

Recognition of Australian adviser qualifications – submissions on consultation

The following submissions were received in response to our consultation on recognition of Australian adviser qualifications.

- [Australian and New Zealand Institute of Insurance and Finance](#)
- [Financial Advice New Zealand](#)
- [Financial Services Council](#)
- [Foresight Financial Planning](#)
- [Insurance Advisernet New Zealand Ltd](#)
- [Insurance Brokers Association of New Zealand](#)
- [Insurance Council of New Zealand](#)
- [Kiwi Wealth Investments Limited Partnership](#)
- [Morgan Steel Financial Services Limited](#)
- [Portfolio Construction Forum Pty Ltd](#)
- [Willowgrove Consulting Limited](#)

Feedback form — Consultation paper: Recognition of Australian adviser qualifications

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Recognition of Australian adviser qualifications: [your organisation's name]' in the subject line. Thank you. Submissions close on Friday 20 November 2020.

Date: 17 November 2020 Number of pages: 2

Name of submitter: [REDACTED]

Company or entity: The Australian and New Zealand Institute of Insurance and Finance

Organisation type: Professional association, education institute

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Response
General comment	The focus of the consultation paper is on Financial Planners not insurance brokers, who are also required to complete RG146 training with the appropriate specific knowledge and skills. For Financial Planners, the position in paper is correct. For insurance Brokers, the position in the paper is not correct. This response focuses on the position of Australian Insurance Brokers transitioning to New Zealand. The paper should be redrafted to clarify the market segments and the requirements of each segment, or exclude them specifically.
1. Do you support the proposal in this paper to recognise Australian qualifications? Please give reasons for your view	Financial Planners – yes. Insurance Brokers – partially. The Code requirements for insurance Brokers require the broadly equivalent outcomes of the Cert 5 v2 NZQA. Tier 1 maps to a number of the outcomes but does not cover them in the entirety. In addition, consideration should be given to a requirement for NZ Law and Regulation.
2. Do you agree that the Australian qualifications provide evidence of competence, knowledge and skill that is equivalent to or exceeds the competence, knowledge and skill standards set in standards 6 to 8 of the Code? Please give reasons for your view.	As stated above, Tier 1 is not fully the equivalent of the NZ requirements. In addition, the sunset clause should be extended to provide ongoing exemptions for AU Brokers who have completed Tier 1. For those who have completed a full Diploma of Insurance Broking, the only requirement should be Law and Regulation (NZ).
3. Do you agree that Australian qualified advisers should have at least one year's experience working as a financial adviser in Australia? Please give reasons for your view.	The practice year does not formally apply to insurance Brokers, however there would be very few Brokers who would not have had at least 1 year's professional experience before completing Tier 1.
4. Do you agree that recognising the Australian qualifications will avoid unnecessary compliance costs, and may help ensure the availability of quality advice? Please give reasons for your view.	Yes, we agree. While there are differences in the legislative framework, the basic principles of broking are globally consistent. Requiring Brokers to retake basic studies is an unnecessary burden.

<p>5. Do you see any material risks for New Zealand retail clients or the market in New Zealand for provision of financial advice services if we recognise the Australian qualifications? If yes, please explain what the risks are.</p>	<p>No there are no material risks. It would be most likely that the transfer would be within a major group, for example the international Brokers. The overall control frameworks they are introducing as part of the reform package provides additional cover for customers.</p>
<p>6. Do you recommend any changes to the proposals in this paper? Please give reasons and details for your recommendations.</p>	<p>As outlined above, the paper should differentiate the various advice propositions and classes of advice, and ensure that the relevant training requirements are mapped appropriately.</p>
<p><i>Feedback summary – if you wish to highlight anything in particular</i></p>	
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>	
<p>Thank you for your feedback – we appreciate your time and input.</p>	

Feedback to FMA: Recognition of Australian adviser qualifications

DATE:	19 NOVEMBER 2020
NUMBER OF PAGES:	4
NAME OF SUBMITTER:	[REDACTED]
ENTITY:	FINANCIAL ADVICE NEW ZEALAND
ORGANISATION TYPE:	INCORPORATED SOCIETY WITH AROUND 1600 FINANCIAL ADVISER MEMBERS
CONTACT NAME:	[REDACTED]
CONTACT EMAIL:	[REDACTED]
CONTACT PHONE:	[REDACTED]

QUESTION	COMMENT
1	In support, with comments
2	In support in general, but specific areas of concern noted
3	In support
4	In support
5	Some comments
6	Changes recommended
7	No comments
8	Comment provided

1. Do you support the proposal to recognise Australian qualifications? Please give reasons for your view.

Financial Advice NZ in general supports the proposal to recognise certain Australian qualifications.

The new Australian professional standards and the Tier 2 transitional standards are robust and academically appear to be a higher level than that required in NZ. Also, most consider the regulatory regime in Australia, and the complexities relating to Australian products such as Superannuation, to be more complex than in New Zealand.

However, we consider there will be some NZ specific gaps in an Australian adviser's knowledge in the following areas:

- NZ product knowledge
- NZ tax and estate planning laws
- NZ regulatory regime

These areas are discussed in more detail below.

2. Do you agree that the Australian qualifications provide evidence of competence, knowledge and skill that is equivalent to or exceeds the competence, knowledge and skill standards set in standards 6 to 8 of the Code? Please give reasons for your view.

