

Year One Business Case

Financial Services (FNS)

Appendix A

FNS

Year One Business Case

Projects 1B 1D & 1E

October 2016

Project 1B - Develop a diploma and skill set to address a skills gap in payroll

Project 1D – Review accounting and bookkeeping qualifications

Project 1E – Develop a business ethics and conduct skill set

Version 1.0 – October 2016

Project 1B – Develop a diploma and skill set to address a skills gap in payroll

Part A: Case for Change

The objectives of this project are to align payroll units of competency with industry skills needs, and to ensure the learning outcomes of payroll units of competency are consistent with the requirements of the Tax Practitioners Board. In particular, this project will consider possibilities for creating a new Diploma-level qualification and skill set for payroll.

Industry drivers for change

This project is proposed in response to the following industry drivers for change:

- Payroll is increasingly being recognised as an important function in the operation of all businesses due to its impact on most internal business operations. The skills and knowledge required to perform payroll tasks are quite specialised and technical and as a result of this, are highly regarded by employers.¹
- Despite payroll's importance, only limited nationally-recognised training is currently available.² In addition, no nationally recognised payroll qualifications exist to provide learners with the suite of skills required for a payroll administrator or payroll manager.

Part B: Issues Identified

Two key issues were identified:

Existing training in payroll is not sufficient for industry requirements.

- Industry³ has identified that gaps in existing training prevent individuals entering or working in payroll occupations from understanding the entire employee life-cycle from a payroll perspective, and also prevent workers from gaining a clear understanding of the wider context within which payroll tasks are performed.

These gaps in training exist in four areas:

- Knowledge of end-to-end and complex payroll tasks, including processing payroll for new employees, variations on standard payroll procedures, and irregular termination processes.
- Understanding of relevant industrial legislation and regulations, including national employment standards (in particular the Fair Work Act) and the Modern Awards system.
- Understanding of taxation relevant to payroll, including tax treatment for non for profit organisations.
- Providing payroll advice to external parties.

The Tax Practitioners Board is considering requiring persons who provide payroll advice to external parties to register as BAS Agents.

- The Tax Practitioners Board (TPB) is currently considering extending a system for registration of tax agents and BAS agents under the Tax Agent Services Act 2009 (TASA) to payroll providers in certain instances. The draft exposure⁴ outlines that a payroll provider may need to register as a tax or BAS agent if they provide services that the TPB considers would be covered by the definition of a tax agent service or BAS service, or if they are an unregistered payroll provider and provide these services for a fee or other reward.
- Any future training in payroll will need to consider and include the requirements of the TPB.

¹ Discussion with Industry representatives, September 2016

² Units of competency relating to payroll include FNSBKG405, BSBFIA302 and BSBFIM502.

³ Discussion with Financial Services IRC Members, September 2016.

⁴ Tax Practitioner Board (TPB) Exposure Draft for payroll service providers 2014. Accessed 6 October 2016. URL: https://www.tpb.gov.au/TPB/Publications_and_legislation/TPB/Publications_and_legislation/ED/0605_TPB_ED_D22_2014_Payroll_service_providers.aspx

Industry perspectives

The consultation approach for business cases is designed to build on research and consultations undertaken in development of the Four Year Work Plans. For business cases we have relied on subject matter expertise gained from structured interviews with IRC members and industry representatives to whom we were referred. Experts who were consulted during the development of this business case are listed in Appendix C.

IRC members, STAs and the Federal Department were invited to review the draft FNS Business Cases via the PwC's Skills for Australia (SfA) online portal. Feedback opened to IRC members from October 12, followed by STAs and the Federal Department from October 14. We received feedback from the Victorian STA, with some STAs acknowledging reception of the documents and reserving the right to comment more specifically during the project phase.

More broadly, we published a survey to enable industry participants to provide feedback on key questions relating to training products within the scope of this business case. For this proposed project, eight responses were received and their feedback included in this document. The survey respondents were from organisations listed in Appendix C. Feedback received to date has been incorporated into this document as agreed with the FNS IRC.

'Industry' opinions in this document refer to views raised and validated in consultations outlined above. It is acknowledged that additional consultation will be conducted in future project work to confirm that these opinions are largely agreed upon by a broader group of stakeholders and to determine specific changes required in the Package.

