



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

31 August 2018

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

Email: consultation@fasea.gov.au

Dear Dr Brimble

RE: Consultation Paper 7: Foreign qualifications

The Financial Planning Association of Australia¹ (FPA) welcomes the opportunity to provide feedback in response to the Financial Adviser Standards and Ethics Authority's (FASEA) proposed guidance on foreign qualifications.

The FPA presents enhancements to simplify the proposed FASEA process for approving foreign qualifications, and acknowledge advice specific past education of existing advisers who hold a foreign qualification.

Our recommendations are compliant with the provisions in the legislation and achieve the Government's stated policy intent to improve the minimum entry standards for financial advisers.

The FPA would welcome the opportunity to discuss with the FASEA Board the issues raised in our submission.

If you have any questions, please contact FPA's Head of Policy, Ben Marshan (ben.marshan@fpa.com.au) or myself (dante.degori@fpa.com.au) on 02 9220 4500.

Yours sincerely

Dante De Gori
Chief Executive Officer
Financial Planning Association of Australia

¹ The Financial Planning Association (FPA) has more than 14,000 members and affiliates of whom 11,000 are practising financial planners and 5,720 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.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Graham McDonald, dealing with investigations and complaints against our members for breaches of our professional rules.
- 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 26 member countries and the more than 175,570 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 18 Australian Universities for degrees in financial planning. Since 1st July 2013 all new members of the FPA have been required to hold, or be working towards, 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.



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CONSULTATION PAPER7: FOREIGN QUALIFICATIONS

**FPA submission to
Financial Adviser Standards and Ethics Authority**

31 August 2018



Consultation interests of FASEA

S3 Foreign Qualification Roles & Responsibilities

Proposal: FASEA requires individuals to provide certified copies of their foreign qualification and if applicable translated to English. In addition, FASEA requires individuals to apply for (or have already had) a NOOSR/DET assessment with the NOOSR/DET fees payable by the individual. See section 3 for more details.

Question S3.1

Do you agree that the NOOSR/DET assessment is an appropriate approach in assessing the education level of an overseas qualification? If not, why not?

FPA Response

The FPA supports the inclusion of the Department of Education and Training (DET) assessment to determine the relevant AQF level of the foreign qualification, in the FASEA standard for foreign qualifications.

However we are concerned about the time associated with this proposal, particularly for existing advisers as the DET state that its assessment of a foreign qualification can take up to 3 months.² Given the number of existing advisers who hold foreign qualifications is an unknown quantity, FASEA should help to ensure both the DET, the relevant state / territory higher education qualification assessment authority, and FASEA, prioritise assessment of these qualifications to ensure such advisers have adequate time to consider their options to meet the new education standards.

We also suggest the FASEA policy should reflect the clear role of the DET. For example, it is our understanding that the DET does not “approve” qualifications. As the DET website states:

*“Our qualification assessment is a guide to the level of an overseas postsecondary qualification in terms of a qualification on the Australian Qualifications Framework. Our assessments are for general purposes only and can support you by helping organisations, such as a prospective employer, understand the educational level of your overseas qualification”.*³

The FASEA policy for foreign qualifications should reflect the role of the DET and require a “DET assessment of AQF level 7 or higher”, not “DET approval” as stated throughout section 3, 4, and 5 of the consultation paper.

² <https://internationaleducation.gov.au/services-and-resources/services-for-individuals/qualifications-assessments/pages/qualification-assessment.aspx>

³ <https://internationaleducation.gov.au/Services-And-Resources/services-for-individuals/Pages/Services-for-individuals.aspx>



S4 Foreign Qualification Requirements

Proposal: FASEA Proposes that New Entrants who have an approved NOOSR/DET foreign qualification complete a FASEA approved post graduate, otherwise undertake a FASEA approved undergraduate Degree. See section 4 for more details

FASEA Proposes that Existing Advisers who have a relevant foreign qualification will be required to undertake the requirements as per the relevant degree pathway otherwise, the existing adviser will be required to undertake the requirements as per the unrelated degree pathway.

Question S4.1

Do you agree with the approach for approving New Entrant Foreign Qualifications? If not, why not?

FPA Response

Yes. The FPA supports the proposed approach for approving new entrant foreign qualifications.