Agreed, for most areas of Code Standards 6 & 7, the exceptions being knowledge in NZ's tax and estate planning laws. There is a substantial difference between our tax and estate planning laws compared to Australia. This knowledge would not be acquired by advisers completing the NZ regulation unit standards as that relates to the Financial Service legislation not estate planning and tax.

We consider it prudent to require Australian advisers to upgrade their knowledge in these two areas before they are deemed to have met the NZ Code requirements. This could be via a requirement to complete the relevant unit standard(s) within the NZ Certificate of Financial Services.

Similarly, an Australian adviser who met the proposed criteria would not have the NZ specific product knowledge that is required under Code Standard 8 – Product Advice. We acknowledge, however, that this training requirement is likely to be driven by product providers who require advisers to complete training before they can be accredited on their particular products.

3. Do you agree that Australian qualified advisers should have at least one year's experience working as a financial adviser in Australia? Please give reasons for your view.

Agreed.

The proposed framework recognises the current Australian standards and transitional arrangements, and therefore the one year requirement should also be mirrored.

4. Do you agree that recognising the Australian qualifications will avoid unnecessary compliance costs, and may help ensure the availability of quality advice? Please give reasons for your view.

Agreed.

This proposal will allow suitable Australian advisers to enter this market and, after training on the regulatory regime and on product specifics, give quality financial advice.

In our view, the New Zealand Certificate in Financial Services (Level 5) or the Alternative Pathway are not too much of a barrier to entry had the FMA decided these were the requirements for all Australian advisers.

5. Do you see any material risks for New Zealand retail clients or the market in New Zealand for provision of financial advice services if we recognise the Australian qualifications? If yes, please explain what the risks are.

The only material risks are around specific NZ product knowledge, taxation and estate planning laws, and regulations. As long as advisers add this knowledge to their base, the risk to NZ clients is not considered material.

6. Do you recommend any changes to the proposals in this paper? Please give reasons and details for your recommendations.

Yes, changes are recommended in two areas:

- (a) We would like to see a requirement that Australian advisers update their knowledge on NZ's tax and estate planning laws before they are deemed to have met the standards required in the code.
- (b) Knowledge of NZ regulatory framework. We believe knowledge in this area should be an explicit requirement for Australian advisers before they are deemed competent to give advice in the NZ market.

The Code Standards do not appear to explicitly require an adviser to have an up-to-date understanding of the NZ regulatory framework for financial advice in New Zealand before they give advice. This is highlighted in Code Standard 6 which notes an adviser with Version 1 of the NZ Certificate demonstrates the appropriate standard for that standard.

The NZ regulatory framework is discussed in Code Standard 9, however that standard is forward looking in that it requires an adviser to plan for and progressively complete learning to maintain knowledge of the regulatory framework, not to have the knowledge.

While this forward looking plan to fill the knowledge gap might be acceptable for NZ advisers who will have already been advising under NZ regulations, we believe that for Australian advisers, this should be an explicit requirement prior to giving advice in this market.

The FMA's consultation document notes the requirement to gain regulatory knowledge under Code Standard 9, however we don't feel it goes far enough. Page 6 of the consultation document in the last paragraph under the title "Experience and continued professional development" notes:

"We consider that this will require Australian qualified advisers to complete training on the New Zealand regulatory framework before they give advice in New Zealand."

We would like the FMA to strengthen the wording in this critical area to state, “Australian qualified advisers are required to complete training on the New Zealand regulatory framework before they give advice in New Zealand.”

7. Do you have any comments on the wording of the draft statement in the Schedule?

Nothing additional.

8. Do you have any other comments?

The recognition of Australian adviser qualifications raises the question about whether other jurisdictions with similar regulatory frameworks should also be recognised eg South Africa, UK etc.

Financial Services Council.

Growing and protecting the wealth of New Zealanders

Friday 20 November 2020

Financial Markets Authority
Level 2 1 Grey Street
Wellington

Financial Markets Authority
Level 5 Ernst & Young Building
2 Takutai Square
Britomart
Auckland

By email: consultation@fma.govt.nz

Submission: Recognition of Australian adviser qualifications

This submission on the Financial Markets Authority (FMA) consultation paper, Recognition of Australian adviser qualifications, 22 October 2020 (the Paper) is from the Financial Services Council of New Zealand Incorporated (FSC).

The FSC is a non-profit member organisation and the voice of the financial services sector in New Zealand. Our 83 members comprise 95% of the life insurance market in New Zealand and manage funds of more than \$83bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

Our submission has been developed through consultation with FSC members and represents the views of our members and our industry. We acknowledge the time and input of our members in contributing to this submission.

The FSC's guiding vision is to be the voice of New Zealand's financial services industry and we strongly support initiatives that are designed to deliver:

- strong and sustainable customer outcomes
- sustainability of the financial services sector
- increasing professionalism and trust of the industry.

We welcome the opportunity to provide feedback on the proposal and draft statement to recognise that individual Australian advisers demonstrate the competence, knowledge and skill standards set by the Code if they hold certain Australian adviser qualifications. We support what has been defined in the Paper as the Australian Qualifications, whilst ensuring those advisers comply with all other requirements in New Zealand applicable to financial advice services and giving financial advice and maintaining continued professional development.