Key Industry Feedback

Qualifications commonly held by workers in payroll occupations do not provide sufficient training in payroll skills even though they may address relevant subject matter.⁵

- Therefore a worker entering into a payroll occupation via these qualifications can only acquire payroll-specific skills once they are already employed.

Existing payroll units of competency are not sufficient for the needs of industry.

- The existing payroll training does not provide learners with the skills and knowledge required to work effectively in a payroll occupation. In particular, industry feedback identified gaps in training to provide learners with payroll skills in:
 - end-to-end and complex payroll tasks
 - relevant industrial legislation and regulations
 - taxation relevant to payroll, and
 - providing payroll advice to external parties.⁶

A Payroll qualification should be developed.⁷

Industry requires that any qualification in payroll should:

- Provide learners with skills and knowledge in core payroll skills, as well as in payroll administration and management, for which a Diploma-level qualification would be most appropriate;
- Align with the proposed requirements of the Tax Practitioner Board for payroll service providers registering under the tax agent services regime;
- Encompass a payroll skill set, which provide a suitable grounding in payroll skills for a learner who does not wish to complete an entire qualification.

⁵ Commonly held qualifications include the BSB50615 Diploma of Human Resources Management or the FNS50215 Diploma of Accounting

⁶ Feedback from FNS IRC members and industry representatives, September 2016.

⁷ Feedback from FNS IRC members and industry representatives, September 2016.

Part C: Proposed changes to training products

Issue 1: Existing payroll training is not sufficient for industry requirements.

Proposed actions:

1. Review three existing payroll units of competency to assess their alignment with industry skills needs.
Impact: The reviewed training products will be modified to address existing skills gaps in payroll.
2. Develop ten units of competency to address identified skills gaps in payroll training.
Impact: The units will address skills gaps outside existing UoCs in the following specific subject matter areas:
 - o Skills in end-to-end and complex payroll tasks
 - o Understanding relevant industrial legislation and regulations
 - o Understanding taxation relevant to payroll
 - o Providing payroll advice to external parties.
3. Develop a diploma level qualification in payroll.
Impact: The payroll qualification will be comprised of new and existing payroll units of competency, as well as a range of other appropriate electives that will be selected in further consultation with industry.
4. Develop a skill set for payroll.
Impact: The new training product will address the existing skills gap, and will provide training opportunities for learners who seek recognised skills in payroll without completing an entire payroll qualification.

Issue 2: The Tax Practitioners Board is considering requiring persons who provide payroll advice to register as BAS Agents.

Proposed action: Align the Diploma with the proposed requirements of the TBP for registration as a BAS Agent.

Impact: Including the units of competency FNSBKG404 and FNSBKG405 in the qualification will meet the requirements of the TPB for registration as a BAS Agent.

Part D: Total proposed changes

Total proposed changes to training products	Number of training products
Existing units of competency to be reviewed	3
New units of competency to be created	10
New qualifications to be created	1
New skill sets to be created	1

It is anticipated that a Case for Endorsement will be submitted to the AISC in November 2017.

Part E: Alternative options – the base case

The base case (the ‘do nothing’) option must be considered as an alternative to the proposed changes in order to enable effective comparison between the two scenarios. This option negates the need for investment in training products, however does not address the issues identified. No further reviews would be planned for the training products in scope of this project in the base case scenario. The likely impacts of this option are outlined below:

Existing issue	Likely impact(s) if not addressed
Existing training is not sufficient for industry requirements.	<ul style="list-style-type: none"> • With no change to existing training, individuals will continue to enter into payroll occupations unprepared for the diversity of payroll tasks and the complexity of their role. • Choosing not to develop new units of competency to address the identified skills gaps will prevent learners from understanding the entire employee life-cycle from a payroll perspective, and will also prevent learners from gaining a clear understanding of the wider context within which payroll tasks are performed. • Given that industry consistently identified the growing importance of the payroll function to business operations, failing to update payroll training will mean failing to respond to identified industry needs.
The Tax Practitioners Board is considering requiring persons who provide payroll advice to register as BAS Agents.	<ul style="list-style-type: none"> • Choosing not to incorporate the TPB’s requirements into payroll training offered through VET will prevent individuals in payroll occupations from being compliant with the requirements that the TPB is considering implementing. This will limit the occupations individuals can enter into and will prevent them from providing certain services for which registration as a BAS agent is required.