Question S4.2

Is there an alternative approach that should be considered for approving New Entrant foreign qualifications?

FPA Response

From January 2019, all existing advisers who hold a foreign qualification who are not listed on the Financial Adviser Register, as well as any overseas advisers relocating to work in Australia, will be considered new advisers and will therefore be required to submit their foreign qualifications for approval. However many of these individuals will be experienced advisers. It is common for experienced advisers to hold multiple qualifications.

We seek clarifications as to FASEA's approach for considering and approving new entrants who hold multiple qualifications, for example a foreign qualification plus a qualification related to the provision of financial advice and obtained either in Australia or another jurisdiction.

Question S4.3

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

FPA Response

No. The proposal for approving existing adviser foreign qualifications presents an unnecessary dual process with duplicated approvals incurring duplicated fees charged to advisers, on top of any



translation fees (if applicable), and requires dedicated resources to undertake the repetitive assessment.

The FPA supports the role of the DET in assessing the foreign qualification to determine its AQF level. However we do not believe the proposal that the foreign qualification requires a FASEA assessment / approval to determine if it is a related versus unrelated degree.

As detailed in our submission in response to FASEA's *Proposed guidance on education pathways for all advisers*, the FPA believes FASEA's proposed education pathways must recognise prior learning undertaken by existing advisers, particularly past education specific to the provision of financial advice. The FPA is concerned about the reliance on a definition of related degree for transitioning existing advisers to the new education standard, including those with foreign qualifications, as it is at risk of creating a system that is complicated, inefficient and costly to administer, and overlooks the evolution of financial planning education and the valid and advice specific past education of existing advisers.

The proposed approval process for existing adviser foreign qualifications also ignores the fact that existing advisers with a foreign qualification are individuals who are currently authorised to provide advice in Australia. Many individuals in this category (that is an existing advisers with a foreign qualifications) have been providing clients with financial advice based on the Australian legal systems for tax, superannuation, social security, and investments, licensed to provide such financial advice, and meeting the Australian requirements, for most of their careers. They are not individuals who are new to this country or wanting to relocate to and provide financial advice in Australia sometime in the future. They have been living in Australia and licensed to provide financial advice based on the Australian laws and systems for years, even decades. They are existing advisers transitioning to the new education standards.

For example, of the respondents to our member survey on the FASEA proposal, 193 of FPA's existing practitioner members indicated they held a foreign Bachelor or higher degree. As it is a condition of FPA membership to be RG146 compliant, all 193 of these members have also completed a minimum of a Diploma of Financial Planning gained in Australia. Many of these members have also completed a Graduate Diploma, Master or the CFP Program in Australia.

[Question S4.4](#)

