

Friday 31 May 2024

Professor Barney Glover  
Commissioner  
Jobs and Skills Australia  
Department of Employment and Workplace Relations  
GPO Box 9828  
Canberra ACT 2601

Dear Commissioner Glover

**Draft Core Skills Occupations List (CSOL)**

The Financial Advice Association of Australia<sup>1</sup> (FAAA) welcomes the opportunity to provide feedback on the Jobs and Skills Australia (JSA) Draft Core Skills Occupations List (CSOL).

Currently there is a shortage of financial advisers/planners in Australia. This shortage has been recognised by the Government by inclusion in the Skills Priority List. This shortage has been driven by:

- New regulatory and licensing requirements creating a 'long training gap' of four years
- An ageing of the existing financial adviser workforce
- Changes in the advice market with the departure of the 5 largest Australian Financial Services (AFS) licensees
- The ageing of the population driving a prolonged increase in consumer demand for financial advice.

We suggest migration is a valid pathway to help address this shortage via the Skills in Demand (SID) visa program by:

- including 'paraplanners' and new entrants to the profession in the CSOL; and
- through the 'Special Skills Pathway' for more experienced 'financial advisers/planners'.

The FAAA supports the submission provided to the Department from VETASSESS, as it relates to the occupation of financial investment adviser (ANZSCO 2022).

We would welcome the opportunity to discuss with Jobs and Skills Australia the issues we have raised in our submission. [REDACTED]

Yours sincerely,

[REDACTED]

Financial Advice Association Australia (FAAA)

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<sup>1</sup> The Financial Advice Association of Australia (FAAA) is the largest association representing the financial advice profession in Australia, with over 10,000 members. It was formed in 2023 following the merger of the two leading financial planning/advice bodies in Australia – the Financial Planning Association (FPA) and the Association of Financial Advisers (AFA). With this merger, a united professional association that advocates for the interests of financial advisers and their clients across the country was created.

# **Draft Core Skills Occupations List (CSOL)**

Effective date: 31/05/2024  
Submitted to: Jobs and Skills Australia



## Financial advice regulatory requirements

The provision of personal financial advice to retail clients in Australia is heavily regulated under the Corporations Act, with regulatory oversight by the Australian Securities and Investments Commission (ASIC).

In 2019, the government introduced the following legislated professional and education standards<sup>2</sup> which individuals must meet to be able to provide personal financial advice to retail clients, and to use the enshrined terms<sup>3</sup>, financial adviser and financial planner:

- complete an approved education qualification – a bachelor or higher degree, or equivalent qualification, approved by the Minister. The approved qualifications are financial planning specific.
- New entrants – individuals wanting to become a financial adviser/planner - must also complete a professional year that includes at least 1500 hours of work activities and at least 100 hours of structured training,
- pass the Financial Adviser Exam to test the practical application of their knowledge in key competency areas (administered by ASIC),
- participate in at least 40 hours of annual continuing professional development (CPD) to maintain and extend their professional capabilities, knowledge and skills, and
- comply with the Financial Adviser Code of Ethics 2019 (as registered on the Federal Registration of Legislation): a set of principles and core values in the areas of ethical behaviour, client care, quality process and professional commitment.

Under the Corporations Act, financial advisers/planners are defined as 'relevant providers' (or 'provisional relevant providers' for those undertaking their professional year (PY) from commencement of PY quarter 3). All relevant providers must be registered on the ASIC Financial Adviser Register (FAR).

The use of the terms Financial Planner and Financial Adviser, and 'like terms', are protected under s923C of the Corporations Act. Only individuals who meet the above requirements can use these (or 'like' terms), be listed on the ASIC FAR, and legally provide personal financial advice to retail clients. Australian Financial Services Licensees (AFSL) are licensed by ASIC and authorise representatives to provide personal financial advice under their licence.

## Financial adviser/planner shortage

The number of financial advisers/planners registered on the ASIC FAR has declined by 46% in the last 4 years, from its peak of 28,914 registered at the end of 2018 to 15,595 today<sup>4</sup>. There is now a shortage of financial advisers/planners which has been recognised by inclusion in the Skills Priority List.

