PD goes online

The Institute is about to launch its online continuing education program.

PD Direct, a new learning management system designed to provide practical, interactive and current PD education through an individualised online system of delivery, will be launched in early 2005. PD Direct is currently available to corporate customers, whose feedback has guided the final stages of the project.

The program is designed to help members working as financial planners, private client advisers, accountants and responsible officers and executives to meet the continuing education requirements of ASIC PS 146, and covers compliance, regulation and taxation changes, and topical issues concerning financial planning, securities, derivatives, superannuation, managed investments and risk insurance.

PD Direct will provide members with a faster and more efficient way of learning, and improved recording and tracking of their PD points. The Online Learning Centre will provide interactive exercises, complete with downloadable information and audio visual learning aids, designed to make it easier for members to study in their own timeframe the topics that they need to cover.

Members and their employers will take greater control of learning outcomes, with transcripts of PD easily accessible and reproducible. PD Direct will conduct online training needs analysis by assessing an individual’s training needs, identifying the gaps, and responding with an individualised appropriate program for PD learning.

The new Mortgage Industry Induction Program and Certificate III will also be available online to SIA customers.

Post-election policy environment

The SIA’s policy team produced several special edition Policy Updates during the federal election outlining key policy initiatives of the major political parties. These are available on our website in the policy and advocacy section.

Following a cabinet reshuffle after the election, there are new ministers within the Treasury portfolio, and the SIA has already made contact with them as part of our formal advocacy program.

The SIA is currently preparing a member survey for distribution before Christmas. The survey will ask members to advise us of those matters of concern in both the retail and wholesale policy areas. This member feedback is important as it goes to forming our policy program for 2005, and I would encourage you to have your say by participating in the survey.

Our 5 policy committees covering the following areas:

- Markets Policy Group
- Company Reporting Subcommittee
- Regulatory Compliance Subcommittee
- Financial Advising Committee
- Consumer Affairs Taskforce and Ethics Advisory Committee

will be meeting in early 2005 to ‘brainstorm’ emerging policy issues and key priorities.

ACCC’s new process for informal merger review

On 1 October, the SIA hosted a professional development luncheon in Melbourne with Graeme Samuel (Chairman, ACCC), Pamela Hanrahan (Associate Professor of Law, University of Melbourne) and senior industry representatives to discuss trade practices law and competition policy.
This event was timely as the ACCC was consulting on its proposed Guideline for Informal Merger Reviews. Building on the discussion during the luncheon, we provided a formal submission to the ACCC and followed this up with a formal consultation meeting to discuss some of our concerns with the proposed changes to the informal merger review procedure.

We supported the proposed Guideline as it enhanced procedural fairness, timeliness, accountability, transparency and efficiency of the informal merger clearance system, but we were significantly concerned with the ACCC proposal to disclose information to the market through a Statement of Issues.

In particular, we were concerned with the ACCC (as opposed to the merger parties) having the power to determine in a non-compulsory notification process that information should be publicly disclosed, and when this information should be made available to the market.

While the Institute is an advocate for practices that promote informed markets, we hold reservations about procedures that may unintentionally create partially informed or false markets or compromise commercially sensitive information. It is important to ensure that the informal merger review process remains flexible to permit non-complex transactions to proceed expeditiously.

The new procedures supplement the existing Merger Guidelines and took effect on 18 October.

**ASIC’s PPP on dollar disclosure**

On 10 August, ASIC released a policy proposal paper on the dollar disclosure provisions of the Corporations Act (as amended by the Financial Services Reform Amendment Act 2003) and the Corporations Regulations (as amended by the Corporations Amendment Regulations 2004 (No 6)).

The dollar disclosure provisions require fees, costs, benefits and interests to be disclosed in dollar amounts in Statements of Advice (SOAs), Product Disclosure Statements (PDSs) and Periodic Statements. The key areas of concern for the Institute are: financial market traded derivatives, worked examples, and brokerage and other remuneration. We have requested that ASIC make the appropriate class determinations for relief, reflecting the practical difficulties associated with providing some disclosures in dollar amounts for particular financial products and services. We will continue to monitor, and comment on, policy development on ‘fees and charges’. For further information on this policy issue, see page 25.

