

## **Chapter 4**

### **Committee view and recommendations**

#### **The bill in the context of policy for the financial sector**

4.1 The committee notes that the measure in the bill is the product of consultation and review. It further notes that the function of the Australian Financial Complaints Authority will be to ensure that consumers and small businesses have access to free, fast and binding dispute resolution. While this is important for the functioning of the financial sector, it is a discrete and limited part of it.

4.2 A primary concern raised in evidence was the amount of detail which is yet to be determined and which is not spelt out in the current bill, for example, the terms of reference, governance structures or funding arrangements. The second reading speech by the Assistant Minister to the Prime Minister, Senator the Hon James McGrath notes that these are intentionally left to the transition team, the body operating the new scheme and ASIC to establish and review. It is stated that this will create a flexible environment that is not overly legalistic.

4.3 Additionally, other benefits of the framework include the possible lifting of monetary limits related to the value of the claims that can be considered or increasing the remedy financial limits on claims and settlements, though neither of these are articulated in the bill.

#### **A single body to hear complaints**

4.4 The committee notes that many financial complaints, including superannuation complaints, involve more than one financial service. It considers accessibility to consumers to be a very high priority, and this will be best provided by a single body. For the same reason of accessibility to consumers it believes that an ombudsman is the appropriate model for dealing with all of these complaints.

4.5 The committee notes the concerns that some parties have expressed as to the juxtaposition of superannuation complaints and other financial complaints. The committee draws attention to the separate provisions for superannuation, which recognise that it is in some respects different from other financial transactions.

#### **Concerns about the content of the bill**

4.6 The committee draws attention to the points raised in chapter 3 of this report. It suggests that the transition team should be alert to all of these, and particularly to whether they can satisfactorily be dealt with in the terms of reference for AFCA.

4.7 This is an important measure and is innovative in its approach. The committee is of the view that the new arrangements should be reviewed after a year and again after five years.

**Recommendation 1**

**4.8 The committee recommends that the bill be passed.**

**Senator Jane Hume**

**Chair**