

# New trimester model for the Institute

A new trimester model, the next investment management conference, the new online PD Direct program and a mortgage broking course are some of the Institute's new initiatives, says **CEO BRIAN SALTER**.

**T**he Institute will be moving to three trimesters in 2005, providing students with more convenient and flexible study options. Under the new plans, the first and second trimesters will commence slightly earlier than the current model and the third trimester, previously Summer School, will no longer fall over the Christmas period.

Subject offerings will be spread evenly across the three trimesters. The new model directly responds to student study preferences, and Institute practitioners will also benefit from more balanced workflow across the year. Subject offerings will be available on the Institute's website later this year.

## ***Australasian Investment Management Conference***

The program for the next AIM conference (Thurs and Fri 16-17 Sept 2004 Four Seasons Hotel Sydney) co-sponsored by the Securities Institute, SSFA and MSFA, will provide provocative insights and practical knowledge that directly affects investment professionals operating in global markets. The plenary sessions will focus on broad industry issues and trends. Specialist sessions will address key investment management issues facing analysts, portfolio managers and other investment professionals. For more information visit ([www.securities.edu.au/aimc.04](http://www.securities.edu.au/aimc.04)).

## ***New mortgage broking course***

The Securities Institute is raising the standard in the mortgage broking industry through the newly developed Certificate IV in Financial Services (Finance/Mortgage Broking). Now enrolling, the qualification carries

endorsement from the Mortgage Industry Association of Australia (MIAA) and will provide the tools required for a successful mortgage broking career. Developed by leading industry practitioners, this certificate matches the draft industry-endorsed competencies for finance/mortgage broking. It also meets the requirements of the new Financial Services Training Package (released in September 2004). Information on this new course is available by contacting the Institute on 1300 880 121.

## ***Mortgage industry induction***

Work is underway on this interactive online program that will provide a clear and thorough introduction to the functions, structure, participants, products and regulation of the mortgage industry, together with an explanation of the loan process.

## ***PD developments***

Professional development activities continue to attract excellent participant numbers nationally and regionally. The latest ASIC Speaks series ran nationally over June, and APRA workshops on superannuation licensing, registration and reporting will occur from August until October around the country.

## ***PD direct***

A major project to provide an online continuing professional development program for financial advisers, accountants and stockbrokers was delivered on 1 September. The program provides up-to-date content focusing on latest changes in the market, new products, compliance and regulatory change, taxation and planning issues across all adviser areas. Interactive

## TRIMESTERS AT A GLANCE

### **Trimester 1**

24 Jan 2005

### **Trimester 2**

23 May 2005

### **Trimester 3**

19 Sep 2005



**BRIAN SALTER**  
ASIA  
Chief Executive  
Officer

**BRIAN SALTER PRESENTS FUND AWARDS**

The Securities Institute was a proud sponsor of the inaugural Standard & Poor's Australian Fund Awards, held at the Australian Stock Exchange in Sydney on 25 August, 2004. This is the first year the awards have been held in Australia, but they are in their 13th year internationally. The Awards recognise and celebrate excellence in the fund management industry.

In a show of support for the achievements of industry

professionals, Brian Salter, Chief Executive Officer of the Securities Institute of Australia, presented awards to winners of the Balanced Funds category. As part of his presentation, Mr Salter reinforced the Institute's commitment to raising industry standards and advancing career success through the delivery of quality education within the finance sector.



learning features, combined with assessment for each subject, provide an online, structured program that is a flexible and cost-effective solution to meet the compliance needs of participants.

### **Superannuation licensing, registration and reporting explained**

APRA and the Securities Institute's half-day workshop program aims to provide a practical understanding of the licensing and registration process for superannuation trustees. Workshops were available in all regions from mid-August to the end of September.

### **POLICY AND ADVOCACY**

On 25 June 2004, the ninth phase of the Corporate Law Economic Reform Program, the *CLERP (Audit Reform and Corporate Disclosure) Act 2003* passed through Parliament and took effect from 1 July 2004. In working towards achieving a balanced outcome, the Institute provided feedback on particular CLERP 9 proposed amendments and additional policy measures. Dialogue was undertaken with the Government, Opposition, Democrats and Treasury representatives, particularly during the period of debate in the Senate.

In addition, the Institute provided comments to ASIC on a number of its CLERP 9 policy proposal papers, particularly in relation to the product disclosure provisions. The Institute has long advocated high standards in disclosure as essential for ensuring that

investors can compare financial products and financial investments. Therefore, we endorse regulation aimed at ensuring offer documents contain accurate information, presented in a clear and non-ambiguous manner. However, we expressed our concern with the subjective nature of the 'clear, concise and effective' obligation, especially in relation to how ASIC may administer the law through the issuance of stop orders for those disclosure documents deemed to not meet the presentation requirement.