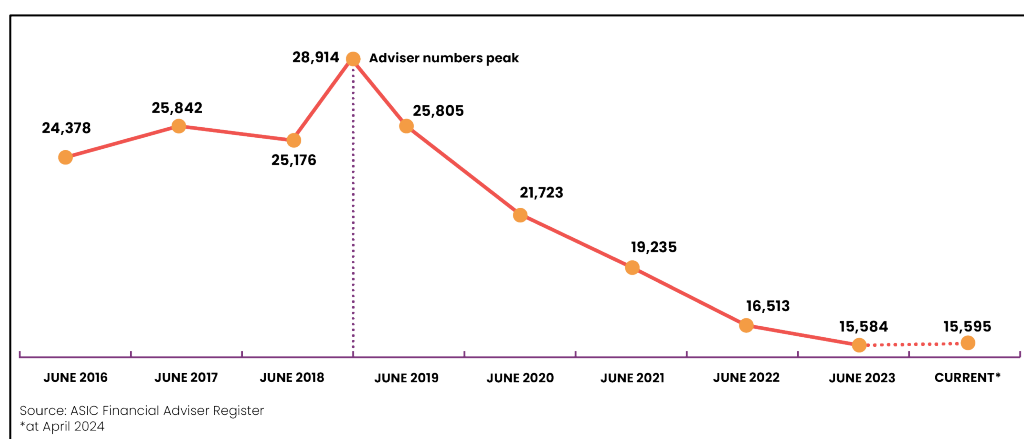
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<sup>2</sup> Section 921B of the Corporations Act

<sup>3</sup> Section 923C of the Corporations Act

<sup>4</sup> [Financial Adviser Movement for Australia — Wealth Data](#)

Figure 1: Financial adviser numbers



The reasons for the decline are predominately:

- the exit of the banks from the advice market as a result of the Royal Commission.
- the implementation of new legislated minimum education and training requirements, and an exam, to be able to be registered and legally permitted to work as a financial adviser/planner in Australia, and
- an ageing financial adviser/planner workforce.

Many experienced advisers held the only relevant qualifications available at the time of entry into the profession. The transition arrangements for the new education requirements lacked recognition of these qualifications and past experience, resulting in some long-standing advisers deciding to leave the profession rather than undertake lengthy and expensive university courses so close to retirement.

The pipeline for 'new entrants' to fill this skills shortage is very slow, due to the:

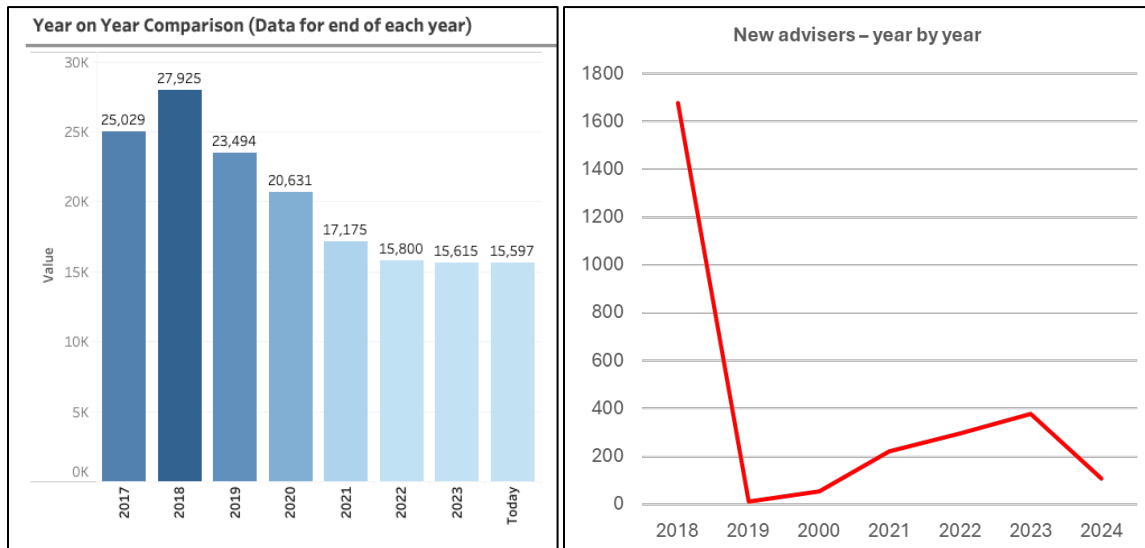
- time required to complete the mandatory financial planning degree – eg. the minimum AQF7 level degree requires either a Bachelor's Degree or Graduate Diploma
- inflexible nature and structure of the legislated approved degree requirement, and
- professional year requirements.