Part F: Sensitivities and risks

No dissenting views were expressed during consultation regarding the need for additional training in payroll, but some stakeholders queried whether an entire payroll qualification would be necessary or suitable for all needs. One STA noted that it may be preferable to embed payroll units in existing qualifications in the accounting stream.⁸ A payroll skill set may be of use if this approach is taken. In addition, it remains to be determined if a Diploma is the most appropriate AQF level for the proposed payroll qualification. Additional consultation may demonstrate that a different AQF level would be more appropriate, such as a Certificate IV.

One RTO currently offers two accredited courses in Payroll: a Certificate IV in Payroll Administration and a Diploma in Payroll Management. The future purpose of these accredited qualifications may be impacted by the development of a new payroll qualification. This RTO will be included in ongoing consultations.

⁸ Feedback received from Victoria STA.

Project 1D Review accounting and bookkeeping qualifications

Part A: Case for Change

The objectives of this project are to align units of competency and qualifications relating to accounting and bookkeeping with industry skills needs. The qualifications included in the scope of this project are the FNS30315 Certificate III in Accounts Administration, FNS40215 Certificate IV in Bookkeeping, FNS40615 Certificate IV in Accounting, FNS50215 Diploma of Accounting and FNS60215 Advanced Diploma of Accounting.

Industry drivers for change

This project is proposed in response to the following industry drivers for change:

- The learning and occupational outcomes of the qualifications are duplicative across qualifications and units of competency, creating problems for industry and learners.
- There are concerns that the training provided by the qualifications is no longer suitable for the needs of industry. The purpose of the qualifications has changed since they were introduced, and the skills they provide to learners may no longer be up to date or fit for purpose.

Part B: Issues identified

There is duplication in the structure and outcomes for learners of the Certificate IV in Accounting and Certificate IV in Bookkeeping, which creates problems for industry and for learners.

- There is a near-total overlap of content and outcomes between the Certificate IV in Bookkeeping and the Certificate IV in Accounting.
 - Each qualification requires 13 units of competency to be completed on its own, however it is possible for a learner to attain both qualifications through choosing the correct 13 units.⁹
- The Certificate IV in Accounting does not lead to direct occupational outcomes in the accounting industry, because it does not provide learners with the training required to register as a Tax Agent with the Tax Practitioners Board (TPB).¹⁰
 - Registration as a tax agent is provided through the Diploma of Accounting and Advanced Diploma of Accounting.
 - Both the Certificate IV in Accounting and Certificate IV in Bookkeeping provide learners with the training required to register as a BAS Agent with the TPB.
- The Certificate IV in Accounting was commonly used as a pathway into the Diploma of Accounting, but entry requirements into the Diploma of Accounting have been removed.¹¹

The training provided in some units of competency in the Certificate IV in Accounting and Certificate IV in Bookkeeping does not align with the skills required by industry.¹²

- The training provided in six units of competency is out of date: FNSACC301, FNSACC302, FNSACC406, FNSBKG402, FNSBKG403, and FNSINC401.
- In both Certificate IV qualifications there are skills gaps in:
 - Understanding GST
 - Processing payroll for bookkeeping
- Accounting knowledge is important for bookkeepers, however the core units of competency in the Certificate IV in Bookkeeping do not provide learners with adequate accounting knowledge.

It should be noted that the Diploma of Accounting and the Advanced Diploma of Accounting, and their units of competency, were endorsed by industry as providing learners with the necessary skills and knowledge. As a result, no changes were recommended by industry to either of these qualifications.

⁹ The two qualifications share five core units of competency and a large overlap in elective units. Through the packaging rules of each qualification, it is possible to select electives which would allow you to complete the two qualifications with the same 13 units of competency.

¹⁰ http://www.tpb.gov.au/TPB/Registering/Register_as_a_tax_agent/TPB/Register/0321_Registration_as_a_tax_agent.aspx

¹¹ Entry requirements were removed from the Diploma of Accounting in March 2015.

¹² Feedback from FNS IRC members and industry representatives, September 2016.

