



Media Release

Senator Mathias Cormann

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Shorten conflict undermines FOFA reform effort

The Labor government continues to put sensible reforms of the financial advice industry at risk by sacrificing the genuine need for reform to the vested interests of union-backed industry super funds.

"Bill Shorten continues to target small businesses and financial services competing with his friends in industry super funds instead of pursuing a balanced policy in the public interest," Shadow Minister for Financial Services Mathias Cormann said.

"A number of key features of the proposed FOFA legislation released today will unnecessarily increase costs and red tape for consumers and businesses for questionable consumer protection benefit," he said.

"Bill Shorten's approach to FOFA appears conflicted and unbalanced.

"The Coalition supports reforms of the financial services industry which increase transparency, competition and consumer choice.

"The Coalition supports the introduction of a statutory best interest duty.

"However, the Coalition does not support Labor's push to force people to re-sign contracts with their advisers on a regular basis.

"With the best interest duty in place, appropriate transparency of fees charged and an ongoing capacity for clients of financial advisers to opt out there is adequate consumer protection without the need to impose additional red tape.

"We have already welcomed Minister Shorten's backdown from his proposal only 4 months ago to ban all commissions on risk insurance inside super.

"He has come a long way towards adopting Coalition policy on this issue.

"We will assess his latest proposal on the treatment of commissions on risk insurance which effectively introduces a three tiered system - outside super, inside super and inside the yet to be legislated MySuper.

"Now that the FOFA legislation has finally been released, we will assess it in detail and in close consultation with all relevant stakeholders.

"Our commitment is to support policy which will make things better not just more complex and less affordable," Senator Cormann said.

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