

Minority Report by Opposition Members

1.1 Whilst in general the measures in the Bill represent some progress towards simplifying some elements of our complex financial regulatory system it is far from a comprehensive set of solutions. Indeed it has all the indications of a rushed set of measures. The Treasury submission itself indicates further piecemeal reform is still to occur for example on the major matter of sales recommendation "this matter will be the subject of ongoing development for possible inclusions in a future legislative vehicle ". Further, the regulations will not be available, as they should be, given important detail to be included until after passage of the legislation.

1.2 It is disturbing that after 3 years of Financial Services Reform (FSR) disclosure documentation is still lengthy, complex and unreadable often some 50 to 100 pages. There is every indication from treasury and witnesses that it will be little changed after the passage of this legislation. Further, no consumer testing has yet been carried out by Treasury.

1.3 Given the rushed ad hoc nature of the approach it is necessary to ensure there are not adverse, unintended consequences, particularly;

- Given the lack of regulation details, the critical consumer protections to be contained in the record of advice,
- The "do not directly receive" direct remuneration can be circumvented by indirect remuneration,
- The \$15,000 threshold provides the capacity for many millions of Australians with super balances less than this figure to potentially receive, in some cases poorer advice.

1.4 In this context both S947D detailed in regulations (not provided) and anti mis-selling surveillance will be critical and should be maintained.

1.5 The lack of detail and undertakings from industry that despite a claimed improvement in efficiency and reduction in cost that prices charged will actually fall is of concern.

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Mr Chris Bowen MP

Senator the Hon Nick Sherry

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