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

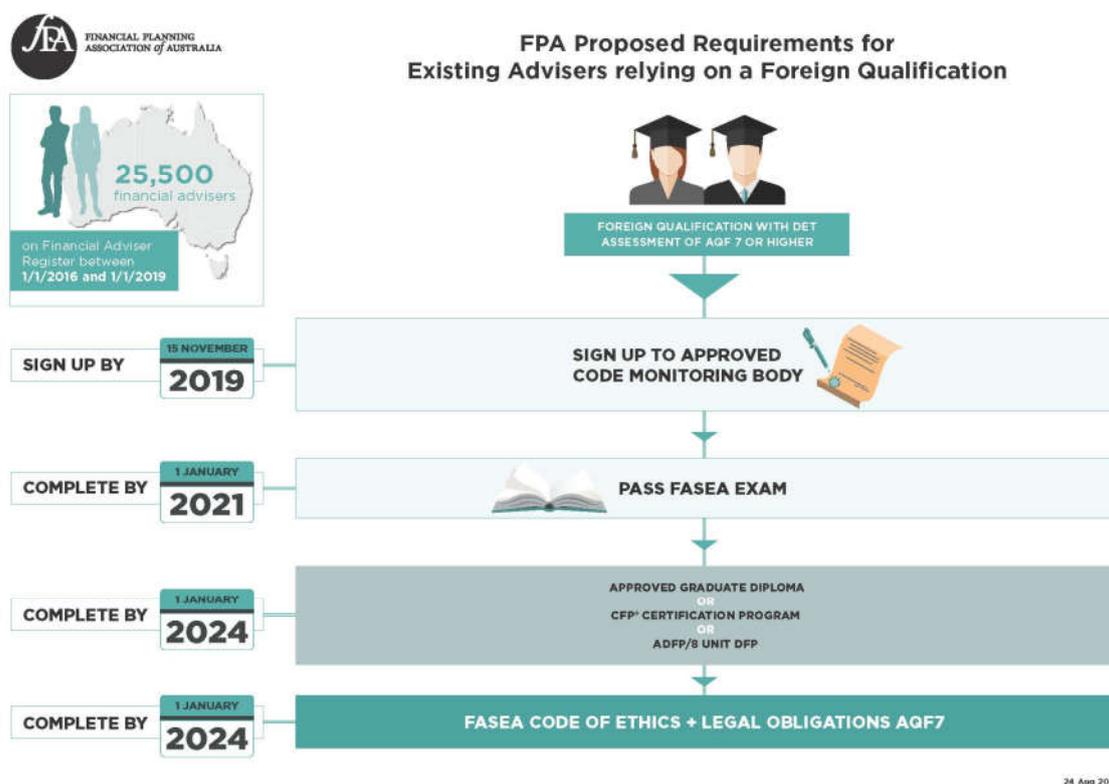
FPA Response

The majority of existing advisers with a foreign qualification also hold additional qualifications specific to the provisions of financial advice, many of which were obtained in Australia. However the proposed FASEA approval process for foreign qualifications assumes an existing adviser would hold only one foreign qualification, and provides no guidance or consideration for those who hold multiple qualifications. Of most concern is that it does not appropriately recognise prior learning undertaken by existing advisers, as the regulatory requirements allows, specific to the provision of financial advice.



The FPA proposes an alternative cost-effective approach for approving existing adviser foreign qualifications that appropriately recognises qualifications specific to the provision of financial advice that have been completed by existing advisers.

Following the DET assessment of the AQF level of the foreign qualification, the FPA recommends the following education pathways for existing adviser foreign qualifications.



The FPA proposes the existing adviser foreign qualification must be assessed by the DET as AQF 7 or higher. If an existing adviser is relying on their foreign qualification to meet the new education standard, the existing adviser must also have completed either:

- A Graduate Diploma in Financial Planning / Advice, OR
- Certified Financial Planner Program, OR
- An Advanced Diploma in Financial Planning or 8 unit Diploma in Financial Planning⁴.

In addition, the existing advisers must complete an approved course that covers both the FASEA Code of Ethics and the legal obligations for financial advice, at an AQF7 level.

The FPA proposal requires a combination of:

- The key learning outcomes of a Bachelor Degree education (AQF7), plus

⁴ This could be an ADFP or an ADFS(FP); and DFP or DFS(FP)



- Formal education specific to the provision of financial advice to retail clients in Australia.

As discussed in detail in our previous submission on the proposed education pathways, the FPA proposal is permitted within the regulatory environment, through the legislation, supporting material and regulatory precedent, and is in line with the government's policy intent. (Please refer to our previous submission for details.)

The FPA has taken a pragmatic approach, creating a very clear category of prior education based on the plethora of historic courses and valid career pathways into financial advice in Australia, including for those existing advisers who hold foreign qualifications. It also recognises the flexibility and diversity of the education courses that have been available and presents an efficient, consistent, reasonable and cost-effective solution to transition existing advisers with foreign qualifications to the new education standard.

Recognition of education with learning outcomes specific to the provision of financial advice aligns with the legislative permission for FASEA to consider Recognised Prior Learning (RPL) and the key principle of providing consumers with confidence that all financial advisers have the appropriate and specific skills and knowledge needed to provide quality financial advice.

The FASEA policy for existing adviser foreign qualifications must recognise that many existing advisers who relocated from overseas to work in Australia, may hold multiple qualifications obtained both here and in foreign jurisdictions, including qualifications specific to the provision of financial advice, and are existing, not new advisers.

In relation to FASEA's proposed assessment of existing adviser foreign qualifications, page 5 of the consultation paper states:

"FASEA's assessment process will be subject to a nominal fee by the individual".

