

Revised Estimate for FY2027 (4th Levy Period)

Compensation Scheme of Last Resort Limited

June 2026

18 June 2026

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

Dear Directors

Revised Estimate for FY2027 (4th Levy Period)

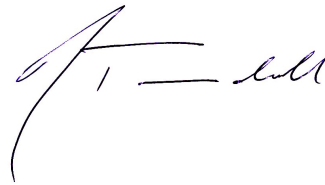
We are pleased to enclose our report that outlines the work carried out, our methodology and results of our Revised Estimation of CSLR outgoings for the 2027 financial year (the '4th Levy Period').

We look forward to discussing its contents with you.

Yours sincerely



Stephen Lee
Fellow of the Institute of Actuaries of Australia



Jon Tindall
Fellow of the Institute of Actuaries of Australia

Revised Estimate for FY2027 (4th Levy Period)

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1 Executive Summary

1.1 Background and scope to this Report

The 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 eligible claimants who hold an unpaid determination issued by the Australian Financial Complaints Authority (AFCA). The CSLR is also required to meet outstanding AFCA fees and other associated administrative 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 FY2027. The Revised Estimate is an update on the Initial Estimate for FY2027, which is detailed in our reported titled “Initial Estimate for 2026/27 (4th Levy Period)”, dated 21 October 2025 (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 each relevant sub-sector. Any amounts in excess of this cap may only be levied pursuant to a determination made under 1069H of the *Corporations Act 2001* and the imposition of a Special Levy. 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 Ongoing Treasury review of the Scheme and general context for this Report

On 31 January 2025, the Assistant Treasurer announced a post-implementation review of the Scheme. On 7 April 2026, Treasury released a consultation paper seeking feedback in targeted, technical, and structural reform options to support ongoing sustainability of the Scheme. The closing date for submissions was 22 May 2026. 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 apply at the time of preparing this report. Changes to the Scheme from the review may affect the results shown in this Report.

More broadly, there remain legal, regulatory, and other developments which, should they arise, could materially impact both the volume and value of claims ultimately paid by the Scheme. The analysis presented in this Report is based on a considered assessment of the legislative framework, regulatory environment, and factual circumstances as they currently stand.

There are potentially significant implications for the Revised Estimate in relation to Shield Master Fund (Shield) and First Guardian Master Fund (First Guardian). In particular, the following assumptions have been applied:

- The Revised Estimate includes only those implicated Financial Firms that are known to be eligible under the CSLR. No provision has been made for Interprac Financial Planning Pty Ltd, as it is not an insolvent entity.
- No allowance has been made for any potential variations in compensation amounts arising from the outcomes of related legal proceedings, including instances where such proceedings result in compensation being awarded to investors.

1.3 Recommended Revised Estimate for FY2027

The Revised Estimate for the FY2027 Levy Period reflects our assessment of the expected compensation payments and associated costs to be borne by CSLR during the period from 1 July 2026 to 30 June 2027. Finity estimates the total required amount for the FY2027 Levy Period to be \$198.1m. In respect of the Personal Finance Advice sub-sector, Finity estimates the total required for the FY2027 Levy Period is \$190.3m, which is \$170.3m over the \$20m sub-sector cap. Table 1.1 outlines our Revised Estimate for the FY2027 Levy Period.

Table 1.1 – Revised Estimate for the FY2027 Levy Period

FY2027 levy period estimate												
Subsector/Financial Firm	No. AFCA complaints		Gross claim			Capital Contribution (\$000)	CSLR Operating Costs (\$000)	ASIC Costs (\$000)	Investment income (\$000)	Expected payments by CSLR in FY2027 Levy Period (\$000)	Excess from FY2025 (2nd) Levy Period (\$000)	CSLR Levy Estimate (\$000)
	to be finalised	No. claims to be paid	Payments (\$000)	AFCA Fees (\$000)	Recoveries (\$000)							
Personal Financial Advice - DASS	489	589	83,497	6,504	-							
Personal Financial Advice - UGC (GCPF)	283	241	33,345	3,736	-							
Personal Financial Advice - Brite	57	38	3,951	753	-							
Personal Financial Advice - Shield & First Guardian	620	474	30,151	8,121	-							
Personal Financial Advice - Other	204	173	17,980	2,701	-							
Personal Financial Advice	1,653	1,514	168,924	21,816	-	-	3,021	525	(418)	193,868	(3,606)	190,262
Credit Provision	41	24	182	541	-	-	1,326	225	(101)	2,174	(137)	2,037
Credit Intermediation	15	10	1,001	185	-	-	1,331	225	(109)	2,633	(573)	2,060
Securities Dealing	27	19	2,015	356	-	-	1,337	225	(142)	3,792	(82)	3,709
Total	1,736	1,567	172,123	22,898	-	-	7,015	1,200	(769)	202,466	(4,399)	198,068

