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MEDIA RELEASE — FSC welcomes Asia Region Funds Passport and Corporate Collective Investment Vehicle draft legislation

The Financial Services Council (FSC) commends the Government on the release of draft legislation establishing a new Corporate Collective Investment Vehicle (CCIV) structure and giving effect to the Asia Region Funds Passport.

The Passport initiative and the new CCIV structure are vital to securing Australia’s growth prospects and will deliver on key recommendations of the 2009 Johnson Review, *Australia as a Financial Centre – building on our strengths*.

FSC CEO Sally Loane said: “Australia has built world-class expertise in funds management due in large part to our superannuation system. We are also geographically well-placed to service the growing investor demand within the Asia-Pacific region.

“To date, the lack of a modern, attractive investment vehicle has been holding back our financial services exports. The new CCIV structure will turbocharge Australia’s ability to compete with global investment managers.”

The Asia Region Funds Passport (ARFP) enables a fund registered in its home jurisdiction to be ‘passport’ to the other participating countries, which include Australia, Japan, Korea, Thailand and New Zealand.

“The ARFP will provide the means for Australian fund managers to access the rapidly growing Asian middle class, and for those clients to reciprocally invest with Australian fund managers,” Ms Loane said.

“The potential positive impact of increased financial services exports on Australia’s GDP is huge.”

Research by Deloitte Access Economics shows that increasing Australian funds management exports to Hong Kong’s level would cause an increase to GDP of \$4.2 billion by 2029–30 and create around 10,000 additional jobs.

The FSC will work through the details of the proposed new CCIV and ARFP in depth over the next month and will provide a detailed submission to Treasury.

Ms Loane added that the government should build on this important work by keeping its commitment to address Australia’s uncompetitive withholding taxes on equity and bond funds.

“Australia’s piecemeal and complex withholding tax system raises little money from funds management, but harms our competitiveness. Reform in this area will boost economic activity through the activities supporting the funds management industry, such as back office and administrative support, legal and accounting work, and investment management services.”

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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 and licensed trustee companies. The Council has over 100 members who are responsible for investing more than \$2.7 trillion on behalf of 13 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.