

FASEA **Corporate Plan**

1 July 2020 – 30 June 2024



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Introduction

This corporate plan has been prepared under paragraph 35(1)(a) of the Public Governance, Performance and Accountability Act 2013 for the reporting period 1 July 2020 - 30 June 2021 through to the reporting period 1 July 2023 - 30 June 2024.

Purposes

Financial Adviser Standards and Ethics Authority Ltd (FASEA) is a Commonwealth entity that was established in April 2017 to set standards for the ethical conduct, educational qualifications, and ongoing training of licensed financial advisers in Australia. FASEA's powers and responsibilities are set out under s921U of the Corporations Act 2001 (Cth) (the Act).

Under the Act, FASEA is responsible for:

- Setting a Code of Ethics that all advisers must comply with in providing advice to consumers about financial products or services;
- Approving university bachelor or higher-level degrees or equivalent qualifications to ensure all advisers meet minimum knowledge requirements set by FASEA to advise consumers on financial products and services;
- Approving foreign qualifications to ensure advisers qualified, or who trained overseas, and who provide advice to consumers in Australia meet FASEA standards;
- Approving an exam to ensure advisers meet subject matter knowledge requirements set by FASEA;
- Selecting an appropriate common term for provisional relevant providers who are undertaking at least one year of work and training;
- Setting standards for the future education and training (continuous professional development (CPD)) requirements that advisers must complete each year, so their knowledge remains current and they can retain their authorisation to advise consumers about financial products and services; and
- Determining the requirements for the professional year.

Environment

The Financial Planning and Investment Advice Industry is subject to a period of intense scrutiny, increased expectations and change heightened by the findings from various government enquiries and losses suffered by consumers. The change has been further exacerbated by COVID-19 and the withdrawal from financial advice by large financial groups.

Regulatory reforms including the Corporations Amendment (Future of Financial Advice) Act 2012 and the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 have been introduced to improve the quality of financial advice provided to consumers, improve professionalism and ethical standards of the industry and enhance consumer confidence in financial advice.

Performance

FASEA's achievements 2019- 2020

Consistent with FASEA's 2019 -2020 business plan and our planned program of work, our principal achievements for the period included the following:

a) Implementation of Standards

- Developed and delivered six FASEA Financial Advisers exams (both April and June exams were held successfully online due to COVID-19 restrictions).
- Enabled over 10,000 advisers to sit the exams representing 45% of the Financial Advisers Register (as maintained by ASIC), with a pass rate of more than 86%. See below for exam participant numbers by month.

Exam Sitting Period	No. of Advisers Sat	% Advisers*	Pass Rate
June	579	3%	90%
September	1697	8%	88%
December	2981	12%	86%
February	2231	10%	82%
April	470	2%	79%
June	2281	10%	84%
Total:	10,239	45%	86%

* based on estimate of 22,552 on ASIC's Financial Adviser Register as at 30 June 2020

- Implemented an online application form to register and track new entrants to financial advice, with over 105 participants registered to date.
- Implemented the Code of Ethics on 1 January 2020 following stakeholder consultation.

- Developed and implemented an automated Education Pathways tool with over 9400 uses of the tool.
- Provided assessment services for over 400 foreign qualifications for equivalence with a FASEA approved degree.
- Assisted nearly 250 advisers to understand their education requirements by assessing their previously completed education against the education pathways.

b) Accreditation of Higher Education Providers

- Accredited a wide range of Higher Education Provider (HEP) degrees and courses that meet the FASEA curriculum standard including more than 70 historical courses, close to 100 Bachelor or higher degrees and over 30 bridging courses.
- Implemented an annual returns reporting process for HEP's to collect industry wide statistics on enrolments and to track awarding of credit and course amendments. Returns for the year ended 31 December 2019 highlight enrollment statistics as follows, more than 900 potential new entrants to industry enrolled in approved degrees and over 12,000 enrollments in award units and bridging courses by existing advisers.
- Recognised Prior Learning (RPL) for existing advisers by approving education undertaken to attain a professional designation for 6 professional associations.
- Commenced program of reaccreditation of approved degrees.

c) Industry Consultation and Operations

- Enhanced the enquiries function on FASEA's website with nearly 7,000 enquires addressed.
- Managed FASEA's legislative remit within existing funding.
- Continued consultation with stakeholders in the development of policy guidance documents to support legislative instruments for education, exam, code of ethics, professional year, and CPD.

