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**DomaCom**

# Industry Submission

Consultation Paper 215

Assessment and approval of training  
courses for financial product advisers:  
Update to RG146

September, 2013

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**Disclaimer:**

This submission was developed by the Author and is based on discussions with a range of market practitioners and research provided by various parties.

The views expressed in this submission are intended to reflect the collective view of DomaCom. However, no representation or warranty is given that either the Author or individual DomaCom office holders or employees subscribe to each of the views herein described.

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## A. DomaCom Submission –Overview

In providing comment on the ASIC Consultation Paper 215 “Assessment and approval of training courses for financial product advisers: Update to RG 146”, DomaCom welcomes ASIC’s invitation to describe alternative approaches that would achieve the desired objectives.

### Key Points

ASIC has set out the background to the following proposals:

- Replacement of the ASIC Training Register with a Class Order “Assessment and approval of training courses for financial product advisers”;
- ASIC Accreditation of glistered Training Organisations (RTO’s), Self-accrediting Organisations ( SAO’s) or Industry Associations to assess courses;
- Retention of an archived ASIC Register;
- Authorised Assessors to certify their assessment of training courses to students;
- Removal the recognition of Foreign Qualifications (except New Zealand);
- Allow Recognition of Prior Learning (RPL) to account for 50% of the course requirements for advisers that hold a foreign qualification;
- Allow an exemption from the market experience requirement for an adviser that holds a foreign qualification and undergoes an individual assessment and;
- That the proposed Class Order commence in April 2014

### Summary of DomaCom’s Response

DomaCom is concerned that the proposals that comprise CP215 may not resolve the current uncertainty regarding regulatory compliance and the variability in the standard of training programs and education providers.

In fact, we consider that the proposal to abandon the ASIC Training Register and increase the range of education providers that can assess the quality of training programs, may undermine ASIC’s intention to improve professional standards.

DomaCom is of the view that the proposal to retain an archived ASIC Training Register is not a workable solution. Indeed, we support the call for the creation of a register of training courses administered by an independent financial services education council comprised of the so-called education regulators referred to in Table 1 of the consultation paper.

We note ASIC’s assertion that it is “not the regulator of training courses in Australia” and that the regulators of training course providers in the Vocational Education & Training (VET) sector and the higher education sector “have expertise in education and training and are better placed than ASIC to perform this role”.

Accordingly, DomaCom supports the call for ASIC to co-ordinate a multi-stakeholder consultation group comprising licensees, industry associations, education providers and regulators in order to develop a robust framework to effectively deal with the important issues raised in CP215.



## B. ASIC Proposals

### B.1 Replacement of the ASIC Training Register

B1Q1 Do you agree with our proposal to replace the ASIC Training Register with draft [CO 14/XX]? If not, why not?

No. We support the call for the creation of a register of training courses administered by an independent financial services education council comprised of the education regulators referred to in Table 1 of the consultation paper.

B1Q2 Do you agree that we should retain an archived ASIC Training Register as a reference tool? If not, why not?

No. Although the principle of a Training Register is supported, the market does not have confidence in the reliability of the ASIC Training Register, as it stands. Should an archive of the ASIC Register be retained, it would bias the market towards those providers listed on the register.

B1Q3 Do you consider that the proposal to replace the ASIC Training Register with draft [CO 14/XX] will impose additional costs on advisers, AFS licensees, training course providers or others? Please provide specific details.

Yes. The assessment by an ASIC-authorized assessor process is likely to impose costs associated with the requirement to ensure that training courses or individuals have been assessed by a limited range of persons authorised to undertake that task.

B1Q4 Do you consider that the proposal to replace the ASIC Training Register with draft [CO 14/XX] will result in benefits for consumers, training course providers or others? Please provide details.

An adverse effect of the proposed CO 14/XX would be to fragment the discernment of reliable training programs away from a national register administered by an appropriately qualified authority to an individual assessment of a wide range of “self-assessed” training providers.

ASIC has reported that the findings from the shadow shop, documented in REP 279, identified training and professional development standards as one of the barriers to improving the quality of advice. REP 279 (paragraph 227) noted that the “relatively low requirements to enter the financial advice industry as an adviser, combined with disparate standards of ongoing training and development, present significant barriers to the quality of financial advice that clients receive.

