



Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (b)

Submission No. 27

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4 August 2000

Select Committee on Superannuation
and Financial Services
Parliament House
Canberra, ACT, 2600

Dear Ms Morton,

Re: Public Hearing – Superannuation and Financial Services – Main Inquiry

In response to your letter dated 27 June 2000 requesting further information to the issues at hand please find the responses below to your questions:

*Is the degree of legislative change an impediment to the global financial centre goal?
(Hansard page 298)*

As we noted in our comments to you, we are concerned that the pace of regulatory change and the cost of complying with new requirements in the marketplace may result in investors, particularly small investors actually having less access to professional advice than previously.

This is because we believe that if the compliance cost in providing advice to small investors becomes too prohibitive, it will result in a reduction in the availability of advice for small investors. The impact on the Australian public will be that they will not deal in direct shares in the first place; or they will deal without the benefit of advice from an experienced adviser. If this occurs, the result will be that small investors who look for advice on individual shares will in reality be less protected than previously.

This outcome is not desirable from a public or political perspective. With the massive increase in the number of Australians holding shares and the increase in the number of execution only stockbrokers, we think that timely and well researched advice has never been of greater value

Should Mr Les Hosking's Australian Centre for Global Finance (now called AXISS) continue to operate after its current two-year mandate? At what level of funding?

It should be reviewed at the time with reference to its achievements of stated objectives.

An issue raised at the Committee's hearing in Sydney was the need for 'national trading day' – a harmonising of State/Territory holidays or agreement to trade on common days to ensure consistent financial trading. Is this a significant issue?

Not in our opinion.

Education and training of fund managers, traders, prudential supervisors and the consumer public is emerging as a major issue. You noted that your organisation trains its own staff. However, would you recommend funding for practical education of professionals? How should this be coordinated? Is there scope for the development of a holistic approach from primary school right through to University and post-graduate professional level?

Funding of education and training requires further investigation. We would note however that once the fundamentals are in place, nothing could replace on the job experience.

Do you see any need to amalgamate or coordinate the roles and responsibilities of the various financial industry associations?

There has already been a global trend to amalgamate such industry associations, but care must be taken to ensure the interests of smaller groups within the industry are protected.

At our Sydney hearing, the Australian Stock Exchange representatives informed us that the industry has been seeking changes to the Commonwealth Inscribed Stock Act 1911 for over 8 years to enable Commonwealth securities to be settled electronically. Do you have a view on this?

Efficient settlement regimes are essential for Australia to remain globally competitive.

A further major issue raised was the need for a rationalisation of the numbers of clearing houses? Would you agree?

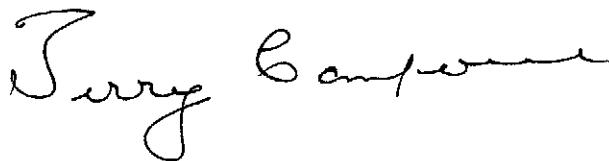
Global standards will emerge over time and this will dictate the level of rationalization.

What niche markets do you see Australia having a comparative advantage with respect to the goal of becoming a financial centre – 'back office' services and trading in carbon emissions credits have been mentioned so far.

Our SEATS system offers competitive bid/offer spread, CHES is excellent and ours is a liquid market.

Please let me know if we can be of further assistance.

Regards



T.A. Campbell
Executive Chairman