

Revised Estimate for FY2026 (3rd Levy Period)

Compensation Scheme of Last Resort Limited

June 2025

25 June 2025

The Directors
Compensation Scheme of Last Resort Limited
GPO Box 556
Melbourne
VIC 3001

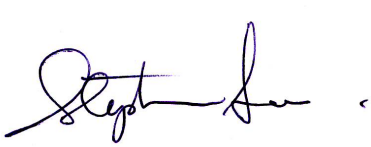
Dear Directors

Revised Estimate for FY2026 (3rd Levy Period)

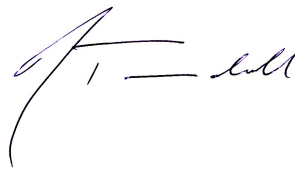
We are pleased to enclose our report that outlines the work carried out, our methodology and results of our Revised Estimation of CSLR outgoings for the 2026 financial year (the '3rd Levy Period').

We look forward to discussing its contents with you.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Stephen Lee'.

Stephen Lee
Fellow of the Institute of Actuaries of Australia

A handwritten signature in blue ink, appearing to read 'Jon Tindall'.

Jon Tindall
Fellow of the Institute of Actuaries of Australia

Revised Estimate for FY2026 (3rd Levy Period)

1	Executive Summary	2
2	Scope and Approach	8
3	About the Financial Services Compensation Scheme of Last Resort	12
4	Large Financial Failures	15
5	Emerging complaint and claim experience	19
6	Estimate of Unpaid AFCA Fees	26
7	Other Considerations	28
8	Recommended Revised Estimate for FY2026 Levy Period	30
9	Implications of uncertainty	32
10	Reliance and limitations	36

Appendices

A	Key assumptions	37
B	Data provided for our review	39
C	Estimate of FY2026 Levy Period cost by sub-sector	41

1 Executive Summary

1.1 Background and scope to this Report

The Financial Services Compensation Scheme of Last Resort (“the Scheme” or “CSLR”) was enacted in 2023 and commenced operations on 2 April 2024. For claims that are within the scope of the legislation, CSLR is required to pay compensation to a complainant with an unpaid Australian Financial Complaints Authority (AFCA) Determination, along with unpaid AFCA fees and other associated costs.

Compensation Scheme of Last Resort Limited (CSLR Ltd), the Scheme operator, engaged Finity Consulting Pty Limited (Finity) as its actuarial services provider to determine the Revised Estimate for FY2026. The Revised Estimate is an update on the Initial Estimate for FY2026, which is detailed in our reported titled “Initial Estimate for 2025/26 (3rd Levy Period)”, dated 9 December 2024 (the “Initial Estimate Report”) available on the CSLR website.

Under section 17(2)(a) of the *Financial Services Compensation Scheme of Last Resort Levy Act 2023*, ASIC is only able to impose an Annual Levy up to the Initial Estimate, subject to a \$20m cap for the relevant sub-sector. Any amount exceeding this cap may only be imposed by way of a Determination under 1069H of the *Corporations Act 2001* and a Special Levy being imposed. In order for a Special Levy or Further Levy to be imposed, CSLR is required to determine a Revised Estimate of its claims, fees and costs for the relevant levy period.

1.2 Treasury review

On 31 January 2025, the Assistant Treasurer announced a post-implementation review of the Scheme, which may ultimately lead to changes to the Scheme’s operation. The review is ongoing at the time of preparing this Report. The analysis set out in this Report is based on the legislation and operations of the Scheme as they currently apply. Changes to the Scheme from the review may affect the results shown in this Report.

1.3 Recommended Revised Estimate for FY2026 amount

The Revised Estimate for the FY2026 Levy Period reflects our assessment of the payments to be made by CSLR from 1 July 2025 to 30 June 2026. Finity estimates the total required amount for the FY2026 Levy Period to be \$75.7m. In respect of the Personal Finance Advice sub-sector, Finity estimates the total required for the FY2026 Levy Period is \$67.3m, which is \$47.3m in excess of the \$20m sub-sector cap. Table 1.1 outlines our Revised Estimate for the FY2026 Levy Period.

Table 1.1 – Revised Estimate for the FY2026 Levy Period

FY2026 levy period estimate												
Type	No. AFCA complaints to be finalised	No. claims to be paid	Gross claim Payments (\$'000)	AFCA Fees (\$'000)	Recoveries (\$'000)	Capital Contribution (\$'000)	CSLR Operating Costs (\$'000)	ASIC Costs (\$'000)	Investment income (\$'000)	Expected payments by CSLR in FY2026 Levy Period (\$'000)	Excess from FY2024 (1st) Levy Period (\$'000)	CSLR Levy Estimate (\$'000)
Personal Financial Advice - DASS	80	78	9,597	1,160	-							
Personal Financial Advice - UGC	299	292	37,372	4,338	-							
Personal Financial Advice - Brite	30	10	1,450	416	-							
Personal Financial Advice - Other	146	101	9,131	2,087	(28)							
Personal Financial Advice	555	481	57,550	8,001	(28)	417	2,123	625	(97)	68,591	(1,302)	67,289
Credit Provision	17	13	73	235	(0)	417	1,078	225	(47)	1,980	(127)	1,853
Credit Intermediation	6	3	317	76	(0)	417	1,068	225	(48)	2,055	(222)	1,833
Securities Dealing	22	32	2,830	344	(5)	417	1,095	455	(68)	5,068	(345)	4,723
Total	599	529	60,770	8,657	(34)	1,667	5,364	1,530	(259)	77,695	(1,996)	75,698

Table 1.2 and Table 1.3 compare our Revised Estimate with our Initial Estimate for the FY2026 Levy Period.

Table 1.2 – Comparison of Initial and Revised Estimates for the FY2026 Levy Period (\$000)

Type	Gross claim Payments			AFCA Fees			Other Components			Total CSLR Levy Estimate		
	Initial Estimate	Revised Estimate	Difference	Initial Estimate	Revised Estimate	Difference	Initial Estimate	Revised Estimate	Difference	Initial Estimate	Revised Estimate	Difference
Personal Financial Advice - DASS	12,249	9,597	(2,652)	3,207	1,160	(2,047)						
Personal Financial Advice - UGC	44,568	37,372	(7,196)	3,601	4,338	737						
Personal Financial Advice - Brite	-	1,450	1,450	-	416	416						
Personal Financial Advice - Other	2,773	9,131	6,358	1,193	2,087	893						
Personal Financial Advice	59,590	57,550	(2,039)	8,001	8,001	(0)	3,821	3,040	(781)	70,110	67,289	(2,821)
Credit Provision	216	73	(143)	976	235	(741)	1,734	1,672	(62)	2,799	1,853	(945)
Credit Intermediation	1,030	317	(713)	210	76	(134)	1,705	1,662	(43)	2,723	1,833	(890)
Securities Dealing	762	2,830	2,068	222	344	122	1,704	1,894	190	2,343	4,723	2,380
Total	61,597	60,770	(827)	9,409	8,657	(753)	8,964	8,268	(696)	77,975	75,698	(2,276)

Table 1.3 – Narrative for movements between the Initial and Revised Estimates for the FY2026 Levy Period (\$000)

Subsector/ Financial Firm	Component of levy estimate	Initial Estimate	Revised Estimate	Difference	Observation on change
Personal Financial Advice - DASS	<i>Gross claim</i>	12,249	9,597	(2,652)	78 claims assumed to be paid reflecting updated forecast of AFCA timetable (compared with 101)
Personal Financial Advice - UGC	<i>Gross claim</i>	44,568	37,372	(7,196)	292 claims assumed to be paid (compared to 307 at the initial estimate)
Personal Financial Advice - Brite	<i>Gross claim</i>	-	1,450	1,450	New insolvency which has potential to be in scope - allowing for 10 claims
Personal Financial Advice - Other	<i>Gross claim</i>	2,773	9,131	6,358	Significantly higher than expected complaint numbers since the initial estimate
Personal Financial Advice	<i>Gross claim payments</i>	59,590	57,550	(2,039)	
Securities Dealing	<i>Gross claim payments</i>	762	2,830	2,068	Primarily driven by Remi insolvency now assessed as in scope, allowing for 23 claims
Other sectors	<i>Gross claim payments</i>	1,246	390	(856)	Lower than expected complaint experience since the initial estimate
Total	<i>Gross claim</i>	61,597	60,770	(827)	
	<i>Recoveries</i>	(64)	(34)	30	
	<i>AFCA Fees</i>	9,409	8,657	(753)	Allowance for 63 discontinued complaints largely offset by 11 fewer determinations and updated user charge estimate from
Total	<i>CSLR Operating Costs</i>	6,314	5,364	(950)	Lower expected operational costs as advised by CSLR
	<i>ASIC Levy Costs</i>	1,300	1,530	230	\$230k to collect Further Levy for Securities Dealing (assuming this will occur) ¹
	<i>Investment Income</i>	(253)	(259)	(6)	
	CSLR Levy	77,975	75,698	(2,276)	

¹ The Revised Estimate for Securities Dealing includes additional ASIC costs to administer a Further Levy, which was previously not included in the Initial Estimate. If a Further Levy is not applied to Securities Dealing, this ASIC cost will not be applied.

Across the four sub-sectors, the Revised Estimate of \$75.7m is about \$2.3m lower than the Initial Estimate of \$78.0m. The Initial Estimate assumed 610 AFCA complaints would be determined in FY2026 compared to 599 in the revised estimate. The Initial Estimate also assumed 491 claims would be paid, while 529 are assumed to be paid in the Revised Estimate.

The Revised Estimate for the Personal Financial Advice sub-sector remains well in excess the sub-sector cap of \$20m. CSLR would need to seek a Special Levy to address the remaining \$47.3m required to meet the Revised Estimate.

Plausible scenarios for individual assumptions related to the FY2026 Levy Period result in outgoings, before the impact of FY2024 Levy Period Excess amounts, ranges from around \$56.4m to \$85.7m for the Personal Financial Advice sub-sector, compared with the recommended revised estimate figure of \$68.6m shown in Table 1.1.

The Revised Estimate for the Securities Dealing sub-sector is \$4.7m, which is \$2.4m higher than the Initial Estimate of \$2.3m. CSLR may consider seeking a Further Levy for the Securities Dealing sub-sector based on our Revised Estimate.

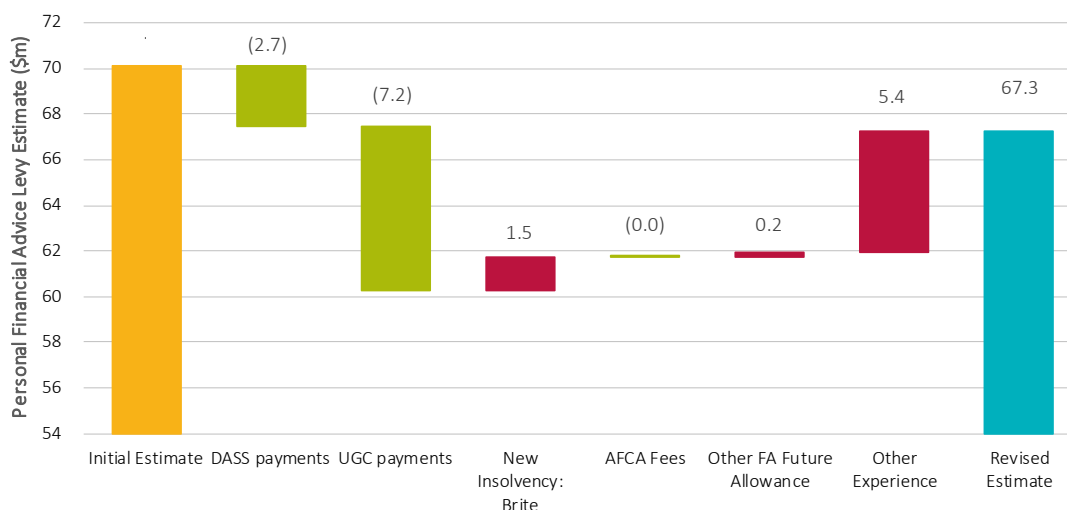
Plausible scenarios for average claim size related to the FY2026 Levy Period result in outgoings, before the impact of FY2024 Levy Period Excess amounts, ranges from around \$3.8m to \$6.1m for the Securities Dealing sub-sector, compared with the recommended revised estimate figure of \$5.1m shown in Table 1.1.

The Revised Estimate amounts for the Credit Provision and Credit Intermediation sub-sectors have reduced compared to the Initial Estimate amounts, and each sub-sector remains below the sub-sector cap of \$20m. These movements are within expectations for variances within the period and it also means that no Further Levy or Special Levy considerations are necessary for these sub-sectors. For this reason, they are not considered further in this Executive Summary (see body of Report for details). Any excess funds compared to actual CSLR

claims, fees and costs for these sub-sectors in respect of the FY2026 Levy Period will be offset in the Estimate for the FY2028 Levy Period.

