

4 April 2014

Tax Practitioners Board  
PO Box 126  
HURSTVILLE NSW 1481

Email: [tpbsubmissions@tpb.gov.au](mailto:tpbsubmissions@tpb.gov.au)

Dear Sir/Madam,

**Re: Exposure Draft Explanatory Paper TPB(EP) D20/2014**

The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds who manage the superannuation accounts of nearly two-thirds of the Australian work force.

As the principal advocate and peak representative body for the \$600 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST supports recommendations for advice professionals that assist them in meeting the standards expected of them.

We note that the professional associations who will include registered tax (financial) advisers as part of their membership already make recommendations regarding continuing professional education (CPE) to their members. AIST is both a member-based organisation whose membership will contain these professionals, and a provider of professional education to superannuation trustees and their representatives. A number of our member funds already provide services that may meet the definition of a tax (financial) advice service.

AIST recommends to its members that they undertake no less than 30 hours of relevant CPE in a year. We consider that valid CPE must be both relevant to their duties as superannuation trustees (or their representatives) and must be educational in nature.

Our main concern relates to the recommended number of hours that a registered tax (financial) adviser must complete in order to meet the requirements in the draft paper. Our members work in the area of superannuation, a concessional-tax environment. Consequently, most CPE that is relevant to the areas where they work is likely to also be valid CPE for the purposes of their registration with the Board.

Our concerns are that at a loading of two thirds of their recommended CPE for a year (if taken as a *pro rata* value), this leaves very little room for CPE that is of a non-tax nature, for example CPE

that relates to non-tax (financial) advice subjects such as insurance, estate planning etc. Whilst allowances for areas of CPE that relate to the provision of services that are not tax agent services are not necessarily the concern of the Board, superannuation funds have training and development budgets which are finite.

In addition, we are concerned that the requirement, expressed as a triennial total of 60 hours of relevant CPE, may have unintended consequences, where professionals are placed in a situation where they are forced to 'catch up' in every third year, which has the flow-on effect of reducing the available time that a professional can spend learning about a non-tax related knowledge area.

Our concerns as a professional association must remain secondary to requirements specified by regulators, however. We are not aware of any circumstances where the financial services regulator, ASIC, has expressed dissatisfaction with any of our member funds who follow our recommendations with respect to CPE, and whilst tax agent services are essentially a new area of regulation for financial advisers, we also note that ASIC have not raised any concerns with us directly, either.

We also note that ASIC has written about these requirements at length in *Regulatory Guide 146: Licensing: Training of financial product advisers* (RG 146). We note that the requirements discussed in TPB(EP) D5/2014 appear to be broadly compatible with RG 146. We recommend, however, that since a large number of advisers will also need to be registered with the Board as registered tax (financial) advisers, consideration must be given to a document that is jointly issued by both agencies to reconcile both sets of CPE requirements.

Finally, we present our responses to the key issues for feedback prepared in Appendix A.

### **Key issues for feedback**

- (1) As explained above, we consider that an annual target may be a way to ensure a more even spread of education that covers a registered tax (financial) adviser's knowledge areas both relevant their registration, and otherwise. However, we agree that flexibility may be preferred by some registrants. AIST offers no recommendations other than our observations.
- (2) AIST would support a minimum of six hours of relevant CPE in a year and believe that this is a reasonable figure.
- (3) We consider that this is a comprehensive list of learning methods. We would also recommend the inclusion of long distance learning by correspondence, as well as reading-related learning as these are conceptually identical to computer-based/internet learning.
- (4) AIST has no comment to make on this matter.

If you have any further questions regarding this submission, please contact Richard Webb, Policy & Regulatory Analyst on 03 8677 3835 or at [rwebb@aist.asn.au](mailto:rwebb@aist.asn.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Garcia', is written over a light blue horizontal line.

Tom Garcia  
**Chief Executive Officer**