

1 February 2022

Assistant Secretary
Advice and Investment Branch
Treasury
Langton Cres
Parkes ACT 2600

By email: FAStandards@treasury.gov.au

Dear Assistant Secretary,

Re: Financial adviser education standards

We the Society of Trust & Estate Practitioners Australia Pty Limited (STEP Australia) represent professionals from across Australia who are specialists in trusts, estate planning and in supporting the needs of families (young and old, wealthy and modest). The objective of a STEP Professional is to advance the interests of families across generations. This often involves us in identifying issues of relative importance to families and bringing these to the attention of those who can make a positive difference. This is the purpose of this submission.

STEP Australia's membership includes lawyers, accountants, financial wealth advisors and trustee company professionals from across Australia; our members bring a multi-disciplinary approach to the benefit of their clients. It is this unique multi-disciplinary approach that supports this submission.

STEP Australia represents all state branches and welcomes this opportunity to make a brief submission to Treasury regarding proposed reforms to the education and training of financial planners. Please note that STEP members either work with providers of financial advice or provide financial advice themselves under current licensing and accreditation arrangements. Accordingly, requirements for education and training of providers of financial advice directly impact many, if not most, STEP members in Australia.

The educational and training requirements introduced in the wake of the Hayne Royal Commission have made great progress in changing the perception of financial advice within the community from an industry to a profession. Such progress is essential if consumers are to have confidence and trust in relying on the advice being offered by financial advisers.

STEP Australian recognises that the financial services sector involves interdisciplinary activities comprising the efforts of many parties including financial advisors, lawyers, and accountants. Some activities are transactional, such as the provision of general insurance, while other activities include the provision of personal advice to clients. Those providing purely transactional services to clients should not necessarily have the same requirements for education and training as that of those providing financial advice.

New graduates who will be entering the profession to provide personal financial advice, in our opinion, should be required to obtain a qualification that covers the breadth and depth of the activities in the financial advice sector. We believe that the existing national financial planning degree curriculum currently being delivered by a range of accredited university providers fulfils this requirement. Accordingly, the proposal that licensees can and should be

responsible for deciding what is an acceptable degree or areas of competency is highly problematic as it does not ensure those ultimately providing advice have the knowledge base on which to advise clients

The professional year can, in our opinion work in concert with formal degree training to provide further, specialist functional training in the advisors chosen specialisation or field as it requires applied and supervised training from experienced planners.

Treasury's suggestion that experienced advisors should have an exemption from the current requirement of undertaking formal education requirements seems reasonable. We further support the proposal from treasury that all experienced advisors should have to complete an ethics course and have a clean track record of operating within the industry and be able to demonstrate a consistent track record of relevant continuing professional development. One question that is still open to debate is whether 10 years of experience is sufficient to be deemed an appropriately experienced advisor and hence be granted the aforesaid exemptions.

If you would like to discuss any of the above, please contact Bryan Mitchell TEP, Chair of STEP Australia, on email bmitchell@mitchellsol.com.au.

Yours sincerely



Bryan Mitchell TEP

Chair of STEP Australia

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