Table 1.2 compares our Revised Estimate with our Initial Estimate for the FY2027 Levy Period.

Table 1.2 – Comparison of Initial and Revised Estimates for the FY2027 Levy Period (\$000)

Subsector/Financial Firm	Number of CSLR claim payments			Gross Claim Payments			AFCA Fees			Other Components ¹			Total CSLR Levy Estimate		
	Initial Estimate	Revised Estimate	Difference	Initial Estimate	Revised Estimate	Difference	Initial Estimate	Revised Estimate	Difference	Initial Estimate	Revised Estimate	Difference	Initial Estimate	Revised Estimate	Difference
Personal Financial Advice - DASS	386	589	203	54,760	83,497	28,737	8,958	6,504	(2,454)						
Personal Financial Advice - UGC (GCPF)	178	241	63	24,665	33,345	8,680	2,798	3,736	938						
Personal Financial Advice - Brite	62	38	(24)	8,815	3,951	(4,864)	1,135	753	(381)						
Personal Financial Advice - Shield & First Guardian	-	474	474	-	30,151	30,151	-	8,121	8,121						
Personal Financial Advice - Other	215	173	(42)	21,714	17,980	(3,734)	5,782	2,701	(3,081)						
Personal Financial Advice	841	1,514	673	109,954	168,924	58,970	18,673	21,816	3,143	(1,774)	(478)	1,296	126,853	190,262	63,409
Credit Provision	10	24	14	401	182	(219)	271	541	270	1,331	1,313	(18)	2,003	2,037	33
Credit Intermediation	10	10	-	1,001	1,001	-	261	185	(76)	894	874	(20)	2,156	2,060	(96)
Securities Dealing ²	51	19	(32)	4,341	2,015	(2,327)	800	356	(443)	1,341	1,338	(3)	6,482	3,709	(2,773)
Total	912	1,567	655	115,698	172,123	56,424	20,004	22,898	2,894	1,792	3,047	1,255	137,495	198,068	60,573

¹ Includes recoveries, capital recoveries, CSLR operating costs, ASIC costs, investment income and excess from FY25 (2nd) Levy Period

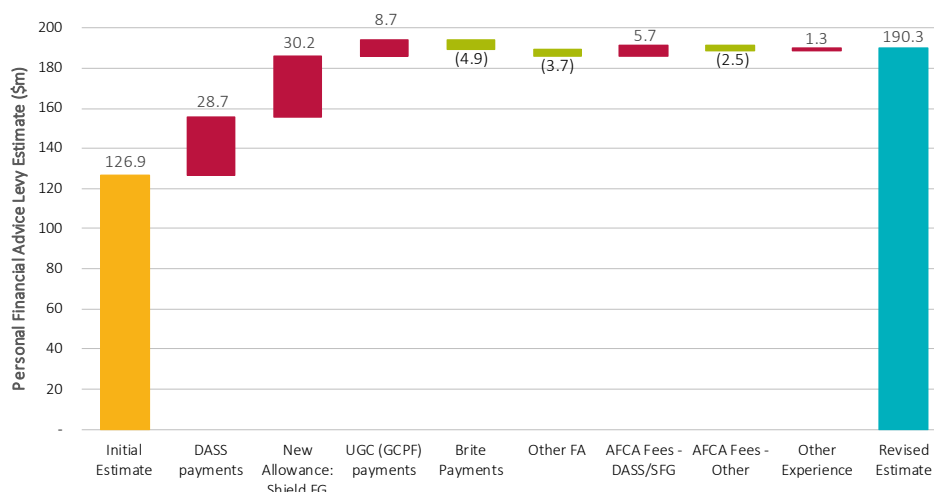
² The Initial Estimate amounts include both the FY27 component and the revised estimate shortfall from FY26

The main differences between the Initial and Revised Estimates are discussed below.