Financial Services Council.

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[Redacted text block]

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Date: 20 November 2020

Number of pages: 4 including cover letter

Name of submitter: [REDACTED]

Company or entity: Financial Services Council of New Zealand

Organisation type: Non-profit member organisation

Contact email and phone: [REDACTED]
[REDACTED]

1. Do you support the proposal in this paper to recognise Australian qualifications? Please give reasons for your view.

The FSC is in support of the proposal in the Paper to recognise Australian qualifications. This would increase opportunities to recruit advisers from Australia to help address the attrition occurring in the New Zealand market, reducing the impact on access to financial advice for the New Zealand public and improving customer outcomes overall.

2. Do you agree that the Australian qualifications provide evidence of competence, knowledge and skill that is equivalent to or exceeds the competence, knowledge and skill standards set in standards 6 to 8 of the Code? Please give reasons for your view.

We agree that the Australian Qualifications, for the most part, meet the standards predominantly due to the fact that they are pitched at a slightly higher level than New Zealand's and are credible in a regulated market that has been operating for a longer period. However, please see our response to Question 8 below.

3. Do you agree that Australian qualified advisers should have at least one year's experience working as a financial adviser in Australia? Please give reasons for your view.

We consider this requirement is an unnecessary complication that may impede access to a growing pool of new advisers seeking a career in either country. An adviser with an Australian qualification but New Zealand experience should be considered adequate. This will allow for practices seeking young new talent to engage them under a mentoring type dynamic in New Zealand.

Financial Services Council.

Growing and protecting the wealth of New Zealanders

4. Do you agree that recognising the Australian qualifications will avoid unnecessary compliance costs, and may help ensure the availability of quality advice? Please give reasons for your view.

The FSC agrees and we encourage opportunities to simplify Trans-Tasman efficiencies. In addition, most FAP license holders will take other criteria into account when recruiting (other than just qualifications) such as fit and proper, file reviews, references and interviews with license holders.

5. Do you see any material risks for New Zealand retail clients or the market in New Zealand for provision of financial advice services if we recognise the Australian qualifications? If yes, please explain what the risks are.

As set out in Question 3 above, we consider that the requirements to have one year's experience could be fulfilled in New Zealand or Australia.

6. Do you recommend any changes to the proposals in this paper? Please give reasons and details for your recommendations.

7. Do you have any comments on the wording of the draft statement in the Schedule?

8. Do you have any other comments?

We note the comment on page 6 of the Paper that Australian qualified advisers will need to complete training on the New Zealand regulatory framework and on any new area or financial advice product that is not covered by their existing competence, knowledge and skill. We support this and consider it is important to recognise that the way certain products operate in a New Zealand context can be markedly different from Australia. It is essential that Australian advisers are adequately trained on this in order to give suitable advice in New Zealand. An example of this is the availability of Government support in New Zealand including Accident Compensation Corporation (ACC) cover, Earthquake Commission (EQC) cover, Work and Incomes benefits and public health services. An understanding of the interaction of these with insurance solutions is particularly important.

Knowledge of the wider aspects which financial advice complements, such as New Zealand estate planning and taxation rules, is also important so that the Australian adviser can help ensure that their New Zealand clients seek appropriate advice for all aspects that impact on their financial wellbeing.

We suggest that to address the above matters Australian advisers should undertake training and complete product accreditation for products they advise on through a New Zealand learning institution.

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Date: 06/11/20 Number of pages: ONE

Name of submitter: [REDACTED]

Company or entity: Foresight Financial Planning

Organisation type: AFA

Contact name (if different):

Contact email and phone: [REDACTED]

Question number	Response
1	Yes - with some reservations
2	Yes - well documented
3	No - I believe a minimum of two years experience is needed as one year is too short
4	Yes - potentially
5	Yes - what will be the implication if an Australian adviser acts poorly here and then goes back to Australia
6	No
7	No
8	Main issue is an adviser giving bad advice and then moving back to Australia

Feedback summary – if you wish to highlight anything in particular

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.

Feedback form — Consultation paper: Recognition of Australian adviser qualifications

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Date: 11 November 2020 Number of pages: 1

Name of submitter: [REDACTED]

Company or entity: Insurance Advisernet New Zealand Ltd

Organisation type: Insurance Broking Support

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED]

