

The Treasury
Langton Crescent
PARKES ACT 2600
AUSTRALIA

3 December 2013

Dear Sir/Madam

SUBMISSION – FINANCIAL SYSTEM INQUIRY

Please find attached my submission on the terms of reference for the Financial System Inquiry. I have limited my comment to a single matter that I believe is significant, but not specifically addressed by the terms of reference as they currently stand.

The matter is one that I have tracked over many years in my role on the Investment Sub-Committee of IFSA (now FSC) and the Regulatory Committee of the Australian Chapter of AIMA and in my various executive roles in funds management firms over the past 30 years.

My submission follows:

The Johnson Report (“Australia as a Financial Services Hub” 31 July 2008) observed that the finance and insurance sector is the third largest sector in the Australian economy accounting for 8.6% of total industry output in 2007, but remains domestically focused with the sector accounting for less than 1% of total exports by value in 2007 (and remained less than 1% in 2011).

While there have been further reviews since the Johnson Report, including by the Board of Taxation, and some movement towards regulatory reform, this issue has not been addressed at its core, and remains a limitation on the growth in Australia’s prosperity.

Given the size of the opportunity, this matter should be included specifically in the inquiry’s terms of reference.

Kind regards

Rick Steele