MEDIA RELEASE

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TARGETED CONSUMER PROTECTION REFORMS STRIKE THE RIGHT BALANCE

The Financial Services Council (FSC) welcomes the reform package announced today by the Assistant Treasurer and the Financial Services Minister, The Hon Dr Daniel Mulino MP, which strengthens protections in the superannuation system for consumers while preserving Australians' ability to exercise their choice of superannuation fund and access financial advice.

CEO of the FSC Blake Briggs said: "The Government's policy commitments maintain the right for consumers to make decisions regarding their own superannuation, while reducing the risk that consumers experience financial harm due to predatory practices and bad-faith actors."

Shield and First Guardian Response

The FSC supports the Minister's announcement that the Government will codify in the law an obligation for superannuation trustees to compensate consumers for financial loss caused by a trustee failing to meet existing investment governance obligations.

Mr Briggs said: "A compensation obligation on superannuation funds if their due diligence process fail and cause to consumer losses is a significant and targeted consumer protection reform. Consumers can have faith that superannuation trustees stand behind their investment governance processes and compensate consumers for losses when they have fallen short of their existing legal duties."

These reforms are complemented by current intensified ASIC and APRA supervision of trustees under existing laws, and the release of the FSC's Standard on best practice investment governance in April 2026, with FSC platform trustee members required to demonstrate a high level of due diligence of the investments and financial advisers that it onboards onto its superannuation service.

The FSC also welcomes the commitment to legislate a requirement that trustees set and enforce advice fee deduction caps, which is a codification of existing regulatory expectations and mirrors a requirement under the FSC Standard.

The FSC welcomes the Government's commitment to closing loopholes in the anti-hawking regime which allowed for predatory lead generation practices to occur.

"The FSC supports clamping down on business practices that rely on unlicensed lead generation activities. These practices have caused immense harm in leading consumers into dud investments that are not in their best financial interest. High-pressure and misleading sales tactics from unqualified and unlicensed entities should have no place in our financial system.

"The Government must now ensure that genuine advice conversations and legitimate referral arrangements continue to be permitted so that Australians' access to financial advice and information is not inadvertently reduced."

The FSC also notes the Government's commitment to progressing the announced Budget measure to uplift ASIC's capability to undertake risk-based supervision and surveillance of managed investment schemes, particularly through more effective and defined data collection.

Mr Briggs said: "The FSC supports the Government's approach to reducing the risk that high-risk and illiquid managed investment schemes systems are being inappropriately distributed to retail consumers, by uplifting the regulator's capability to undertake risk-based supervision, rather than introducing more prescriptive laws that could risk reducing efficient capital formation and competition in the funds management sector."

"The FSC looks forward to working with the Government on uplifting ASIC's managed investment scheme data capability so that the regulator is better able to identify trends and detect risks in the system, and act earlier to stop the risk of consumer detriment."

Compensation Scheme of Last Resort

The FSC is encouraged by the Government's plan to make changes to the design of the CSLR, including limiting CSLR compensation to capital losses. CSLR costs for this year are almost $200m.

Mr Briggs said: "The CSLR had become unsustainable and the FSC recognises the Government has made important decisions to bring the cost of the scheme under control. A sustainable CSLR will ensure its long-term survival as a consumer safety net."

Financial Advice Reform

The FSC welcomes the Minister's renewed commitment to progressing Tranche 2 of the *Delivering Better Financial Outcomes* (DBFO) reforms, in particular the measures aimed at removing red tape and lowering the cost of delivering quality advice.

Mr Briggs stated, "We look forward to working with the Government on getting the details right. Australians' financial wellbeing will be enhanced by having more access to information from financial institutions where their circumstances and queries are simple, through to full financial advice from licensed professional advisors where they are looking for advice on what to do with their full financial affairs.

"The Government's advice reforms should ensure a clear distinction between full professional advice, which tells a consumer what they should do in their personal circumstances, from information and guidance, which outlines what an individual can do.

"Pleasingly, the Government is already making progress on streamlining adviser education standards, which will be critical to increasing the number of advisers in the market and, ultimately, improving access to affordable advice for Australians."

The FSC looks forward to working with the Government as it develops draft legislation on the suite of reforms announced today.

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About the Financial Services Council

The FSC is a peak body which sets mandatory Standards and develops policy for more than 130 member companies in one of Australia's largest industry sectors, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, and financial advice licensees. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing more than $4 trillion on behalf of over 16.9 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is one of the largest pools of managed funds in the world.