New entrants into the profession have slowed dramatically from 1,677 in 2018 to an average of 178 per year since the introduction of the education standards in 2019<sup>5</sup>. This has created a skills shortage that corresponds with the Jobs and Skills Australia classification of a 'Long training gap':

*Longer training gap shortages are defined by few qualified applicants per vacancy and a long training pathway – corresponding to a certificate III or above. This suggests a need to increase the number of available skilled workers but with significant time lags involved in the training process.*

The long training gap has impacted the new entrant pipeline needed to address the skills shortage.

<sup>5</sup> [Financial Adviser Movement for Australia — Wealth Data](#)



Source: Wealth Data, May 2024

As part of their professional year requirement, new entrants must be listed on the ASIC FAR as a 'provisional relevant provider' (PRP) at the commencement of Q3 of the PY. Currently there are only 169 PRPs listed on the FAR<sup>6</sup>, with varying commencement and duration of the PY for each individual. As detailed below, the legislative instrument sets minimum PY work and training hours (1500 and 100 respectively) that must be undertaken, as well as competency requirements for each quarter. This can result in varying durations for completing the PY.

However, the existing financial adviser/planner workforce is continuing to age and the new entrant pipeline is insufficient to fill this skill shortage.

### Impact of an ageing population

The Federal Government has a public policy to improve Australians' access to financial advice. In response to the Quality of Advice Review Final Report, Minister Stephen Jones stated that the Government aims "to ensure Australians have access to quality and affordable financial advice when they need it most. With over five million Australians at or approaching retirement, and only sixteen thousand professional advisers, many people simply can't access affordable advice."<sup>7</sup>

The 2023 Intergenerational Report states that Australia's population will continue to age over the next 40 years and the number of Australians aged 65 and over will more than double. An estimated 750,000 people are expected to retire in the next five years alone. Research by ASIC found that demand for financial advice will continue to grow as a result of the ageing population – as people age and approach retirement they are more likely to seek financial advice.<sup>8</sup>

- 11.8m Australians have unmet advice needs
- 80% of unadvised Australians believe financial advice could have benefits for them
- 1.3m intend to seek advice within the next 2 years<sup>9</sup>

<sup>6</sup> www.wealthdata.com.au, 15 May 2024

<sup>7</sup> <https://ministers.treasury.gov.au/ministers/stephen-jones-2022/media-releases/government-unveils-comprehensive-financial-advice>

<sup>8</sup> REP 614 Financial advice: Mind the gap, March 2019

<sup>9</sup> Source: Investment Trends 2023 Financial Advice Report, March 2024

FAAA member feedback indicates that many financial advisers/planners are operating at capacity and turning away prospective clients.

The current number of financial planners/advisers are not high enough to meet the current consumer demand, or to service the long-term needs of the Australian community.

As stated in the *Review of points test* discussion paper:

*As Australians live longer, we need migration to help boost our workforce.... A focus on selecting young, skilled migrants will help manage the challenges of an ageing population.  
(Page 4)*

The FAAA supports a migration system that will help provide for the needs of Australia's ageing population.

### **Skills Priority List (SPL)**

The FAAA supports the inclusion of ANZSCO 222311 *Financial Investment Adviser* on the SPL and the recognition of both the current shortage of financial advisers/planners and the issue of future demand for this occupation.

