



# Media Release

## Senator Mathias Cormann

### *Shadow Assistant Treasurer*

### *Shadow Minister for Financial Services and Superannuation*

11/1020/PK

20 October 2011

#### **Conflicted Shorten wants hidden fees for union super mates**

Bill Shorten's intra-fund advice changes will slug super fund members with hidden fees for financial advice they may never receive by introducing undisclosed commissions in superannuation.

"It is hypocritical for Bill Shorten to attack small business financial advisers and then attempt to legislate to specifically permit hidden financial advice fees for super funds in MySuper," Shadow Minister for Superannuation and Financial Services Mathias Cormann said today.

Under Bill Shorten's draft MySuper legislation the cost of intra-fund advice will be treated as an administrative cost and will be charged to every member of an industry super fund every single year even if that member does not access such advice.

Complex financial advice costs will be defrayed across the membership of default funds when according to the Cooper Review, 80 per cent of Australians are inactive superannuation members.

"It clearly pays to be a union mate of Bill Shorten in the industry super fund network.

"Minister Shorten continues to protect the monopoly of industry funds as default funds in modern awards and he has done nothing to improve corporate governance as recommended by the Cooper Review. The Productivity Commission review of default funds in modern awards remains an unfulfilled election promise.

"Under Bill Shorten's draft legislation intra-fund advice provided by union-dominated industry super funds would not be subject to the proposed prohibition on commissions, enhanced disclosure or transparency measures of the Future of Financial Advice reforms.

"Further, intra-fund advice will not require the opt-in provisions Bill Shorten is trying to impose on every other financial adviser across Australia.

"Now Bill Shorten is giving the industry super funds one more monopoly right at the expense of super fund members who will be forced to pay for advice that they don't receive.

"This completely undermines the proposed ban on commissions and entrenches cross subsidisation of financial advice costs in the compulsory superannuation system.

"The Parliament should reject Shorten's continuing attempts to favour industry super funds at the expense of super fund members and every other participant in the financial services industry," Senator Cormann said.

#### **MEDIA CONTACT:**

Senator Cormann

0411 874 546