

MEDIA RELEASE

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Australia needs to build a strong financial services export industry

Australia needs to significantly grow its financial services export industry over the next decade to ensure future employment and economic growth, Greg Cooper, CEO of Schroder Investment Management Australia and chairman of the Financial Services Council said today (Wednesday).

In his opening speech to the FSC's annual conference in Cairns, Mr Cooper said: "Selling financial services to individuals or companies outside Australia is as much an export as selling iron or ore coal."

"Financial services is no longer an industry that is seen just as a facilitator of growth in other sectors or as an industry to be regulated," he said.

"This is recognised by the Murray Review which is the first inquiry into Australia's financial system to consider financial services an industry that generates economic and employment growth in its own right."

Mr Cooper also said: "Australia has the third largest pool of funds in the world at \$2.3 trillion. As a result our funds management industry is large, highly developed and highly skilled.

"There is a tremendous opportunity to build upon our comparative advantage in this sector."

"If Australia can increase its funds management exports to the same level as Hong Kong by 2023/24, the flow on effects will be significant."

"As a result, GDP would increase by \$4.2 billion by 2029-30 and around 10,000 additional jobs would be created."

"There would also be significant flow on effects. Fees received by fund managers would lead to an increase in income and payroll tax and an increase in funds management exports would lead to a net increase in the amount of foreign assets invested in Australia," he said.

The income generated by these assets would steadily increase tax revenue for the Australian Government.

"The Deloitte modelling shows the government would receive an additional \$1.7 billion in tax revenue in 2024-25 which would stabilise to \$1.2 billion in 2029-30 if Australian funds under management were increased to Hong Kong levels."

These were some of the revelations in new research for the FSC by Deloitte Access Economics released at the FSC conference.

"The report shows around 3.5 per cent of funds under management in Australia are sourced offshore compared with 80 per cent in Singapore, and 65 per cent in Hong Kong," Mr Cooper said.

“This is low compared to other leading financial centres.”

“It is clear from this research that a lack of coordination in international integration to increase the push to increase financial services exports has left Australia significantly lagging behind other countries.”

Mr Cooper also said: “Australia urgently requires a coordination body to be established to progress international financial integration and to promote Australian financial services in the Asia Region.”

“The City of London and the Hong Kong Financial Services Development Council provide templates which Australia can draw upon,” he said.

“The body should be resourced by government and must have power in legislation to deal with tax and regulatory issues affecting the industry.”

“And, for the body to be effective it must also have advisory representatives from industry and be housed in the Treasury portfolio,” Mr Cooper Said.

Editors’ Note

The Financial Services Council’s annual conference is being held at the Cairns Convention Centre from 6 to 8 August. Further details can be accessed at:

<http://fsc.org.au/events/fsc-annual-conference-2014-accelerate/home.aspx>

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 125 members who are responsible for investing more than \$2.3 trillion on behalf of 11 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.