



MEDIA RELEASE

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Australia must take advantage of financial services expertise - John Brogden speech on the Financial System Inquiry

Australia must make more of our financial services expertise – particularly through our experience managing the third largest pool of funds in the world,” John Brogden, CEO of the Financial Services Council said today.

In his keynote speech to the financial services industry Mr Brogden said: “The role of services as a driver of export growth and jobs needs to be embraced by the government as the mining investment boom slows and the manufacturing sector continues to decline.”

“We want the financial services industry to be seen for our strengths, comparative advantage and place as an export industry in our own right,” Mr Brogden said.

“It is critical that the Murray Inquiry treats and reviews financial services as a driver of exports, economic growth and jobs. In this context we are no different to agriculture, manufacturing or mining.”

“The recommendations of the Murray Inquiry, and the legislative and regulatory changes the government makes in response, will determine the future wealth of all Australians,” he said.

Mr Brogden cited the growth of superannuation as the most significant change to the financial system since the Wallis Inquiry.

He said superannuation was four years old and superannuation funds under management were \$220 billion – around half the value of GDP – in 1996 when the Wallis inquiry was conducted.

“Today superannuation is \$1.75 trillion and has become larger than gross domestic product at \$1.5 trillion and greater than the capitalisation of the ASX at \$1.5 trillion.”

“It is appropriate for the Murray Review to review and measure Australia’s superannuation against the two purposes it was intended to serve. That is, to increase retirement savings and funding the costs of an ageing population, and to increase national savings,” Mr Brogden said.

“The focus of government attention in the past five years has been the first goal.”

“Australians are now saving more of their incomes than at any point since the mid 1980s. The savings ratio in Australia has now increased from 0.3 per cent of income in 2003 to 10.5 per cent in 2013.”

The second goal – growth in total savings – has positive impacts for the broader economy.

“Increasing national savings through superannuation reduces Australia’s exposure to international capital markets providing greater stability and certainty for Australian investment.

“The size of our superannuation savings pool is one of the factors that assisted Australia to ride out the recent financial crisis,” Mr Brogden said.

He said superannuation would be a major focus of the FSC’s submission to the Murray Inquiry.

The FSC has also commissioned research for the Murray Inquiry to provide a sound basis for the debate on where superannuation assets are being allocated and how superannuation is acting as a platform to increase the savings of Australians.

The FSC’s submission will focus on five themes:

1. Global competitiveness;
2. Financial system users;
3. Federal Budget sustainability;
4. Regulatory architecture; and
5. Superannuation.

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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 130 members who are responsible for investing more than \$2 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 fourth 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.