However, we question the driver of the financial adviser/planner shortage, as identified in the SPL:

#### *Suitability Gap*

*The suitability gap category is those occupations where there are enough qualified applicants, but they are not regarded as suitable. Reasons cited include a lack of employability skills and work experience. Another factor which may be in play is unconscious bias of employers.*

*This is a category where simply increasing the throughput of qualified people is a questionable strategy. A solution may be to enhance the attributes of qualified applicants through investing in their employability skills and work experience.*

As discussed above, there are multiple factors that have contributed to the financial adviser/planner shortage, which have largely stemmed from significant regulatory challenges since 2018, including:

- increasing regulatory requirements driving up the cost to practice
- new education standards, which did not adequately recognise the qualifications (which were the only available at the time) held by experienced advisers resulting in many senior practitioners being required to undertake a full graduate diploma to continue doing a job they had done for 30 years or leave the profession.
- rising financial adviser/planner levies from ASIC
- limited professional indemnity insurance offerings driving up the cost of PI premiums to exorbitant levels. It is a mandatory licensing condition under the Act to hold appropriate PI cover.
- market changes - the majority of financial advisers/planners that left the industry came from salaried roles within larger wealth institutions, most of whom have now left the industry.

The 'shortage metric' used for the SPL appears to be a measurement of job vacancies based on employers going into the marketplace, rather than client demand. However, our investigations have found that there is significant difficulty in finding job vacancy data for adviser/planner positions, that is reliable for determining skill shortage. We do not believe available job vacancy data accurately reflects the skills demand for financial advisers/planners. This is due in part due to:

- the current size of the market (compared to other occupations such as engineering, accounting, or medicine).
- the strong reliance on 'professional networks' to identify and attract potential financial advisers/planners to a company
- the use of profession-driven job boards and forums
- business and adviser relationships with universities that have resulted from the legislated education and training requirements influencing the skills pipeline. These relationships are leveraged to access potential candidates to fill financial adviser/planner roles (both existing advisers and new entrants) before being advertised.

As stated above, we believe the skills shortage corresponds with the JSA classification of a 'Long training gap', not a 'suitability gap'.

### Pending expansion of financial advice provider opportunities

The Government's response to the Quality of Advice Review includes the introduction of a new class of financial advice provider to support an increase in the availability and affordability of simple personal advice, as well as a comprehensive framework for superannuation advice.<sup>10</sup>

This change has the potential to create a new pipeline for advisers and therefore increase demand for financial adviser/planner skills in Australia. This will further impact the existing skills shortage for financial advisers/planners.

### **ANZSCO Comprehensive Review – proposed changes**

As detailed in Attachment 1 to this submission, the current *ANZSCO Comprehensive Review* being undertaken by the ABS has proposed the following changes to the skilled occupations. These changes are relevant to this consultation:

- *Replace the principal title for 222311 Financial Investment Advisers with Financial Advisers/Financial Planners to reflect the titles and requirements in the Corporations Act 2001 and industry practice.*
- *Include emerging occupation Paraplanner. Alternative titles should include: Financial Advice Assistant, Financial Planning Assistant.*
- *Retain occupation 222312 Financial Investment Manager (existing) - Update principal title from Financial Investment Manager to Investment Manager. Add alternative titles – Fund*

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<sup>10</sup> Final Government Response to the Quality of Advice Review, 7 December 2023. <https://treasury.gov.au/publication/p2023-471470>



*Manager; Financial Asset Manager. Update lead statement – include ‘manages investment portfolios, funds and trusts’ and exclude ‘invests and manages sums of money and assets’.*<sup>11</sup>

These changes recognise the difference between the occupation of financial planners/advisers and fund managers, as well as the critical role of paraplanners both in the provision of financial advice and as a pathway to becoming a financial adviser/planner.

The changes proposed by the ANZSCO Review are critical to ensuring the financial advice related skilled occupations appropriately reflect the legal obligations for our profession.

As stated in the draft CSOL, the skilled occupations included on the draft list are benchmarked to ANZSCO 2022. The ANZSCO 2022 and the Skills Priority List do not accurately reflect the legal framework for skilled occupations in the financial advice profession.

