard for the graduate professional year to be administered by professional associations.

On Thursday 19 February 2015, the government announced its in principle support of the PJC recommendations.

The FPA strongly believes that the TASA requirements must be consistent with and even integrated into any of the PJC recommendations adopted and implemented by the government. This includes the proposed professional year framework and requirements.



The FPA notes the transition arrangements for the PJC recommendations propose for the professional year framework and requirements to be released by July 2016, and acknowledges this is after the 1 January 2016 commencement date of the TASA transitional period.

However, we strongly believe consistent requirements are necessary. Therefore, we suggest the TPB consider amending its experience duration to one year (12 months).

The FPA would welcome the opportunity to discuss the TPB's proposed guideline further. If you have any questions, please contact me on 02 9220 4500 or [dante.degori@fpa.asn.au](mailto:dante.degori@fpa.asn.au).

Yours sincerely

**Dante De Gori**  
*General Manager Policy and Conduct*  
Financial Planning Association of Australia<sup>1</sup>

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<sup>1</sup> The Financial Planning Association (FPA) represents more than 11,000 members and affiliates of whom 8,055 are practicing financial planners and more than 5,500 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first "policy pillar" is to act in the public interest at all times.
- We banned commissions and conflicted remuneration on investments and superannuation for our members in 2009 – years ahead of FOFA.
- We have an independent conduct review panel, chaired by June Smith, dealing with investigations and complaints against our members for breaches of our professional standards.
- We were the first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This is being exported to 24 member countries and the 150,000 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 17 Australian Universities for degrees in financial planning. All new members of the FPA are required to hold, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP standing are equal to other professional bodies, eg CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board