Industry perspectives

The consultation approach for business cases is designed to build on research and consultations undertaken in development of the Four Year Work Plans. For business cases we have relied on subject matter expertise gained from structured interviews with IRC members and industry representatives to whom we were referred. Experts who were consulted during the development of this business case are listed in Appendix C. IRC members, STAs and the Federal Department were invited to review the draft FNS Business Cases via the PwC's Skills for Australia (SfA) online portal. Feedback opened to IRC members from October 12, followed by STAs and the Federal Department from October 14. We received feedback from the Victorian STA, with some STAs acknowledging reception of the documents and reserving the right to comment more specifically during the project phase.

More broadly, we published a survey to enable industry participants to provide feedback on key questions relating to training products within the scope of this business case. For this proposed project, fifteen responses were received and their feedback included in this document. The survey respondents were from organisations listed in Appendix C. Feedback received to date has been incorporated into this document as agreed with the FNS IRC.

'Industry' opinions in this document refer to views raised and validated in consultations outlined above. It is acknowledged that additional consultation will be conducted in future project work to confirm that these opinions are largely agreed upon by a broader group of stakeholders and to determine specific changes required in the Package.

Key Industry Feedback

The structure, and outcomes for learners, of the Certificate IV in Accounting and Certificate IV in Bookkeeping are duplicated.¹³

- For industry and for learners, this duplication nullifies the purpose of having two qualifications.
- There is no clear occupational reason as to why a learner would choose the Certificate IV in Accounting over the Certificate IV in Bookkeeping, except that the name of the qualification may be more suited to their intended career path.

There is majority industry support for resolving the existing issues in the Certificate IV in Accounting and the Certificate IV in Bookkeeping by merging the two qualifications into one.

- The single, merged qualification would need to be appropriately named. During consultation 'Certificate IV in Accounting and Bookkeeping' was suggested as an appropriate interim title, although additional consultation will occur to confirm an appropriate permanent title for the qualification. Modifying the name of the qualification may require an amendment to the Tax Agent Services Act 2009.
- Some industry representatives disagreed with the proposal to merge the Certificate IV in Accounting and the Certificate IV in Bookkeeping into one qualification, suggesting that it would be preferable to differentiate the skills taught and occupational outcomes provided by each.¹⁴

The content of some units of competency in the Certificate IV in Accounting and Certificate IV in Bookkeeping do not provide learners with the skills required by industry.

- Some units of competency still refer to outdated technologies and processes, such as clearing bank cheques.¹⁵ Training should be updated to reflect contemporary technologies and processes used by bookkeepers and accountants.
- Industry require new training to be developed to address skills gaps in two areas:
 - Understanding GST
 - Processing payroll for bookkeepers.

¹³ Feedback from FNS IRC members and industry representatives, September 2016.

¹⁴ Feedback from industry representatives, September 2016.

¹⁵ Feedback from FNS IRC members and industry representatives; PwC's Skills for Australia: 4-Year Work Plan Stage 1: Financial Services 2016

There are no clear occupational outcomes or learning pathways linked to the FNS30315 Certificate III in Accounts Administration.

- The Certificate III may once have been used as a pathway into the Certificate IV in Accounting, but since the Certificate IV in Accounting contains entry level units and does not require a learner to meet any other entry requirements, the case for the continued existence of the Certificate III should be revisited.¹⁶

The Diploma of Accounting and Advanced Diploma of Accounting were identified by industry as being fit for purpose. No changes were recommended.

Part C: Proposed changes to training products

Issue 1: The content and outcomes of the Certificate IV in Bookkeeping and the Certificate IV in Accounting are duplicated.

Proposed action: Merge the Certificate IV in Accounting and the Certificate IV in Bookkeeping into one qualification.

Impact: Duplication of content and outcomes will be eliminated, as only one qualification will remain.

Issue 2: The Certificate IV in Accounting does not lead to direct occupational outcomes.

Proposed action: Merge the Certificate IV in Accounting and the Certificate IV in Bookkeeping into one qualification.

Impact: The single Certificate IV qualification will lead to direct occupational outcomes as a bookkeeper.

Issue 3: The Certificate IV in Accounting is no longer required to act as a pathway for learners into the Diploma of Accounting.

Proposed action: Merge the Certificate IV in Accounting and the Certificate IV in Bookkeeping into one qualification.

