

FASEA Corporate Plan

1 July 2021 – 31 December 2021*

**6-month Corporate Plan reflects FASEA proposed windup as at 31 December 2021*



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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 2021 – 31 December 2021. The shortened reporting period is reflective of the Government's intention to wind up FASEA as at 31 December 2021, following the introduction of legislation to Parliament in June 2021.

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).

FASEA's key functions are detailed under s921U of the Act, are:

- Approve bachelor or higher degrees, or equivalent qualifications, for the purposes of paragraph 921B(2)(a).
- Approve and administer an exam for the purposes of subsection 921B(3).
- Set requirements for work and training for the purposes of subsection 921B(4).
- Set requirements for continuing professional development for the purposes of subsection 921B(5) in relation to the CPD year of a financial services licensee, the period mentioned in subsection 1546E(5), or any other period determined by the standards body.
- Specify a word or expression to refer to a provisional relevant provider.
- Make a Code of Ethics for the purposes of section 921E.
- Approve or refuse to approve foreign qualifications when an application is made under subsection 921V (1) for approval of a foreign qualification.

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.

In December 2020, the government announced its intention to transfer FASEA functions to the Minister and ASIC during 2021. Legislation was introduced into Parliament in June 2021 with the transition of functions occurring from 1/1/22.

Performance

FASEA's achievements to date

Consistent with FASEA's 2020 -2021 business plan and our planned program of work, our principal achievements included the following:

a) Implementation of Standards

Developed, consulted, and implemented the seven standards as required by S921U of the Corporations Act.

1. Approve bachelor or higher degrees, or equivalent qualifications, for the purposes of paragraph 921B(2)(a).

- Accredited a wide range of Higher Education Provider (HEP) degrees and courses that meet the FASEA curriculum standard including 78 historical courses, 67 current Bachelor or higher degrees and 54 bridging courses.
- Recognised Prior Learning (RPL) for existing advisers by approving education undertaken to attain a professional designation for 8 professional associations.
- Commenced program of reaccreditation of approved degrees and continued to approve new degrees at both postgraduate and undergraduate levels.
- Approved 27 HEP's based in all states and territories across Australia exception being Northern Territory.
- Undertook joint accreditations with TEQSA for non-self-accrediting HEP's.

Annual Returns for 2020 indicated over 33,000 enrolments in award units and bridging courses by existing and new advisers.

2. Approve and administer an exam for the purposes of subsection 921B(3).

- Developed and delivered an exam for relevant providers that assessed required competencies across the following areas:
 - Financial Advice Regulatory and Legal requirements (including Corporations Act chapter 7, AML, Privacy and Tax Agents Services Act (TASA) 2009
 - Financial Advice Construction – suitability of advice aligned to different consumer groups, incorporating consumer behaviour and decision making.
 - Applied ethical and professional reasoning and communication – incorporating FASEA Code of Ethics
- Over 850 individual exam sittings across 12 exams in both regional and metropolitan locations, including 4,000 advisers who have sat the exam remotely.
- 16,772 advisers have sat the exam with 14,854 passing, representing 70% of current advisers on the Financial Advisers Register (FAR).
- An overall pass rate of 9 in 10 advisers passing regardless of number of sittings.
- Delivered enhanced Exam feedback for advisers who were unsuccessful, highlighting areas where performance was not at expected competencies.
- Conducted pre and post Exam webinars to support existing advisers in preparing for their exam sitting and understanding the underperforming areas. With 5,000 participants attending the sessions.

3. Set requirements for work and training for the purposes of subsection 921B(4).

- Designed, consulted, and developed the Professional Year (PY) Standard including supporting tools and templates.
- Registered over 400 new entrants to financial advice.
- Developed a PY workshop for PY candidates, their supervisors, and licensees to better understand the requirements of the PY standard.

4. Set requirements for continuing professional development (CPD) for the purposes of subsection 921B(5) in relation to the CPD year of a financial services licensee, the period mentioned in subsection 1546E(5), or any other period determined by the standards body.

- Designed, consulted, and developed the CPD Standard including supporting tools and templates.
- Provided relief for advisers in meeting CPD requirements emerging from COVID-19 challenges.

5. Specify a word or expression to refer to a provisional relevant provider.

- Established the appropriate term for relevant providers undertaking their professional year.

6. Make a Code of Ethics for the purposes of section 921E.

- Designed, consulted, and developed the Code of Ethics Standard including supporting guides.
- Received and considered 55 submissions in relation to the Code of Ethics including the draft legislative instrument.
- Held extensive workshops and consultation forums between March and December 2019.
- Provided updated guidance in relation to the COE in 2020 with targeted consultation on standard 3 of the Code in progress.

7. Approve or refuse to approve foreign qualifications when an application is made under subsection 921V (1) for approval of a foreign qualification.

- Designed, consulted, and developed the foreign qualification Standard including supporting tools and templates.
- Provided assessment services for over 570 foreign qualifications for equivalence with a FASEA approved degree.

b) Operations

- Development and maintenance of the automated Education Pathways tool with over 13,600 uses of the tool.
- Assisted over 370 advisers to understand their education requirements by

reviewing their previously completed education against the education pathways.

- Enhanced the enquiries function on our website with over 10,000 enquires responded to.
- Attendance and presentation at numerous industry forums to assist with understanding and implementation of the standards
- With FASEA's proposed wind up on the 31 December 2021 the focus for FY22 will be to ensure the continued implementation of the education and ethical standards and the transition to ASIC and the Minister of FASEA's functions.

Capabilities

1.3 FASEA's objectives and strategies for 6 months to 31 December 2021 are to:

- Ensure the transition of FASEA functions to ASIC and the Minister when proposed legislation is passed.
- 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 required 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.

1.4 FASEA Standards development program to June 2025 (note assumes when legislation is passed, program of work transfers to the Minister and ASIC from 1 January 2022.)

	Code of Ethics	Qualifications	Exam	Work and Training	PRP term	CPD	Foreign qualifications	
		Program and Provider Accreditation	Education Pathways	Degree feedback services				
July 2021	Consultation on code	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 Including periodic review of accreditation procedures	Amendment of LI and ES registered	Feedback service – domestic degree qualifications			Assessment of Foreign Qualifications	
August 2021								
September 2021	Updated Code							
October 2021								
November 2021								
December 2021								
Jan- June 2022	Updated Guidance			Amendment of LI and ES registered	Feedback service – domestic degree qualifications			Including periodic review of foreign qualification assessment procedures
July – Dec 2022				Amendment of LI and ES registered	Feedback service – domestic degree qualifications			
Jan- June 2023	Updated Guidance			Review of standards and guidance	Feedback service – domestic degree qualifications			
July – Dec 2023				Amendment of LI and ES registered	Feedback service – domestic degree qualifications			
Jan- June 2024	Review of standards and guidance			Amendment of LI and ES registered	Feedback service – domestic degree qualifications			
July – Dec 2024				Amendment of LI and ES registered	Feedback service – domestic degree qualifications			
Jan – June 2025			Amendment of LI and ES registered	Feedback service – domestic degree qualifications				
				Exam sitting				
				Exam sitting	Guidance templates updated	Guidance templates updated		
				Exam sitting				
				Exam sitting x2				
				Exam sitting x2				
				Review of standards and guidance	Review of standards and guidance	Review of standards	Review of standards and guidance	
				Exam for new entrants run 4 times per year				
					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 the Minister for Superannuation, Financial Services and the Digital Economy, Minister for Women's Economic Security. Senator the Honourable Jane Hume.

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