Figure 1.1 summarises the components of the movement from Initial Estimate to Revised Estimate for Personal Financial Advice.

Figure 1.1 – Movements in the estimate for Personal Financial Advice



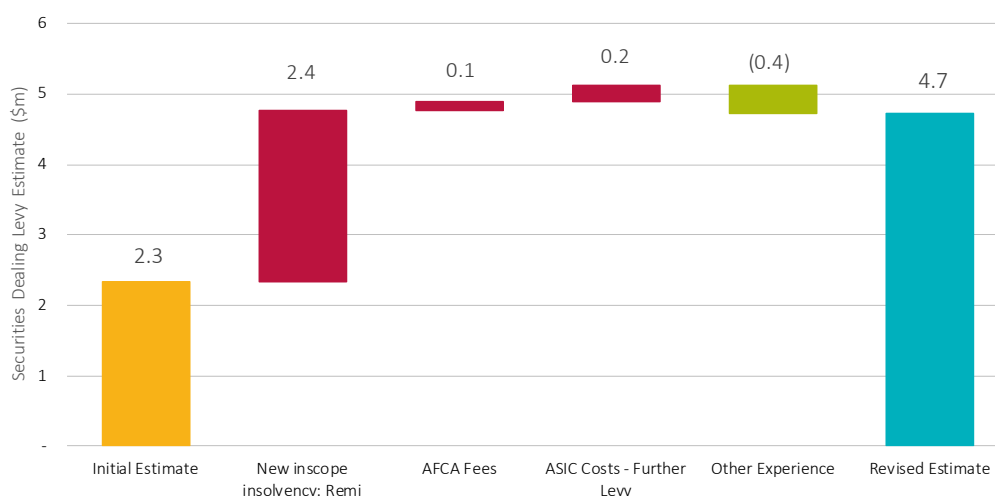
The main driver of changes in our Revised Estimate is the changes to expectations regarding AFCA’s processing of complaints and the resultant CSLR payment of claims in FY2026. The Revised Estimate amount in respect of the Personal Financial Advice sub-sector has taken into consideration the following additional information not available at the time of the Initial Estimate:

- Actual AFCA open complaints as at 31 May 2025.
- The latest AFCA estimates for complaint processing volumes across DASS (Dixon Advisory and Superannuation Services), UGC (United Global Capital) and business-as-usual workflows.
- A slowing of AFCA’s expectation for the processing of DASS complaints during FY2026.
- A slowing of AFCA’s expectation for the processing of UGC complaints in the last two quarters of FY2025 and through FY2026, thus reducing the number of claims to be paid. In addition, there have been lower than expected Complaint amounts emerging from the recent experience which has driven a lower average claim size.
- The failure of Brite Advisory Pty Ltd (Brite) as a potentially significant source of complaints.
- Generally increased complaint activity across the Personal Financial Advice subsector than expected, included as “Other Experience” in Figure 1.1.
- An update to estimated unpaid AFCA fees to be reimbursed during the FY2026 Levy Period.

In response to the growing number of Personal Financial Advice complaints outside of DASS, UGC and Brite – we have increased our allowance for future Personal Financial Advice complaints. However, this only contributes \$0.2m to the FY2026 estimate (Other FA Future Allowance in Figure 1.1) as we have only allowed for a small number of additional complaints to be determined in FY2026 above AFCA’s forecasts for currently reported complaints from Financial Firms who subsequently become insolvent or complaints that transition to becoming in-scope for CSLR. This is discussed further in Section 5. There were no material changes to assumptions that are not outlined above.

Figure 1.2 summarises the components of the movement from Initial Estimate to Revised Estimate for Securities Dealing.

Figure 1.2 – Movements in the estimate for Securities Dealing



The increase from the Initial Estimate to the Revised Estimate for the Securities Dealing sub-sector was due to complaints against Remi Investment Services Pty Ltd (Remi), which were previously considered out of scope for the Scheme by AFCA at the time of the Initial Estimate. Recent determinations from AFCA in May 2025, as well as subsequent claims reported to the CSLR, appear to be in-scope for the Scheme, increasing the expected claim cost in FY2026 by \$2.4m. There are expected to be 23 CSLR claims arising from open and determined complaints against Remi to be paid by CSLR during FY2026¹. The other changes in the Estimate for Securities Dealing are the following:

- An additional \$230,000 for ASIC to administer a Further Levy (if one was applied).
- AFCA fees on additional complaints as well as slightly lower than expected complaint experience for this subsector.

1.4 Relationship between this Revised Estimate and levies on industry

The CSLR operator determines an Initial Estimate of its compensation payments, fees and costs for a levy period for each sub-sector. ASIC imposes the Annual Levy on the industry following a legislative process that commences within the 12 months before the start of the levy period. The Annual levy per sub-sector cannot exceed \$20m per sub-sector in accordance with the sub-sector cap.

After completion of the parliamentary disallowance process for the FY2026 Annual Levy, ASIC will levy the Annual Levy for the Personal Financial Advice sector of \$20m². These funds are expected to be received by CSLR in October 2025.

Based on the \$67.3m Revised Estimate amount in respect of the Personal Financial Advice sub-sector, the expected funding shortfall for that sub-sector is \$47.3m. CSLR would need to seek a Special Levy to address the remaining \$47.3 million required to meet the Revised Estimate. Assuming the Minister imposes a Special Levy in respect of the Personal Financial Advice sub-sector, and recognising the legislative and administrative processes

¹ No further complaints can be lodged as Remi has been expelled as an AFCA member.

² The actual amount collected by ASIC is likely to be even than \$20m, as some firms may no longer be trading or simply don't pay.

involved in collecting levies, funds will likely not be available to the Scheme until toward the end of the FY2026 year with a possibility that funds arrive after FY2026.

CSLR is only able to make compensation payments if the levies collected for the sub-sector are sufficient to do so. Delays in payment of compensation and AFCA fees are expected in FY2026 until the Special Levy is received. Our Revised Estimate allows for compensation that CSLR *could* pay on the assumption that funds are available to do so when compensation and other expenses become payable.

The expected FY2026 costs in respect of the Securities Dealing sub-sector are expected to exceed the Initial Estimate by \$2.2m. A Further Levy of \$2.4m (including the cost of administering the Further Levy) is required to raise additional funds. If a Further Levy was not sought or received, the expected shortfall in funding of \$2.2m may require utilising CSLR's accrued capital to meet compensation payments.

1.5 Implications of uncertainty

Table 1.4 summarises the key components of uncertainty for the FY2026 Levy Period in our Revised Estimate compared with our Initial Estimate.

Table 1.4 – Materiality of components of uncertainty

Element of Uncertainty	Level of Uncertainty		Commentary
	Initial Estimate	Revised Estimate	
New Financial Firm failures / Brite	Very High	High	At any point in time, it is generally highly uncertain whether a new Financial Firm failure will occur in the short-term. At the time of determining the Revised Estimate, we would generally be aware of major Financial Firm failures that may affect the levy period, as is the case with Brite. Major failures that occur after the Revised Estimate are unlikely to result in payments for the relevant levy period. Since the Initial Estimate we have observed the failure of more firms than expected in the initial estimate. Brite's AFS licence was automatically cancelled in April 2025 as a result of CSLR making a payment against an adverse AFCA Determination. In respect of Brite, there remains a high degree of uncertainty with regard to the number of complaints, financial loss of the customer and whether these complaints will meet legislative requirements for compensation.
Ultimate number of UGC complaints	High	Moderate	At the time of the Initial Estimate, there was high uncertainty as to the ultimate number of complaints that would be made against UGC. UGC's AFCA membership ceased on 31 May 2025, so the total number of UGC complaints is known. There remains uncertainty around how many of these complaints will result in an adverse Determination and consequently the number of claims that will be lodged with CSLR.
AFCA complaint processing volumes	High	Moderate	CSLR payments are highly dependent on the processing of complaints by AFCA. AFCA has provided its updated processing estimates, which we understand to better reflect their expected operating capacities during FY2026.
Discontinuance rate	Moderate	Moderate	Potential complaint discontinuance rates remain uncertain. There is emerging complaint discontinuance experience, though this is limited and it is unclear if it is representative of all complaints.
Average UGC claim size	Moderate	Moderate	There is limited CSLR claim experience relating to UGC, so uncertainty remains moderate in the context of the Revised Estimate amount.
Average post-CSLR DASS claim size	Moderate	Lower	We have observed the emerging CSLR claim experience relating to DASS. Whilst the experience remains immature, it suggests that the assumed DASS average claim size is generally in line with actual claim outcomes.

CSLR remains a relatively new arrangement, with only around a year of operational experience. The experience to date is relatively minimal and there are no reasonably comparable alternative arrangements that could be investigated for significant, relevant learnings. For these reasons, the actuarial assumptions continue to be significantly weighted toward reasoned judgement than to analysis of relevant data. Even as CSLR matures, its funding requirements will always have a high degree of uncertainty as it will depend on future events such as Financial Firm failures which do not occur in any reliably predictable fashion.

Section 9 of the report describes the uncertainty in the levy estimates and provides several scenarios to assist readers in understanding these issues. Plausible scenarios for individual assumptions related to the FY2026 Levy Period result in outgoings, before the impact of FY2024 Levy Period Excess amounts, ranges from around \$56.4m to \$85.7m for the Personal Financial Advice sub-sector, compared with the recommended Revised Estimate figure of \$68.6m shown in Table 1.1. The variance will be more if multiple assumptions move adversely together.

The legislation governing the CSLR sets out a series of reconciliation mechanisms to address any shortfalls. Considering the legislation and general principles, our approach where there is uncertainty is to make justifiable estimates of outcomes in a reasonably favourable future environment. In particular, no allowance is included for the possibility of higher-than-expected failure rates or claim costs, even on an average basis.

Please note the reliance and limitations set out in Section 10 of this report.

2 Scope and Approach

2.1 Scope of this Report

CSLR Ltd has engaged Finity as its principal actuarial service provider. The Revised Estimate is an update on the Initial Estimate for 2025/26, which is detailed in our Initial Estimate report titled “Initial Estimate for 2025/26 (3rd Levy Period)”, dated 9 December 2024 (the “Initial Estimate Report”). This Revised Estimate Report will be an input to the Board’s considerations of Further and/or Special Levies in respect of the FY2026 Levy Period. To determine the Revised Estimate, we have recalculated all components of the Initial Estimate with updated information.

This Revised Estimate Report will highlight material changes from the Initial Estimate Report and is deliberately brief where changes are not material. The reader should read this report in conjunction with the Initial Estimate Report. For brevity, some background information contained in the Initial Estimate Report is not repeated in this report.

2.2 Approach for the Revised Estimate

Our underlying methodology for the Revised Estimate is the same as we took for our Initial Estimate, as described in detail in Section 6 of the Initial Estimate Report³. For the Revised Estimate, we have taken the following steps:

- 1 Updated CSLR processing volumes to align with AFCA’s most up to date expected complaint processing volumes. These expected volumes are a key determinant of the volume of claims expected to be paid by CSLR in the FY2026 Levy Period. We looked at changes to proposed processing volumes across DASS, UGC and the individual sub-sectors separately.
- 2 Reviewed the complaint and claim experience from the large Financial Firm failures that were known at the time of the Initial Estimate.
- 3 Identified and allowed for new significant Financial Firm failures that may result in FY2026 Levy Period payments.
- 4 Compared actual vs expected emerging experience with the assumptions made for the Initial Estimate and made changes to the assumptions where the emerging experience is reliable and different.
- 5 Reflected actual AFCA published complaint fees applying to 2025/26 and the indicative User Charge advised by AFCA as payable in 2025/26. This replaced our estimated indexation of the complaint fees and estimated User Charge components.
- 6 Recalculated recoveries on expected compensation payments.
- 7 Reflected updated estimates for ASIC fees and CSLR operating costs, where changes have been advised.
- 8 Recalculated investment income based on updated interest rates.

2.3 Structure of this Report

The remainder of this report is structured as follows:

Section 3 presents a summary of our understanding of the development and intended operation of the CSLR, including the legislative requirements, coverage, claim payments and funding of the Scheme.

³ [Compensation Scheme of Last Resort releases FY26 initial levy estimate | CSLR](#)

Section 4 considers complaints against significant financial failures in the Personal Financial Advice sub-sector that are relevant for the Revised Estimate for the FY2026 Levy Period, being DASS, UGC and Brite.

Section 5 reviews the experience since our Initial Estimate and outlines the changes to key assumptions that impact the Revised Estimate for the FY2026 Levy Period.

Section 6 outlines our updated expectations of unpaid AFCA fees to be paid by CSLR in the FY2026 Levy Period. Section 7 deals with the other components of the estimates for the FY2026 Levy Period amounts.

Section 8 sets out our recommendations for the Revised Estimate for the FY2026 Levy Period, followed by Section 9 that explores the uncertainty in the estimate and provides a number of alternate scenarios.