**Analysts comment on trends that emerged during the reporting season**

Each year the Securities Institute invites a team of analysts and corporate finance practitioners to identify any reporting anomalies or problem areas encountered in the results reports. By focusing on the ‘report user/interpreter perspective’, this year’s assessment concentrated on a number of new and additional reporting requirements for the 2003/2004 reporting season (ending 30 June 2004). The main reporting issues identified include:

- Appendix 4D/4E Reporting Format: While there are clear improvements, there are still some analysts concerned about missing information and inconsistency in detail in reporting the half-year and preliminary final results to the ASX;
- Shorter Reporting Period: Reporting companies did not seem to experience major problems with a shorter timeframe, but analysts and auditors experienced resource allocation and coverage problems within the compressed period;
- IFRS Impact Statement: Initial compliance with the requirement appeared to be poor for the preliminary final report, but it is assumed that IFRS preparation and impact requirements will be properly addressed in the full set of accounts in the annual report;
- Corporate Governance Statement: Companies had either not given much thought to including this statement in their Appendix 4E report or had provided too much information on general governance processes and practices. Analysts anticipate that corporate governance reporting will improve and develop standardised approaches over time.

**Aging population**

Australia’s ageing population was an issue which struck a chord during the federal election campaign. The SIA has already been active in this policy area with various submissions to government departments.

The overall policy position of the SIA is that the provision of a financially secure retirement is crucial for all Australians and that governments must adopt integrated long-term approaches to retirement incomes.

The Ministry for Revenue and Assistant Treasurer, Mal Brough, has called for public comment on the Government’s transition to retirement policy and the Treasurer’s policy statement, ‘A more flexible and adaptable retirement income system’.

The Productivity Commission also examined the economic implications of an ageing population (on which the SIA lodged a submission) and its report was released in late November.

Further information on ageing population initiatives can be found on page 24.

**Guidance for research analysts**

ASIC has issued its final guide for research analysts, Managing conflicts of interest, which will supplement Policy Statement 181: Licensing: Managing conflicts of interest [PS 181]. The SIA has been working closely with ASIC on the guide, which aims to provide particular guidance to research analysts in meeting the conflicts management obligation under the law in terms of controlling, avoiding and disclosing research-related conflicts.

**Professional development update**

Members who select the Financial Advising SIG option on the SIA Members homepage at www.securities.edu.au/members now receive 10 e-newsletters per year on topics of interest to the financial advising/planning sector. These newsletters provoke good levels of interest and feedback to the provider, Tony Negline of All Things Considered. New recipients and suggestions for
New Member trends for 2004 reach new heights

We welcome our many new members for the year! The year-to-date new members numbers have now reached 2,069, which is the highest level of new members for some time, and certainly higher than both 2002 (1,871) and 2003 (1,639). We hope you will receive good value from your SIA membership and remain with us for many years to come.

Regional PD roundup

Vic/Tas region: Financial Planning Special Interest Group members now meet once a month in the Melbourne office of the Securities Institute to discuss topics relevant to the financial planning industry. SIA members, representing a wide variety of financial service providers ranging from large corporate firms to self managed small businesses, discuss and explore issues common to financial planning industry practitioners, and from these discussions, generate potential topics for seminars that would appeal to the wider financial services community.

Since July 2004 the Special Interest Group has been able to initiate several seminar topics including Retirement Income Changes, Growth Pensions, Risk Profiling and Asset Allocation, all of which were extremely successful with attendance numbers well exceeding initial targets. The Group will shortly be winding up for the year with a fun networking/social event and will commence meetings again early in 2005. New participants are welcome.

NSW/ACT region: Following the success of the face-to-face SIG meetings in Melbourne, similar meetings are planned for Sydney during 2005. Interested participants and ideas for meeting topics are welcome. Please contact John Watson at j.watson@securities.edu.au or on 02 8248 7538 to register your interest or with your ideas.

A Fellows event was held in early December to celebrate the continuing support and loyalty of a distinguished group of our members.

QLD region: Queensland region held an Inaugural Fellows’ Dinner in September which was well attended and a very successful occasion. A fully sponsored Golf Day in August was similarly successful.

The region is currently in the process of initiating a face-to-face financial planning SIG and more information will be published to QLD members in the coming year. In the meantime, if you would like to assist or show your support, please contact the QLD office on 07 3234 7888 or sia.qld@securities.edu.au. At this stage it is proposed to hold one networking function per quarter.

SA/NT Region: The region has moved to inaugurate SIGs for Women in Finance and Young Professionals, with two very successful women’s group workshops and three young professional events held over the year. Business leaders lunches have also proved to be a good means of attracting high-level local business people to Institute events.

WA region: A most successful Fellows Dinner was held in July 2004, and a very well attended Wesfarmers Luncheon with Michael Chaney in August was a huge success.

Regular showcases on Biotechnology, Gold and Petroleum are very popular and successful.

Best wishes for Christmas and the Festive season to all our members and readers. We hope you enjoy a restful break and return invigorated for a happy and healthy 2005.