

REMARKS AT IFSA FUNCTION
WAYNE SWAN MP, SHADOW TREASURER
PARLIAMENT HOUSE, CANBERRA
12 JUNE 2007

LEADING THE WORLD IN FINANCIAL SERVICES

It's great to be here with you all.

Australia's achievement and your achievement over the last fifteen years has been remarkable.

Who would have thought fifteen years ago that funds under management in Australia would grow from \$250 billion to over \$1 trillion today?

That we would have developed sophisticated markets capable of the most complex transactions in pricing and splicing risk.

That our funds management industry would grow to be one of the biggest in the world and be at the forefront of the industry globally.

That Australia would be seen as a world leader in financial services.

It just shows what an ambitious reform program can do – and how important foresight and vision is.

We need to rekindle the determination that saw us, some two decades ago, embark on those reforms that laid the platform for the extraordinary development we have seen – deregulating banking and finance, floating the dollar, and establishing a national superannuation scheme.

Contrary to some commentary, not all of those Labor reforms received bi-partisan support.

But I don't want to rest on past achievements. Looking ahead, we must ask what else needs to be done to sustain and improve on our success.

I believe we can aspire to even greater heights. I am committed to seeing Australia's finance industry flourish as one of our strongest and most successful.

Where there is a tangle of regulation, we will look to simplify it. Where there are unnecessary impediments, we will look to remove them.

Our ambition is to see Australia become a funds management hub for Asia, building on its existing strengths in financial services.

COMPETITIVE TAX REGIME

We have already announced a halving the current 30 per cent withholding tax on distributions from Australian managed funds to non-resident investors.

It received a negative response from the government, but that isn't going to deter us.

By removing an uncompetitive tax burden, Australia will be much better positioned to compete in the global managed funds industry.

It will help boost Australian exports, generate jobs and grow our economy.

As Richard Gilbert noted earlier this week, the missing piece so far in the development of the Australian funds management industry is the widespread management of global funds.

These are ambitions which we share. I would like to see Australia exporting more of its funds management expertise to the world.

And I am committed to getting the policy settings right, so that they do not restrict your industry in achieving its ambitions.

REGULATION

Of course, ensuring our tax regime is internationally competitive is just one element of the policy framework.

In the world of financial services, London, Hong Kong and Singapore are our competitors. We should be looking very closely at their regulatory systems to see what works. As in those countries, we must instil in our peak regulators a culture of efficient regulation.

We have already announced that we will introduce a simple, standard disclosure form for financial service products. The implementation of financial services reform created an administrative nightmare for businesses and consumers.

In superannuation, we have also announced that we will establish an optional Superannuation Clearing House for all businesses that want to use it. This will remove up to 36 decision-making steps and much of the bother of repeated form-filling and processing that came with the super choice regime.

And we will continue to look at further enhancements that can reduce excessive regulatory red tape on industry and business.

FINANCIAL PLANNING ADVICE

One of the most enduring benefits of compulsory superannuation has been its impact on financial literacy within the community.

Many more people are now interested in finance and savings than two decades ago. More Australians are investing for their future — and our nation's wealth is higher as a result.

This has also led to a revolution and great expansion in the financial advice industry. Labor recognises the value of advice; it can quite often make the world of difference to someone's standard of living in retirement.

I am very conscious of the value that good advice can offer, and that the regulation of advice needs to be effective and appropriate.

SUPERANNUATION REFORMS

Although the superannuation changes earlier this year went a long way to simplifying the system and provide encouragement for people to add to their super, more needs to be done.

The big outstanding policy challenge of the next decade in superannuation is the difficult task of providing adequacy for those who are likely to miss out on the benefits from those recent changes.

We will be considering carefully options over the period ahead and I would gladly look forward to input from industry. Of course any measures will only be taken forward if they fit within the strict envelope of Labor's Budget Rules.