Our report concludes in Section 10 with a summary of the reliance and limitations of the advice provided in this report.

Appendix A documents the key assumptions we have made for the Revised Estimate for the FY2026 Levy Period and compares these to the assumptions made at the Initial Estimate for the FY2026 Levy Period.

2.4 Glossary

Table 2.1 outlines the definition of some of the commonly used terms in this report.

Table 2.1 – Glossary

Term	Definition
‘Active’ Financial Firms	Financial Firms that are not currently insolvent, in administration or otherwise not trading.
AFCA	Australian Financial Complaints Authority
AFCA fees	The fees that AFCA charges to Financial Firms, including complaint fees, annual User Charge, and annual registration fees.
AFCA extract date	The date of extract of AFCA complaint information used in this report (31 st May 2025, unless otherwise stated).
Annual Levy	The levy determined based on the Initial Estimate for a levy period.
APRA	Australian Prudential Regulatory Authority
Appropriate Steps Notice (ASN)	Written notice provided by AFCA to the complainant that AFCA has finished taking reasonable steps to require a Determination to be paid. It is a precursor to a claim being lodged with CSLR, as detailed in Section 1064(c) and 1064(2) of the Corporations Act 2001.
ASIC	Australian Securities and Investments Commission
Brite	Brite Advisory Pty Ltd
Claim	A claim lodged with the CSLR.
Claimant	A person who has lodged a claim with CSLR.
Complaint	A complaint made to AFCA by a Complainant (who must be an Eligible Person in accordance with AFCA’s Rules) about a Financial Firm that is an AFCA Member at the time that the complaint is submitted to AFCA.
Complainant	A person who has submitted a complaint to AFCA.
CSLR Ltd	Compensation Scheme of Last Resort Limited, the operator of the Scheme

DASS	Dixon Advisory and Superannuation Services Limited
DASS Deed of Company Arrangement (DOCA)	The Deed of Company Arrangement (DOCA) was passed by Dixon Advisory's creditors on 16 December 2022, which details the settlement that creditors will be able to receive as part of the insolvency proceedings.
Determination	A decision made by an AFCA Decision Maker about a complaint in accordance with rule A.14 of the AFCA Rules.
'Failed' Financial Firm	A Financial Firm that is currently insolvent, in administration or otherwise not trading.
Finalised complaint	A complaint that AFCA has finished dealing with, whether by making a Determination (which in turn could be in favour of the Complainant or the Financial Firm) or in some earlier part of AFCA's processes. Finalisation triggers AFCA's right to invoice for its fees and hence CSLR's obligation to pay.
Financial Firm	An AFCA Member, being a person who is a Member of AFCA as defined in AFCA's Constitution.
Further Levy	An additional levy where the total amount levied in respect of the relevant sub-sector and the levy period is within the sub-sector cap of \$20m.
GCPF	Global Capital Property Fund Limited
'In-scope' complaints	Complaints that fit the definition in the legislation as being in-scope for the CSLR. This status may change over time as additional information about a complaint emerges.
Initial Estimate	An estimate of the claims, fees and costs for a levy period in accordance with section 9 of the Levy Collection Act.
Large financial firm failure	A large financial firm failure is one that has, or can be reasonably expected to, generate a large number of AFCA complaints that would be in-scope for CSLR compensation. It is a failure that has the potential to lead to additional CSLR claims and other costs that cannot be reasonably met by the levy collected for the cost of new financial firm failures for that sub-sector and the accumulated capital reserves available to CSLR. CSLR's capital reserve is targeted at \$5m in normal operating conditions. This, or a proportion of this if reserves have been previously depleted and not yet recapitalised, is available to meet unforeseen financial firm failures.
Levy Period	A 12 month period commencing from 1 July for which Initial Estimates, Revised Estimates, levies and levy caps are considered.
Other Financial Firms	Financial Firms apart from DASS, UGC and Brite.
Post-CSLR	Complaints lodged with AFCA on or after 8 September 2022.
Post-CSLR Levy	Refers to the levies related to the post-CSLR complaints, being the FY2024, FY2025 and all subsequent Levy Period amounts. The FY2024 (previously referred to as the 1 st Levy Period) amount was governed under Section 1069M and 1069N of the Corporations Act 2001. The FY2025 (previously referred to as the 2 nd Levy Period) and subsequent Levy Periods are determined under Section 8 of the Levy Act and calculated in accordance with Section 9 of the Levy Collection Act.
Pre-CSLR	Refers to complaints lodged with AFCA between 1 November 2018 and 7 September 2022.
Pre-CSLR Levy	The Levy determined under Section 10 of the Levy Act and calculated in accordance with Section 11 of the Levy Collection Act.
Relevant Entity	A Relevant Entity provides financial products or services in the following 4 sub-sectors as defined in the Corporations Act – personal financial advice, credit intermediation, securities dealing, and credit provision.

Relevant Service	A financial product or service in one of the four relevant sub-sectors, specifically personal financial advice, credit intermediation, securities dealing or credit provision.
Revised Estimate	An estimate of the CSLR outgoings made within the levy period that is required to be lodged by the Scheme as a precursor to a Further Levy or Special Levy.
Special Levy	An additional levy where the total levied for a sub-sector exceeds the sub-sector cap of \$20m for the levy period.
Sub-sector	The sub-sector to which a complaint relates. The CSLR covers complaints in the following sub-sectors: personal financial advice, credit intermediation, securities dealing and credit provision.
The Scheme	The Financial Services Compensation Scheme of Last Resort
UGC	United Global Capital Pty Ltd
User Charge	AFCA's User Charge is separate from complaint-related fees and is designed to reflect each member's share of the overall cost of maintaining the AFCA scheme. The user charge is proportionately allocated based on the number, closure point, and complexity of complaints each member closed during the financial year, compared with the same data across all members. The user charge facilitates a 'user-pays' model, where members contribute to funding in proportion to their use of AFCA's services.
FY2024 (1 st Levy Period)	Levy period from 2 April 2024 to 30 June 2024.
FY2025 (2 nd Levy Period)	Levy period from 1 July 2024 to 30 June 2025.
FY2026 (3 rd Levy Period)	Levy period from 1 July 2025 to 30 June 2026.

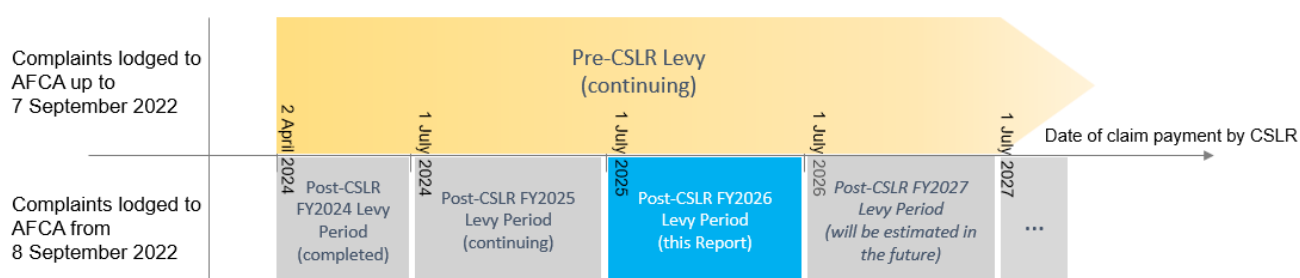
3 About the Financial Services Compensation Scheme of Last Resort

Background details to the establishment of the Scheme, as well as the nature of payments made by the Scheme, were outlined in Section 3 of our Initial Estimate report. Whilst they have not been reproduced here, we direct the interested reader to our Initial Estimate Report.

3.1 How levies are determined

The Scheme is funded by levies. Figure 3.1 outlines the key dates that relate to the various levy periods.

Figure 3.1 – Levy periods



The legislation differentiates between a levy to fund compensation claims arising from AFCA complaints lodged up to and including 7 September 2022 (referred to as “pre-CSLR”) and compensation claims arising from complaints lodged from 8 September 2022 onwards (referred to as “post-CSLR”).

CSLR’s Initial Estimate is an input to the Annual Levy paid by industry. The process for setting the **Annual Levy** is as follows:

- 1 The CSLR operator determines an **Initial Estimate** of its claims, fees and costs for a levy period (Section 9 of the Levy Collection Act).
- 2 The CSLR operator’s Initial Estimate is submitted by legislative instrument within 12 months of the start of the levy period. The legislative instrument is subject to a disallowance period in both Houses of Parliament.
- 3 ASIC is responsible for imposing the Annual Levy and allocation of the Levy to each entity in accordance with the ASIC Supervisory Cost Recovery Levy Regulations 2017. The amounts of the Annual Levy cannot exceed the Initial Estimate (Section 12 of the Levy Act) or the sub-sector levy cap of \$20m for an eligible sub-sector.

If the Initial Estimate exceeds \$20m for any sub-sector, only \$20m can be levied in the Annual Levy in respect of that sub-sector. The legislation has provisions for **Further Levies** or **Special Levies**, which are determined as follows:

- 4 The CSLR operator may determine a **Revised Estimate** of its claims, fees and costs for a levy period (Section 10 of the Levy Collection Act).
- 5 A **Further Levy** can be applied in respect of a sub-sector if the Revised Estimate does not lead to that sub-sector’s \$20m levy cap being exceeded in the relevant levy period. In this instance, the CSLR operator’s Revised Estimate would be submitted by legislative instrument after the start of the levy period, with ASIC responsible for allocating the additional levy amounts to each entity according to the ASIC Supervisory Cost Recovery Levy Regulations 2017.

- 6 If a Revised Estimate, as submitted by a notifiable instrument, exceeds the sub-sector levy cap in respect of one or more relevant sub-sectors, the Minister may, by legislative instrument make a Determination regarding the following matters:
- a That the CSLR operator make compensation payments in specified instalments for a specified period of time.
 - b Apply a **Special Levy** to the sub-sector(s) where the sub-sector cap is exceeded.
 - c Apply a **Special Levy** to several sub-sectors, not just the sub-sector(s) where the cap is exceeded.

In all cases, the \$250m scheme cap for the levy period will apply.

Due to the combination of the legislative instrument process, invoicing of levies to financial firms by ASIC, and delay in payments of levies, it may be impractical for Further Levies and Special Levies to be applied, as such levies may not be received within the relevant levy period. Revised Estimates generally would need to occur at the beginning of the levy period for funds to be available within that levy period. As a result, depending on the quantum of the shortfall, it may be more practical for shortfalls to be included in the levy for subsequent levy period(s).

3.2 Components of the Estimate

The Levy Collection Act requires the CSLR operator to estimate its claims, fees and costs for a levy period. The following components of the calculation are required for the levy estimate, as set out in Section 9 of the Levy Collection Act:

$$\text{Estimate} = \begin{array}{cccccc} \text{(1)} & & \text{(2)} & & \text{(3)} & & \text{(4)} & & \text{(5)} & & \text{(6)} \\ \text{Compensation} & + & \text{Unpaid fee} & + & \text{ASIC levy} & + & \text{CSLR} & + & \text{Capital} & + & \text{Adjustment} \\ \text{payments to} & & \text{payments to} & & \text{administration} & & \text{operating} & & \text{reserve} & & \text{for prior year} \\ \text{consumers} & & \text{AFCA} & & & & \text{costs} & & \text{contribution} & & \text{shortfall or} \\ & & & & & & & & & & \text{excess} \end{array}$$

The Levy Collection Act specifically identifies the components to be included in each levy period, which is summarised in the table below. The FY2026 Levy Period components have been highlighted in blue.

Table 3.1 – Components of each Levy

Levy	Compensation payments (1)	AFCA fees (2)	ASIC levy administration (3)	CSLR operating costs (4)	Capital reserve (5)	Adjustment for prior year shortfall or excess ¹ (6)
Pre-CSLR Levy	For pre-CSLR complaints only	For pre-CSLR complaints only	No	No	No	No
FY2024 (1 st Levy Period)	Yes	Yes	No	Yes	\$1.67m capital contribution	No
FY2025 (2 nd Levy Period)	Yes	Yes	Yes	Yes	\$1.67m capital contribution	Not applied

Levy	Compensation payments (1)	AFCA fees (2)	ASIC levy administration (3)	CSLR operating costs (4)	Capital reserve (5)	Adjustment for prior year shortfall or excess ¹ (6)
FY2026 (3 rd Levy Period)	Yes	Yes	Yes	Yes	\$1.67m capital contribution	Adjustment, in respect of the 1 st Levy Period
FY2027 and thereafter	Yes	Yes	Yes	Yes	Capital recovery, if required	Yes ¹

¹Including adjustments relating to the pre-CSLR balance

Deductions are applied in respect of investment income and recoveries received within the levy period.

