

Administrative information

Name of IRC: Financial Services IRC

Name of SSO: PwC's Skills for Australia

Name of Training Package: Financial Services Training Package

Case for Change: Project 1C: Review financial planning units of competency, qualifications and pathways

This case for change was established as a result of initial research and consultations outlined in the Four Year Work Plan (2016) for the Financial Services IRC and subsequent endorsement by the Australian Industry Skills Committee.

This Case for Change was agreed to by the Financial Services IRC.

Allan Jones		28 August 2017
FNS IRC Chair	Signature of Chair	Date

The case for change

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

Project	Industry drivers
Project 1C Review financial planning units of competency, qualifications and pathways	<ol style="list-style-type: none">From January 1 2019, new financial planners will need to hold a bachelor degree (AQF 7) or equivalent in order to work as a financial planner providing financial advice to clients. Legislation and government commissioned reviews relevant to these new education requirements include:<ol style="list-style-type: none">The Future of Financial Advice (Streamlining) Act 2016 (Cth);ASIC changes to financial planner licensing requirements; andThe establishment on July 1st 2017 of the Financial Advisers Standards and Ethics Authority (FASEA), which will set mandatory education and training requirements for professionals in the financial advice sector.The existing financial planning qualifications - FNS50615 Diploma of Financial Planning and FNS60415 Advanced Diploma of Financial Planning - will not meet the minimum education requirements set by FASEA, and will therefore no longer provide direct entry into financial planning occupations. They may remain suitable as pathway qualifications into further financial planning study.Job roles in the financial planning industry which do not involve providing financial advice to clients (e.g. para-planners, assistant financial planners) are not impacted by the changes to minimum education standards. The employment outlook for para-planning occupations is strong,¹ driven by the forecast strong growth of the broader financial planning industry.²VET qualifications are suitable pathways into para-planning occupations, however the existing Diploma of Financial Planning and Advanced Diploma of Financial Planning are failing to fulfil this purpose because they contain content which is out of date and duplicated across units of competency.

¹ <http://joboutlook.gov.au/Occupation.aspx?search=Career&code=2223>

² Financial Services Industry Skills Forecast and Proposed Schedule of Work 2017.

The rationales for the projects, as established in the Financial Services 4 Year Work Plan, are included in Attachment C – *FNS 4 Year Work Plan Project Rationales*.

Recommended changes

Project	Recommended changes
Project 1C Review financial planning units of competency, qualifications and pathways	<ol style="list-style-type: none"> 1. Amend / delete 45 native units of competency included in the current financial planning qualifications following a review of their suitability for workers in para-planning job roles. As a result of this review it is likely that obsolete and/or duplicate units of competency will be deleted from the FNS Training Package. 2. Review the ongoing industry need for two VET financial planning qualifications to exist. As a result of this review it is likely that one qualification will be deleted from the FNS Training Package. 3. Develop specialist streams within the qualification(s) to address the need for specialist knowledge in areas including superannuation, aged care and life insurance.

See also Attachment A – *Training package components to change*.

Industry support for change

Industry views were captured via targeted stakeholder interviews and responses to a public online survey. The method and scale of stakeholder consultation undertaken in building the case for change is outlined in Attachment B – *Stakeholder consultation method and scale*.

Issues identified by stakeholders

Project	Issues identified by stakeholders
Project 1C Review financial planning units of competency, qualifications and pathways	<ol style="list-style-type: none"> 1. Financial planners who provide advice to clients need to meet regulatory requirements for education standards set by FASEA. These requirements are that: <ol style="list-style-type: none"> a. New financial advisers will require a degree, will need to undertake a professional year and to pass an exam from 1 January 2019; b. Existing financial advisers will need to pass the exam by 1 January 2021 and complete any necessary bridging courses by 1 January 2024; and c. All financial advisers will need to subscribe to a code of ethics from 1 January 2020.³ 2. These education requirements mean that the financial planning qualifications will no longer lead directly to financial planning job roles. However, there is still a need for the VET system to provide training in financial planning, in order to provide learners with pathways into para-planning occupations or pathways into a financial planning bachelor degree or equivalent. 3. The qualifications are not fit for these future purposes. There are structural and content issues with existing financial planning qualifications including: <ol style="list-style-type: none"> a. Duplication of content across financial planning units of competency; b. Skills gaps within units of competency in client interaction and emotional intelligence; c. Insufficient and out of date content in subject areas (e.g. superannuation, aged care, life insurance, estate planning); and

