



Welcome to FSC News

- [A message from Sally Loane](#)
- [2016 Australian Investment Managers Cross-Border Flows Report](#)
- [Funding our Future: Perceptions of the value of financial advice](#)
- [Sydney primed to drive financial growth](#)
- [Extended ASIC relief in relation to RG97](#)
- [2017 State of the Industry lunch](#)
- [2017 Life Insurance Awards](#)
- [Women & Leadership Australia: scholarship opportunities](#)

CEO Update

After an extremely busy year filled with dozens of submissions, reports, reform agendas and strong and collaborative advocacy, the FSC team ended 2016 on a very positive note – delivering the annual Perpetual Cross Border Flows Report, which showed a considerable strengthening in the export of Australian funds expertise and products, as more and more funds are managed for investors from our Asian region, and the rest of the world.

While we can't see our fund management expertise being loaded onto merchant ships bound for international markets like coal and cattle, it is just as valuable and we are just as good at producing it.

There is no doubt that funds management exports can be our next mining boom – we need business to get on with what it does best, and for Government and the regulators to remove those remaining barriers to business.

[I urge you to read the FSC Perpetual 2016 Australian Investment Managers Cross-Border Flows Report for yourself.](#)

In The News



Financial Observer

[PC Super review guidelines on the table](#)

Financial Standard

[Advice experiences can help educate non-advised](#)



Missed the FSC BT Political Series breakfast with Senator Katy Gallagher?

[Watch the video here.](#)



25 - 26 July, 2017.

Opening rates available for a limited time.

[Register now.](#)

What a year! Despite an extremely challenging political environment, which not only delivered a government with the slimmest of majorities, an unpredictable Senate crossbench and some unexpected Budget changes to the tax treatment of superannuation, we managed to chalk up some valuable policy achievements for financial services, our members, and critically, for consumers of our products and services.

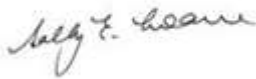
We delivered Life Insurance's Code of Practice, just part of the suite of reforms the industry is still going through. Financial advice is about to be transformed into a profession, not before time.

While superannuation has undergone massive tax changes, we are looking forward to the Government delivering a positive new agenda – what I call Super 2.0 - as our 25 year old system readies to open its doors to true choice and competition.

Other end-of-year highlights for our team included November's sold-out launch of The Circuit, a networking group for the under 35s in financial services, with a Q&A and cocktails at PwC. We'll be announcing our next event shortly.

Our outstanding BT Political Series will end the year on a high note with the Hon Malcolm Turnbull MP, Prime Minister of Australia. The full video from the November BT Political Series event with Senator Katy Gallagher, Shadow Minister for Small Business and Financial Services, [is here](#).

Thanks to all our members for once again providing us with your intellectual firepower, your ideas and your enthusiasm as the financial services industry undergoes unprecedented scrutiny and change. We are all here for all of you – to assist your business and your people – and deliver on our mission to ensure that our sector is trusted and reputable and has the confidence of all consumers. Have a very happy and joyful Christmas and New Year.



2017 Cross Border Fund Flows report

Coming Soon



Stay tuned for more information about our informative new Life Insurance Code of Practice workshops.



Exclusively for under 35s, our first event sold out. More information about the next event coming soon.



The FSC has again partnered with Perpetual to produce our fifth Cross-Border Flows publication.

While the strength of the Chinese economy remains a major talking point, the **2016 Australian Investment Managers Cross-Border Flows report** highlights just how important the rest of Asia remains when it comes to money flowing into Australia. Asian countries invested \$28 billion with Aussie managers, more than \$11 billion from Japan alone.

The report reinforces that although cross-border flows remain strong, more needs to be done to ensure Australia remains an attractive destination for foreign funds.

As a proportion of the \$2.66 trillion of funds managed by Australian based managers, foreign investors still represent a very small proportion of just 3.4 per cent. Of this, 38 per cent invested offshore so the economic impact of growing this number is significant.

FSC CEO Sally Loane said: “The 2009 Johnson Report identified a number of reforms needed to promote local financial services products and expertise overseas.

“While new internationally recognised collective investment vehicles, the Asia Region Funds Passport and a recently released paper proposing the removal of non-resident withholding taxes are a step in the right direction; seven years on there are still a number of outstanding barriers to be removed.”

Read the full report [here](#).