4 Large Financial Failures

In this section we consider several large financial failures that are expected to be relevant for the payments to be made by CSLR during the FY2026 Levy Period. These firms are:

- Dixon Advisory and Superannuation Services Limited (DASS). DASS's failure was known at the time of setting the pre-CSLR estimate as well as the Initial Estimates for the FY2024, FY2025 and FY2026 Levy Periods.
- United Global Capital Proprietary Limited (UGC). The failure of UGC was known at the time of setting the Initial Estimate for the FY2026 Levy Period.
- Brite Advisors Pty Ltd (Brite). Brite is a failure that occurred since the time of setting the Initial Estimate for the FY2026 Levy Period and there is less known about possible CSLR claims, or AFCA fees, that may arise from its failure.

We provided detailed background on the DASS and UGC failures in our Initial Estimate Report for the FY2026 Levy Period. In this section we focus on new information available and our associated considerations for the Revised Estimate.

4.1 Dixon Advisory and Superannuation Services Limited

4.1.1 Brief DASS background

In December 2022, DASS creditors approved the Deed of Company Arrangement (DOCA) proposed by E&P Financial Group to pay \$17.7m to DASS, less a settlement adjustment for expenses incurred by E&P Operations during the administration period. In November 2023 the Administrators announced that a settlement agreement had been made by the parties in respect of an outstanding class action, allowing for the DOCA to be finalised. In August 2024, the Administrators issued their Notice of Intention to Declare a Dividend for Former Client Creditors and other non-client creditors.

A final dividend of 7.96 cents was notified to admitted creditors on 24 April 2025. CSLR has commenced making DASS compensation payments.

The interested reader is directed to our Initial Estimate Report for further background on DASS and its relevance to CSLR.

4.1.2 DASS experience to date

Between its establishment and 31 May 2025, CSLR has made payments on 88 claims related to DASS. There are 168 open DASS claims, most of which are expected to be paid in June 2025 following the payment of dividend by the Liquidator.

Table 4.1 details the AFCA and CSLR experience in relation to DASS complaints to 31 May 2025 compared to 30 September 2024 (pre-merge exercise). We understand the reduction in DASS complaints from 2,798 at 30 September 2024 to 2,729 at 31 May 2025 was due to a data consolidation project at AFCA to ensure complainants with multiple complaints were consolidated into one complaint number.

Table 4.1 – DASS complaint and claim experience

	AFCA Open Complaints		AFCA Determined Complaints		AFCA Discontinued Complaints		CSLR Open Claims		CSLR Paid Claims		Total AFCA Complaints	
	As at 30 Sep-24	As at 31 May-25	As at 30 Sep-24	As at 31 May-25	As at 30 Sep-24	As at 31 May-25	As at 30 Sep-24	As at 31 May-25	As at 30 Sep-24	As at 31 May-25	As at 30 Sep-24	As at 31 May-25
Levy Period												
Pre-CSLR	1,570	1,321	60	228	27	97	1	143	19	65	1,657	1,646
Post-CSLR	1,120	1,017	20	51	1	15	1	25	-	23	1,141	1,083
Total	2,690	2,338	80	279	28	112	2	168	19	88	2,798	2,729

4.1.3 Implications for the FY2026 Levy Period Revised Estimate

DASS is expected to make up around 62% of the complaints that AFCA determines during FY2026 (including pre-CSLR complaints). The speed at which AFCA processes post-CSLR DASS complaints during FY2026 remains an area of uncertainty. The expected number of pre-CSLR complaints to be determined in FY2026 has reduced significantly since our Initial Estimate.

The latest expectations for the processing of pre- and post-CSLR DASS claims are outlined in Section 5.2. In Section 9.2, we include a sensitivity of the Estimate to these assumptions.

CSLR is ineligible to receive a DASS recovery due to the construct of the DOCA and therefore recoveries will be nil.

4.2 United Global Capital Proprietary Limited (UGC)

We provided background to the failure of UGC in Section 5 in our Initial Estimate Report and have not reproduced it here.

4.2.1 UGC experience to date

At the time of the Initial Estimate Report, we assumed that the failure of UGC would lead to 334 ultimate claims, with 307 paid in the FY2026 Levy Period. This was based on early reporting experience and applying our judgement around the circumstances of this failure.

UGC was expelled as an AFCA member effective from 31 May 2025. This means that no future complaints can be lodged with AFCA relating to UGC after 31 May 2025. As at 31 May 2025, AFCA had received 684 post-CSLR complaints in relation to UGC.

Table 4.2 outlines the AFCA complaint and CSLR claim experience related to UGC to 31 May 2025.

Table 4.2 – Post-CSLR UGC complaint and claim experience

	As at 30 Sep-24	As at 31 May-25
Levy Period		
Open complaints	101	600
Determined complaints	-	48
Discontinued complaints	5	36
Total Complaints	106	684
Open CSLR claims	-	20
Ineligible CSLR claims	-	2
Paid CSLR claims	-	-
Total Claims (inc. ineligible)	-	22

4.2.2 Implications for the FY2026 Levy Period Revised Estimate

As with DASS, the number of UGC complaints that AFCA can process during the FY2026 Levy Period is a key determinant of the assumed CSLR claims payments for the FY2026 Levy Period Revised Estimate. This is outlined in Section 5.

To 31 May 2025, AFCA have made determinations on 48 UGC complaints and 22 UGC claims have been received by CSLR (2 of which have submitted a CSLR claim without a determination and are considered ineligible as at 31 May 2025), but no payments have been made.

We understand that the Scheme's subrogation rights are limited to the entity against which the AFCA determination was made (i.e. UGC) and therefore do not extend to GCPF. In its Statutory Report to Creditors dated 25 March 2025, UGC's liquidator reported that a claim has been filed against a former director and that recovery action is being considered against an entity previously engaged by UGC. However, as at the date of the report, it remains uncertain whether recoveries will be sufficient to enable a dividend to any class of creditors, particularly given the significant amount owed to priority (employee) creditors.

In its Statutory Report to Creditors on 24 December 2024, GCPF's liquidators anticipated that a material dividend will be payable to its shareholders in due course. The liquidator has taken control of \$15.9m of cash and is currently undergoing recovery activity in respect of \$93.8m that has been invested into projects (no estimates have been provided due to commercial sensitivity). The final dividend is not yet known with any certainty, nor the timing of when the liquidation process will be completed.

While AFCA determinations have accounted for deductions relating to amounts received from the UGC and GCPF liquidations, the Scheme commenced making payments in June 2025 and will be positioned to make compensation payments during FY2026. This will be possible where it can reconcile the amounts received from both liquidations, ensuring that claimants receive the appropriate compensation in line with the relevant AFCA determinations, and that any amounts in excess of the AFCA determinations are recovered by the Scheme. At this stage, any potential recoveries are expected to be received in levy periods after FY2026.

4.3 Brite Advisors Pty Ltd

4.3.1 Brief history of Brite

Brite Advisors Pty Ltd (Brite) and its related entities operate in multiple countries (including the UK, US, Hong Kong, and Australia), providing advisory, pension administration and asset management services. Brite offers an investment platform (Brite Platform) to self-invested personal pension providers, qualifying recognised overseas pension schemes, and self-managed superannuation funds.

ASIC commenced proceedings against Brite Advisors Pty Ltd in October 2023, obtaining interim Federal Court orders to freeze the company's funds and assets due to concerns about its financial position. Subsequently, on 6 February 2024, the Federal Court ordered Brite Advisors to be wound up on just and equitable grounds, appointing liquidators to manage the process.

In September 2024, AFCA determined a complaint against Brite that was subsequently unpaid. CSLR paid the resulting claim of \$21,888.20 in relation to this complaint. Under the legislation governing the CSLR, this automatically led to ASIC's cancellation of Brite's AFS licence on 29 April 2025. ASIC has determined that Brite remain a member of AFCA for a period of 12 months from that time until 29 April 2026.

4.3.2 Brite experience to date

There was only 1 open complaint in respect of Brite at the time we prepared the Initial Estimate. AFCA has since received 618 complaints in respect of Brite as at 31 May 2025, with many of these recently reported since ASIC's cancellation of Brite's licence. Brite clients have until 29 April 2026 to lodge a complaint with AFCA, so the ultimate number of complainants is yet to become clear. Experience from both DASS and UGC suggest that it is likely that substantially more complaints will be lodged as the 29 April 2026 deadline approaches.

We understand that Brite had a large number of clients and reported managing as much as \$AUD 1 billion. AFCA has indicated that the circumstances surrounding the complaints are not yet known at this early stage; specifically, how many clients received financial advice, the involvement of the Australian AFS licenced entity and whether the circumstances meet the criteria for a CSLR compensable loss.

4.3.3 Implications for the FY2026 Levy Period Revised Estimate

The relevance of Brite to the FY2026 Levy Period Revised Estimate will largely depend on the number of Brite complaints that AFCA determines during the FY2026 year (ultimately bound by AFCA's processing capacity), whether AFCA findings on the complaint circumstances make them in scope for CSLR compensation, and the average claim size.

We have assumed that AFCA will determine 30 Brite complaints in FY2026, for which 10 will receive CSLR compensation in the FY2026 Levy Period. This estimate is based on correspondence with AFCA who indicated that they will be investigating approximately 30 complaints made against Brite across 6 representative complaint categories to establish the prospects of the complaints being within AFCA's jurisdiction and, if so, assess if these complaints are in-scope of the CSLR. This estimate assumes that all of these complaints will be determined by AFCA, will be eligible for CSLR compensation and they will all have circumstances that lead these to fall under the Personal Financial Advice sub-sector.

We have not attempted to estimate the ultimate number of Brite related complaints at this point in time given the significant uncertainty and because additional complaints will likely not be resolved by AFCA until after the FY2026 Levy Period (and therefore not paid by CSLR until a later levy period) unless a dedicated workforce was established.

5 Emerging complaint and claim experience

In this section, we focus only on the changes to assumptions used in the Initial Estimate that have been material to the Revised Estimate of the FY2026 Levy Period. Other assumption changes have had only minor impacts on changes to the Estimate amounts.

5.1 AFCA complaint experience

Table 5.1 shows the number of reported in-scope, post-CSLR complaints relating to DASS, UGC, Brite and other Financial Firms, as at the dates of the data used for the Initial Estimate and the Revised Estimate.

Table 5.1 – Reported post-CSLR in-scope complaints to AFCA

	As at 30 September 2024			As at 31 May 2025		
	Open	Closed	Total	Open	Closed	Total
DASS personal financial advice ¹	1,071	21	1,092	1,017	66	1,083
UGC personal financial advice ¹	101	5	106	600	84	684
Brite personal financial advice ¹	1	5	6	613	5	618
Other personal financial advice	34	19	53	135	87	222
Credit provision	12	82	94	1	56	57
Credit intermediation	-	-	-	-	-	-
Securities dealing	1	7	8	20	91	111
Total	1,220	139	1,359	2,386	389	2,775

¹ All DASS, UGC and Brite complaints relate to personal financial advice

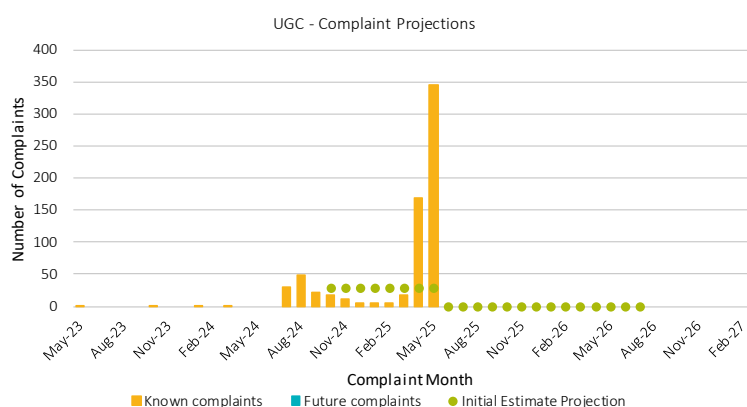
DASS had ceased being an AFCA member at the time of preparing our Initial Estimate, which means that no further complaints would be eligible to be reported to AFCA. The number of post-CSLR DASS complaints has reduced by 9 due to duplicate complaints being removed by AFCA. AFCA has progressed 51 post-CSLR complaints to a Determination and 15 post-CSLR complaints have been discontinued by AFCA.

Credit provision complaint numbers have decreased by 37 since the time of preparing our initial estimate due to a firm that was previously in voluntary administration, now no longer being in administration. While the number of complaints for this subsector is quite high, these known complaints have a limited impact on the CSLR levy estimate as a significant proportion of these complaints have been resolved by the relevant financial firms or have been discontinued.

The number of complaints in respect of the Securities dealing sub-sector has grown considerably since September 2024 as complaints against Remi Investment Services Pty Ltd (Remi) appear to be in-scope based on recent determinations from AFCA. We have now considered these complaints to be in-scope, at the advice of AFCA and CSLR. More than half of these complaints received by AFCA to date are discontinued or considered outside AFCA's rules for determination, which lessens the impact on the Levy Estimate. Remi has already been expelled from AFCA, and we do not anticipate further complaints to arise for this financial firm.