1.3.1 \$63.4m increase for Personal Financial Advice sub-sector

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 two main reasons for the increase in the estimate for FY2027 are:

- Higher volumes of DASS related Determinations during FY2027 than anticipated at the Initial Estimate. AFCA’s recent Determination experience has shown faster than planned DASS related Determinations, which we understand from discussions with AFCA has arisen from operational efficiencies. **AFCA forecasts all remaining DASS related complaints to be completed in FY2027** (including ‘Pre-CSLR complaints’ that are not the subject of this Report)¹. This increases the expected volume of DASS related claims payments in FY2027 as most remaining DASS claims are expected to be finalised by CSLR in the FY2027 year. Some CSLR payments may occur after FY2027 where AFCA determinations are issued toward the end of the levy period, such that the necessary time for claim lodgement, assessment and payment by CSLR extends into FY2028.
- An added allowance of **\$30.2m for claims arising from Shield and First Guardian**. Our Initial Estimate Report deliberately did not include an allowance for Shield and First Guardian related claims due to the large range of unknowns at the time, especially the number of complaints that might be processed in FY2027. This Revised Estimate reflects AFCA forecast Determination volumes in FY2027. The unknowns remain and continue to be significant. Shield and First Guardian are discussed in more detail below.

These two changes make up \$58.9m, or \$64.6m including related AFCA fees, of the \$63.4m increase for the Personal Financial Advice sub-sector.

The other changes are broadly offsetting, and arise from the following changes:

- Revisions in AFCA complaint processing volumes forecast, most materially increasing the volume of UGC related complaints² and reducing those related to Brite.
- A lower assumed average claim size for Brite related complaints because the residual CSLR compensable loss has been reduced by an interim dividend payment by the liquidator of Brite.
- Reduced allowance for CSLR compensable complaints arising from other sources as the main Financial Firm failures that give rise to claims are better known compared to at the time of preparing the Initial Estimate. The Revised Estimate reflects latest information on known open complaints at 30 April 2026.

¹ Some complaints are Discontinued.

² Complaints against UGC include investors that were advised to invest in Global Capital Property Fund (GCPF) and Shield and/or First Guardian. We consider UGC complaints separately based on the underlying investment that the complaint is about for the purposes of this Report.

- Australian Fiduciaries Limited (Australian Fiduciaries) claims were considered not to be CSLR-eligible in the Initial Estimate. Updated advice from AFCA indicates that some such complaints are likely CSLR-eligible, and therefore an allowance for known and future complaints is included in this Revised Estimate.

1.3.2 Securities Dealings sub-sector

The Initial Estimate for FY2027 included a 'FY2026 shortfall' allowance for claims arising from Remi Investment Services Pty Ltd (Remi)³. The Revised Estimate for Securities Dealings updates the estimate of Remi claims likely to be in-scope for CSLR and paid in FY2027, which is below the allowance for the Initial Estimate.

1.3.3 Failure of Walker Stores affecting the Credit Provision sub-sector

The failure of Walker Stores Pty Ltd (Walker Stores) is expected to give rise to claims for the Credit Provision sub-sector. This is discussed further in Section 4.5. We expect 22 such claims to be paid in FY2027. The number of claims is higher than allowed for in the Initial Estimate, offset by a smaller expected average claim size, with the net effect on the estimate of the expected complaints relating to Walker Stores being neutral. However, we note that a materially higher number of complaints could arise from credit contracts issued by Walker Stores. ASIC alleges as many as 40,430 credit contracts may have had a flat interest rate incorrectly applied⁴.

1.4 Relationship between this Revised Estimate and levies on industry

CSLR would need to seek a Special Levy to address the remaining \$170.3m required to meet the Revised Estimate in respect of the Personal Financial Advice sub-sector. If the Minister imposed a Special Levy, recognising the legislative and administrative processes involved in collecting levies, funds would likely not be available to the Scheme until towards the end of the FY2027 year, with a possibility that funds arrive after 30 June 2027.