We are concerned that the concept of education providers being permitted to self-assess their training courses may increase rather than alleviate these concerns.



## B.2 Guidance on Written Certification

B2Q1 Do you think that authorised assessors will provide this certification? If not, why not?

Our concern is that the number of authorised assessors is likely to be limited and that the higher education regulators (TEQSA etc.) will not provide the level of detail or the most relevant information required by licensees when making decisions regarding RG 146 compliance.

The methods of assessment and terminology adopted by a diverse group of assessors (i.e. RTO's, SOA's and Industry Associations) will vary thus, compounding the existing level of confusion in relation to RG146 obligations.

B2Q2 What are other means by which AFS licensees could verify that training courses have been assessed by authorised assessors as meeting the training standards?

The establishment of an education council comprised of key stakeholders such as, licensees, education providers, industry associations and regulators would enable the publication of a widely-accepted and technically reliable training register.

This approach would provide a clear and easily accessible means by which industry could determine its regulatory compliance and relieve the burden of a detailed investigation of individual training courses having to be undertaken by licensees.

B2Q3 Do you consider that written certification will impose additional costs on AFS licensees, training course providers, advisers or consumers? If yes, please provide specific details on how this is calculated.

DomaCom is of the view that the proposals should include the concept of learning pathways whereby practitioners that are able to demonstrate a designated educational level will be considered as compliant under the regulations for the purpose of providing general advice and then be required to complete such further training as is required to demonstrate competency in the specialist areas of advice in which they intend to engage.

This approach would require education providers to certify prior to the completion of the overall course. This is likely to impose increased costs.

B2Q4 Do you consider that written certification will benefit AFS licensees, training course providers, advisers or consumers? Please provide details.

The concept of written individual certification as opposed to reference to a published register, is likely to lead to a distributed and inefficient system for AFS licensees, training course providers, advisers and consumers.



## B.3 Recognition of Foreign Qualifications

B3Q1 Do you agree with our proposal to remove the recognition of foreign qualifications from RG 146? If not, why not?

We are not well placed to provide informed comment on this issue.

However, it would seem that if a competency-based assessment process is to apply, little justification would exist (beyond the mutual recognition convention) for excluding the recognition of foreign qualifications other than New Zealand qualifications, provided that a candidate's competency in terms of both knowledge and skills was verified (i.e. bridging or gap course and formal assessment).

B3Q2 Do you agree with our proposed policy change on foreign qualifications in proposal B3(b) to permit advisers to apply for recognition of prior learning or for an exemption from the experience requirement? If not, why not?

Whilst RPL is arguably a valid device by which the skills and knowledge acquired by a candidate at some earlier time can be acknowledged, if that prior learning was undertaken in another jurisdiction, RPL may not represent a valid measurement of the candidate's suitability to provide advice in the relevant jurisdiction.

B3Q3 Do you currently rely on the recognition of foreign qualifications in RG 146? If you are an AFS licensee, please provide details of the number of advisers who rely on this policy.

No.

B3Q4 Will training course providers provide recognition of prior learning in the manner proposed in proposal B3 (b) (i)? Please provide details.

We are not well placed to provide informed comment on this issue.

B3Q5 Do you consider that this proposal will impose additional costs on AFS licensees, advisers or training course providers? Please provide details.

Yes. The capacity to reliably determine whether elements of study undertaken across a range of foreign regulatory jurisdictions would require greater skill and knowledge on the part of the assessor than the ability to administer and assess a prescribed course of study solely within the Australian jurisdiction.

B3Q6 Do you consider that this proposal will benefit consumers, by improving the quality of advice provided? Please provide details.

No. The value of foreign qualifications will vary. In some cases, such qualifications may be superior to Australian qualifications. In other cases, foreign qualifications may fall well short of the standards required in this country. In any event, the relevance of the knowledge and skill that arises from foreign qualifications will need to be accurately assessed.

This proposal distracts from the important task of ensuring the quality of advice is supported by a proper assessment of an adviser's skill and knowledge.