As outlined in Section 4, the number of UGC complaints has increased materially since the Initial Estimate, as expected. The monthly complaints reporting volumes for UGC is shown in Figure 5.1.

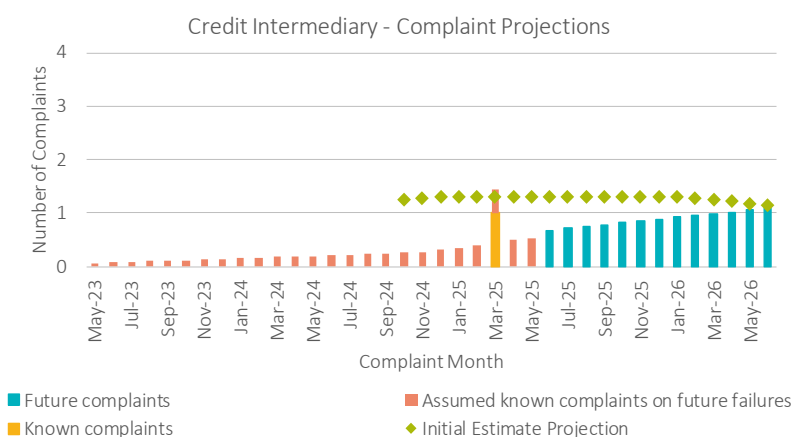
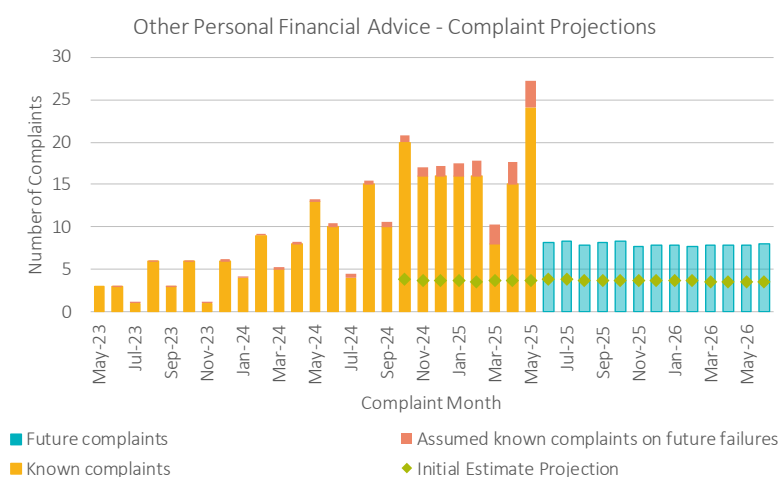
Figure 5.1 – UGC complaints by complaint month

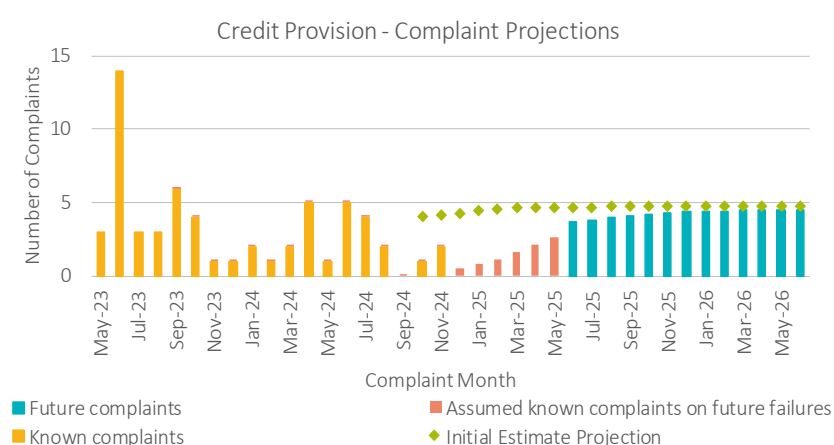
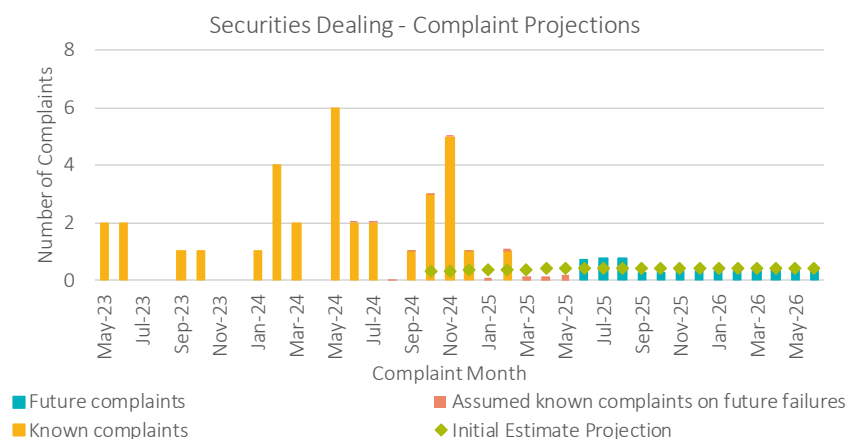


UGC complaint lodgements increased immediately surrounding news of UGC’s licence cancellation and liquidation, with a late surge of complaints nearing the 31 May 2025 deadline for lodging an AFCA complaint. The number of UGC complaints is now almost certainly greater than AFCA’s expected processing capacity for UGC complaints throughout the FY2026 Levy Period, even with a high level of discontinuance.

Figure 5.2 shows the recent known complaint experience as well as our projections for future complaints to emerge for Other Personal Financial Advice, Credit Provision, Credit Intermediation and Securities Dealing.

Figure 5.2 – Reported complaints and projected complaints by complaint month





We make the following additional observations on the complaint numbers observed to date and our revised projections:

- The number of complaints observed for Other Personal Financial Advice between 30 September 2024 and 31 May 2025 has been much higher than expected and higher than the observed recent history, driven by the insolvent financial firms outlined in Table 5.2 below. In response to this experience, we have also increased our allowance for future reported complaints from this segment.
- Complaint experience for the other subsectors has been approximately in line with expectations made at the Initial Estimate, noting the variability of these expectations given their lower projected volumes. For completeness, we have slightly adjusted our projected future complaints volumes for these segments.

The number of complaints reported against these insolvent financial firms since 30 September 2024 (with at least 10 complaints) are summarised in Table 5.2 below. We have also included Octillion Partners in the below summary for which we have recently been advised the historically reported complaints now fall in scope to the CSLR.

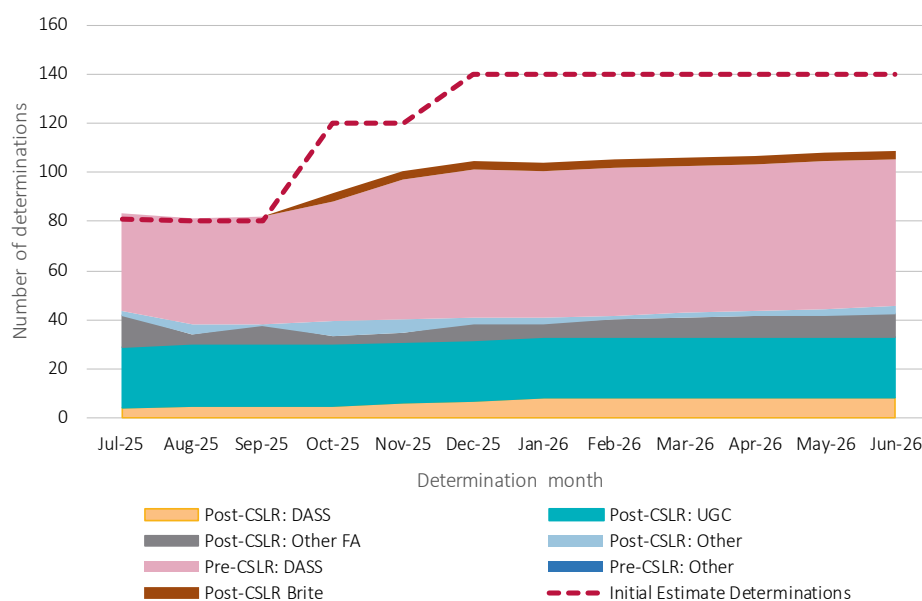
Table 5.2 – Other recent insolvency post-CSLR complaints

Financial Firm	Subsector	Number of complaints since 30-Sep-24	Number of complaints prior to 30-Sep-24
APT Strategy Pty Ltd	Personal Financial Advice	48	11
Next Generation Advice Ltd	Personal Financial Advice	32	10
Suetonius Wealth Management Pty Ltd	Personal Financial Advice	21	4
Wealth Trail Pty Ltd	Personal Financial Advice	13	12
Wise Investment Advisers Pty Ltd	Personal Financial Advice	11	3
Octillion Partners Pty Ltd	Personal Financial Advice	1	21

5.2 Assumed AFCA complaint processing

The number of CSLR claims to be paid in the FY2026 Levy Period is largely a function of how many complaints that AFCA can determine in that period. Our assumed volume of claims paid is informed by AFCA’s forecast timeframes for the determination of complaints received to 31 May 2025.

Figure 5.3 outlines the number of assumed AFCA Determinations based on the forecasts of known complaints and processing capacity provided by AFCA.

Figure 5.3 – Forecast of AFCA Determinations

We apply expected CSLR claim processing timeframes to assumed AFCA processing volumes to derive our estimate of the number of post-CSLR claims that will be eligible to be paid during the FY2026 Levy Period. We also allow for a limited number of complaints to be processed in addition to AFCA’s forecasts. These relate to lodged Complaints, as of 31 May 2025:

- against firms who are currently solvent but that become insolvent in time to be relevant to CSLR in FY2026.
- that ‘transition’ to a Sub-sector relevant to the CSLR as additional information pertaining to the Complaint is discovered.

AFCA has advised that, based on current resourcing, it will only be progressing Complaints already in the system during FY2026. Accordingly, the Revised Estimate for the FY2026 Levy Period does not include provision for unreported Complaints to be processed by AFCA, or paid by CSLR, in this period.

Figure 5.4 and Table 5.3 summarise the assumed numbers of CSLR claims to be paid during 2025/26 in our Revised Estimate and how these numbers compare with those in our Initial Estimate.

Figure 5.4 – Number of CSLR claims eligible to be paid (post-CSLR only)

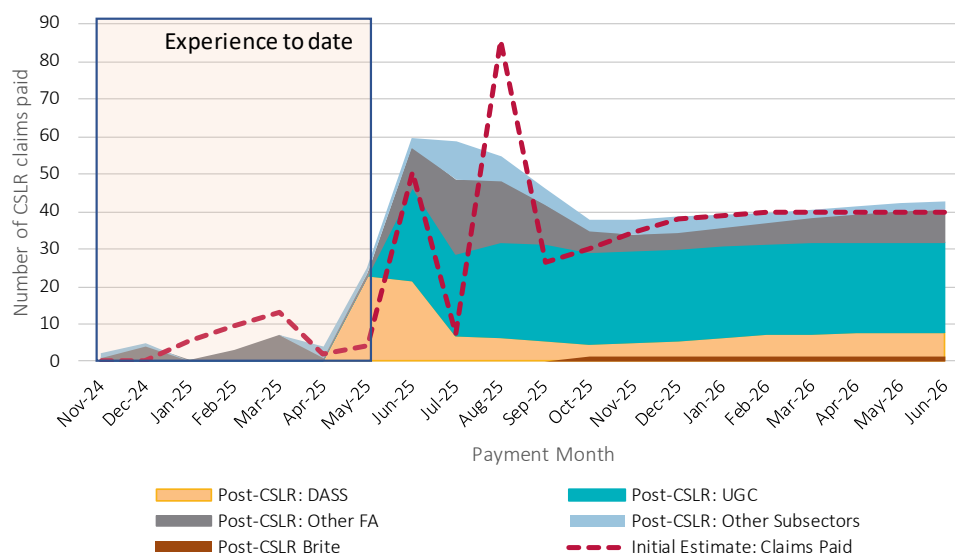


Table 5.3 – Number of assumed CSLR claims paid in the FY2026 Levy Period

Subsector/Major Firm	Initial Estimate	Revised Estimate	Difference
Personal Financial Advice: DASS	101	78	(23)
Personal Financial Advice: UGC	307	292	(15)
Personal Financial Advice: Brite	-	10	10
Other Personal Financial Advice	28	101	73
Personal Financial Advice	437	481	45
Credit Provision	36	13	(23)
Credit Intermediation	10	3	(7)
Securities Dealing	9	32	23
Total	491	529	38

The changes in the expected number of claims to be paid by CSLR in FY2026 include:

- A reduction of 15 in UGC claims paid. While AFCA is now forecasting to process higher volumes of UGC-related determinations in the 2025/26 year (at 25 per month compared to 21 per month in the Initial Estimate), the number of determinations for UGC over the last 3 months has been less than expected.
- A reduction of 23 in DASS claims paid. AFCA is forecasting to process a lower volume of DASS complaints than in the Initial Estimate.
- An increase of around 73 claims to be lodged for Other Personal Financial Advice compared to our Initial Estimate's assumed level of lodgements.
- An increase of 23 in the assumed number of in-scope complaints for Securities Dealing (Remi).