CSLR is only able to make compensation payments if the levies collected are sufficient to do so. Delays in payment of compensation will occur in FY2027 until the Special Levy is received. Where special levies are materially larger than the annual levy, the practical capacity for the Annual Levy funds to support compensation payments is constrained. 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 Revised Estimate for Credit Provision is slightly higher than the Initial Estimate, however, we regard this difference as immaterial considering the uncertainty in our estimates.

1.5 Scenarios for Shield and First Guardian related complaints

1.5.1 Potential outcomes for FY2027 Revised Estimate

885 Complaints have been lodged with AFCA against CSLR-eligible financial advisors (i.e. currently insolvent). For the FY2027 Revised Estimate, the most significant factor is the number of these complaints that AFCA is expected to determine in time for CSLR to pay during FY2027. 474 claims are assumed to be paid by CSLR in FY2027. If AFCA were to make Determinations on more complaints during FY2027, then the claims to be paid by CSLR could be higher.

³ Remi was identified as in scope for CSLR and an allowance for these claims was included in the FY2026 Revised Estimate. As the Revised Estimate for the Securities Dealing sub-sector exceeded the Annual Levy for that sub-sector, a Further Levy could have been sought to pay for Remi related claims. But a Further Levy was not requested by CSLR (due to the relatively small size of the additional estimate), and the shortfall amount was included in the FY2027 Initial Estimate.

⁴ <https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2025-releases/25-084mr-asic-sues-online-consumer-goods-supplier-snaffle-alleging-inflated-prices-and-overcharging-on-credit-contracts/>; accessed 3 June 2026

External factors may limit AFCA’s ability to issue Determinations, and CSLR’s ability to make compensation payments in respect of those Determinations, notwithstanding their respective internal capacities. These include current and potential future legal and regulatory proceedings or interventions, the nature and timing of which are uncertain and potentially wide ranging.

In addition, there may be structural constraints in the Shield and First Guardian matters affecting how AFCA determinations can be operationalised. While determinations contemplate that compensation be reduced by any subsequent liquidation recoveries, CSLR may have limitations in its ability to identify, track or recover those proceeds where investments were made via superannuation platforms.

These factors, individually or in combination may delay and/or reduce the actual amount ultimately paid by the CSLR in FY2027 into subsequent years.

Another material factor affecting the FY2027 Revised Estimate for Shield and First Guardian is the average claim size. Some investors have received compensation for their invested principal amount from Macquarie Investment Management Limited (MIML) in connection with Shield, and Netwealth Superannuation Services Pty Ltd (Netwealth) in connection with First Guardian. These investors may still be eligible for counterfactual losses but would have overall lower potential claim sizes compared to investors that have not been reimbursed their invested principal. This may also influence investors’ incentives to pursue an AFCA complaint. The mix of claims that CSLR receives will affect the overall claims payment amount.

1.5.2 Ultimate cost indications

11,800 investments are estimated to be affected by the Shield and First Guardian collapses. To date, notwithstanding the highly publicised nature of the failures, AFCA has only received around 3,100 complaints⁵ that have indicated they involve Shield and/or First Guardian (including complaints against superannuation trustees and the Responsible Entities for Shield and First Guardian).

Court filings indicate that Interprac advised, through its Authorised Representatives, 6,800 investors to invest in Shield and First Guardian⁶. Around 1,200 out of the 3,100 complaints to date relate to Interprac. As Interprac is not an insolvent firm, no allowance is included in our Revised Estimate for Interprac related complaints. Furthermore, AFCA has paused making Determinations on Interprac related complaints pending the outcome of Court action currently in progress.⁷

The range of ultimate CSLR claims compensable by the Scheme will be affected by the following:

- As the largest Financial Firm implicated in the Shield and First Guardian failures, the CSLR-eligibility status of Interprac will materially affect the ultimate claim costs.
- Notwithstanding Interprac, the number of complaints against CSLR-eligible Financial Firms that are lodged with AFCA. There is a large discrepancy between the estimated number of affected investors and complaints received so far.
- Other compensation sources to investors prior to a claim reaching CSLR. We do not speculate on what these compensation sources might be but observe that the past example of compensation provided by MIML/Netwealth materially reduced the claims costs that might otherwise have been paid by CSLR.

