

The Coalition's Response to the Financial Advice Association of Australia 2025 Federal Election Questionnaire

Fix CSLR:

Cap the financial advice levy at \$10 million

End financial advisers paying for product failures

A Dutton Coalition Government will urgently fix the Compensation Scheme of Last Resort (CSLR) to get advisers' costs down and ensure it is fair and sustainable.

The Coalition is concerned by how the CSLR is driving up advisers' costs. The Albanese Government has watched on over the last two years as the industry levy for financial advisers skyrocketed.

The only solution offered was commencing a review on the eve of the election. Urgent action and a clear plan is required to provide advisers with certainty about these looming costs.

We will start by putting in place a plan to provide immediate certainty and reduce costs for this year. We will:

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

This urgent action to ease the immediate burden would be followed by further work to make the scheme fairer and more sustainable going forward by:

- Removing situations like the Dixon Advisory collapse, where vertically integrated advice businesses shed their liabilities and the CSLR foots the bill.
- Reducing the excessive administration costs of the scheme, which currently make up around a third of the levy.
- Considering the outcomes of the ongoing Treasury review of the CSLR.

Provide adviser access to the ATO portal

A Coalition Government will provide financial advisers with access to the ATO portal.

Access to the portal will ensure advisers have access to accurate and up-to-date read-only information about their clients' tax affairs to help them provide financial advice.

Deliver effective DBFO reforms and implement a standardised fee consent form

A Coalition Government will cut red tape and make advice more affordable by implementing Michelle Levy's Quality of Advice Review recommendations. Initial legislation will be delivered in the first 100 days of government.

Almost 900 days have passed since the government was handed the review's final report and little progress has been made on its implementation. Important red tape reducing reforms, like reforming Statements of Advice and the Best Interests Duty, are still not legislated.

The Coalition will get on with the job and won't stall advice reforms as a negotiating tactic or prioritise legislating for union donors, like the Albanese Government has. The Coalition will ensure any reforms to broaden who can provide advice do not undermine the role of fully qualified financial advisers and are competitively neutral.

A Coalition Government will also review the red tape created by financial advice ongoing fee arrangement requirements, including annual opt-in and fee consent forms, with a view to alignment with international best practice.

The Albanese Government has failed in its commitment to streamline these fee consent forms which create additional compliance costs which are ultimately passed on to consumers.

Instigate a financial services razor-gang to cut-red tape

A Coalition Government will establish a taskforce to cut red tape and remove bureaucracy in the financial services sector. The taskforce's work would include reducing wasteful compliance and red tape for financial professionals that delivers no benefits to consumers.

The deregulation taskforce would be embedded in Investment Australia and supported by the Productivity Commission, the Australian Small Business and Family Enterprise Ombudsman, and a private sector champion.

An interdepartmental taskforce will also be created to support rapid, real time, rolling implementation of taskforce recommendations via legislative repeals or amendments.

Support new entrants

A Coalition Government will set a numerical target to rebuild the financial advice industry to 30,000 advisers. The target will be a north star for future financial advice reform, and it will be embedded in ASIC's statement of expectations.

Setting a target acknowledges the collapse in adviser numbers and replacement rate over the last decade due to layers of new regulation. Fewer advisers mean advice is becoming less affordable and accessible for Australians. A Coalition Government will work towards making financial advice a more attractive profession by reducing red tape and compliance costs to support new entrants and bring the number of advisers back to a sustainable level.

A Coalition Government will also implement reforms to the education and relevant degrees standards based on the work progressed by the industry-led 'Joint Associations Working Group'.

While the Coalition supports the professionalisation of the industry, the current strict education standards have contributed to a collapse in the number of financial advisers and an unsustainable replacement rate.

Our reforms will make these requirements more flexible and get more young people with relevant degrees into the advice industry.