

'A budget of no surprises': Industry reacts to advice shun

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"A budget full of no surprises" is how professionals in the advice arena are describing Tuesday's announcement.

As has been reported by ifa, sweet potatoes got more mentions in the federal budget than financial advice.

Speaking to ifa post the budget reveal, Bryan Ashenden, head of financial literacy and advocacy at BT, said the lack of advice-related measures in the budget is "disappointing".

"I think it's disappointing that we haven't seen some announcements in [the advice] space," Ashenden said.

"I don't think we really expected to, as much as we might have wanted to. I don't think there was an expectation we're going to see any changes on the funding side of things," he noted.

"Unfortunately, it's disappointing for advisers, in that sense, because there are things that add to the cost of running their business. The government seems to be pretty set in its position on those."

The "things" Ashenden is referring to include the ongoing displeasure with the Australian Securities and Investments Commission (ASIC) funding levy, as well as the Compensation Scheme of Last Resort (CSLR) which has become a monumental concern.

Commenting also on the exclusion of advice from the budget, the Financial Advice Association's Sarah Abood similarly expressed disappointment that while financial advisers continue to struggle with significant cost increases, calls to the government have been disregarded.

"Minister Stephen Jones has acknowledged the importance of financial advice but there is little remedy for the skyrocketing costs that advisers have been and will continue to pay.

“Much of these costs will inevitably be passed on to consumers, further raising the cost of professional financial advice that more Australians need more than ever,” Abood said.

Peter Johnston, the executive director of the Association of Independently Owned Financial Professionals (AIOFP) similarly added: “No surprises that our industry was overlooked in the areas of fee tax deductibility, CSLR/ASIC levy, access to an ATO portal, exam/compliance and RITC relief in the budget.”

“The CSLR/ASIC levies are not politically sensitive to the government because they know the advisers will get the blame for increasing advice costs from their clients and not them.”

Budget of no surprises

Overall, Ashenden said the budget was “full of no surprises”.

“Almost everything had been announced in the lead-up to the budget, apart from the energy rebate for all households, and not being income tested. So, pretty much no surprises.

“At the very least, the energy rebate is good for Australians, we’ve got the stage three tax cuts that were released well before the budget that provide relief for all taxpayers, more than what was proposed for the lower and middle-income earners. Not as much but still benefits for people on higher income. So, there’s positives in there for everyone from that perspective.”

Ashenden was, however, surprised to see that there was no mention of issues such as the division 296 tax, but advised financial advisers to start having conversations with their clients.

“What that clearly indicates, in line with the recent Senate committee report, is the government is intending to proceed with the legislation as it is and not make amendments to it,” he said.

“So again, whilst no announcements in the budget, that again, is showing the government is going to stick with the \$3 million threshold. They’re not looking to index it. It will still be taxing on the unrealised gains, all those sorts of things. So it’s not mentioned in this year’s budget, but we still need to make sure we’re starting to have conversations with clients who might be impacted and at least make them aware.”