The potential cost of existing AFCA complaints that are currently CSLR-eligible is estimated to be in the order of \$50m (i.e. complaints against a firm in an eligible sub-sector and that firm has failed). Including lodged complaints against Interprac, the potential cost increases to around \$150m. The estimated cost from the 3,100

⁵ As at 30 April 2026

⁶ Around 8,000 investments were made into these funds, which we interpret as some clients investing in both Shield and First Guardian.

⁷ <https://www.afca.org.au/news/latest-news/update-on-interprac-complaints>

complaints lodged to date is estimated at \$200m (though this includes complaints against firms that aren't in CSLR eligible sub-sectors).

More broadly, we estimate that if every affected investor ultimately were to be CSLR-eligible, and were to be compensated, then the total First Guardian/Shield claims payable by CSLR could be in the order of \$900m. If half of the affected investors were to lodge a complaint (i.e. around 6,000 complaints, or double what has already been lodged), the cost would be in the order of \$450m.

The mix of complaints that AFCA receives and potential application of counterfactual investment returns will affect the cost to CSLR. Nevertheless, we consider these factors to have largely second order impacts relative to the items listed above.

1.6 Implications of uncertainty

Table 1.3 summarises the key components of uncertainty for the FY2027 Levy Period in our Revised Estimate compared with our Initial Estimate.

Table 1.3 – Materiality of components of uncertainty

Element of Uncertainty	Level of Uncertainty		Commentary
	Initial Estimate	Revised Estimate	
AFCA's Shield and First Guardian processing capacity	Very High	High	<p>The speed at which AFCA process Shield & First Guardian related complaints is a key component of uncertainty in the Revised Estimate.</p> <p>Given the large number of open Shield & First Guardian complaints, combined with the potential for processing efficiencies to exist between them, the estimated cost could be higher if AFCA were able to process materially more complaints than forecast.</p> <p>Equally, due to legal action, regulatory intervention or some other unforeseen circumstance, AFCA may be restricted in the number of Shield and First Guardian related complaints they are able to process during FY2027.</p>
Shield and First Guardian average claim size	High	High	<p>There is limited experience to inform potential claim sizes arising from Shield and First Guardian failures. We have based our estimate on reported information of amounts invested and assumed counterfactual losses.</p> <p>For Shield and First Guardian, this is complicated by repayments by MIML and Netwealth to some investors, and differences in clientele profile of the various financial advisors that recommended Shield and First Guardian investments.</p> <p>This means the size of claim payments made by CSLR will depend on the mix of investors that lodge complaints. For example, if the mix is more weighted towards investors that haven't been compensated by MIML and Netwealth, then the potential claim size would be higher. Conversely, those that have been repaid their invested principal will have smaller claim sizes because only the counterfactual loss will need to be compensated. This could also impact investors' incentives to pursue an AFCA complaint.</p>
Ultimate number of Brite complaints	High	Lower	<p>At the time of our Initial Estimate, the number of Brite complaints to AFCA was a key source of uncertainty. At this Revised Estimate, we assess the uncertainty to be lower as they are factored into AFCA's FY2027 forecasts and there are already substantially more open Brite complaints than AFCA expects to be able to process in FY2027. But the ultimate number of Brite complaints that are CSLR-eligible remains a source of uncertainty for future Levy periods.</p>

