

# Palmer cops flak over FoFA backflip

**Phillip Coorey**  
Chief political correspondent

**Clive Palmer** attracted an avalanche of criticism from seniors groups after he cut a deal with the federal government to save its changes to water down Labor's Future of Financial Advice laws.

Mr Palmer secured a commitment from the government for a series of extra conditions after renegeing on previous strong pledges to support Labor and the Greens and veto the changes to Labor's laws that Finance Minister **Mathias Cormann** regulated into existence on July 1.

Seniors groups, which were not consulted about the last-minute deal, said the conditions were a nonsense and would do nothing to replace the safeguards removed by the Abbott government.

Labor accused the government and the Palmer United Party of cutting a dirty deal to sell out ordinary investors to the big banks.

And like the government's eagerness to accept Mr Palmer's eleventh-hour demands on the carbon tax last week, Labor said the last-minute negotiation on FoFA made a mockery of the Coalition's commitment to methodical decision making and red tape reduction.

As revealed by *The Australian Financial Review* on Tuesday, the PUP backflip came after Mr Palmer presented the government with a list of transparency provisions and consumer safeguards that he wanted in return for not vetoing the regulations.

After a day of tense negotiations, in which Labor was also trying to convince Mr Palmer of its cause, Senator **Cormann** won out.

Labor went ahead and proposed disallowing the government's changes. The government, with the three PUP senators and independents **Ricky Muir**, **Bob Day** and **David Leyonhjelm**, won by 34 votes to 31.

The government agreed that within 90 days it will enact regulations to ensure there be binding agreements between investors and advisers that the advice is in the best interest of the investors, and independent. All fees and commission will have to be disclosed to the investor annually if the client has entered into an ongoing fee arrangement after July 1, 2013, something for which the government's laws already

provide.

The government agreed to a 14-day cooling off period, something that already exists in the Corporations Act, and agreed to allow an investor to instruct their adviser in writing to change instructions should there be a change in circumstances.

**Michael O'Neill**, Chief Executive of National Seniors Australia called the extra conditions a "nonsense".

"All they are is part of a grubby deal," he said. "They have treated older Australians with contempt."

**Ian Yates**, chief executive of the Council of the Ageing Australia, said the conditions did nothing to replace the protections removed by the government, "in particular the catch-all best interest protections and the banning of conflicted remunerations".

"We're very disappointed," he said.

Greens Senator **Peter Whish-Wilson**, who drove the disallowance motion for his party, said "if Clive Palmer really thinks he's added something to the whole deal, then he's proved to be a cheap date for the government".

"It adds absolutely nothing," he said, adding Mr Palmer's unilateral deal making circumvented the entire Senate process.

**David Whiteley**, chief executive of Industry Super Australia, said Mr Palmer and the government had "given the green light to dodgy financial advisers". "Of particular concern is the heavy reliance on disclosure despite clear evidence from the regulator, ASIC,

that it isn't an effective tool to improve the quality of advice," he said.

Mr Palmer dismissed the critics as not knowing what they were talking about and said it was better to engage positively with the government and make their laws better.

The government accused Labor of over-egging the claims against its FoFA changes.

The Financial Services Council commended Mr Palmer and others for supporting the government.

Earlier on Tuesday, Treasurer **Joe Hockey** mounted a blistering attack on the **Commonwealth Bank** and the Australian Securities and Investments Commission, after Nationals Minister **Luke Hartsuyker** told the Coalition party room that his parents, like Mr Hockey's mother-in-law, were ripped off by the

CBA financial advice scandal.

Mr Hartsuyker said there should be a royal commission and, if not, a Senate inquiry. Labor has already established a Senate inquiry into the bank after the government refused to have a judicial review.

## Key points

**Seniors groups blasted Clive Palmer's conditions as doing nothing to replace former safeguards.**

**Labor accused the Palmer United Party of selling out investors to big banks.**