Impact: Replacing the Certificate IV in Accounting with a single merged Certificate IV qualification will have no impact on pathways into other accounting qualifications.

Issue 4: The core units of competency in the Certificate IV in Bookkeeping do not provide learners with adequate accounting knowledge.

Proposed action: Merge the Certificate IV in Accounting and the Certificate IV in Bookkeeping into one qualification.

Impact: The single Certificate IV qualification will provide learners with core accounting knowledge.

Issue 5: There is no clear purpose for the Certificate III in Accounts Administration.

Proposed action: Review the ongoing relevance of the qualification in light of proposed changes to the Certificate IV qualifications.

Impact: The reviewed qualification will be realigned with industry and learner needs.

Issue 6: Skills gaps currently exist in understanding GST, and processing payroll for bookkeeping.

Proposed action: Develop two new units of competency to provide skills in understanding GST, and in processing payroll for bookkeeping.

Impact: The new training products will address the existing skills gaps.

Issue 7: The training provided in six units of competency is out of date.

Proposed action: Review six units of competency to ensure they are up to date and fit for purpose.

Impact: The reviewed training products will provide training that is up to date and fit for purpose.

Part D: Total proposed changes

Total proposed changes to training products	Number of training products
Existing units of competency to be reviewed	11
New units of competency to be created	2
Existing qualifications to be removed	2
New qualifications to be created	1

It is anticipated that a Case for Endorsement will be submitted to the AISC in November 2017.

¹⁶ Feedback received from Victoria STA.

Part E: Alternative options – the base case

The base case (the ‘do nothing’) option must be considered as an alternative to the proposed changes in order to enable effective comparison between the two scenarios. This option negates the need for investment in training products, however does not address the issues identified. No further reviews would be planned for the training products in scope of this project in the base case scenario. The likely impacts of this option are outlined below:

Existing issue	Likely impact(s) if not addressed
The structure, and outcomes for learners, of the Certificate IV in Accounting and Certificate IV in Bookkeeping are duplicated.	<ul style="list-style-type: none"> • The Certificate IV in Accounting and the Certificate IV in Bookkeeping are two of the qualifications most utilised by learners in the FNS Training Package. Failing to address the issues identified in these qualifications will mean failing to provide a large number of learners with training that is appropriate for their industry. • Choosing not to merge (or differentiate) the qualifications will mean that industry will continue to be hindered by the unclear purpose of each qualification, and learners will continue to enrol in the Certificate IV in Accounting without a clear occupational outcome.
The content of some units of competency in the Certificate IV qualifications do not provide learners with the skills required by industry.	<ul style="list-style-type: none"> • Learners enrolled in the qualifications are still being taught outdated skills. If units of competency are not reviewed and updated now, then it may not be possible to update these units of competency for another four years. During this time, the skills required by industry are likely to have progressed even further away from the skills being taught to learners. • Given that industry consistently identified skills gaps in understanding GST and in processing payroll for bookkeeping, choosing not to update training now will mean that training will fail to meet identified industry needs.
The Certificate III in Accounts Administration is not linked to occupational outcomes or learning pathways.	<ul style="list-style-type: none"> • Without review, the purpose of the qualification will remain unclear for industry and for learners. • Given that the Certificate IV qualifications do not have entry requirements and are themselves entry-level qualifications, if the relevance of this qualification is not reviewed then there is a risk that learners will enrol in this qualification without receiving clear occupational outcomes or a pathway into further study. Individuals will therefore enter the accounting industry lacking the skills and knowledge required by industry.

Part F: Sensitivities and risks

While stakeholders were in broad agreement regarding the need to review the Certificate IV in Accounting and the Certificate IV in Bookkeeping to address the issues identified, some disagreement existed regarding the preferred outcomes of that review. In essence, while many stakeholders recommended that the two qualifications be merged, others expressed a preference for them to be more effectively differentiated from each other, enabling a clearer signal to be sent to industry and to learners about the intended purpose of each qualification. While in this business case we have proposed merging the two qualifications as a more effective solution, in light of ongoing consultation it may become apparent that steps should instead be taken to differentiate the two qualifications. If that is the case then we will review the recommendations proposed in this business case to realign them with the needs of industry.