Element of Uncertainty	Level of Uncertainty		Commentary
	Initial Estimate	Revised Estimate	
AFCA complaint processing volumes	High	Moderate	CSLR payments are highly dependent on the processing of complaints by AFCA. Generally speaking, the uncertainty around AFCA processing volumes decreases between Initial and Revised estimate as expected processing volumes across financial failures and Sub-sectors for the coming financial year are 'firmed up' as part of AFCA's broader budgeting process. Notwithstanding this, CSLR claims costs can be higher if AFCA is able to deliver more Determinations, possibly due to efficiencies being realised during the year. Also, there is potential for larger numbers of as yet unreported complaints to emerge and be processed during FY2027 (for example, new complaints emerging related to Walker Stores).
Timing of recoveries / offsets	Moderate	Lower	We have not allowed for any recoveries or offsets for FY2027. This is because of (a) clarification provided by GCPF liquidators (relating to UGC clients) that distributions will only occur during FY2027 under the most favourable conditions, and (b) uncertainty around offsets in relation to Shield and First Guardian claims ⁸ .
New Financial Firm failure	Moderate	Lower	Whilst new Financial Firm failures are always a risk to the level of claim payments made by CSLR, the length of time available for a new failure to materialise and for AFCA to process within the levy period is substantially lower than at the Initial Estimate.

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 FY2027 Levy Period result in outgoings, before the impact of FY2025 Levy Period Excess amounts, ranging from \$155.6m to \$232.1m for the Personal Financial Advice sub-sector. This compares with the recommended Revised Estimate figure of \$193.9m shown in Table 1.1. It is possible that such outgoings could fall outside of this range.

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

⁸ Various reports from the liquidator of these entities.

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 2026/27, which is detailed in our Initial Estimate report titled “Initial Estimate for 2026/27 (4th Levy Period)”, dated 21 October 2025 (the “Initial Estimate Report”)⁹. This Revised Estimate Report will be an input to the Board’s considerations of Further and/or Special Levies in respect of the FY2027 Levy Period. To determine the Revised Estimate, we have recalculated all components of the Initial Estimate with updated information.

This Revised Estimate Report highlights 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

The 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 Report. For the Revised Estimate, we have taken the following steps:

- 1 Updated expected CSLR processing volumes to align with AFCA’s most up to date expectations for complaint processing volumes. These expected AFCA complaint volumes are a key determinant of the volume of claims expected to be paid by CSLR in the FY2027 Levy Period.
- 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 FY2027 Levy Period payments.
- 4 Compared actual to 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 Based expected unpaid AFCA fees on actual AFCA published complaint fees applying to 2026/27 and the indicative User Charge advised by AFCA as payable in 2026/27. In the Initial Estimate Report we used an estimated indexation of the complaint fees and estimated User Charge components.
- 6 Recalculated recoveries and offsets 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 and advised changes to CSLR’s investment approach.

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.

⁹ [Compensation Scheme of Last Resort releases FY27 initial levy estimate | CSLR](#)

Section 4 considers complaints against significant financial failures that are relevant for the Revised Estimate for the FY2027 Levy Period, being DASS, UGC, Brite, Walker Stores, Remi and financial firms related to the collapses of Shield and First Guardian.

Section 5 reviews the experience since our Initial Estimate and outlines the changes to key assumptions that impact the Revised Estimate for the FY2027 Levy Period.

Section 6 outlines our updated expectations of unpaid AFCA fees to be paid by CSLR in the FY2027 Levy Period. Section 7 deals with the other components of the estimates for the FY2027 Levy Period amounts.

Section 8 sets out our recommendations for the Revised Estimate for the FY2027 Levy Period, followed by Section 9 that explores the uncertainty in the estimate and provides 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 FY2027 Levy Period and compares these to the assumptions made at the Initial Estimate for the FY2027 Levy Period.

Appendix B provides a glossary of commonly used terms in this report.

Appendix C outlines the data that was provided for our review.

Appendix D outlines the component parts of the levy estimates for the FY2027 Levy Period, split by sub-sector and to the nearest cent.

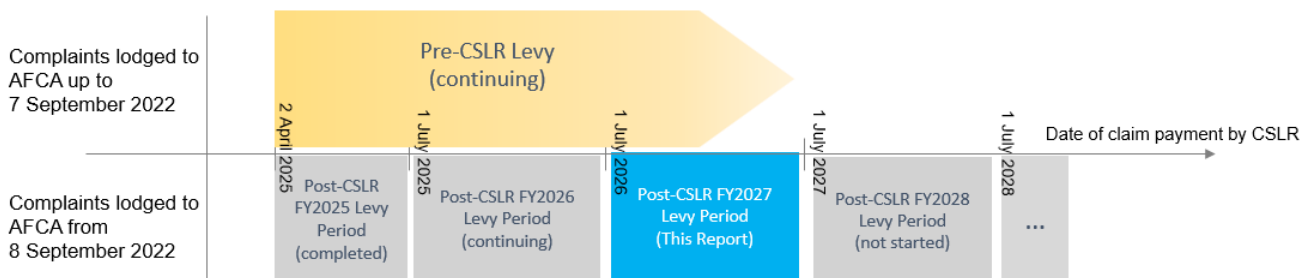
3 About the Financial Services Compensation Scheme of Last Resort

