

Financial advice fees debate to continue

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THE long-running debate on fees and commissions in financial advice is likely to persist into next year, as the Government's super system review examines the maze of fees and charges attached to Australia's \$1 trillion pool of superannuation savings.

Despite the wrapping-up this week of a parliamentary inquiry examining the financial advice industry - including the remuneration of financial advisers - the Government will await the findings of its super system review before making a call on possible legislative reforms.

The three-part super review, which is currently taking submissions, will report to the Government in June.

Late on Monday, the bipartisan parliamentary inquiry recommended that the Government work with industry to develop the "most appropriate mechanism by which to cease payments" - such as commissions - from product manufacturers to financial advisers.

Although it stopped short of recommending laws to ban such payments, the committee called for changes to the Corporations Act to require financial advisers to place their clients' interests ahead of their own. The Australian Securities and Investments Commission, however, had suggested the Government consider legislation to remove such payments from the industry.

"The Government will respond to the committee's report in conjunction with the (super system) review, which will also be looking at commissions and fee structures in superannuation," Superannuation and Corporate Law Minister Chris Bowen said after the report was tabled.

The head of the super review, former ASIC deputy chairman Jeremy Cooper, warned the industry in June that when it came to examining the "maze" of fees and commissions in super, "nothing is sacred. Everything is on the table".

Mr Cooper said there was a view that there were "too many layers and moving parts in super and too much ticket-clipping". "We will try to get to the bottom of this in the review," he said.

The three-part Cooper review is currently taking submissions on its second phase, focusing on the super system's operation and efficiency.

It had deferred a detailed discussion on issues relating to "advice and distribution" until after the release of the Ripoll inquiry's report, and it is understood these topics will be examined in its third issues paper due next month.

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