The expected number of claims to be paid has changed for other sub-sectors compared with our Initial Estimate because of changes to assumed future lodgements and lower than expected. These changes are small compared with the changes for the Personal Financial Advice and Securities Dealing sub-sectors.

5.3 Average CSLR Claim Sizes

For our Initial Estimate, we projected average claim sizes for each of the sub sectors by considering complaints at various stages of progression. There was only a small number of claims paid by CSLR at that time and hence we made a number of assumptions about how average complaint amounts would evolve into an average claim payment. The AFCA Complaint amount is a self-reported amount that Complainants enter upon lodging a Complaint to AFCA which may differ materially from the AFCA Determination amount.

Since September 2024, there has been additional complaint and claim experience with which to assess the appropriateness of our original assumptions.

Table 5.4 outlines the emerging experience across our modelling segments.

Table 5.4 – Average complaint and claim size

Segment	AFCA				CSLR				Initial Estimate: Revised Estimate:	
	No. of Complaints (non-nil)	Average Complaint Amount (\$000)	No. of Determinations (non-nil)	Average Determination Amount (\$000)	No. of Open Claims	Average Claim Amount (\$000)	No. of Claims Paid	Average payment amount (\$000)	Average claim size (\$000)	Average claim size (\$000)
Personal Financial Advice: DASS	2,169	113	276	132	168	119	88	138	121	123
Personal Financial Advice: UGC	339	109	36	130	20	82	0		145	128
Personal Financial Advice: Brite	200	140	0		0		1	22	N/A	145
Other Personal Financial Advice	463	100	158	82	18	75	125	85	100	90
Personal Financial Advice	3,171	112	470	115	206	111	214	107	136	120
Credit Intermediation	18	108	3	64	2	48	6	103	100	100
Securities Dealing	65	84	31	52	2	75	30	89	89	89
Credit Provision	184	7	9	2	1	150	9	21	6	6
Total	3,438	106	513	109	211	110	259	101	125	115

We make the following observations on the emerging average complaint and claim size experience:

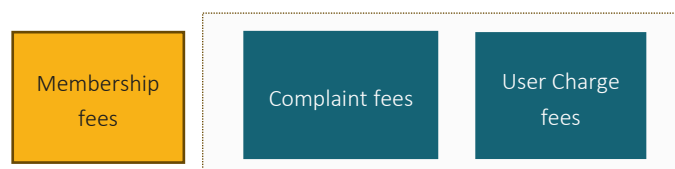
- **DASS:** CSLR has 168 open claims and have paid 88. These have largely been pre-CSLR complaints and represent only 10% of all DASS complaints outstanding. The average claim payment to date has been \$138,000, compared with our assumed size of \$121,000. We anticipate that DASS complaints lodged in the pre-CSLR period may have had higher losses, and losses related to later lodgements will be for lower amounts. We have therefore maintained our average claim size assumptions for DASS.
- **UGC:** There are 20 UGC claims open with CSLR and no claims have been paid. The limited experience does not indicate that our average claim size assumptions are inappropriate. Further AFCA determination experience (as well as CSLR claim experience) will be required before a reassessment of the relationships between average Complaint, Outcome and Claim payment amounts can be performed. The reduction in the average claim size from \$145,000 at the Initial Estimate to \$128,000 for the Revised Estimate is driven by lower-than-expected complaint amounts for UGC reports from 30 September 2024 to 31 May 2025. It should be noted that the Complaint amounts at the lodgement of a Complaint are entered by the Complainant and represent their own interpretation of their 'loss'. These may differ materially from AFCA's Determination experience.
- **Other Personal Financial Advice:** The average claim paid by CSLR for this segment has been around \$85,000, which is lower than our expected average of \$100,000. The average amount of CSLR's open claims is \$75,000. We have retained our average claim size assumption of \$100,000 for complaints with unreported complaint amounts and future complaints, as the large volume of remaining complaints has an average complaint size similar to this. The reduction in the average claim size from \$100,000 at the Initial Estimate to \$86,000 for the Revised Estimate is driven by lower-than-expected complaint amounts from the mix of open financial advice complaints over the last eight months.

- **Credit Intermediation and Securities Dealing:** The recent experience of average CSLR claim amounts in respect of these sub-sectors has been relatively close to what was expected.
- **Credit Provision:** The average CSLR claim paid for Credit Provision of \$21,000 was significantly higher than our assumed average \$6,000 due to a single large claim amount. The average complaint and case estimate amounts for open complaints and claims suggest that our assumed average claims size is reasonable.

6 Estimate of Unpaid AFCA Fees

6.1 AFCA's current fee structure

CSLR compensates AFCA for unpaid fees that would have been paid by the failed Financial Firms. AFCA fees include Membership fees, Complaint fees and User Charge fees.



For CSLR purposes, unpaid Complaint and User Charge fees are relevant as they will likely be unpaid by the Financial Firms that have in-scope CSLR claims. That is, a failed Financial Firm that is the subject of AFCA Determinations is unlikely to pay its Complaint and User Charge fees.

6.1.1 Complaint fee

Table 6.1 outlines our understanding of the complaint fee⁴ structure applying to discontinued complaints and determinations for FY2026.

Table 6.1 – Assumed AFCA complaint fee for FY2026

Complaint Type	Excluding GST	Including GST
Determination	9,630	10,593
Discontinued	2,316	2,548

Our Initial Estimate assumed the complaint fee would be the FY2025 fees increased by 3%. The Revised Estimate adopts AFCA's actual fees schedule for 2025/26, an increase of 3.5% on the FY2025 fees.

Based on our estimates of future Determinations and discontinued complaints, we have estimated that there will be \$6.5m in AFCA Complaint fees payable in the FY2026 Levy Period, \$6.0m of which will be related to Personal Financial Advice.

6.1.2 User Charge

AFCA applies a User Charge on its member firms to help fund its operations. This charge is separate from complaint-related fees and is designed to reflect each member's share of the overall cost of maintaining the AFCA scheme. The user charge is proportionately allocated based on the number, closure point, and complexity of complaints each member closed during the financial year, compared with the same data across all members. The user charge facilitates a 'user-pays' model, where members contribute to funding in proportion to their use of AFCA's services.

For the purposes of determining the User Charge, AFCA considers CSLR as a 'member firm'. We understand that AFCA uses CSLR's share of case load for FY25 to determine the User Charge applicable for FY2026 (and which CSLR pays in the FY2026 Levy Period). AFCA has advised that they apply a cost recovery model to CSLR and at the end of FY2026 it would review the costs incurred in FY2026 and adjust the FY2027 user charge to remain within cost recovery.

⁴ <https://www.afca.org.au/members/funding-model/fee-structure> (accessed 6 June 2025)

AFCA has estimated that a user charge of approximately \$4.18m (inclusive of GST) will apply to CSLR for FY2026; this includes the portion relating to AFCA's processing of pre-CSLR complaints.

Based on our projections, we assess that around 52% of the complaints charged by AFCA to CSLR in FY2026 (i.e. number of determinations and discontinued complaints) will be in respect of post-CSLR complaints.

To allocate the user charge for FY2026 between Pre-CSLR and Post-CSLR complaints, we have considered the sum of the total Determinations and Discontinued complaints across each of the sub-sectors, separately for pre- and post-CSLR complaints. Our allocation of the User Charge to the FY2026 Levy Period is summarised in Table 6.2 below.

Table 6.2 – Indicative User Charge: FY2026 Levy Period

	FY26 Share of AFCA Charges	User Charge (\$000)
Pre-CSLR	48%	2,010
Post-CSLR	52%	2,170
Total	100%	4,180

6.2 Estimate of Unpaid AFCA fees for the FY2026 Levy Period

This results in an estimate of AFCA unpaid fees in respect of the FY2026 Levy Period of \$8.7m. Table 6.3 shows these estimates across each of the sub-sectors.

Table 6.3 – Estimated Unpaid AFCA fees for FY2026 Levy Period¹

Type	Number of non- nil Determinations in FY2026	Number of nil Determinations in FY2026	Number of discontinued complaints in FY2026	Complaint fees from Determinations in FY2026 Levy Period (\$000)	User charge paid in FY2026 Levy Period (\$000)	Total AFCA fees for FY2026 Levy Period estimate (\$000)
DASS personal financial advice ¹	80	-	9	870	291	1,160
UGC personal financial advice ¹	299	-	33	3,250	1,088	4,338
Brite personal financial advice ¹	30	-	-	318	98	416
Other personal financial advice	84	62	17	1,551	536	2,087
Credit provision	12	5	1	176	60	235
Credit Intermediation	4	1	-	58	18	76
Securities dealing	19	3	3	265	79	344
Total	528	72	63	6,486	2,170	8,657

¹ All DASS, UGC and Brite complaints relate to personal financial advice

7 Other Considerations

7.1 Investment income

CSLR earns investment income on funds it holds. This is the difference in the levies it has received less the amounts it has paid out for compensation, unpaid AFCA fees, ASIC costs and CSLR's operating costs.

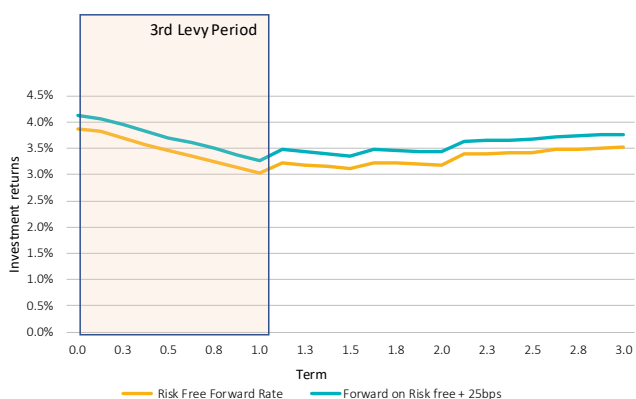
The estimated investment returns are determined considering when funds are expected to be received and invested by CSLR until they are paid out or spent. We have made several assumptions about the receipt and expenditure of levy monies for the FY2026 Levy Period, specifically:

- Annual Levy funds collected for the FY2026 Year Levy (80% of initial annual levy estimate, up to the \$20m sub-sector cap) are estimated to be received during October 2025, with receipt of the remaining 20% in January 2026.⁵
- CSLR expenses (exclusive of unpaid AFCA fees) are incurred uniformly through the levy period.
- ASIC costs are payable following invoice from ASIC.

These assumptions are unchanged from our Initial Estimate. In addition, we assume that the receipt of any Special and/or Further Levy would not occur until late in the 2025/26 financial year at the earliest and have thus not included any investment income on these monies during the FY2026 period.

CSLR invests monies conservatively. Figure 9.1 shows the assumption for investment returns generated by the levy amounts to be invested.

Figure 7.1 – Assumed risk-free investment return (months from 1 May 2025 to 30 June 2026)



Current forward rates in the above figure imply an average risk-free return over the FY2026 Levy Period of around 3.35%.

We have assumed that the levy funds will continue to be held in a cash management account and that such account would receive interest at an 85-bps discount to the risk-free rate. We have therefore assumed a cash management investment return of 2.5% p.a. on the levy funds.

We have further assumed that the capital contributions (i.e. reserve) will be invested in term deposits at a 25-bps margin over the risk-free rate. We have therefore assumed a term deposit investment return of 3.6% p.a. on the capital reserve.

⁵ The actual amount collected by ASIC is likely to be less than the total invoiced amount as some firms may no longer be trading or will not have paid.

The short time between receipt of levy funds and payment of claims and other outgoings means that investment income is expected to be limited. For the Revised Estimate for FY2026, investment income was estimated to be \$0.259m. This is close to our Initial Estimate of \$0.253m. The allocation of investment income by sub-sector is shown in Table 7.1.

Table 7.1 – Investment income by subsector (\$000)

Type	Investment income
Personal Financial Advice	(97)
Credit Provision	(47)
Credit Intermediation	(48)
Securities Dealing	(68)
Total	(259)

7.2 Other levy components

The legislation prescribes several additional components to be provided for by individual levies. We outlined these in Table 3.1 and discussed the approach to allocation, by year and sub-sector, in Section 6.10 of our Initial Estimate Report.

Table 7.2 shows these additional levy components for the FY2026 Levy Period, by sub-sector.