Capabilities

FASEA's long-term objectives and strategies in FY21 – FY24 are to:

- Maintain regular communication with stakeholders around FASEA standards, including key transition dates relating to those standards and Corporations Law requirements (including exam timeframes, code of ethics compliance and education requirements).
- Undertake continued consultation with key stakeholders to assist in development of guidance notes in relation to FASEA standards.
- Prepare and release updated information to assist stakeholders' understanding of FASEA's standards.
- Continue to review and accredit educational programs and courses that meet FASEA's standards.
- Assess applications from professional associations for recognition of prior learning credit approval for coursework undertaken to acquire a professional designation.
- Develop and administer exams as contemplated by Section 921U (2).
- Assess applications for approval of foreign qualifications received from existing and new advisers.
- Periodically review the Code and standards, including consultation with stakeholders to assess their efficacy.
- Work with government to identify an ongoing funding model.

FASEA Standards development program to June 2024

Code of Ethics		Qualifications		Exam	Work and Training	PRP term	CPD	Foreign qualifications		
		Program and Provider Accreditation	Education Pathways	Degree feedback services						
July 2020		Full accreditation Program: <ul style="list-style-type: none"> Graduate diploma Bridging programs RPL Bachelor and Masters degrees Reaccreditation of existing Bachelor and Master degrees 						Assessment of Foreign Qualifications		
August 2020					Exam sitting	Guidance templates updated			Guidance templates updated	
September 2020	Updated Guidance		Amendment of LI and ES registered	Feedback service - domestic degree qualifications						
October 2020					Exam sitting					
November 2020					Exam sitting					
December 2020										
Jan- June 2021	Updated Guidance			Amendment of LI and ES registered	Including periodic review of feedback procedures	Exam sitting x3				
July - Dec 2021				Amendment of LI and ES registered		Exam sitting x3				
Jan- June 2022	Updated Guidance			Review of standards and guidance		Review of standards and guidance	Review of standards		Review of standards and guidance	Including periodic review of foreign qualification assessment procedures
July - Dec 2022				Amendment of LI and ES registered	Exam for new entrants on demand					
Jan- June 2023				Amendment of LI and ES registered						
July - Dec 2023	Updated Guidance			Amendment of LI and ES registered						
Jan - June 2024	Review of standards and guidance	Including periodic review of accreditation procedures	Amendment of LI and ES registered		Review of standards and guidance	Review of standards and guidance	Review of standards and guidance			

Risk and Oversight

FASEA is a public company limited by guarantee. It was incorporated in the Australian Capital Territory in 2017. The sole member is the Commonwealth of Australia, represented by Assistant Minister for Superannuation, Financial Services and Financial Technology, Senator the Honourable Jane Hume MP.

FASEA is overseen by a Board of Directors which was appointed by the relevant Minister. The Board is responsible to the Assistant Minister for the governance of FASEA. Its directors do not have any executive roles and are not responsible for the day to day operation and function of FASEA.

In accordance with the FASEA Constitution, the Board submits a Business Plan, Budget, and Annual Report to the Assistant Minister each financial year.

There are two Board sub-committees. The responsibilities of each is set out below.

Audit and Risk Committee (ARMC)

This Committee has the following responsibilities:

- Providing independent assurance in relation to FASEA's financial reporting, risk oversight and management, systems of internal control, compliance with relevant laws and policies and compliance with the PGPA Act performance reporting framework;
- Providing advice and making recommendations to the Board in respect of these matters;
- Reporting financial and regulatory information;
- Monitoring the internal control system;
- Monitoring the risk management system;
- Monitoring of outsourced providers;
- Monitoring compliance with applicable laws, regulations, standards, and best practice guidelines.

Functions Review Committee (FRC)

This Committee has the following responsibilities:

- Reviewing the required Standards (and related documents);
- Providing overall direction for the standards project, including setting, and agreeing to objectives, approaches, and outcomes;
- Reviewing the existing Standards (and related documents);
- Preparing and designing consultation processes including outcomes of consultations on particular standards;
- Providing assistance and advice to the relevant executives;
- Identifying issues and risks that impact the standards project and communicating these to the FASEA staff and the Board;

- Communicating critical decisions, documents, and deliverables from the standards project to the FASEA staff and the Board; and
- Working towards resolving issues and where these cannot be resolved, recommending possible solutions to the Board.

Risk Management

FASEA maintains a Risk Management framework appropriate to its size and complexity of operations and embodies the principles of ISO31000. FASEA is committed to ensuring the adequacy of its risk management framework and that its risks are adequately and appropriately addressed in a timely manner.

External Audit

The financial statements of FASEA are audited annually in accordance with FASEA's Constitution and the Corporations Act. The Australian National Audit Office (ANAO) is the external auditor for FASEA. Representatives of the external auditor are invited to attend meetings of the ARMC.