



# Media Release

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#### **RIPOLL INQUIRY MARK II NEEDS TO SORT OUT SHORTEN FOFA MESS**

The parliamentary inquiry into Labor's FOFA Bills starting tomorrow provides an important opportunity for all stakeholders to expose the many flaws in the current legislation and to help force the government to make some necessary changes before it is passed by the Parliament.

In its current form FOFA would impose excessive and unnecessary additional red tape, which would unnecessarily push up costs for both financial services businesses and for consumers.

Labor's push to force people to re-sign contracts with their financial advisers on a regular basis is just one example of unnecessary additional red tape which will do nothing to improve the quality of advice, yet would make financial advice more expensive for consumers to access.

We need sensible reform to further improve the professionalism, transparency and competitiveness of the financial services industry, while ensuring that access to high quality financial advice remains accessible and affordable.

The original PJC inquiry into financial services and products – the so called Ripoll inquiry which reported back in 2009 – was a very good and widely supported basis for financial services reform.

That inquiry never recommended the introduction of a regular mandatory Opt-In requirement, nor did it recommend a ban of commissions on risk insurance inside superannuation.

Instead of implementing the sensible recommendations of the Ripoll inquiry, Bill Shorten allowed his friends in the union dominated industry super funds movement to hijack the FOFA reform agenda.

The current version of FOFA would make us the world champions in financial services red tape. That is not something we should aspire to.

According to Bill Shorten's own Explanatory Memorandum, FOFA is expected to cost 6,800 jobs in the financial services industry. (Ref: page 44, EM, *Corporations Amendment (Future of Financial Advice) Bill 2011*).

And according to the government's own Office of Best Practice Regulation, Labor's FOFA Bills breach the government's own best practice regulation requirements.

Furthermore, many parts of the current FOFA Bills are poorly drafted, creating more uncertainty and the potential for unintended consequences.

Finally, the current FOFA time table is completely unrealistic. I call on Bill Shorten to come out today and announce a delay of the FOFA implementation date well beyond 1 July 2012.

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