We are concerned that not accurately referring to the legislated titles/occupations and standards influences the data set that informs government policy decisions on vital matters such as immigration, education and training, and financial literacy. This has the potential of misrepresenting the financial advice profession and leading to mis-informed Government decisions, negatively impacting the profession and Australians more broadly.

Updating the ANZSCO, the SPL and the CSOL to reflect the titles/occupations and requirements in the Corporations Act and industry practice will ensure the collection of more accurate data to inform policy decisions that could positively impact on the Government’s policy to improve access to financial advice for Australians and result in better outcomes for skilled migrants.

## **Core Skills Occupation List**

The FAAA understands that under the Government’s new Migration Strategy, the Skills in Demand (SID) visa offers three different pathways to cater to different types of skilled workers:

1. *Specialist Skills Pathway* - for highly skilled workers earning at least \$135,000 a year in almost any profession (No occupation list) except for trades, machinery operators, drivers, and labourers.
2. *Core Skills Pathway* - for occupation on a new Core Skills Occupation List (CSOL), which relates to occupations identified as being in shortage.
3. *Essential Skills Pathway* - for workers earning under AUD 70,000 a year in essential skill occupations.

The current draft CSOL consultation relates to the Core Skills Pathway to obtain the new Skills in Demand visa. This Pathway is aimed at workers earning a salary between \$70,000 to \$135,000.

We note that :

- occupation 222311 Financial Investment Adviser, is included in the list ‘Targeted for consultation’, while
- occupation 222312 Financial Investment Manager, is included on the list ‘Confident off list’.

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<sup>11</sup> ANZSCO [Preliminary] Proposed Changes, Consultation Round 1, ANZSCO Comprehensive Review, Australian Bureau of Statistics, August 2023



Under the 2022 ANZSCO, financial advisers/planners would fall under both these occupations. However, the criteria for the Core Skills Pathway are more appropriate for the new paraplanner occupation proposed to be introduced under the changes to the ANZSCO and new entrants to the profession.

Given the new education and training standards for new entrants, migrants wishing to join the profession in Australia would likely need to undertake some study, the professional year of training, and fill an entry level position. Based on market research, the salary range for an entry level financial advice role is approximately \$60,000 - \$90,000. Recognising the demand for these skills in Australia via the CSOL would provide an appropriate pathway for entry into the profession and assist in meeting the critical shortage of financial advisers/planners to service the culturally diverse Australian community.

Experienced financial advisers/planners would generally meet the Specialist Skills Pathway.

## **FAAA action and recommendations**

The Government's Migration Strategy offers a critical framework for helping to address the significant decline in financial adviser numbers and skills shortage that have occurred over recent years by offering a pathway for migrant new entrants.

The following action by the profession to address this shortage would complement the CSOL and is relevant to this consultation. The FAAA is currently:

- investing in building an Adviser Academy to help grow and support the pipeline of financial advisers/planners by simulating the successful professional year programs run by the accounting<sup>12</sup>, engineering and technology industries,
- working with the global Financial Planning Standards Board<sup>13</sup> (FPSB) to build international pathways, and
- working with Australian universities which are opening campuses in other countries. Our focus is to have Australian financial planning degrees that have been approved by the Minister under s921B of the Corporations Act, offered as course options to be completed by students while studying in other jurisdictions.

**The FAAA recommends support via the Government's Migration Strategy. Inclusion of paraplanners and financial advisers/planners in the Skills in Demand visa program, would provide a significant contribution toward the success of these projects and their potential to assist in alleviating the financial adviser/planner shortage in Australia, ensuring more Australians have access to professional financial advice that is in their best interests.**

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<sup>12</sup> Approved by the Department of Home Affairs

<sup>13</sup> FPSB is the organisation that sets and upholds professional standards for financial planning worldwide.