Question number	Response
1. Do you support the proposal in this paper to recognise Australian qualifications? Please give reasons for your view.	Yes
2. Do you agree that the Australian qualifications provide evidence of competence, knowledge and skill that is equivalent to or exceeds the competence, knowledge and skill standards set in standards 6 to 8 of the Code? Please give reasons for your view.	Not as it is currently proposed. Please see below.
3. Do you agree that Australian qualified advisers should have at least one year's experience working as a financial adviser in Australia? Please give reasons for your view.	No, The ANZIF equivalency RPL approved by Skills ITO for New Zealand Financial Advisers in the Fire & General space is 2+ years experience so it should be at least equivalent to this or better.
4. Do you agree that recognising the Australian qualifications will avoid unnecessary compliance costs, and may help ensure the availability of quality advice? Please give reasons for your view.	Only if what was being proposed is truly equivalent which currently we don't believe it is.
5. Do you see any material risks for New Zealand retail clients or the market in New Zealand for provision of financial advice services if we recognise the Australian qualifications? If yes, please explain what the risks are.	We are concerned that there is consideration being given to viewing the Australian Tier 1 as equivalent because it isn't actually a "qualification", it's a legislative compliance requirement and there's no legislative trigger under Australia's RG146 for RTO's to deliver the course in alignment with their national VET regulator ASQA (Australian Skills Quality Authority) framework (FNSASICN503). So Australia has some RTO's offering a Tier 1 with 2 Units of competency (not aligned to FNSASICN503) out of the Diploma of Insurance Broking Qualification <u>with no pre-requisites</u> , versus other RTO's providing 4-5 Units of competency out of the Diploma of Insurance Broking qualification <u>with Tier 2 as a pre-requisite</u> (which is where they get their retail product training) and their statement of attainments are aligned with the ASQA qualification FNSASICN503.
6. Do you recommend any changes to the proposals in this paper? Please give reasons and details for your recommendations.	It should be specified that the Australian Tier 1 needs to be the equivalent of FNSASICN503 or preferably the Diploma of Insurance Broking qualification (FNS51215). Reasons given above.

7. Do you have any comments on the wording of the draft statement in the Schedule?	No
8. Do you have any other comments?	No
Feedback summary – <i>if you wish to highlight anything in particular</i>	
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Thank you for your feedback – we appreciate your time and input.	

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Date: 16 November 2020 Number of pages: 2

Name of submitter: ██████████

Company or entity: Insurance Brokers Association of New Zealand (IBANZ)

Organisation type: Association

Contact name (if different):

Contact email and phone: ██████████

Question number	Response
General comment	
1. Do you support the proposal in this paper to recognise Australian qualifications? Please give reasons for your view	Our responses are limited to being in respect of General Insurance. Broadly speaking we support the proposal provided that all other comments below are implemented as set out including that qualification recognition must be limited to the relevant strand for the advice the adviser will give.
2. Do you agree that the Australian qualifications provide evidence of competence, knowledge and skill that is equivalent to or exceeds the competence, knowledge and skill standards set in standards 6 to 8 of the Code? Please give reasons for your view.	Provided that each financial adviser to complete and pass the paper from an approved provider for the New Zealand regulatory/legislative framework and any other bridging paper the FMA deems necessary for their qualification to reach the equivalency of the NZ Certificate of Financial Services - Level 5 prior to the exemption being granted to satisfy the components of those standards that relate to this aspect
3. Do you agree that Australian qualified advisers should have at least one year's experience working as a financial adviser in Australia? Please give reasons for your view.	Yes to ensure a minimum level of experience. We note that the financial adviser will be under the direction of a New Zealand FAP which will be responsible for ensuring they comply with the FAPs policies and procedures.
4. Do you agree that recognising the Australian qualifications will avoid unnecessary compliance costs, and may help ensure the availability of quality advice? Please give reasons for your view.	Yes, there is reasonable alignment across the NZ and Australian General Insurance Industry
5. Do you see any material risks for New Zealand retail clients or the market in New Zealand for provision of financial advice services if we recognise the Australian qualifications? If yes, please explain what the risks are.	No provided, prior to an exemption being granted, the financial adviser: <ol style="list-style-type: none"> is to complete and pass the paper from an approved provider for the New Zealand regulatory/legislative framework and any other bridging paper the FMA deems necessary for their qualification to reach the equivalency of the NZ Certificate of Financial Services – Level 5; and

	<p>2. is also required to disclose if they have or have not had any reliability history as set out in the Disclosure Regulations and that FMA will take any reliability history into account as you consider their exemption request</p>
<p>6. Do you recommend any changes to the proposals in this paper? Please give reasons and details for your recommendations.</p>	<p>Yes to include the two points set out in our response to 5 above regarding the New Zealand Regulatory/legislative framework and reliability history.</p>
<p>Feedback summary – if you wish to highlight anything in particular</p>	
<p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p>	
<p>Thank you for your feedback – we appreciate your time and input.</p>	

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Date: 20 November 2020 Number of pages: 3

Name of submitter: ██████████

Company or entity: Insurance Council of New Zealand (ICNZ)

Organisation type: Industry Association

Contact name (if different):

Contact email and phone: ██████████

Question number	Response
<p>1 Do you support the proposal in this paper to recognise Australian qualifications? Please give reasons for your view.</p>	<p>ICNZ and its members¹ are supportive of the proposal outlined in the consultation paper to recognise Australian qualifications in principle, noting that:</p> <ul style="list-style-type: none"> • The new professional standards for financial advisers in Australia exceed the standards under the applicable New Zealand Certificate.² • Australian qualifications RG146 (Tier 1) have already been assessed as equivalent to the New Zealand Certificate through an existing exemption,³ and provision has been made to sunset this recognition in line with the requirement for the relevant adviser to transition to the new professional standards in Australia by 1 January 2026. • The proposal requires the Australian qualified adviser to have 12 months' experience, consistent with requirements under new Australian professional standards (rather than 6 months as per the current exemption).
<p>2 Do you agree that the Australian qualifications provide evidence of competence, knowledge and skill that is equivalent to or exceeds the competence, knowledge and skill standards set in standards 6 to 8 of the Code? Please give reasons for your view.</p>	<p>While we agree that having Australian qualifications provides a level of comfort that the adviser has a degree of competence, knowledge and skill, we are concerned that the proposal does not address, where relevant, differences between New Zealand and Australian:</p> <ul style="list-style-type: none"> • products they will be advising on, and • legal systems, including the relevant client's rights and obligations, which form the context in which the advice given. <p>While a requirement for these advisers to have an up-to-date understanding of the regulatory framework is proposed, this only relates to the financial advice regime in New Zealand, not the regulatory regime or broader legal system as it relates to New Zealand clients they will advise.</p> <p>An assumption that the treatment and approaches in New Zealand and Australian are the same from a product or legal perspective may lead to incorrect advice being given. Further details about this matter is set out in response to question 8. below.</p>