### **Review of constitutional basis of corporations regulations regime**

The Institute contributed to the 'Coalition for Corporate Certainty' response to Government on its review of the constitutional basis for the corporations regulation regime. The Coalition's submission indicated that after three years, the operation of the current corporations regulations regime has contributed to certainty and confidence in the corporations law, and therefore strongly supported the extension in time of the existing scheme. The Coalition also endorsed a permanent referral of the corporations' power to the Commonwealth.

### **Transition to international accounting standards — Australian IFRS equivalents platform**

By the 30 June 2004 deadline, the Australian Accounting Standards Board (AASB) issued all the Australian equivalents of the International

Financial Reporting Standards (IFRS) set for introduction from 1 January 2005.

Preparing for a smooth transition to international standards represents a major challenge for financial report preparers, but also for financial report users (eg company management, shareholders, analysts) who will need to be aware of the significant reporting changes and expected financial impacts.

Since the 31 March 2004 release of the IASB stable platform of applicable international standards, the Institute has examined accounting issues related to *IASB ED 6: Exploration for and Evaluation of Mineral Resources*, *AASB ED 131: IASB Proposed Amendments to IAS 19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures*, and *AASB ED 132: IASB Proposed Amendments to IAS 39 Financial Instruments: Recognition and Measurement – The Fair Value Option*.

With the ongoing controversy surrounding IAS 39, which is of particular interest to Australian banks and insurers, the Institute is preparing a submission to the IASB, which will not support the changes proposed by the IASB to limit the application of the fair-value option in the financial instruments standard to five specified situations when the fair value is verifiable.

In response to the IASB Chairman's request for nominations, the Institute put forward nominees for the IASB Insurance Working Group; for the IASB Financial Instruments Working Group to examine the fundamentals of the IAS 39 standard; and for the International Advisory Group on Reporting Financial Performance/ Comprehensive Income being formed by the IASB, FASB (US) and UK Accounting Standards Board to improve the information presented in the financial statements of business enterprises.

### **Institute comments on APRA 'fit and proper' requirements**

In a submission to APRA on its Consultation Paper *Fit and Proper Requirements* and Draft Prudential Standard *APS 520: Fit and Proper for ADIs*, the Institute supported high standards of corporate governance and highly developed risk management practices.

The safety and soundness of financial services institutions is crucial for the confidence with which Australians

conduct business with these institutions, as well as for the overall stability of the Australian financial system.

### **Trans-Tasman mutual recognition**

In the next iteration of moving towards greater trans-Tasman cooperation, the Department of the Treasury and the New Zealand Ministry of Economic Development released a Discussion Paper *Trans-Tasman Mutual Recognition of Offers of Securities and Managed Investment Scheme Interests*. The Institute believes that this initiative will support greater investment between Australia and New Zealand, enhance competition in our capital markets and reduce compliance costs for business. For further information on the Institute's response, see p24 in this edition of JASSA.

### **Recent superannuation and retirement incomes reforms**

As part of the Federal Budget announcement made by the Government in February and May, the Government released a number of pieces of legislation that would substantially change the treatment of superannuation and retirement incomes. Some of these legislative measures have now been enacted (a few measures remain outstanding because they do not commence until July 2005

and there are implementation issues to be determined).

The *Superannuation Budget Measures Bill 2004* proposed measures to amend the superannuation co-contribution scheme by increasing both the level of matching and the maximum threshold and reducing the superannuation contribution surcharge. In a submission to the Senate Standing Committee on Economics, the Institute endorsed the measures as providing a greater incentive for Australians to save for their retirement by encouraging a higher level of superannuation savings.

We consider that the reforms will foster a savings culture by providing incentives for individuals to consider their long-term financial position, and therefore encourage improved standards of living for retired Australians. However, while acknowledging that the surcharge structure is aimed at high-income earners, we commented that it does not capture the intended target group, but rather captures a much wider sector of the working community.

The Institute also commented on the *Family and Community Services and Veterans' Affairs Legislation Amendment (Income Streams) Bill 2004*, which proposed to change the social security and veterans' affairs means test assessments of income streams. In a

submission to the Senate Standing Committee on Community Affairs we acknowledged that the extension of assets test exempt status to the market-linked income stream (MLIS) would increase competition in the provision of income stream products as well as provide Australians with flexibility in structuring their retirement savings. In doing so, these reforms would give effect to the Government's commitment for "a more flexible and adaptable retirement income system".