Table 7.2 – Summary of additional levy components

Type	FY2026 levy period (\$000)			Sum of other levy components
	Capital contribution	CSLR operating costs	ASIC costs	
Personal financial advice	417	2,123	625	3,165
Credit provision	417	1,078	225	1,719
Credit intermediation	417	1,068	225	1,710
Securities dealing	417	1,095	455	1,967
Total	1,667	5,364	1,530	8,561

The CSLR costs for the Personal Financial Advice sub-sector are higher than other sub-sectors to reflect the increased administrative expenses arising from the sub-sector. The relatively higher ASIC costs for Personal Financial Advice and Securities Dealing reflect the costs incurred in collecting a Special Levy and/or Further Levy. We have assumed that ASIC costs will be \$230k for the Further Levy as advised by ASIC.

CSLR will be processing pre-CSLR and post-CSLR claims at the same time. All CSLR operating costs incurred in each financial year are to be included in the relevant levy estimate for that period. This means that, for the FY2026 Levy Period, a significant portion of the CSLR operating costs will relate to time spent on pre-CSLR claims.

7.3 GST and other tax considerations

The fees for services rendered by AFCA in considering complaints against Financial Firms attract GST. For the estimates of unpaid AFCA fees in this report, we have included GST. This is consistent with previous levy estimates.

No other allowances have been made for GST within the FY2026 Levy Period estimate. CSLR is income tax exempt and is not required to make an allowance for income tax.

8 Recommended Revised Estimate for FY2026 Levy Period

8.1 Summary of our Revised Estimate

Table 8.1 shows this estimate, summarised by sub-sector.

Table 8.1 – Revised Estimate for the FY2026 Levy Period

FY2026 levy period estimate												
	No. AFCA complaints to be finalised	No. claims to be paid	Gross claim Payments (\$'000)	AFCA Fees (\$'000)	Recoveries (\$'000)	Capital Contribution (\$'000)	CSLR Operating Costs (\$'000)	ASIC Costs (\$'000)	Investment income (\$'000)	Expected payments by CSLR in FY2026 Levy Period (\$'000)	Excess from FY2024 (1st) Levy Period (\$'000)	CSLR Levy Estimate (\$'000)
Type												
Personal Financial Advice - DASS	80	78	9,597	1,160	-							
Personal Financial Advice - UGC	299	292	37,372	4,338	-							
Personal Financial Advice - Brite	30	10	1,450	416	-							
Personal Financial Advice - Other	146	101	9,131	2,087	(28)							
Personal Financial Advice	555	481	57,550	8,001	(28)	417	2,123	625	(97)	68,591	(1,302)	67,289
Credit Provision	17	13	73	235	(0)	417	1,078	225	(47)	1,980	(127)	1,853
Credit Intermediation	6	3	317	76	(0)	417	1,068	225	(48)	2,055	(222)	1,833
Securities Dealing	22	32	2,830	344	(5)	417	1,095	455	(68)	5,068	(345)	4,723
Total	599	529	60,770	8,657	(34)	1,667	5,364	1,530	(259)	77,695	(1,996)	75,698

Table 8.2 – Initial Estimate for the FY2026 Levy Period

FY2026 levy period initial estimate												
	No. AFCA complaints to be finalised	No. claims to be paid	Gross claim Payments (\$'000)	AFCA Fees (\$'000)	Recoveries (\$'000)	Capital Contribution (\$'000)	CSLR Operating Costs (\$'000)	ASIC Costs (\$'000)	Investment income (\$'000)	Expected payments by CSLR in FY2026 Levy Period (\$'000)	Excess from FY2024 (1st) Levy Period (\$'000)	CSLR Levy Estimate (\$'000)
Type												
Personal Financial Advice - DASS	245	101	12,249	3,207	-							
Personal Financial Advice - UGC	211	307	44,568	3,601	-							
Personal Financial Advice - Brite	-	-	-	-	-							
Personal Financial Advice - Other	48	28	2,773	1,193	(61)							
Personal Financial Advice	504	437	59,590	8,001	(61)	417	2,936	625	(96)	71,412	(1,302)	70,110
Credit Provision	70	36	216	976	(1)	417	1,146	225	(53)	2,926	(127)	2,799
Credit Intermediation	19	10	1,030	210	(1)	417	1,117	225	(53)	2,945	(222)	2,723
Securities Dealing	18	9	762	222	(1)	417	1,115	225	(51)	2,688	(345)	2,343
Total	610	491	61,597	9,409	(64)	1,667	6,314	1,300	(253)	79,971	(1,996)	77,975

8.2 Movements in the Estimate for Personal Financial Advice and Securities Dealing

Figure 8.1 outlines the key movements from our Initial Estimate to this Revised Estimate.

Figure 8.1 – Movements in the estimate for Personal Financial Advice

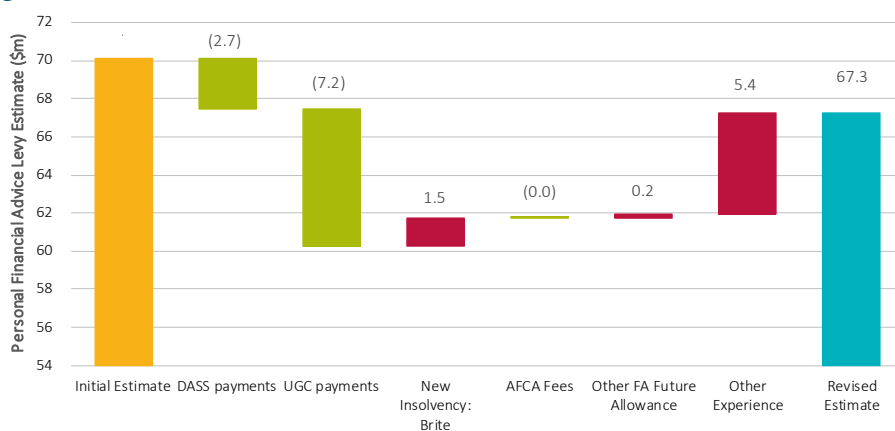
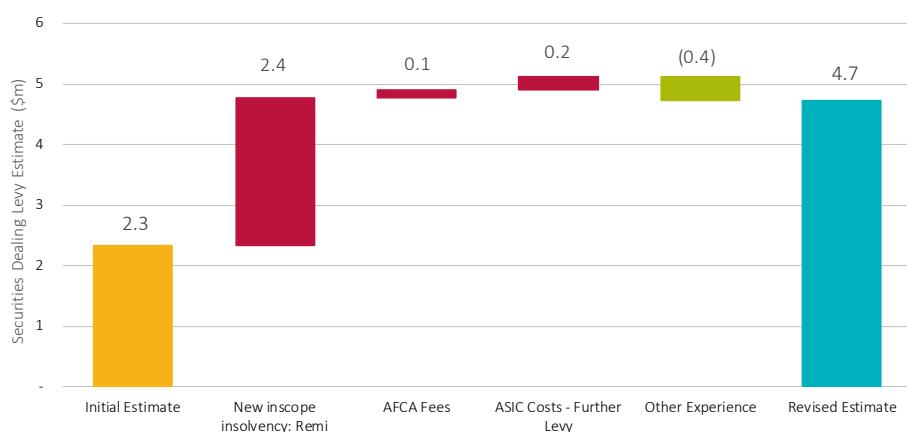


Figure 8.2 – Movements in the estimate for Securities Dealing



8.3 Future claim payments on known complaints

Table 8.3 shows the expected timing of future payments for claims that are able to be paid but noting that the actual payment will depend on when levy funds are available. This is shown by the source of CSLR claim.

We have not attempted to estimate the future CSLR claim payments and related AFCA fees associated with Brite beyond FY2026 given the significant uncertainty surrounding this financial firm and the eligibility of these complaints for CSLR compensation.

Table 8.3 – Future claim payments (net of recoveries) for known complaints

Type	FY2026 Payments (\$000)	Remaining after FY2026 ¹ (\$000)
Financial Advice - DASS	9,597	95,518
Financial Advice - UGC	37,372	26,770
Financial Advice - Brite	1,450	n/a
Financial Advice - Other	9,131	11
Financial Advice	57,550	122,299
Credit Provision	73	(1)
Credit Intermediation	317	-
Securities Dealing	2,830	(2)
Total	60,770	122,296

¹ Based on complaints known to date, no allowance for Brite

9 Implications of uncertainty

This section of the report expands on the key elements of uncertainty in deriving the Revised Estimate for the FY2026 Levy Period. We also discuss the implications of uncertainty on the Estimate amounts.

9.1 Context

CSLR has been in operation for only around a year. The experience to-date remains minimal for most metrics and there are no reasonably comparable alternative arrangements that could be investigated for significant, relevant learnings. For these reasons, the actuarial assumptions continue to be more weighted to reasoned judgement than to analysis of relevant data.

AFCA has a specific role which is related but independent to CSLR. The information provided to us by AFCA continues to be a key driver of the estimation of CSLR claims costs in a period.

We acknowledge that the legislation governing the CSLR is complex, contains elements that are yet to be fully tested, and is currently under review by Treasury. While our current interpretations are based on a considered understanding of the legislation as it stands, and we believe the likelihood of materially different outcomes is low, there remains the possibility that alternative interpretations could emerge. Should the legislation be amended as a result of the ongoing review, this could lead to different outcomes than currently anticipated.

9.2 Range of CSLR claim outcomes

Informed by our consideration of the Board Policy for the FY2026 Levy Period, our assessment of a reasonable estimate is based on expected amounts in a reasonably favourable environment, without additional allowances for a significant deterioration in average claim sizes or substantially more determinations than expected. In particular, we do not consider significant, systemic market events that could lead to a large number of Financial Firm failures.

In this section we consider some alternative plausible scenarios that could lead to outcome amounts that are greater or less than the estimate we have determined.

As Personal Financial Advice and Securities Dealing are the only sub-sectors for which our Revised Estimate calculations indicate a Further or Special Levy may be considered, we have shown below scenarios for only these two sub-sectors.

9.2.1 Personal Financial Advice

The Revised Estimate for the FY2026 Levy Period for Personal Financial Advice, prior to reduction for the FY2024 Levy Period excess, is \$68.6m. The outcomes for the major Financial Firm failures (DASS, UGC and Brite) remain the key components of the uncertainty in respect of this sub-sector. More specifically, the outcomes depend on:

- The speed at which AFCA processes DASS complaints throughout the 2025/26 year and hence the number of post-CSLR DASS claims eligible to be paid by CSLR in the FY2026 Levy Period.
- The extent to which complaints related to Brite become a significant cost during the FY2026 Levy Period. This includes the impact of claim costs as well as AFCA fee reimbursements during the year. These amounts depend on a number of factors that are highly uncertain at the time of this report, including:
 - > The ultimate number of complaints that will be made against Brite prior to its AFCA membership being cancelled

- > Whether Brite complaints are 'in-scope' for payment by CSLR and whether all Brite claims would fall within the Personal Financial Advice sub-sector
- > How quickly AFCA determines Brite complaints.
- The rates of complaint discontinuance, in particular for the large Financial Firm failures. Early experience has indicated that complaint discontinuances may materially reduce the ultimate cost of complaints against DASS and UGC. It is too early to know if these complaints will be reopened at a later stage. Whilst discontinued complaints will not lead to CSLR complaint payments, they will still lead to unpaid AFCA fees.
- The average size of UGC claims. In the FY2026 Levy Period we expect the number of UGC claims to be paid will be over three times the number of post-CSLR DASS claims to be paid. But the claim size experience for UGC is substantially more uncertain.

The table below shows a range of plausible estimates using various assumptions for the above components.

Table 9.1 – Scenarios for Personal Financial Advice sub-sector (Revised Estimate for FY2026 Levy Period) - excluding the impact of FY2024 Levy Period excess amounts

Scenario narrative	Base scenario - assumption	Low scenario - assumption and impact	High scenario - assumption and impact
Brite scenario – (number of AFCA Determinations, CSLR in-scope or not, and number of claims paid)	30 Determinations and 10 claims paid \$68.6m total	3 Determinations and 0 claims paid The Determinations indicate that Brite complaints will be out-of-scope for CSLR \$66.9m total (i.e. reduction of \$1.7m)	140 complaints finalised and 120 claims paid Assuming Determinations due around September 2025 show the potential for a large number of complaints to be in-scope for CSLR and AFCA establishes an additional, dedicated workforce that can process 20 Brite complaints per months from December 2025 \$85.7m total (i.e. increase of \$17.1m)
Processing speed of post-CSLR DASS complaints	Planned processing volumes \$68.6m total	Half of planned volumes \$63.4m total (i.e. reduction of \$5.2m)	Double planned volumes \$72.1m total (i.e. increase of \$10.4m)
Processing speed of post-CSLR UGC complaints	Planned processing volumes \$68.6m total	10 determinations less per month \$56.4m total (i.e. reduction of \$12.2m)	Additional 10 determinations per month \$82.3m total (i.e. increase of \$13.8m)
Unpaid AFCA fees & Processing speed of post-CSLR complaints	Planned processing volumes and discontinuance rates \$68.6m total	Low discontinuance and 2 months slower processing \$57.0m total (i.e. reduction of \$11.6m)	High discontinuance and processing volumes 2 months faster \$79.3m total (i.e. increase of \$10.7m)

Average claim size for UGC related claims	\$129k average	\$100k average	\$150k average
	\$68.6m total	\$60.5m total	\$76.5m total
		(i.e. reduction of \$8.1m)	(i.e. increase of \$7.9m)

9.2.2 Securities Dealing

The Revised Estimate for the FY2026 Levy Period for Securities Dealing, prior to reduction for the FY2024 Levy Period excess, is \$5.1m. The key driver of the claim payments for this sub-sector is for the complaints made against Remi. Given the progression of these complaints at AFCA, and AFCA's expectation that they will be determined over the coming year, the number of determinations is less uncertain than the size of these determination amounts of compensation.