¹ ICNZ's members are general insurers that insure about 95 percent of the New Zealand general insurance market, including about a trillion dollars' worth of New Zealand property and liabilities. ICNZ members provide insurance products ranging from those usually purchased by individuals (such as home and contents, travel and motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability, business interruption, professional indemnity, commercial property and directors and officers insurance).

² I.e. these are broadly equivalent to NZQA level 7 or 8 rather than level 5 under the New Zealand Certificate.

³ Financial Advisers (Australian Qualified Advisers) Exemption Notice 2018.

	<p>The requirement for Australian advisers to complete training before they provide any new type of advice, or advice on any type of financial product not covered by their Australian qualifications,⁴ will not address this issue if the type of advice or product is the same, with only the relevant context being different (e.g. New Zealand rather than Australia).</p> <p>We are also concerned that the proposal only provides for ongoing professional development requirements and does not capture the upfront need for the Australian qualified adviser to, before they begin providing any advice to New Zealand clients, have a good understanding of differences between New Zealand and Australia relevant to the advice they are giving.</p> <p>For the reasons outlined above, we consider that the proposal ought to be amended to require (where relevant) Australian qualified advisers to, before they are provide advice to New Zealand clients, complete training on material differences:</p> <ul style="list-style-type: none"> • between New Zealand and Australian products, with reference to the types of products they will be advising New Zealand clients on, and • between the New Zealand and Australian legal systems and relevant rights and entitlements, focusing on matters pertinent to the types of clients they will be advising in New Zealand.
<p>3 Do you agree that Australian qualified advisers should have at least one year’s experience working as a financial adviser in Australia? Please give reasons for your view.</p>	<p>We are agreeable to this requirement, noting that this aligns with requirements under the new Australian professional standards.</p>
<p>4 Do you agree that recognising the Australian qualifications will avoid unnecessary compliance costs, and may help ensure the availability of quality advice? Please give reasons for your view.</p>	<p>We agree that this proposal would avoid the cost involved of an individual Australian qualified adviser having to completely retrain in New Zealand.</p> <p>However, we consider that, as proposed, issues with the quality of advice may arise. This is because, as outlined above, Australian qualified advisers may not be sufficiently aware of differences between New Zealand and Australian products and the New Zealand legal system, leading to incorrect advice being given. Further details about this are set out in response to question 8 below.</p> <p>The ‘Overview’ section of the consultation paper, in describing the rationale for this change, refers to, amongst other things, “<i>demand from time to time from individual Australian financial advisers to work in New Zealand.</i>” It would be helpful to clarify whether the proposal is intended to extend to Australian qualified advisers working in Australia but operating in the New Zealand market under a New Zealand Financial Advice Provider license (for example entities with call centres in Australia). This would be beneficial as it would avoid the cost involved in requiring these individuals to complete both New Zealand and Australian training on the same subject areas.</p>
<p>5 Do you see any material risks for New Zealand retail clients or the market in New Zealand for the provision of financial advice services if we recognise the Australian qualifications? If yes, please explain what the risks are.</p>	<p>As currently proposed we believe there is a material risk for New Zealand retail clients because, as outlined above, Australian qualified advisers may not be sufficiently aware of differences between New Zealand and Australian products and the New Zealand legal system, leading to incorrect advice being given. Further details about this are set out in response to question 8 below.</p>
<p>6 Do you recommend any changes to the proposals in</p>	<p>See our response to question 2 above.</p>

⁴ See the ‘note’ section of the draft statement set out as in the Schedule to the consultation paper.