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 claim payments, 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 can 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 combined effects of the legislative instrument process, ASIC’s invoicing of levies to financial firms, and delays in the receipt of levy funds and subsequent payment of compensation by the CSLR, it can be challenging for Further Levies and Special Levies to be imposed and collected in time for payment within the relevant levy period.

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:

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

The Levy Collection Act specifically identifies the components to be included in each levy period. In respect of item (6) above for the FY2027 Levy Period, an adjustment is made for the prior year shortfall or excess arising from the FY2025 Levy Period.

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

4 Large Financial Failures

In this section we provide background to large financial failures that are expected to be a material component of payments made by CSLR during the FY2027 Levy Period. These failures relate to:

Personal Financial Advice

- 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 Estimates for the FY2024, FY2025, FY2026 and FY2027 Levy Periods
- Shield Master Fund (Shield) & First Guardian Master Fund (First Guardian)
- United Global Capital Proprietary Limited (UGC). The failure of UGC has been known for some time, however, the complaint experience has continued to develop related to a number of financial failures
- Brite Advisors Pty Ltd (Brite). Brite is a failure that was known at the time of the Initial Estimate

Credit Provision

- Walker Stores Pty Ltd (Walker Stores) is a new failure, not known at the time of the Initial Estimate

Securities Dealing

- Remi Investment Services Pty Ltd (Remi), a securities dealer where complaints have recently been identified as being CSLR-eligible.

Apart from Walker Stores and Remi, we provided detailed background on each of the above financial failures in our Initial Estimate Report for the FY2027 Levy Period. In this section we focus on new information available and our associated considerations for the Revised Estimate. In Section 5, we detail the claim assumptions adopted in our modelling relating to these financial failures.

4.1 Dixon Advisory and Superannuation Services Limited

4.1.1 DASS experience to date

To date, DASS has dominated AFCA and CSLR operations relating to the Personal Financial Advice sub-sector since CSLR's commencement, both in respect of the pre-CSLR complaints (not relevant for this FY2027 Revised Estimate) and post-CSLR complaints.

Table 4.1 details the AFCA and CSLR experience in relation to post-CSLR DASS complaints to 30 April 2026 compared with at the time of our Initial Estimate.

Table 4.1 – Post-CSLR DASS complaint and claim experience

Levy Period	Total AFCA complaints to date ¹	AFCA open complaints ¹	AFCA determinations to date ¹	AFCA discontinuances to date ¹²	Estimated AFCA determinations to date by 30-Jun-26	Estimated AFCA determinations during FY2027	CSLR claims paid to date ¹	Estimated CSLR claims paid to date by 30-Jun-26	Estimated CSLR claims paid during FY2027	Estimated CSLR claims remaining as at 30-Jun-27
Initial FY27 Estimate	1082	1002	62	18	137	474	44	124	386	406
Revised FY27 Estimate	1062	631	326	105	396	489	66	237	589	10

¹ As at 31 July 2025 for Initial and 30 April 2026 for Revised

² Includes other closures

4.1.2 Implications for the FY2027 Levy Period Revised Estimate

As DASS is expected to make up around 38% of the complaints that AFCA determines during FY2027 (including pre-CSLR complaints), DASS will continue to be the major component of claims to be paid in FY2027.

AFCA’s latest forecasts indicate that all DASS related complaints are expected to be closed by March 2027 – they will either be Determined by AFCA or be considered discontinued – resulting in 589 CSLR claims expected to be paid in FY2027 (203 more claims than assumed in our Initial Estimate). 10 further claims are expected to be paid by CSLR after 30 June 2027 due to AFCA determinations being issued toward the end of the FY2027 levy period such that the necessary time for assessment and payment by CSLR extends into FY2028.

