



Media Release

Senator Mathias Cormann

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Coalition welcomes Oakeshott opposition to FOFA Opt-In

The Coalition welcomes recent comments by Independent MP Rob Oakeshott that he does not support Labor's proposed Opt-In provisions which would force investors to re-sign contracts with their financial advisers every two years.

"The Coalition has said from the outset that Labor's proposal to force people to keep re-signing contracts with their financial advisers was bad policy which would add unnecessary red tape, increasing costs for both small business financial advisers and their clients", Shadow Financial Services Minister Mathias Cormann said.

"Given the new statutory best interest duty, complete transparency of financial advice fees with consumers able to opt out of any financial advice arrangements means consumers can make their own choices about the ongoing value of their financial advice relationship.

"There is no need for government to get involved by imposing additional costs and regulatory burdens which would be created by Labor's Opt-In proposal.

"Treasury estimates indicate that an average small business financial advisory firm would face \$50,000 in additional costs each year under Labor's Opt-In proposals.

"These additional costs would have a significant impact on smaller and regional financial advisory practices limiting availability, accessibility and affordability of high quality advice to consumers.

"Bill Shorten's push to force people to re-sign contracts with their financial advisers would make Australia the world champions in red tape in this area.

"That is not a title we should aspire to.

"We are pleased to see that Mr Oakeshott has recognised that these changes would hurt financial advisers and consumers.

"We hope that he will also see the merits of our policy argument that banning commissions on risk insurance inside superannuation would create inappropriate distortions in the market, reduce choice and increase costs for consumers.

"We already have a problem of underinsurance in Australia, which this proposed ban would only make worse because it increases the upfront cost of taking out adequate risk insurance.

"We look forward to working with Mr Oakeshott and the other Members of Parliament to ensure that Labor's latest version of FOFA proposals are amended to avoid increased red tape and costs for both financial advisers and consumers," Senator Cormann said.

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