<p>this paper? Please give reasons and details for your recommendations.</p>	<p>In the interest of transparency, we also suggest that the relevant Australian qualified adviser be required to disclose to their clients that they are Australian (not New Zealand) qualified.</p> <p>Consideration should also be given to differentiating between the various types of advice financial advisers provide and ensuring training requirements are appropriately mapped out in each respect, noting that different advice will have different requirements.</p> <p>For completeness, the treatment of Australian qualified advisers outlined in the proposal would need to be re-evaluated should the Australian qualification regime change.</p>
<p>7 Do you have any comments on the wording of the draft statement in the Schedule?</p>	<p>Consistent with our response to question 2 above, we consider that the wording of the draft statement in ought to be amended to require (where relevant) Australian qualified advisers to, before they are provide advice to New Zealand clients, complete training on material differences:</p> <ul style="list-style-type: none"> • between New Zealand and Australian products, with reference to the types of products they will be advising New Zealand clients on, and • between the New Zealand and Australian legal systems and relevant rights and entitlements, focusing on matters pertinent to the types of clients they will be advising in New Zealand.
<p>8 . Do you have any other comments?</p>	<p>As outlined above, as proposed there is a risk that, where applicable, Australian qualified advisers are not sufficiently aware of differences between the New Zealand and Australia products, they will be providing advice on, and/or the legal system that their clients operates under, and their rights and obligations in this respect, which form the context in which the advice given. These include:</p> <ul style="list-style-type: none"> • From a product perspective, differences in product options, structures, exclusions and terms and conditions and how products otherwise operate, noting that how products operate in New Zealand can be markedly different to Australia. • From a legal system perspective, differences between key legislative and common law rights and obligations relevant to the client’s circumstances and the advice provided to them in this regard. This includes knowledge of available support in New Zealand including Accident Compensation Corporation (ACC) cover, Earthquake Commission (EQC) cover, Work and Incomes benefits, public health services and under employment law. Another area of relevance for advice purposes is New Zealand estate planning, entity structures and relevant tax rules. <p>In our view it is important to ensure that, where relevant, Australian qualified advisers are adequately trained on these matters before they provide advice to New Zealand clients. This will ensure these advisers can provide accurate advice in a New Zealand context. An assumption that the treatment and approaches in New Zealand and Australian are the same could lead to incorrect advice being given.</p> <p>Lastly, and while acknowledging that this is not pertinent to the matter at hand, we consider that mutual recognition of New Zealand adviser qualifications within Australia warrants consideration.</p>

Feedback summary – *if you wish to highlight anything in particular*

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Thank you for your feedback – we appreciate your time and input.

	<i>satisfying the requirement. This is particularly relevant for experience-based compliance with Code Standard 6.</i>
<i>5 - Do you see any material risks for New Zealand retail clients or the market in New Zealand for provision of financial advice services if we recognise the Australian qualifications? If yes, please explain what the risks are.</i>	<i>We have no comments on this question.</i>
<i>6 - Do you recommend any changes to the proposals in this paper? Please give reasons and details for your recommendations.</i>	<p><i>Our concern about the approach in the paper is that the alternative qualification selected appears to be one that easily meets the criteria of the Code. The paper itself notes that the Australian qualifications are “broadly equivalent to NZQA Level 7 or higher”. Therefore, any person holding the qualification should already be comfortable that they meet the requirements of Code Standard 6. By introducing a requirement for work experience, for example, the suitability of the Australian qualifications on their own is called into question. If an alternative qualification that has outcomes equivalent to a higher NZQA level than the Code contemplates needs to be the subject of FMA clarification, the bar is implicitly set higher for other alternative qualifications or experience. This could become particularly problematic for nominated representatives, who might be seeking to demonstrate competence other than through educational attainment.</i></p> <p><i>Accordingly, if the proposal in the paper is adopted, we would want it to be made clear that the FMA’s recognition of the Australian qualifications in no way limits the other ways that compliance with Code Standard 6 can be demonstrated, particularly with regard to experience-based compliance.</i></p>
<i>7 - Do you have any comments on the wording of the draft statement in the Schedule?</i>	<i>We think that the reference to “Australian experience” should be removed from the statement and from the terms and conditions. We also think that condition 2 should be removed – this goes to the relevant person’s suitability to be a financial adviser, not to their qualifications. Suitability should be addressed through the registration process; it is not relevant to their level of knowledge. Finally, condition 3 is not relevant to the initial qualifications of the adviser. It is addressed by Code Standard 9, so should simply be referred to in the note, not the terms and conditions.</i>
<i>8 - Do you have any other comments?</i>	<i>We have no other comments.</i>
<i>Feedback summary – if you wish to highlight anything in particular</i>	
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<p>Thank you for your feedback – we appreciate your time and input.</p>	

[REDACTED]

From: [REDACTED]
Sent: Tuesday, 27 October 2020 12:40 PM
To: Consultation
Cc: [REDACTED]
Subject: Proposed recognition of Australian qualifications

Submission Regarding Proposed recognition of Australian qualifications

27th October 2020

We do not support the proposed submission of recognition of Australian Advisers. The New Zealand market is clearly different in structure and law from the Australian market.

Australian qualifications and training material observed is focused directly on the legislation in that jurisdiction, such as Privacy, taxation and many related areas. This is vastly different to New Zealand.

In NZ, advisers are required to have detailed knowledge of code standard 26360 (now the Regulatory environment compulsory module), which is a detail of the vast array of Act's that enable and guide New Zealand specific advice. This is not covered by Australian Advisers training. In no way should Australian Advisers be able to practise in New Zealand without passing this module and thus demonstrating competency and skill in New Zealand specific legislation environment.

The consultation paper does not cover the reciprocal rights that APAC have awarded to New Zealand Authorised Financial Advisers, enabling us to give advice in Australia. Any mutual agreement on qualification must be a two-way discussion.

The consultation paper notes increased compliance costs for Australian advisers as the defining reason for this amendment. Is there any evidence of this or is it anecdotal? The consultation paper does not examine or address the consequence of Australian Advisers being given access to the New Zealand Market. How will this affect the declining numbers of NZ Advisers? My view is that this will be a negative impact for the New Zealand advise industry and decline the availability of advice to the New Zealand public from local advisers.