However this part of FASEA's proposed qualification approval process is identical to that proposed for other existing advisers. The FPA is concerned that FASEA has indicated that it plans to impose a fee for assessing existing adviser foreign qualifications, yet have not indicate they will be charging other existing advisers the same fee. We seek clarification on FASEA's intentions in this regard.

S5 Precedent Database

Proposal: FASEA approved foreign qualifications, will be added to FASEA's Foreign Qualification Precedent Database that will be available on FASEA's website. The Precedent Database will be updated periodically and consist of relevant information. See section 5 for more details.

Question S5.1

Do you agree that a Precedent Database and its availability on the FASEA website will be useful? If not, why not?



FPA Response

Yes. The FPA supports FASEA's proposed Foreign Qualification Precedent Database as it will improve transparency, accountability, and portability of the DET assessments of foreign qualifications for both existing and new advisers. It is vital that the database is publicly accessible to ensure the information is available to all parties.

Individuals should be permitted to rely on the previous assessment of the qualifications listed on the Precedent Database. That is, individuals who hold the same qualifications as those listed on the Precedent Database should not be required to also have their qualification assessed by the DET or FASEA. This would create an inefficient duplication of the process.

Licensees should still be required to verify that the individual has completed the foreign qualification.

[Question S5.2](#)

Do you agree with the information that will be updated periodically on the website? If not, why not?

FPA Response

Yes. The FPA recommends the Precedent Database should be updated on a monthly basis with version control. Historical information regarding the listing of previously assessed foreign qualifications should remain available.

However the FPA disagrees with the inclusion of item (f) *FASEA Determination ie related or unrelated* in the Precedent Database as we do not support this dual approval requirement or FASEA's proposed education pathways for existing advisers (as discussed above and in our previous submission).

If the DET assessment has determined the foreign qualification as being AQF level 7 or higher, the existing adviser would know they have satisfied the 'any degree' requirement under the FPA proposed education pathways, and would need to complete either:

- A Graduate Diploma in Financial Planning / Advice, OR
- Certified Financial Planner Program, OR
- An Advanced Diploma in Financial Planning or 8 unit Diploma in Financial Planning⁵.

Again, this proposal removes the need for an additional approval process of the foreign qualification by FASEA.

⁵ This could be an ADFP or an ADFS(FP); and DFP or DFS(FP)



FPA points of clarification

Recognition of Prior Learning

The consultation paper states:

“Credit cannot be given for elements of the required curriculum that are specific to the Australian legal, taxation and/or practice context unless they have been specifically studied.”

We seek clarity as to the meaning of “practice context”. This is extremely broad and ambiguous term. It would be helpful if further explanation was provided as to the meaning of this term and the type of courses and topic areas that would fall under this category.

Certified copies of translated foreign qualifications

The consultation paper states:

“An individual must ensure their foreign qualification has been translated into English (if appropriate) and that they have certified copies.”

The FPA seeks clarification as to the documents and information required to be translated and certified.

The FPA assumes the purpose of such information would be to provide evidence of completion of the foreign qualification; as well as appropriate evidence to enable the DET undertake an accurate assessment of the course to determine the AQF level. The FPA suggest the FASEA documentation requirements should align with those of the DET.

The DET requires the following documentation in their original language and the English translation⁶ (from an approved translator if the originals are not in English) for their foreign qualifications assessment process:

- award document e.g. degree, diploma or certificate
- transcripts
- if applying for assessment of a doctoral degree, the abstract from your thesis, evidence of publication, names of the examining committee
- award documents and transcripts of your previous postsecondary qualification(s) even if you do not want them assessed
- proof of citizenship if you are an Australian or New Zealand citizen, or proof of residency if you are a permanent resident in Australia:
- if relevant, evidence of a name change – a marriage or deed poll certificate.⁷

⁶ ‘Extract’ or ‘Summary’ translations not accepted

⁷ <https://internationaleducation.gov.au/services-and-resources/services-for-individuals/qualifications-assessments/pages/qualification-assessment.aspx>



However the FPA suggest the follow documentation may also be helpful:

- Academic transcript
- Course outline
- Course competencies

Noting that the individual may choose to provide additional information to assist the assessment process.