Funding our Future: Perceptions of the value of financial advice

The overwhelming majority of financial planning clients (over 80%) have high levels of trust in, and satisfaction with, their financial planner.

That is one of the key findings of a study, titled ‘Funding our Future: Perceptions of the value of financial advice’, led by a team of researchers from the University of Adelaide, University of Technology Sydney and University of Western Australia. The research was supported by a grant from the Australian Research Council in partnership with the FSC.

Read our new blog from Bianca Richardson, Senior Policy Manager, Advice and Life Insurance, to learn

more about the key findings and to download our infographic.

Sydney primed to drive financial services growth

By 2026 Sydney's banking and finance sector will account for one in every five dollars generated by the city's economy.

Analysis by consultancy SGS Economics and Planning shows finance and insurance already commands a 16.2 per cent share of Sydney's economic output but that is forecast to swell to 21 per cent in a decade.

Financial services makes 10.4 per cent of industry gross value added, excluding ownership of dwellings and contributes around \$148 billion annually to Australia's \$1.7 trillion economy. The sector employs 427,500 people nationally with 44% of these jobs in NSW. With these impressive figures in mind, the State Government will need to have more of a focus on the importance of financial services to fully achieve the enormous economic benefits on offer.

Read more [here](#)

Extended ASIC relief in relation to RG97

The FSC, AIST, ASFA and ISA have worked together and been instrumental in advocating for and securing extended relief with ASIC in relation to RG97.

We are waiting to hear further from ASIC as to some of the mechanical details around provision of information and other matters. Below is a summary of the main points:

Under a proposed amendment to **ASIC Class Order 14/1252** announced by ASIC on 29 November, superannuation trustees and responsible entities of registered managed investment schemes, subject to satisfaction of specified conditions (below), now have until 1 October 2017 to comply with the new PDS fee and cost disclosure rules (rather than from 1 February 2017) .

The conditions are as follows:

- issuers must not have previously opted in early to complying with the new rules;
- issuers must notify ASIC in writing that they wish to rely on the relief by 31 January 2017;
- issuers must provide ASIC with the information that they would have been required to include in

the fees and costs section of their PDS under the new rules before 1 March 2017; and

- ASIC has indicated that it will use the information provided to it under the relief to check that issuers are taking reasonable steps towards complying with the new rules (and to identify any likely non-compliance by issuers).

If the relief is not relied upon, ASIC's previously communicated facilitate compliance approach will continue to apply until 1 October 2017.

2017 State of the Industry lunch

The Financial Services Council is proud to announce the revised annual State of the Industry lunch.

As always, Sally will begin the year by announcing our sector's agenda for the next twelve months, as well as launch the FSC & UBS Asset Management State of the Industry report.

In its exciting new format, the event will also feature a dynamic panel of industry experts, including **Westpac Chief Economist, Bill Evans**, and **FSC CEO, Sally Loane**, discussing the political, regulatory and economic issues facing the financial services industry.

Date: 1 March 2017

Time: 12.00 – 2.00PM

Venue: Doltone House, Hyde Park, 3/181 Elizabeth Street, Sydney

RSVP: Wednesday 22 February

[REGISTER NOW](#)

Life Insurance Awards now open for nominations



This year we have refreshed the categories and criteria, including for the first time the new **Industry Mentor Award**, which will recognise an outstanding individual who has demonstrated a consistent commitment to cultivating,

developing and supporting new and emerging talent in the life insurance industry.

Applications are open from now until **Friday 24 February, 2017**. You can find more information on the Awards, as well as the 2016 winners, [here](#).

The winners will be announced at the FSC Life Insurance Awards Dinner on Wednesday 29 March, 2017. Tickets to the Dinner and the Life Insurance Conference are selling quickly. Early bird rates are now open for a limited time.



Women & Leadership Australia - 2017 scholarship opportunities

Women & Leadership Australia (WLA) are offering scholarship opportunities for women in the Finance sector to access up to \$8,000 in scholarship funding to assist them to participate in a number of the country's premier women's development programs.

The initiative is part of a nationwide push to support and elevate women leaders throughout the Finance sector.

Should you wish to discuss the initiative in more detail please contact Alistair Young at WLA's Head Office on 03 9270 9016 or via ayoung@wla.edu.au or [click here](#). WLA is happy to accept applications a little later than the published closing date.

Please note, the FSC is not involved in the running of this scholarship or deriving any monetary value. We are alerting readers to the opportunity to review and participate.

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FIRST