


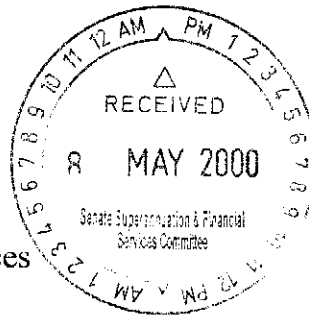
# **Senate Select Committee on Superannuation and Financial Services**

## **Main Inquiry Reference (b)**

**Submission No. 13**

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2 May, 2000



The Secretary  
Senate Select Committee on  
Superannuation and Financial Services  
Parliament House  
Canberra ACT 2600  
Australia

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Dear Secretary,

**RE: Eligibility for Collective Investment Vehicle (CIV)**

We are writing to you on behalf of the Skandia organisation, a potential new entrant into the Australian Financial Services market.

The Skandia organisation has its origins in Sweden, dating back to 1855, but today it is a dynamic global financial services company operating in 25 countries.

The success of the Skandia organisation has been its ability to adapt to the changing needs of the market place and today is seen as a personal financial services company offering savings solutions to many investors throughout the world.

When undertaking the feasibility study of the Australian market we have been encouraged by many reforms to improve the competitiveness of the Australian market place and provide more global investment opportunities to the Australian public. For example the removal of the Foreign Investment Funds tax for US Mutual Funds and the reduction and simplification of the capital gains tax regime are very positive developments.

From our point of view there are however a few inconsistencies in the tax and regulatory environment which we would like to take this opportunity to address.

2 May, 2000



Firstly the issue that to satisfy the proposed CIV regime, the entity must be widely held. The proposed widely held test requires (as we understand) that the entity has at least 300 members and that 20 or fewer individuals do not hold between them 75% or more of the interests in the entity.

Although the widely held requirements do not apply to a fund for the first six months, we believe this is a short space of time for a new entrant to achieve that threshold. We also believe that the 300-member test may prove too onerous and that this should be reduced to a lower threshold.

Furthermore the exemption from Foreign Investment Funds tax provided to US Mutual funds was an important step in the development of Australia as a centre for Global Finance and also from a Skandia perspective. However the non-inclusion of US Mutual funds in the CIV definition appears to have diminished this important development and is somewhat contradictory in relation to the Government's earlier stance of open competition.

The Skandia organisation believes that the Australian financial market place offers some excellent opportunities, equally we believe that we can add another dimension and perspective to the Australian financial market and provide even more investment opportunities to the Australian public.

Please give the above issues due regard when finalising the CIV legislation. If you should require any additional information please do not hesitate to contact us on (03) 9238 2058.

Yours faithfully,

*per*

Johan Hofvander  
Asia-Pacific Regional Manager

Ross Laidlaw  
Country Manager – Australia