The table below shows the range of plausible estimates if we varied the average claim size assumption for Remi.

Table 9.2 – Scenarios for Securities Dealing sub-sector (Revised Estimate for FY2026 Levy Period) - excluding the impact of FY2024 Levy Period excess amounts

Scenario narrative	Base scenario - assumption	Low scenario – assumption and impact	High scenario – assumption and impact
Remi Average Claim Size	\$105k average	\$50k average	\$150k average
	\$5.1m total	\$3.8m total	\$6.1m total
		(i.e. reduction of \$1.3m)	(i.e. increase of \$1.1m)

Even under the low scenario, the Revised Estimate for the FY2026 Levy Period for Securities Dealing, prior to reduction for the FY2024 Levy Period excess, is \$3.8m; which is \$1.1m in excess of the Initial Estimate for this sub-sector.

9.3 Implications of uncertainty around liquidity and timing of levy funding

The timing of receipt of levy monies is complicated by numerous factors, particularly the parliamentary processes that are required to be adhered to in order to seek Special Levy amounts. The expectations for the receipt of future levy monies at the time of this report is:

- FY2026 Levy Period amounts in respect of the Personal Financial Advice sub-sector, up to the \$20m sub-sector cap, would be received in October 2025.
- A Special Levy, if one is sought, would be received no earlier than in the last quarter of the FY2026 Levy Period (i.e. April to June 2026), with the potential for its receipt in FY2027.

Based on these forecast timeframes for receipt of levy monies and the expectations of FY2026 Levy Period outflows outlined in Section 8, we expect that CSLR would have emerging liquidity constraints for the Personal Financial Advice sub-sector during FY2026 and may need to delay payment of claims and AFCA fees. Whilst this assumes that pre-CSLR monies are 'ringfenced' and not available to be used for other levy periods, even if pre-CSLR monies could be used to cover FY2026 Levy Period outflows, as pre-CSLR funds are anticipated to be substantially exhausted by calendar year 2026, it is unlikely that significant such amounts would be available for use.

As was the case for our Initial Estimate, in our Revised Estimate for the FY2026 Levy Period, we have assessed the likely claims and outgoings for CSLR on the assumption they will not be affected by any liquidity constraints from the recommended levy amounts not being available to CSLR. To do so would not suit the purpose of the Revised Estimate in informing the need for and the required amount of any Special Levy.

9.4 Severe events

The occurrence of severe events, such as a significant economic downturn that leads to large numbers of Financial Firm failures, could increase CSLR payments beyond our estimates in this Report. No allowance is made for future severe events, noting the high level of uncertainty around the occurrence of such events in any one levy period, and the scheme being designed to fund severe events after (not before) they have occurred. The scheme design allows flexibility for CSLR to respond in the appropriate manner to unexpectedly large costs through future levies – either Further Levy, Special Levy, or a future levy period(s) – once the relevant events are known.

10 Reliance and limitations

10.1 Use of this Report

This report will be made publicly available on CSLR's website. We have prepared this report for CSLR for the purposes outlined in Section 2.1 of this report. It is not necessarily suitable for any other purpose. Third parties should recognise that the furnishing of this report is not a substitute for their own due diligence and should place no reliance on this report or the data contained herein which would result in the creation of any duty or liability by Finity to the third party.

10.2 Reliance and limitations

We have relied on the information provided to us as detailed in Appendix B of this report. We have checked this information for reasonableness only and consider it to be appropriate for the scope of this review.

There are many limitations on the quality, completeness and relevance of the underlying data sources. The results, however, should be reasonable in order to inform decisions.

10.3 Uncertainties

We have formed our views based on the current environment and what we know today. If future circumstances change, it is possible that our findings may not prove to be correct.

It is not possible to predict the financial impacts on the CSLR with certainty. We have adopted assumptions that we believe are reasonable considering the scope and nature of the assignment.

It would be reasonable to expect that the eventual outcomes, after a few years have elapsed and the outcome of the complaints become known, to be materially higher or lower than our estimates. This level of uncertainty is unavoidable for any estimates of this nature.

Appendices

A Key assumptions

Processing volumes

Segment	Non-Nil AFCA determinations		CSLR Payments	
	Initial Estimate	Revised Estimate	Initial Estimate	Revised Estimate
Post-CSLR: DASS	245	80	101	78
Post-CSLR: UGC	211	299	307	292
Post-CSLR: Brite	0	30	0	10
Post-CSLR: Other FA	37	84	28	101
Post-CSLR: Other	82	35	55	48
Post-CSLR Total	575	528	491	529

Average claim size assumptions

Ratio of AFCA outcome amount on AFCA complaint amount

Type	Initial Estimate	Revised Estimate
Personal Financial Advice - UGC	75%	75%
Personal Financial Advice - DASS	120%	120%
Personal Financial Advice - Other	75%	75%
Credit Provision	75%	75%
Credit Intermediation	75%	75%
Securities Dealing	75%	75%
Total	n/a	n/a

Ratio of CSLR estimate amount on AFCA determination amount

Type	Initial Estimate	Revised Estimate
Personal Financial Advice - UGC	103%	103%
Personal Financial Advice - DASS	103%	103%
Personal Financial Advice - Other	103%	103%
Credit Provision	103%	103%
Credit Intermediation	103%	103%
Securities Dealing	103%	103%
Total	n/a	n/a

Ratio of CSLR payment amount to capped CSLR estimate amount

Type	Initial Estimate	Revised Estimate
Personal Financial Advice - UGC	105%	105%
Personal Financial Advice - DASS	105%	105%
Personal Financial Advice - Other	105%	105%
Credit Provision	100%	100%
Credit Intermediation	100%	100%
Securities Dealing	100%	100%
Total	n/a	n/a

Average Claim Size - Outcome

Segment	Initial Estimate (\$000)	Revised Estimate (\$000)
Personal Financial Advice - Brite	N/A	145
Personal Financial Advice - UGC	145	128
Personal Financial Advice - DASS	121	123
Personal Financial Advice - Other	100	90
Credit Provision	6	6
Credit Intermediation	89	89
Securities Dealing	100	100
Total	125	115

AFCA Complaint Fees on FY26 complaints

Type	Initial Estimate	Revised Estimate
Discontinued complaints	\$ 2,536	\$ 2,548
All other complaints	\$ 10,542	\$ 10,593

FY26 Recoveries (% of gross compensation payments)

Type	Initial Estimate	Revised Estimate
UGC	0%	0%
DASS	0%	0%
Other	1%	0%

Other Assumptions**Prob. of CSLR claim**

Type	Initial Estimate	Revised Estimate
UGC	98%	98%
DASS	95%	95%
Other	95%	95%

Prob. of Discontinued (for open complaints)

Type	Initial Estimate	Revised Estimate
UGC	0%	10%
DASS	0%	10%
Other	0%	10%

Investment income

Type	Initial Estimate	Revised Estimate
Investment income on term deposits	3.60%	3.60%
Investment income on cash management account	2.50%	2.50%

User Charge Total

	Initial Estimate	Revised Estimate
User Charge Total	\$ 2,974,710	\$ 2,170,479

B Data provided for our review

We received the following information to assist with our review. We also conducted regular discussions with CSLR management to assist with the preparation of this report.:

- A database of all complaints received by AFCA (and its predecessors) since 2013
- CSLR claim and payment data since the beginning of operation
- Discussions and various documents explaining current AFCA processes and evolving plans for processing the post-CSLR complaints
- CSLR operating budgets for FY2025 and FY2026
- Estimated ASIC costs to manage industry levies for the FY2026 Levy Period and a potential Special Levy
- FY2025 AFCA unpaid fee amounts for Determinations and discontinued complaints notified to date by AFCA
- CSLR expectations of claims paid to the end of FY2025
- Indications on the User Charge due from CSLR to AFCA in FY2026
- Responses to several legal questions about interpretation of CSLR legislation
- DASS information sourced from the Administrators' website and discussions with CSLR
- Publicly available information related to UGC
- Searches on ASIC's website on Financial Firms and their trading status
- Publicly available information relating to Other Financial Firms to assist with understanding their current trading status and additional information as to the nature, or likely result, of complaints made against the Financial Firms.

B.1 Validation of data

There are no independent sources to validate or reconcile the AFCA complaints data. The data maintained and reporting prepared by AFCA is designed to meet AFCA's role and needs in resolving disputes.

AFCA's database contains only the current version of the relevant information on the complaint. AFCA was unable to provide us with a dataset showing the past changes in details of each complaint. AFCA's validation of coding of individual fields is fit-for-purpose but does not require specific validation of some of the fields relevant to CSLR, such as nature of financial service, outcome amount or claimed loss. Several items (especially for paused complaints) are limited to what has been self-reported by the complainant when the complaint was made with AFCA.

We have checked the CSLR claims and payment data against internal CSLR monitoring reports to ensure we have interpreted the data in a consistent manner.

B.2 Reasonableness checks

Where possible, we applied reasonableness checks to various summaries and data items, based on consistency of different sources, general knowledge of the firms and their businesses, and web searches.

Possible discrepancies were discussed with CSLR management and AFCA. In most cases the data appears to be valid, while in a few cases an error in the data extraction was identified and a correct extract provided to us.

The reasonableness checks focussed on:

- Counts of complaints and Financial Firms meeting different criteria of complaint status, cause of complaint and financial status of the firm (as known to AFCA)
- The average amount of loss reported by the complainant
- The completeness of the outcome amounts and the average financial outcome amount by sector and advice type, including comparison with the loss reported by the complainant
- Cross checking the claims reported to CSLR with the information provided in the AFCA complaints data, to ensure consistency across the two data sources
- Comparing AFCA fee extracts against the AFCA complaint file.

C Estimate of FY2026 Levy Period cost by sub-sector

The estimates in this report are the result of actuarial projections using the methodology discussed throughout the report. We have not rounded the outcomes of our analysis. Amounts shown in the body of the report have been shown as rounded figures for simplicity.

Table B.1 outlines the component parts of the levy estimates for the FY2026 Levy Period, split by sub-sector and to the nearest cent. The amounts below are shown split according to parliamentary instrument specifications.

Table C.1 – Recommended FY2026 Levy Period amount

Act references	Description	Sub-sectors				Total
		Credit intermediaries	Credit providers	Licensed personal advice	Securities dealers	
Paragraph 9(1)(a)	Gross claim Payments	\$316,765.63	\$72,821.21	\$57,550,438.08	\$2,829,998.12	\$60,770,023.04
	Recoveries	-\$59.38	-\$354.43	-\$28,016.79	-\$5,103.38	-\$33,533.98
	Compensation claims	\$316,706.25	\$72,466.78	\$57,522,421.29	\$2,824,894.74	\$60,736,489.06
Paragraph 9(1)(b)(i)	AFCA unpaid fees	\$76,292.04	\$235,389.81	\$8,000,914.49	\$343,916.68	\$8,656,513.02
Paragraph 9(1)(b)(ii)	CSLR's administrative costs	\$1,068,374.42	\$1,077,588.52	\$2,123,080.15	\$1,094,938.90	\$5,363,981.99
	Investment income	-\$47,928.40	-\$46,833.41	-\$96,846.27	-\$67,512.50	-\$259,120.58
	CSLR's administrative costs	\$1,020,446.02	\$1,030,755.11	\$2,026,233.88	\$1,027,426.40	\$5,104,861.41
Paragraph 9(1)(b)(iii)	ASIC's administrative costs	\$225,000.00	\$225,000.00	\$625,000.00	\$455,000.00	\$1,530,000.00
Paragraph 9(1)(b)(iv)	Capital reserve establishment	\$416,666.67	\$416,666.67	\$416,666.67	\$416,666.67	\$1,666,666.68
Paragraph 9(2)(b)	Excess from FY24 (1st Levy Period)	-\$222,122.00	-\$127,055.00	-\$1,302,250.00	-\$344,678.00	-\$1,996,105.00
Total		\$1,832,988.98	\$1,853,223.37	\$67,288,986.33	\$4,723,226.49	\$75,698,425.17