It was mentioned during consultations that training providers may be more opposed to the merger of the two qualifications than would industry representatives, because of the impacts on training delivery that would result from merging the qualifications. Ongoing consultation with training providers will occur to ensure these impacts are properly considered.

While during initial consultations no issues were identified with either the Diploma of Accounting or the Advanced Diploma of accounting, it is possible that some may be identified during ongoing consultation. For this reason we will continue to provide stakeholders with opportunities to discuss these qualifications.

Project 1e Develop a ‘Business ethics and conduct’ skill set

Part A: Case for Change

The objective of this project is to determine the suitability of existing training in business ethics and conduct in financial markets and the financial services industry.

Industry drivers for change

This project is proposed in response to the following industry drivers for change:

- Workers in financial services and financial markets occupations are regularly required to make ethical decisions in difficult conditions where conflicts of interests may arise between themselves, their colleagues and organisation, and / or their clients.
- In these difficult conditions it is important that workers are equipped the skills required to make decisions and act in an ethical manner, particularly in situations where financial advice is given to clients.
- It is vital to the reputation of the financial services industry that its workers act ethically and are seen to be acting ethically.
- Despite the importance of ethics and ethical conduct for workers in financial markets and for the broader financial services industry and its workers, there is currently a lack of adequate, nationally recognised training for learners in business ethics and conduct.

Part B: Issues identified

Three key issues were identified:

There is a need for a greater focus on business ethics and conduct in financial markets and the financial services industry.

- Workers in financial markets and the financial services industry face considerable ethical challenges due to the nature of the responsibilities faced in these occupations.
- There are laws, codes of practice and regulations within the financial services industry that convey standards of practice and rules for professionals,¹⁷ but compliance with codes of practice and regulations may not always be sufficient. However, providing learners with skills in business ethics and conduct may encourage them to adhere to and raise concerns with conduct around these laws, codes of practice and regulations.

Existing training in business ethics and conduct does not meet industry needs.

- Industry consultations¹⁸ have identified that existing training in business ethics and conduct does not provide learners with the appropriate skills in making ethical decisions and acting upon them. In addition, there is a skills gap in the application of emotional intelligence and interpersonal skills to ethical situations.

An opportunity exists to create new training in business ethics and conduct.

- Learners are not adequately equipped with knowledge and skills on how to navigate situations that may have ethical elements¹⁹. In order to be effective, this training should provide learners with the skills required to:
 1. Identify situations in which ethical decisions should be made
 2. Apply an ethical framework in order to make a decision
 3. Act upon ethical decisions.

¹⁷ Examples include: ASIC Codes of practice, URL: <http://asic.gov.au/for-consumers/codes-of-practice/>, FPA Code of professional practice, URL: <http://fpa.com.au/professionalism/fpa-code-of-professional-practice/>, AFA Code of conduct, URL: <https://www.afa.asn.au/afa-code-conduct>

¹⁸ Feedback from FNS IRC members and industry representatives, September 2016.

¹⁹ Feedback from FNS IRC members and industry representatives, September 2016.

Industry perspectives

The consultation approach for business cases is designed to build on research and consultations undertaken in development of the Four Year Work Plans. For business cases we have relied on subject matter expertise gained from structured interviews with IRC members and industry representatives to whom we were referred. Experts who were consulted during the development of this business case are listed in Appendix C. IRC members, STAs and the Federal Department were invited to review the draft FNS Business Cases via the PwC's Skills for Australia (SfA) online portal. Feedback opened to IRC members from October 12, followed by STAs and the Federal Department from October 14. We received feedback from the Victorian STA, with some STAs acknowledging reception of the documents and reserving the right to comment more specifically during the project phase.

More broadly, we published a survey to enable industry participants to provide feedback on key questions relating to training products within the scope of this business case. For this proposed project, fifteen responses were received and their feedback included in this document. The survey respondents were from organisations listed in Appendix C. Feedback received to date has been incorporated into this document as agreed with the FNS IRC.

'Industry' opinions in this document refer to views raised and validated in consultations outlined above. It is acknowledged that additional consultation will be conducted in future project work to confirm that these opinions are largely agreed upon by a broader group of stakeholders and to determine specific changes required in the Package.

Key Industry Feedback

There is a need for a greater focus on business ethics and conduct in financial markets and the financial services industry.

