



The race is on for offshore investments

By Alex Burke

The New Year will be crucial for simplifying regulation around offshore investment vehicles, according to Financial Services Council chief executive Sally Loane.

Speaking to Financial Standard, Loane noted that corporate collective investment vehicles (CIVs) have yet to see draft legislation, and there are still major simplifications to be made to the current withholding tax regime. Because the Asia region funds passport is "coming in at the end of the year," she added, "it's becoming a race against time. But I'm optimistic. You have to be."

She said that part of the reason some key recommendations made in the Johnson report back in 2009 had yet to see the legislative light of day was because of Australia's economic boom from commodities: "We didn't focus on other areas back then that could have been growth accretive. But now we're saying to government that this is an area where we can remove the barriers and do what we can to make Australian funds management attractive to overseas investors - Asian ones in particular."

Loane added that 2017 would also be important for Australian fund managers because of the ongoing market volatility in the wake of Donald Trump's election and Brexit; this is the point where fund managers, super funds and the FSC need to "talk about the value fund managers create."

"We're going to be talking more about that this year," she explained.

"It's something the average consumer doesn't understand - you put your money in a super fund and it's the fund managers making sure that grows in an environment where returns are under pressure. We're putting together a consumer-friendly document this year, a bit like funds management 101."

Following on from that, Loane said another key FSC priority this year will be delivering what she has previously described as Super 2.0.

"Our super system has been going for 25 years, and it needs a change. It needs to be opened up to choice and competition so we can make it productive and effective," she said.

"The Productivity Commission is tasked with this at the moment. We believe if the default system is opened up to competition, that will be quite beneficial for consumers because they will be able to exit underperforming super funds and choose their own."

This article was first published by Financial Standard on 17 Jan 2017.

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