The Australian Adviser qualifications are demonstrably more advanced than the Level 5 standards in New Zealand, yet these educational pathways are Australia specific and need to have a New Zealand legislation add on to demonstrate competency.

Morgan Steel Financial Services limited

Any questions on this submission , please don't hesitate to contact me

[REDACTED]

[REDACTED]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]



[Redacted]

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Feedback form — Consultation paper: Recognition of Australian adviser qualifications

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Recognition of Australian adviser qualifications: [your organization's name]' in the subject line. Thank you. **Submissions close on Friday 20 November 2020.**

Date: 20/11/2020 Number of pages: 3

Name of submitter: [REDACTED]

Company or entity: Portfolio Construction Forum Pty Ltd

Organisation type: Education Provider/ Publisher

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED]

Question number	Response
1	<p>Do you support the proposal in this paper to recognise Australian qualifications? Please give reasons for your view.</p> <p>We welcome the FMA recognizing Australian adviser qualifications achieved at Australian Qualification Framework (AQF) levels 7,8 & 9 as exceeding those stipulated in the New Zealand Certificate in Financial Services (NZQA) level 5, as referenced in the Financial Markets Authority 'Code of Professional Conduct for Financial Advice Services' (the Code)'. </p> <p>We agree that Australian financial advisers ought to additionally satisfy the FMA that they have an up to date understanding of the regulatory framework for financial advice in New Zealand as there are several differences between the two regimes.</p> <p>We do however consider that with the FMA recognizing Australian financial adviser qualifications they are creating a double-standard between Australian and New Zealand financial advisers which we have explained in our response to your question 4.</p>
2.	<p>Do you agree that the Australian qualifications provide evidence of competence, knowledge and skill that is equivalent to or exceeds the competence, knowledge and skill standards set in standards 6 to 8 of the Code? Please give reasons for your view.</p> <p>We agree however the FMA should be cognizant that given the Australian qualifications are set two to three levels above New Zealand's, the learning outcomes are unlikely to match as the Australian financial adviser qualifications build upon those established under the FMA Code. Also, the FMA should be aware that FASEA have evaluated the approved qualifications against the National Financial Planning Curriculum that was developed by the Financial Planning Education Council (FPEC). The Council represents many higher education providers of FASEA approved degrees in Australia. A cursory review of the curriculum by the FMA ought to satisfy them of the close alignment of learning outcomes across financial planning subjects to the New Zealand qualification standards.</p> <p>As the specialist, independent, investment continuing education, accreditation, and certification service for Australasia we are familiar with the National Financial Planning Curriculum FASEA is using to benchmark and accredit Australian qualification courses in financial advice against. We are also familiar with the education standards and learning outcomes specified in the New Zealand Certificate in Financial Services (NZCFS) Level 5 having mapped the Certified Investment Management Analyst (CIMA) Professional Designation program to it three years ago when we</p>

	successfully applied for and received an exemption notice from the FMA for all CIMA holders to receive RPL for the Core and Investment Strands of the NZCFS.
3.	<p>Do you agree that Australian qualified advisers should have at least one year’s experience working as a financial adviser in Australia? Please give reasons for your view.</p> <p>We agree that Australian qualified advisers ought to complete at least one full year’s experience requirement. We do not believe that extending the existing 6-month experience requirement to be onerous at all as it will only apply to ‘new’ financial advisers of which all must complete a professional year which in reality, appears to be spread across a two year duration. There is an obvious benefit to NZ consumers if an Australian qualified adviser has completed 12 months supervised experience.</p>
4.	<p>Do you agree that recognising the Australian qualifications will avoid unnecessary compliance costs, and may help ensure the availability of quality advice? Please give reasons for your view.</p> <p>We agree however we believe this also creates a double-standard because an Australian financial adviser will be able to rely upon credits provided by FASEA for coursework completed to attain a professional designation, as part of their education pathway, but a New Zealand financial adviser is not able to seek credit for completing the same coursework towards meeting the FMA’s standards unless they arrange their own independent assessment and accreditation of the coursework by a third party accreditor such as Skills NZ.</p> <p>To highlight the disparity, the Certified Investment Management Analyst (CIMA) Professional Designation coursework was accredited by FASEA at no cost, for recognized prior learning. The coursework has been recognized by FASEA as being “primarily in investments”. An Australian financial adviser who has completed the CIMA professional designation coursework can include the RPL from FASEA towards the total credits required for them to meet FASEA’s professional standards however a New Zealand adviser who has completed the same coursework receives no such prior recognition from the FMA and is still subject to the cost and time consuming process of having his coursework assessed for the FMA by an external unrelated party.</p> <p>We consider this prejudices New Zealand advisers compared to their Australian counterparts and organisations like ours who deliver the same course across Australasia.</p> <p>We consider the coursework to attain the CIMA designation ought to be sufficient for recognized prior learning for the FMA’s Code Standards 7 ‘<i>Have particular competence, knowledge and skill for designing an Investment Plan</i>’ and Standard 8 ‘<i>Have particular competence, knowledge and skill for product advice</i>’ as it relates to the Investment Strand specified in the New Zealand Certificate in Financial Services Level 5.</p> <p>We strongly encourage the FMA to consider the feasibility and practicality of undertaking to accredit qualifications and professional designation programs for New Zealand advisers and not outsource this function to a third-party. We also encourage the FMA to mutually recognize coursework completed to attain a professional designation for New Zealand financial advisers including those professional designation programs accredited by FASEA where there is a demonstrable consistency of learning outcomes. This would reduce the compliance costs to New Zealand financial advisers who currently must seek independent accreditation of alternative courses of study to the New Zealand Certificate in Financial Services level 5 at their own costs.</p>
5.	<p>Do you see any material risks for New Zealand retail clients or the market in New Zealand for provision of financial advice services if we recognise the Australian qualifications? If yes, please explain what the risks are.</p> <p>No. We consider the primary risk to New Zealand retail clients is if an Australian adviser is not familiar with the regulations associated with providing financial advice in NZ. This seems to have been addressed in the FMA’s proposal.</p>
6.	<p>Do you recommend any changes to the proposals in this paper? Please give reasons and details for your recommendations.</p> <p>As mentioned, we believe the FMA ought to extend their proposal to recognize all courses of study accredited by FASEA and specified in the “FASEA Approved Recognition of Prior Learning List” documented and available on their website. Specifically we believe professional designation programs that have been accredited by FASEA such as</p>

