

MEDIA RELEASE

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ISN applauds financial services and superannuation reforms

Industry Super Network congratulates the Australian Government on the introduction of the best interests test and provisions prohibiting the payment and receipt of conflicted remuneration as part of the Corporations Amendment (Further Future of Financial Advice Measures) Bill 2011 introduced to Parliament today.

David Whiteley, Chief Executive, Industry Super Network said that the best interests test and prohibition of conflicted remuneration would provide a fairer financial advice system for Australian consumers and ensure that super products would be recommended on the basis of their net performance rather than sales commissions and other incentives paid to financial planners.

“The best interests test and prohibition of conflicted remuneration represent key planks of the Future of Financial Advice reforms and will deliver better quality financial advice services for Australian consumers,” he said.

“Importantly, the new measures mean that financial planners will no longer be able to receive commissions from product providers to recommend certain super funds to their clients.”

Mr Whiteley commented that the reforms contained in both Future of Financial Advice Bills represent a set of moderate, interdependent measures that have been developed through extensive consultation with industry.

“However, the success of these reforms to transform the financial advice industry into a profession is dependent on all measures being passed in their entirety through both houses of Parliament,” he said.

Mr Whiteley also commended the Government on the passing of legislation to raise the Superannuation Guarantee from nine to 12 per cent in the House of Representatives yesterday.

“This new legislation, in combination with the Future of Financial Advice reforms, moves Australia closer to a vastly improved retirement savings system,” he said.

“ISN has long advocated boosting the compulsory Superannuation Guarantee, while at the same time improving the efficiency and equity of the superannuation system through bans on commissions and improving tax incentives for low income earners.

“Increasing the Superannuation Guarantee contribution to 12 per cent will add tens of thousands of dollars to the retirement income of average Australians.”

Industry Super Network will continue to support reforms to financial services and superannuation that help to improve consumer trust and confidence in the system and maximise the retirement savings of all Australians.

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