



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**BILLS**

**Financial Sector Reform (Hayne Royal  
Commission Response No. 2) Bill 2020**

**Second Reading**

**SPEECH**

**Wednesday, 9 December 2020**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

<b>Date</b> Wednesday, 9 December 2020	<b>Source</b> House
<b>Page</b> 16	<b>Proof</b> Yes
<b>Questioner</b>	<b>Responder</b>
<b>Speaker</b> Sukkar, Michael, MP	<b>Question No.</b>

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**Mr SUKKAR** (Deakin—Assistant Treasurer and Minister for Housing) (11:02): I move:

That this bill be now read a second time.

The Financial Sector Reform (Hayne Royal Commission Response No. 2) Bill 2020 continues to fulfil the government's commitment to implement the recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Schedule 1 to the bill will implement recommendation 2.1 by enhancing the framework governing the provision of financial advice to clients under ongoing fee arrangements to address Commissioner Hayne's concerns about fees for no service conduct. Under the legislation:

the client will, each year, receive a forward-looking summary of the fees they will be charged and the services they will be entitled to receive, in addition to the existing disclosure of fees and services;

the fee recipient will need to obtain the client's express written authority prior to arranging the deduction of fees from an account held in the client's name; and

ongoing fee arrangements will relate to the same period each year.

Schedule 2 to the bill implements recommendation 2.2 by introducing a new disclosure obligation to ensure that financial advisers who are not 'independent' in relation to the provision of personal advice, are required to provide their clients with a clear and concise written disclaimer that outlines that they are not independent and explains the reasons why.

Schedule 3 to the bill implements recommendations 3.2 and 3.3 by prohibiting the deduction of ongoing advice fees from MySuper products and increasing the transparency of fees to members.

Collectively, these reforms represent a critical component of restoring trust and confidence in Australia's financial system.

Full details of these measures are contained in the explanatory memorandum.

Debate adjourned.