While the Institute identified a number of advantages of MLIS products, we also expressed our concerns regarding longevity and fluctuating income. In addition, the current income tax laws would not allow this product to be used with non-superannuation based monies.

### **Response to draft guidelines on price-sensitive decisions**

*The Treasury Exposure Draft: Guidelines for the Release of Price-Sensitive Decisions by Australian Government Departments and Agencies* states that "experience indicates that listed entities cannot always be relied upon to comply with these information [continuous disclosure] requirements". In our response to the draft guidelines, the Institute strongly disagreed with the

## CUSTOMER SATISFACTION AND JASSA SURVEYS

The results of the customer satisfaction surveys of members, practitioners and students carried out during March 2004 have now been collated, and we are now analysing the implications for Institute services to all its customers. There were excellent levels of questionnaire completion for all surveys, and the cross-section of respondents reflected the overall characteristics of each category of Institute customers.

There are clear indications that all groups consider information from the Institute as the major priority and the website as almost equal in importance to all groups. Members also consider services and benefits as important

service factors. The Institute will need to continue to improve services and benefits to members, the information we provide and our advocacy and representation.

The JASSA readership survey, carried out at the end of March, provided an up-to-date picture of JASSA readership habits and behaviour, and measured perceived relevance to readers. The results should help to identify ways in which JASSA may be improved to better meet the needs of readers and reflect the growing diversity of Institute membership. The Institute's Executive team is considering the detailed results analysis at present, and the Editorial Board considered the

findings at their meeting in early June.

Congratulations to **Edward Timothy Platt ASIA**, the winner of the Member survey prize, to **Andrew Vance Clegg**, the winner of the Student survey prize, to **Mark Faul SIA (Aff)**, the winner of the Practitioner survey prize, and to **David Plant SIA (Aff)**, the winner of the JASSA Readership Questionnaire prize. All received a complimentary bottle of 1997 Penfolds Grange wine.

We wish to thank all our respondents. Your feedback will assist the Securities Institute to improve the relevance and usefulness of all our services to you, and especially JASSA in the case of our readers.

**UPCOMING ASAF 2004 CONFERENCE**

The Asian Securities Analysts Federation (ASAF) 2004 Conference will be held in Tokyo on Tuesday 19 October. Potential participants should use the special website (<http://www.asaf2004.com>) from which online registration can be easily made.

For those countries which require an entry visa to Japan, the process may take more than one month, and applications should be made as soon as possible. Mr Karita, ASAF Manager, can be contacted at [asaf-manager@saa.or.jp](mailto:asaf-manager@saa.or.jp) if you have any questions.

confidence. For further information on the Institute's response, see p25 in this edition of JASSA.

**'On the Hill' meetings in Parliament**

Various meetings were held with key Government stakeholders, political advisers and bureaucrats in Canberra on retail and wholesale policy issues. Key issues discussed included: superannuation and retirement incomes, financial planning, consumer education and financial literacy, anti-money laundering reforms, continuous disclosure, FSR and CLERP 9 implementation issues and takeovers regulation reforms.

Meetings have also been held with key stakeholders such as the ASX, ASIC, Australian Consumers Association, Australian Shareholders' Association, Australian Institute of Company Directors and Institute of Chartered Accountants on a range of policy matters.

inference that there are widespread compliance problems with the continuous disclosure regime. Nevertheless, we reinforced our support for disclosure mechanisms that promote market integrity and investor confidence by encouraging a fully informed marketplace.

**Institute supports national strategy on financial literacy**

The Securities Institute lodged a submission to the Commonwealth's Consumer and Financial Literacy

Taskforce on its discussion paper *Australian Consumers and Money*. The Institute's submission reveals that achieving a financially literate Australia is a plus for the economy and advocated that a Commonwealth Inspector-General of Financial Literacy should be established.

The Institute believes that consumer and financial literacy programs must be made available for all sectors of the Australian population so that consumers and investors can participate in the financial services industry with

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- › When scientists begin working on genetically modified organisms, does it matter to you that they operate within the boundaries of an established ethical framework?
- › When law enforcement officers seek new powers to combat terrorism or organised crime, does it matter to you that they strike a proper balance between the need for security and your right to enjoy your freedom?
- › When you wait in a queue for medical services, does it matter to you that your carers apply an ethical basis when allocating scarce resources?
- › When your child's school community is traumatised by the suicide of a favourite teacher, does it matter to you that the governing body be able to reconcile their duty to the living with that owed to the dead?
- › When developers seek to resume your land in the name of the community, does it matter to you that the good of the many be tempered by fairness to the few?
- › When your employer is under pressure to risk your safety in order to finish the job on time, does it matter to you that management recognise an ethical obligation that transcends the need to make a profit?

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