

16 September 2022

Assistant Secretary
Advice and Investment Branch
The Treasury
Langton Crescent
PARKES ACT 2600

Email: FinancialAdvice@treasury.gov.au

Submission re: Financial adviser education standards consultation paper

Dear Assistant Secretary,

Please find below our comments and suggestions in regard to the proposed changes outlined in the Financial adviser education consultation paper – August 2022. We appreciate the opportunity to be part of the consultation process.

We support the proposals outlined in the consultation paper and believe they will make a difference to the financial advice industry. Our submission focuses only on the proposals where we believe some adjustment may be appropriate to improve the proposal.

Existing advisers

We support the current policy which enables existing advisers who were unsuccessful in the July/August 2022 financial adviser exam sitting the opportunity to be reinstated on the Financial Adviser Register and retain their status as an existing adviser provided

- they are removed from the Financial Adviser Register prior to 30 September 2022; and
- they pass a future sitting of the financial adviser exam

Our understanding is that this opportunity is currently only available to those advisers who qualified for the financial adviser exam extension to 30 September 2022 due to having at least two attempts at the financial adviser exam prior to 31 December 2021.

Financial advisers who had less than two attempts at the financial adviser exam prior to 31 December 2021 currently have to meet the new entrant requirements, including a professional year, to re-enter the industry. This requirement virtually rules out this category of existing financial advisers from returning to the industry.



Some of the financial advisers who qualified for the financial adviser exam extension may now also benefit from the proposed “Experienced Advisers” pathway.

In light of the introduction of the proposed “Experienced Advisers” pathway, we suggest that existing advisers who did not qualify for the financial adviser exam extension be included and eligible for this pathway.

Include existing advisers who were ineligible for the exam extension

Prior to 31 December 2021, some existing financial advisers elected to have less than two attempts at the financial adviser exam based on the total set of requirements communicated to them at the time; i.e., completion of the financial adviser exam and completion of up to eight bridging subjects depending on existing qualifications. There was no experienced adviser pathway for an existing financial adviser to consider.

Some financial advisers were overwhelmed with the total education requirements and elected to have less than two attempts at the financial adviser exam prior to 31 December 2021. Their decision may have been different if the experienced pathway option was known at the time.

We suggest that existing financial advisers who had less than two attempts at the financial adviser exam prior to 31 December 2021 be treated the same as existing financial advisers who were eligible for the financial exam extension; i.e., enable all existing financial advisers, regardless of the number of financial adviser exam attempts

- the opportunity to be reinstated on the Financial Adviser Register upon future successful completion of the financial adviser exam; and
- the ability to access the proposed “Experienced Advisers” pathway if they meet the eligibility criteria

We believe that this amendment would be fair in light of the proposed introduction of the Experienced Advisers pathway. It may also assist in the retention of good quality, experienced financial advisers in the industry.

Experienced adviser pathway

We support Treasury’s proposal to introduce an experienced adviser pathway to help retain good quality, experienced financial advisers.

We suggest the following adjustments to this proposal to further assist with the objective of retaining good quality, experienced advisers in the industry.

- change the end date to qualify for 10 years full-time equivalent experience to 1 January 2024; and
- completion of the “Ethics” bridging subject by 1 January 2026

Change the Experienced Advisers end date to 1 January 2024

The suggested change to the end date would assist in ensuring that the 10 years' experience is contemporary. It is our view that contemporary experience in the preparation of strategies to meet clients' needs is of utmost importance.

A 1 January 2024 end date would also allow for an experienced financial adviser who works on a part-time basis, or that has taken one or more career breaks such as maternity or paternity leave, a better chance to meet the 10 year full-time equivalent requirement.

Completion of the Ethics bridging subject by 1 January 2026

We also believe that a requirement to at least complete the Ethics Bridging Course would be of value to all financial advisers.

The introduction of the proposed Experienced Advisers pathway has resulted in a sense of unfairness by some financial advisers who would qualify under the proposed Experienced Advisers pathway and who have completed bridging subjects. There is a sense of wasted time and money. The requirement for all advisers to have at least completed the Ethics Bridging Course will alleviate this sense of unfairness to some extent in addition to providing valuable training to all financial advisers who undertake the Ethics subject.

Financial Adviser Exam

We suggest the following changes to the Financial Adviser Exam.

- consider offering a financial adviser exam that aligns with the area(s) a financial adviser is authorised to provide advice in
- consider changing the structure of the financial adviser exam to "one mark per multiple-choice question"

Align financial adviser exam to authorisations

For example, in regard to the first point, an existing financial adviser who only provides advice in Life Insurance would have more relevant and appropriate exam content if they were able to elect to complete a financial adviser exam suited to their skills and knowledge. The exam questions would match the existing adviser's authorisations.

One mark per question

The current exam structure includes multi-part, multiple choice questions. This has resulted in one multiple-choice set of questions containing three or four questions. It is possible that a financial adviser answered 3 out of 4 or 2 out of 3 multiple choice questions correctly in a multiple-choice set yet received no marks for those correctly answered questions. This exam structure is likely to have contributed to some advisers being unsuccessful in passing the financial adviser exam.

A one-mark per question approach is a fairer method of assessment and ensures correctly answered questions are acknowledged.

Conclusion

Thanks again for the opportunity to provide some comments and suggestions in relation to the proposals outlined in the Financial adviser education standards consultation paper.

We support recommendations that help to retain good, experienced financial advisers and encourage new entrants to the financial advice industry.

Yours sincerely,

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