

## Overview of the 1st two months of the Labor Government (2025-2028)



### Financial Imperative, Department of Treasury

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#### Introduction

The Labor Government began its latest term in a period of economic uncertainty, rapid technological change, and heightened public scrutiny. This report reviews their first 60 days, focusing on key actions, policy changes, initiatives, challenges, and gaps, and concludes with an analysis of overall impact.

#### Key actions undertaken

##### 1. Fiscal management and budget delivery

- **2025–26 federal budget:** The Ministry oversaw the delivery of the 2025–26 Budget, emphasizing fiscal responsibility, targeted cost-of-living relief, and investments in future growth sectors. The budget maintained a focus on moderating inflation and supporting vulnerable Australians.
- **Deficit and debt:** As of April 2025, the underlying cash balance stood at a \$19.2 billion deficit, with net debt at \$543.6 billion. Receipts were higher and payments lower than forecast, reflecting prudent financial management.

##### 2. Financial sector reform

Drawing on the “Five Financial Sector Imperatives” identified for Labor’s second term, the Ministry’s early actions included:

- **Competition and consolidation:** Initiatives to empower the Council of Financial Regulators to rigorously assess bank mergers, aiming to curb excessive market concentration and ensure consumer benefit.
- **Fintech and digital regulation:** Progress toward a unified fintech regulator and the expansion of the Consumer Data Right (CDR) to non-bank lenders, supporting innovation while protecting consumers.
- **AML/CTF reform:** Implementation of new anti-money laundering and counter-terrorism financing legislation, broadening the regime to cover high-risk sectors and digital assets, and simplifying compliance for businesses.

##### 3. Superannuation and retirement security

- **Superannuation governance:** Advanced reforms for greater transparency, including performance-based reporting and caps on fees, with the superannuation guarantee rising to 12% from July 2025.

- **Taxation of large balances:** New 30% tax on super balances over \$3 million, aimed at improving equity and retiree income security.

#### 4. Financial stability and cybersecurity

- **Climate and cyber risk:** Mandated climate stress-testing for major institutions and introduced minimum cybersecurity standards, responding to recent large-scale data breaches and climate-related risks.
- **Resilience initiatives:** The Council of Financial Regulators (CFR) is reviewing small and medium-sized bank resilience, with a report due by July 2025.

#### 5. Inclusion and literacy

- **Financial inclusion:** Expanded support for not-for-profit credit unions and mutuals in underserved communities and launched a national financial literacy campaign targeting schools and workplaces.

### Major challenges and responses

- **Cost-of-Living relief:** The Ministry highlighted increases to the minimum wage, superannuation on paid parental leave, and targeted energy rebates as key supports for households from July 1.
- **Women's economic equality:** Continued focus on closing the gender pay gap and embedding women's equality at the heart of economic policy, with expanded paid parental leave and superannuation on leave.

The following summarize recommendations dated May 29, 2025, sent by IPAG Asia Pacific, Melbourne to the Department of Treasury and the Department of Finance, for implementing in the 1st 100 days of the 2nd term of the Labor Government. It provides status of implementation and what needs to be done is to be on track for timely completion of the initiatives.

IPAG Recommendations	Progress Made	Implementation Status (✓/X)	Remarks
<b>Banking concentration</b>	Empowered regulators to scrutinize mergers; promoted competition from fintech and non-bank lenders.	✓	Increased scrutiny underway; impact on major bank market share remains to be seen.
<b>Digital disruption and cyber threats</b>	Introducing new cybersecurity standards and resilience benchmarks.	✓ (Partially)	New standards are a good step; consistent adoption and testing by smaller institutions are still needed.

IPAG Recommendations	Progress Made	Implementation Status (✓/X)	Remarks
<b>Climate and global shocks</b>	Mandated climate stress tests and transition planning for financial institutions.	✓ (Partially)	Stress testing progressing; full sector transition plans require clearer timelines.
<b>Cost-of-Living pressures</b>	Budgeted targeted relief through tax, wage, and energy policy.	✓ (Partially)	Targeted relief helping, but broader inflationary impacts continue to challenge households.

### Gaps and areas for improvement

- **Pace of reform:** Many reforms, especially in fintech regulation and open banking are in consultation or early implementation, with limited immediate impact.
- **Corporate tax reform:** The budget was seen as lacking bold corporate tax overhaul, with business tax changes remaining piecemeal and focused on multinationals.
- **Financial inclusion:** While programs have been announced, the scale and speed of rollout in underserved communities remain modest.
- **Transparency and communication:** Calls for clearer public communication on long-term fiscal and regulatory strategy, especially regarding digital finance and climate risk.

Area	Action/Change
<b>AML/CTF</b>	New legislation expanding regime to digital assets, lawyers, accountants, real estate, etc.
<b>Fintech regulation</b>	Steps toward unified fintech oversight and expanded CDR.
<b>Superannuation</b>	Increased transparency, fee caps, and higher super guarantee.
<b>Housing market</b>	Two-year ban on foreign purchases of established dwellings, with exceptions to boost supply.

### Moving forward....

The Ministry has laid solid groundwork for long-term financial stability, competition, and inclusion. However, the period has been characterized more by planning, consultation, and incremental progress than by swift, large-scale change. The coming months will be critical for translating these strategies into tangible benefits for households, businesses, and the broader economy.