- Ethical challenges may arise from incentive schemes, pressures to perform, remuneration based on product results and industry norms.²⁰
- In these situations, workers may be required to make decisions where a conflict of interest arises between a favourable result for their client and a favourable result for themselves / their organisation.
- There is broad industry support²¹ to reduce the ethical risks faced in the workplace by providing learners with additional training in ethical decision making.

Existing training in business ethics and conduct is not sufficient for the requirements of industry.

- Existing training²² focuses on compliance with ethical and guidelines and regulations, which is useful, but does not provide learners with an appreciation of ethical conduct beyond compliance.
- Existing training does not provide learners with an approach for responding appropriately in situations where an ethical decision or action may be required.

There is an opportunity to create new training in business ethics and conduct.

- New training should provide learners with skills in identifying, assessing and acting in situations where an ethical decision or action is required. These skills should be applicable to workers regardless of their occupation or level of seniority.
- Industry²³ supported addressing the absence of fundamental business ethics and conduct teachings in the financial services industry by the creation of a possible skills set.

²⁰ Feedback from industry representatives, September 2016.

²¹ Feedback from FNS IRC members and industry representatives, September 2016.

²² FNSFPL501 Comply with financial planning practice ethical and operational guidelines and regulations

²³ Feedback from FNS IRC members and industry representatives, September 2016.

Part C: Proposed changes to training products

Issue 1: Existing training in business ethics and conduct fails to meet industry needs.

Proposed action: Review the unit of competency FNSFPL501 to determine its suitability for industry needs.

Impact: The review will determine whether the unit of competency is fit for purpose and may be eligible for inclusion in a business ethics and conduct skill set.

Issue 2: There is a need for a greater focus on business ethics and conduct in financial markets and the financial services industry.

Proposed actions:

1. Develop three units of competency to provide skills in how to make and act upon ethical decisions.

Impact: The units of competency will be developed to provide a learner a cohesive set of skills in business ethics and conduct. The units of competency will provide learners with training in:

- Identifying situations in which an ethical decision is required;
- Applying a framework of ethical thought to reach a decision; and
- Acting upon their decision.

2. Develop a 'Business Ethics and Conduct' skill set.

Impact: The skill set will be designed so that it is applicable across a variety of financial services job roles and organisation levels through a framework and application methodology that can be used for a learners' lifetime. It will include at least the three new units of competency which are to be developed.

Part D: Total proposed changes

Total proposed changes to training products	Number of training products
Existing units of competency to be reviewed	1
New units of competency to be created	3
New skill sets to be created	1

It is anticipated that a Case for Endorsement will be submitted to the AISC in November 2017.

Part E: Alternative options - the base case

The base case (the ‘do nothing’) option must be considered as an alternative to the proposed changes in order to enable effective comparison between the two scenarios. This option negates the need for investment in training products, however does not address the issues identified. No further reviews would be planned for the training products in scope of this project in the base case scenario. The likely impacts of this option are outlined below:

Existing issue	Likely impact(s) if not addressed
Existing training in business ethics and conduct fails to meet industry needs.	<ul style="list-style-type: none"> ● Stakeholders consistently identified the need for a cohesive suite of training in business ethics and conduct, rather than the existing available training, which focuses mostly on compliance with codes of conduct. ● Failing to provide learners with a more comprehensive view of what ethical conduct entails means that ethical behaviour risks being reduced to an exercise in compliance only.
There is a need for a greater focus on business ethics and conduct in the financial services industry.	<ul style="list-style-type: none"> ● The importance of ethical conduct and decision-making to financial markets and the financial services industry was consistently highlighted by stakeholders. ● Many individuals working in financial markets and the broader financial services industry are required to think and act ethically on a daily basis, but currently lack access to training which would provide them with the skills required to do this. Failing to update training will mean failing to respond to an identified industry need.

Part F: Sensitivities and risks

While all stakeholders consulted with expressed support for additional training in business ethics and conduct, further consultations may reveal that different stakeholders have different opinions on what that training should encompass and on how it should be implemented within the FNS Training Package.

In addition, stakeholders frequently identified that the way in which training is delivered is a key factor in ensuring that a learner successfully attains and retains the desired skills in ethical conduct and decision making. While training providers will be engaged in ongoing consultations, the capacity of the SSO to influence the quality and style of training delivery is limited.