



## **The Hon Luke Howarth MP**

### **Shadow Assistant Treasurer and Shadow Minister for Financial Services**

Stephen Ware  
Chairman,  
PO Box 226,  
Flinders Lane, VIC 8009

#### **The Coalition's Plan to Back Financial Professionals**

Dear Stephen,

Thank you for the work you and your members do to improve the lives of Australians and build their wealth by providing much needed financial and tax advice.

The financial professionals have been overburdened by the costs of excessive regulation and levies under successive governments. As former small and family business owners, Peter Dutton and I understand these costs add up and mean that Australians are increasingly under-advised and under-insured at a time they can least afford it.

**A Dutton Coalition Government will be committed to lower, simpler and fairer taxes and will back accountants and the Australians they support by:**

- **Making it easier for accountants to provide financial advice;**
- **Setting minimum standards for transitional provisions and consultation on any new Tax Practitioners Board guidance or regulation;**
- **Rejecting Labor's Division 296 Tax** – an unindexed tax on unrealised capital gains in super; and
- **Repealing the unnecessary red tape made by the Albanese Government's 'Tax Agent Services (Code of Professional Conduct) Determination 2024',** which was regulation made at the behest of the Greens which imposes onerous obligations on tax practitioners and increases costs.

During a cost of living and cost of doing business crisis, the government should be doing everything possible to get accountants' costs down and reduce unnecessary regulation. Instead, the Albanese Labor Government isn't just failing to cut red tape, it has been making even more of it.

**In the recent Federal Budget, Labor confirmed its attacks on accountants and their clients won't stop by:**

- **Setting significantly higher penalties** and fines for tax practitioners;
- **Axing the Instant Asset Write-Off** by confirming it will revert to \$1000 after next year; and
- **Denying deductibility for ATO interest charges** (GIC and SIC).

**A Dutton Coalition Government will also set a target to rebuild the financial advice industry** to 30,000 advisers. This target will guide future reforms and will be embedded in a Statement of Expectations to ASIC. It will frame our commitment to supporting advisers and making financial advice a more attractive career by reducing red tape and compliance costs.

I am deeply concerned by how the Compensation Scheme of Last Resort (CSLR) is driving up costs for advisers. On Labor's watch the scheme has become an unfair disaster, with it recently revealed that you are set to be sluggish with record CSLR levies this year and the levy estimate for FY26 is projected to exceed \$77 million.

The CSLR has become a scheme which is guaranteeing investment performance rather than acting as a 'last resort'. 80 per cent of CSLR claims are 'but for' compensation for the hypothetical gains. This is unacceptable and comes on top of the Albanese Government's slow, botched implementation of the Quality of Advice Review reforms – with more than 850 days passing since Michelle Levy handed the government her final report.

**A Dutton Coalition Government will urgently fix the CSLR** to get advisers' costs down and ensure it is fair and sustainable.

We will start by:

- **Reinstating the \$10m annual subsector cap**, which Labor doubled to \$20m, to immediately reduce the next industry levy to a capped maximum of around \$600, rather than the thousands it currently is;
- **Excluding 'but for' compensation** for hypothetical capital gains, which makes up around 80 per cent of CSLR complaints; and
- **Not issuing any 'special' levies** for this year.

This urgent action to ease the immediate burden would be followed by work to make the scheme more sustainable. This work would prioritise **removing** situations like Dixon Advisory, where vertically integrated advice businesses shed their liabilities to the CSLR, **reducing the excessive administration costs** of the scheme which currently make up around a third of the levy advisers pay, and considering the outcomes of Treasury's review.

In addition to our commitments to fix the CSLR and rebuild the industry, a Coalition Government will get costs down and back financial advisers by:

- **Cutting red tape** by implementing Quality of Advice Review recommendations, including reforming Statements of Advice, with initial legislation to be introduced within the first 100 days of a Coalition Government;
- **Reviewing ongoing fee arrangement obligations and life insurance commission caps**, with a view to reducing red tape and aligning with international best-practice;
- **Reforming education and relevant degree standards**;
- **Reforming the corporate bond market** to provide better wealth-building opportunities; and
- **Simplifying Australia's corporations law**, creating a **financial services deregulation taskforce** and establishing clear **deregulation principles** for all policy proposals.

A Dutton Government will make your members a priority and get the regulatory costs and levies they are being sluggish with back under control.

Please encourage your members to talk to their staff and clients about this letter and how these policies will help their businesses. I look forward to working with you to rebuild confidence and prosperity for your members.

Yours sincerely,



Hon. Luke Howarth MP  
**Shadow Assistant Treasurer**  
**Shadow Minister for Financial Services**