## **Attachment 1 – Excerpt from ANZSCO [Preliminary] Proposed Changes, Consultation Round 1, ANZSCO Comprehensive Review, Australian Bureau of Statistics, August 2023**

### **Accepted stakeholder change requests:**

- Replace the principal title for 222311 Financial Investment Advisers with Financial Advisers/Financial Planners to reflect the titles and requirements in industry practice and the Corporations Act 2001.
- Include emerging occupation Paraplanner. Alternative titles should include: Financial Advice Assistant, Financial Planning Assistant.
- Create visibility for back-office roles with the inclusion of proposed occupation Investment Administrator and include Settlements Officer as a specialisation.
- Retain Occupation 599311 Debt Collector as currently described.

### **Postponed stakeholder change requests:**

- Implement structure change for Unit Group 2223 Financial Investment Advisers and Managers to Financial Advisers/Financial Planners and Paraplanners. Postponed until all Skill Level 1 and 2 occupations have been reviewed as part of the classification structure review.
- Implement structural change for 222312 Financial Investment Managers and move to a different unit group or remove entirely as they do not fulfill the same role or provide the same services to consumers as Financial Advisers, Financial Planners and Paraplanners. Classification structure review will assess feasibility along with proposed occupation Capital Markets Specialist in the context of a possible dedicated unit group.

### **Proposed updates from Financial Investment Adviser (Occupation 222311)**

Recommended updates

222311 Financial Investment Adviser (existing)

1. Retain occupation
2. Update principal title from Financial Investment Adviser to Financial Adviser
3. Update alternative title – add Financial Planner and remove Financial Planning Adviser
4. Update lead statement – include investment strategies, cash management, estate planning and wealth management and exclude tax implications, securities and pension plans

All occupations include adding tasks.

## Details of the proposed update

Existing	Proposed
<p>222311 Financial Investment Adviser</p> <p>Alternative Title:</p> <ul style="list-style-type: none"><li>• Financial Planning Adviser</li></ul> <p>Develops and implements financial plans for individuals or organisations, and advises on investment strategies and their taxation implications, securities, insurance, pension plans and real estate. Registration or licensing is required.</p> <p>Skill Level:</p> <ul style="list-style-type: none"><li>• 1 Australia</li><li>• 2 New Zealand</li></ul>	<p>222311 Financial Adviser</p> <p>Alternative Title:</p> <ul style="list-style-type: none"><li>• Financial Planner</li></ul> <p>Develops, prepares and implements financial plans and investment strategies for individuals or organisations, and advises on investment strategies, cash management, insurance, retirement and estate planning, real estate and wealth management. Registration or licensing is required.</p> <p>Skill Level:</p> <ul style="list-style-type: none"><li>• 1 Australia</li><li>• 2 New Zealand</li></ul> <p>Main Tasks:</p> <ul style="list-style-type: none"><li>• interviews prospective clients to determine financial status and objectives, discuss financial options and develop financial plans and investment strategies</li><li>• sets financial objectives, and develops and implements strategies for achieving the financial objectives</li><li>• monitors investment performance, and review and revise financial plans and investment strategies based on modified needs and changes in markets</li><li>• arranges to buy and sell financial products for clients</li><li>• may refer clients to other organisations to obtain services outlined in financial plans, such as welfare entitlements, superannuation and aged care arrangements</li></ul>

## Proposed updates from Money Market Clerk (Occupation 552313)

Recommended updates

552316 Paraplanner (proposed)

1. Create occupation from 552313 Money Market Clerk
2. Add principal title – Paraplanner
3. Add alternative titles – Financial Adviser Assistant; Financial Planning Assistant
4. Add lead statement
5. Assign skill level 2

All occupations include adding tasks

### Details of the proposed update

#### Proposed

552316 Paraplanner

Alternative Titles:

- Financial Adviser Assistant
- Financial Planning Assistant

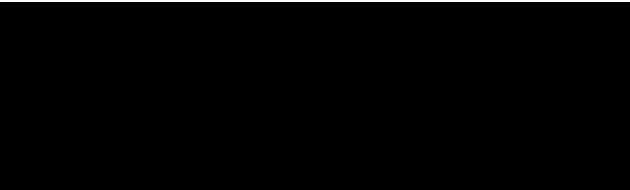
Provides administrative and client services assistance and performs financial planning and analysis for financial advisers and planners.

