



## MEDIA RELEASE

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### STATE OF THE FUNDS MANAGEMENT INDUSTRY REPORT

The Financial Services Council (FSC) is today pleased to launch the State of the Funds Management Industry Report prepared by KPMG, which lifts the lid on the regulatory and tax policy settings that are limiting Australia’s funds management industry becoming a major global financial services centre.

KPMG has found Australia’s funds management industry continues to see significant growth with \$4.31 trillion in funds under management (FUM) – an increase of 13 per cent from \$3.81 trillion in June 2020. However, just 6.5 per cent of overall FUM in Australia is sourced from overseas, compared to 78 per cent in Singapore, 90 per cent in Ireland and 95 per cent in Luxembourg.

CEO of the FSC, Blake Briggs said: “Australia has a globally sophisticated funds management industry, with low fees by global standards, but is missing out on the opportunity to manage offshore due to regulatory and tax policy settings that fall short of international peer comparisons.

“The significant foreign capital managed in other financial centres is not an accident. This has been achieved through a deliberate focus by these jurisdictions on regulatory and tax reform that support the global attractiveness and competitiveness of their funds management sectors.

#### **Change is required to help Australia compete globally**

The report makes a number of recommendations to enhance the competitiveness and attractiveness of Australia’s funds management industry.

Key recommendations include:

- Developing transition arrangements to deliver a globally competitive Corporate Collective Investment Vehicle.
- Updating and reviewing a variety of tax rules so that Australian managed vehicles are competitive with other financial centre jurisdictions.
- A mechanism for old legacy funds management products to be converted into modern products to deliver better outcomes for consumers and encourage product innovation.
- Legislating climate-related financial risk disclosures for Australia’s significant businesses to allow fund managers to improve pricing of climate risks; and
- Continued examination of the Your Future Your Super performance test to avoid unintended consequences and to ensure the test approach and benchmarks are not adversely constraining investment decisions.

A copy of the full report is available [here](#).

## Snapshot of Australia's funds management industry

- 647 fund managers operating in Australia
- 560,000 people employed in Financial Services
- 3,656 total number of managed investment schemes
- \$4,306 bn total funds under management (FUM)
- \$3,485 bn total FUM in managed funds
- 6,451 number of products offered by fund managers in Australia
- 6.5% of FUM exported.\*

\*See the State of the Funds Management Industry Research Report, 1 July 2023 (full Report) for references

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### **About the Financial Services Council**

The FSC is a peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia's largest industry sectors, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers and financial advice licensees. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing more than \$3 trillion on behalf of over 15.6 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is one of the largest pools of managed funds in the world.