³ <http://www.treasury.gov.au/Policy-Topics/FinanceAndMarkets/Financial-Adviser-Standards-and-Ethics-Authority-Limited/MR-13-July-2017>

<ol style="list-style-type: none"> d. Poorly structured qualifications preventing learners and RTOs from specialising in subject areas. <ol style="list-style-type: none"> 4. It is likely that industry only needs one of the VET qualifications in financial planning to remain. Most stakeholders nominated the Diploma of Financial Planning as being best suited to future industry needs for training in financial planning. 5. There may be industry demand for a Graduate Diploma of Financial Planning, which would meet the new education requirements and would enable learners to enter financial planning occupations via VET pathways.

Additional information on stakeholders' outstanding issues and dissenting views is included in Attachment B – *Stakeholder consultation method and scale*.

Impacts of change

Stakeholder	Impact
Industry / Employers	<ul style="list-style-type: none"> • Improved alignment of training products to the needs of industry • Increased relevant skills to organisations • Increased efficiency in business operations • Reduced skills shortages • Increased staff retention
Registered Training Organisations	<ul style="list-style-type: none"> • Increase in enrolments and completion rates • Improved efficiency of the training system through the removal of duplicate / obsolete units of competency and qualifications • Increased flexibility in training product offerings • Less confusion when selecting training products due to clearer links between training and specific occupations • Potential increases in enrolments and completion rates
Learners	<ul style="list-style-type: none"> • Less confusion when deciding on qualifications and electives due to clearer links between training and specific occupations • Improved employment outcomes • Skills and knowledge relevant to industry demands

Implications of not implementing proposed changes

Project	Implications of not implementing proposed changes
Project 1C Review financial planning units of competency, qualifications and pathways	<ol style="list-style-type: none"> 1. Change in the future purpose of existing qualifications: <ol style="list-style-type: none"> a. The new education requirements for financial planners will change the purpose of the existing financial planning qualifications. Choosing not to review and amend these qualifications will mean they are unable to fulfil their expected future purpose as pathways into para-planning job roles or into further financial planning study. This may result in a reduction in the number of workers entering the financial planning industry at a time when it is otherwise expected to be growing strongly. 2. Current qualifications are not fit for purpose: <ol style="list-style-type: none"> a. Given that industry consistently identified skills gaps in interpersonal and communication skills, superannuation, aged care, life insurance and estate planning, choosing not to update training will mean failing to meet identified industry needs.

Timeframes

PwC's Skills for Australia anticipates that a Case for Endorsement for the FNS Training Package will be submitted to the Australian Industry and Skills Committee (AISC) in the second half of 2018.

Implementing the COAG Industry and Skills Council reforms for Training Packages

Reform	Evidence of reform being addressed
<i>Removing obsolete and superfluous qualifications from the training system</i>	As a result of this Case for Change, it is likely that one qualification and multiple units of competency will be removed from the training system due to being obsolete to future industry needs.
<i>Making more information available about industry's expectations of training delivery</i>	A Companion Volume will be released with the updated FNS Training Package, containing information about industry's expectations of training delivery. Specialist streams will be created in the qualifications, providing learners, RTOs and industry with information about the various sub-sectors of financial planning, and the training suitable for each of these sub-sectors.
<i>Ensuring the training system better supports individuals to move easily from one related occupation to another</i>	A single, amended financial planning qualification will act as a suitable pathway into tertiary education in financial planning.
<i>Improving the efficiency of the training system by creating units that can be owned and used by multiple industry sectors and housing these units in a work and participation bank</i>	No new units are proposed to be created as a result of this Case for Change. Existing financial planning units of competency will be amended where possible to broaden their applicability to multiple job roles.
<i>Fostering greater recognition of skill sets</i>	Ongoing project work will consider options and industry demand for creating skill sets in financial planning.
<i>Ensuring that accredited courses 'fill the gap' in training packages and provide for training courses to be developed as quickly as industry needs them and support niche skill needs</i>	Learners who are enrolled in accredited courses that import FNS units of competency will benefit from training which has been updated to meet industry needs. Improved clarity in existing units allows for easier understanding around where 'gaps' might lie in the FNS Training Package.