Skill Level: 2 Main Tasks:

- assists with financial advice strategy development and the preparation of legally compliant advice documents
- uses financial planning software programs and maintains client records
- researches, compares, sources quotes and selects appropriate financial products
- may develop financial projections and modelling of client circumstances
- may coordinate and take notes in client meetings, and respond to client queries

## **Attachment 2: Letter of support – VETASSESS**

30 May 2024



To whom it may concern,

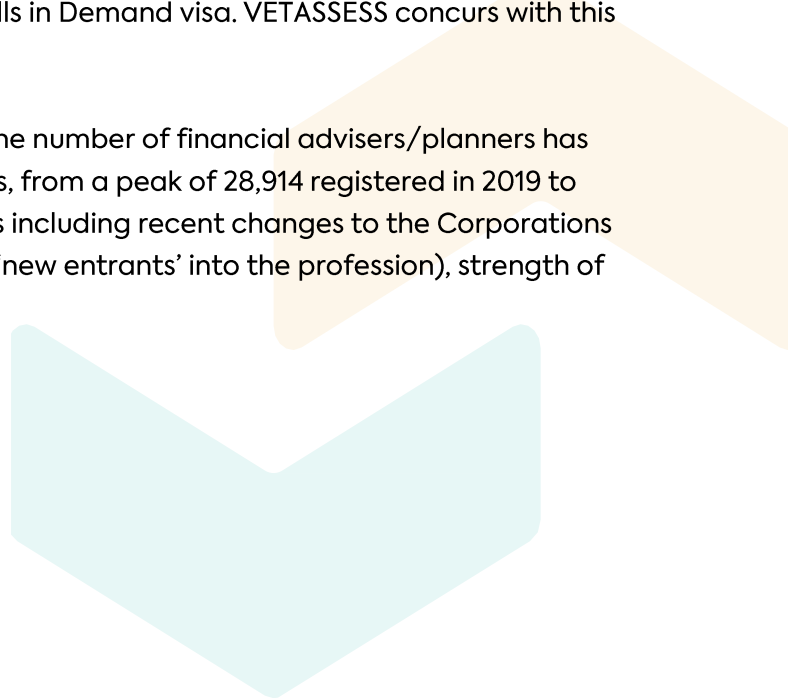
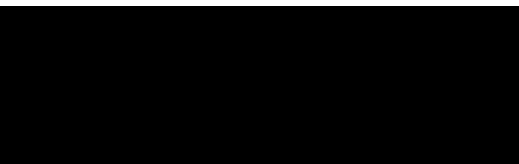
**Draft Core Skills Occupations List (CSOL)**

VETASSESS is Australia's largest skills assessment provider. We are recognised for our expertise in assessments built up over 25 years of assessing educational credentials and work experience of prospective migrants, and supporting individuals' applications for employment, course entry and industry membership. We assess more than 340 professional occupations and 27 trade occupations from a cross-section of industries and have a global presence.

VETASSESS supports FAAA's position that the occupation of Financial Investment Adviser should be included in the proposed Draft Core Skills Occupations List for temporary migration.

FAAA finds that migration is a valid means of helping address the shortage for Financial Investment Advisers through the Core Skills Pathway of the Skills in Demand visa. VETASSESS concurs with this finding.

The FAAA submission describes a situation where the number of financial advisers/planners has declined by almost 45 percent in the last four years, from a peak of 28,914 registered in 2019 to 15,586 today. This has resulted from several factors including recent changes to the Corporations Act introduced in 2019 (impacting the pipeline for 'new entrants' into the profession), strength of future demand, and a shrinking pipeline.



Independent research conducted by FAAA and VETASSESS indicate that combination of strong demand and a dwindling domestic pipeline means that current shortages for Financial Investment Advisers will persist unless alleviated by skilled migration.

Jobs and Skills Australia is urged to consider including Financial Investment Advisers / Planners on the final CSOL and on any future temporary and permanent migration lists.

Yours Sincerely,

