

03 December 2024

By email: FinancialAdvice@treasury.gov.au

Ms Cassie Leeds-Heath
Assistant Director
Financial Adviser Standards and Conduct Unit
The Treasury
Langton Crescent
PARKES ACT 2600

RE: Submission on Education Standards Reform Principles – November 2024

Dear Cassie,

1.0 Introduction

Grain Trade Australia (GTA) welcomes an opportunity to provide feedback on the Government's Consultation Paper 'Education Standards Reform Principles' for individuals looking to become relevant providers.

GTA has also recently provided feedback on:

1. The Quality of Advice Review Issues Paper ([Link: here](#))
2. The draft Terms of Reference for the Government's *Review of the Quality of Financial Advice to consider how the regulatory framework could better enable the provision of high quality, accessible and affordable financial advice for retail investors*; ([Link: here](#)) and
3. The Government's Policy Paper "Education Standards for Financial Advisors" published in December 2021 ([Link: here](#)).
4. The Government's Consultation Paper "Submission on Financial adviser education standards" published in August 2022. ([Link: here](#))
5. The Quality of Advice Review and specifically on the proposals for reform listed in the Proposals for Reform Paper. ([Link: here](#))

GTA is supportive in principle to a regulatory approach to education standards that is relevant to the context, has simplicity in its design, understanding and subsequent application. However, we are not supportive of a 'one size fits all' regulatory approach for investment financial advisors that captures all other advisers including grain marketing advisers that provide advice to manage price risk when marketing grain.

The proposed Education Standards Reform Principles (Principles) and the Options for Reform are a step forward in recognising the diversity of industry sectors and client risk within 'financial services'. We still hold the view that more can be done across the financial services landscape towards addressing a 'one size fits all' approach.

2.0 The role of Grain Commodity Marketing & Advisory Services

GTA members who provide advisory services provide grain producers with the information and advice needed to make informed decisions on their commodity marketing and commodity price risk management. This includes:

1. Commodity (grain) market analysis and price discovery,
2. Brokerage of physical grain,
3. Use of price risk management tools (derivatives like Swaps, Futures, Options),
4. Hedging foreign exchange (either a part of a derivative or for cash flow purposes), and
5. Grain sale and contract optimisation.

A grain marketing advisor with an AFSL provides advice specifically to help a grain producer manage their price risk in relation to the particular commodity using specific financial products. The advisor in this case is not providing holistic plans in relation to a producers' broader investment needs (superannuation, insurance etc) but scoped, focussed advice related to commodity price risk – which is usually a specific condition under their AFSL.

To be clear, for a grain grower this is not an investment decision but more transactional in providing risk management strategies to manage grain price risk. This means the role, expertise and skill sets of a commodity marketing advisor is very distinctive from a financial planner and therefore varies significantly from the 'one size fits all' approach that has been adopted in financial services legislation and regulation.

It is important that any considerations by Government recognises the relevance to the client's situation and consider the risk and the end objective of providing good quality advice to the client.

Government should also recognise grain marketing advisors are regionally based leading to additional difficulties in meeting education and CPD requirements.

3.0 GTA Comments on the Principles and Options for Reform

In terms of the Principles and the *Options for Reform* presentation, we would like to offer the following comments:

- We believe the core knowledge areas should be contextualised for the relevant sector (eg financial planning, insurance, stock broking, agricultural price risk management) and include a broader range of knowledge areas such as commodity derivatives, foreign exchange and more diverse range of degrees. GTA recommends the following degrees be included (but not limited to):
 - Business
 - Commerce,
 - Economics,
 - Agri-business,
 - Agricultural science,
 - Applied science (Agriculture),
 - Agricultural economics,
 - Agricultural marketing.
- For some specific areas that diverge from the 'one size fits all' (such as grain marketing services) this may be best achieved through a more granular approach where industry and Government consider and establish relevant education standards and levels of experience that are fit for purpose for each sector of industry.
- Adviser training should be specific to the industry they serve and deliver relevant and tailored training solutions. If this cannot be accommodated under the broader government training model, then perhaps they could be carved out and included in a sub-section of the Education Standard.
- We support the proposal for limited core topics and suggest these should include:
 - Ethics
 - Financial Advice regulatory and legal obligations
 - Consumer behaviour
 - Client Relationships
- We do not think that Taxation and Commercial Law should be core topics, as these are significant specialist areas and not considered to be of direct relevance to providing advice in the context of agricultural price risk management.

- We support that other relevant experience, such as trading, risk management or logistics in relevant (eg grain) markets should be given higher consideration. It is this broader type of experience that can help advisors develop a deeper understanding of the relevant markets and risks, and therefore provide better quality advice to their clients. We would suggest a practical solution to this would include allowing licensees to determine what experience they consider relevant to their business and clients.
- We are unsure if the requirement for an advisor to complete 40 hours of CPD per year including a prescribed breakdown of minimum hours to be spent in various areas is still required. We support CPD however believe there should be flexibility to customise to the specific needs, and circumstances of the industry the advisors and any AFSL restrictions. Regarding the grain industry and its marketing advisors more specific agricultural market training and the psychology of dealing with grain producers are more relevant.
- We do not support a requirement for a formal “professional year”. It is our view this presents another cost barrier for business and/or new entrants (who will have already passed a recognised degree, with core topics) into industry. Specialisation and training requirements should be aligned with AFSL conditions and can be addressed through practical experience and tailored contextualised professional development.
- Foreign tertiary training/degrees should be recognised on an equivalence level as per the current government process and body.

GTA welcomes the opportunity to further engage directly with Government to increase the understanding of the type of financial advice our members provide and to provide input into, or be part of, any process that aims to make a more appropriate fit for purpose regulatory model.

I look forward to the progress of this important issue.

Please do not hesitate to contact GTA on this or any other relevant matters.

Yours faithfully,



Pat O'Shannassy
CEO, Grain Trade Australia