	<p>Certified Investment Management Analyst (CIMA) and the Chartered Financial Analyst (CFA) ought to be recognized as meeting the FMA Code of Professional Conduct standards 7 and 8, as both have been accredited by FASEA, for 1 credit each in the domain of 'Investments' having been fully evaluated by FASEA.</p> <p>For the FMA to exclude independent recognition of these courses would be contradictory with recognizing Australian financial advisers when considered as part of the broader set of education standards than their New Zealand peers.</p>
7.	<p>Do you have any comments on the wording of the draft statement in the Schedule?</p> <p>We note the following issues with the draft statement as follows:</p> <p>Terms and conditions</p> <p>1. 1. Australian qualifications and Australian experience must be attained or met before the Australian adviser first gives financial advice to a retail client in New Zealand. Australian qualifications must not be attained or met through an exemption or any other form of relief.</p> <p><i>Can the FMA clarify what is meant by "any other form of relief" as FASEA grant recognized prior learning (credits) to alternative forms of "qualifications" i.e. coursework towards a professional designation e.g. CFP, CFA, CIMA.</i></p> <p>2. 3. Australian advisers must comply with continuing professional development requirements in Standard 9 of the Code. This will require them to plan for and progressively complete learning activities designed to ensure they maintain:</p> <ul style="list-style-type: none"> • competence, knowledge, and skill for the financial advice they give • to the extent relevant to the financial advice they give, an up-to-date understanding of the regulatory framework for financial advice in New Zealand. <p>Note: To comply with Standard 9 of the Code, Australian qualified advisers will need to complete training on the New Zealand regulatory framework to ensure that they have an up-to-date understanding of that framework. They will also need to ensure that they complete training before they provide any new type of advice or advice on any financial advice product that is not covered by their Australian qualifications.</p> <p><i>The use of the word "understanding" is ambiguous because what the adviser "understands" may not be true and is subjective. It should be substituted for a more objective term. We suggest using the word "knowledge" or "proficiency" which places more impetus on the adviser seeking out CPD activities that include an assessment activity to gauge their level of knowledge or proficiency.</i></p>
8.	<p>Do you have any other comments?</p>
<p>Feedback summary – if you wish to highlight anything in particular</p>	
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<p>Thank you for your feedback – we appreciate your time and input.</p>	

Feedback form — Consultation paper: Recognition of Australian adviser qualifications

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Date: _____ Number of pages: _____
 Name of submitter: [REDACTED]
 Company or entity: Willowgrove Consulting Limited
 Organisation type: Life Insurance Advice
 Contact name (if different): _____
 Contact email and phone: [REDACTED]

Question number	Response
1	Yes. [REDACTED]
2	<i>Yes, having completed the RG146 and Level 5 qualifications, they are broadly the same with local legislation differences</i>
3	<i>Not necessarily, if they can demonstrate they have competence in our local laws and regulations they should be treated it the same way anyone new with NZ Level 5 would be. Maybe if they don't hold evidence of competency in the NZ legal framework, then 2 years experience requirement, or the appropriate bridging certificate for this local piece is required.</i> <i>It also comes down to a question of supervision as well.</i>
4	<i>Yes, Australia advisers on the RG146 standard are not any more or less qualified than the Kiwi's. Culture and conduct need to be considered, as too local understanding of products (mortgage, general and life insurance work differently here)</i>
5	<i>Yes, if they are operating offshore there is significant risk of jurisdiction reach for problems and management. If they are local to New Zealand, no not so much. Again local knowledge and understanding requirements from the above comments.</i>
6	<i>Two years experience if there is no local NZ competency of the regulatory environment. With a bridging paper on this available for those under 2 years and optional but recommended for those over 2 years.</i>
7	<i>The experience requirement in the Australian market, given the historical exemption for Group B this may be Australian qualified but New Zealand experience. So the suggested change would be 1-2 years of Australian or New Zealand experience</i>

Feedback summary – *if you wish to highlight anything in particular*

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