The most recent expectations for the processing of DASS claims are outlined in Section 5.2.

4.2 Shield Master Fund and First Guardian Master Fund

4.2.1 Background

Shield and First Guardian are Managed Investment Schemes (MIS) that failed at around the same time. While these are separate failures, some persons and companies are common across both failures. Keystone Asset Management and Falcon Capital Limited, the AFS Licenced Responsible Entities (RE) associated with these MIS respectively, are both in liquidation.

Around 5,800 people invested around \$480m of their superannuation retirement savings into Shield¹⁰, and around 6,000 people invested around \$446m into First Guardian¹¹. In many cases, this happened after people were contacted by lead generators and referred to financial advisers. These advisers often told investors to roll over their existing superannuation balances into a choice superannuation fund available on a platform or to set up a self-managed super fund (SMSF) to facilitate investment into the MIS.

The investments into Shield and First Guardian were facilitated by superannuation trustees that were appointed to manage the superannuation fund, via a superannuation platform. Table 4.2 outlines the superannuation trustees that were involved.

Table 4.2 – Superannuation Trustees involved with Shield and First Guardian

Superannuation Trustee	Involvement with Shield & First Guardian ¹
Macquarie Investment Management Ltd (MIML)	Shield
Equity Trustees Superannuation Limited (Equity Trustees)	Both
Diversa Trustees Limited (Diversa)	First Guardian
Netwealth Superannuation Services Pty Ltd (Netwealth)	First Guardian

¹Source: ASIC

Of the total \$480m of investments made into Shield, MIML reimbursed an estimated \$321m to 3,000 investors under a court-enforced undertaking¹². Similarly, of the total \$446m of investments made into First Guardian, Netwealth reimbursed an estimated \$100m to 1,000 investors under a court-enforced undertaking¹³.

Table 4.3 outlines the financial advisers that have been identified as having advised material volumes of clients towards these investments.

¹⁰ 25-176MR, ASIC, published 26 August 2025

¹¹ "Falcon Capital Limited (In Liquidation) (ACN 119 204 554) the Responsible Entity of the First Guardian Master Fund (ARSN 635 429 113)" Statutory Report to Creditors, 8 July 2025

¹² 26-053MR, ASIC, published 20 March 2026

¹³ 25-307MR, ASIC, published 18 December 2025

Table 4.3 – Financial Advisors materially involved with Shield and First Guardian

	Involvement with Shield & First Guardian ¹
Superannuation Trustee	
Interprac Financial Planning (Interprac)	Both
Financial Services Group Australia (FSGA)	Both
MWL Financial Services (MWL)	Shield
Next Generation Advice (NGA)	Shield
United Global Capital (UGC)	Both

¹Source: ASIC

4.2.2 CSLR-eligible complaints

The table below shows complaints relating to Shield and First Guardian received by AFCA as at 30 April 2026.

Table 4.4 – Shield and First Guardian related complaints

	AFCA Complaints			
	Shield	First Guardian	Both	Total
Interprac	318	719	177	1,214
Other Financial Planners	352	342	191	885
Super Trustees	213	475	48	736
Responsible Entities (MIS)	41	148	13	202
Other complaints	15	13	8	36
Total	939	1,697	437	3,073

To 30 April 2026 AFCA had received 3,073 complaints that it can identify as relating to Shield and/or First Guardian. This figure will change as more complaints are lodged in the future. ASIC provided communications to affected investors in April 2026, which is expected to lead to more complaint lodgements.

885 Complaints have been lodged against Other Financial Planners, almost all which are under liquidation and are therefore CSLR-eligible. 1,214 complaints received by AFCA relate to Interprac. CSLR-eligibility requires that the financial advice firm is unable to, or does not, pay an adverse AFCA Determination. Interprac is not an insolvent firm and therefore no allowance is included in this Revised Estimate for Interprac related complaints.

AFCA has recently indicated that it will pause progressing complaints against Interprac to Determinations while court proceedings are underway¹⁴. It is possible that Determinations against Interprac will restart and become CSLR-eligible at a later stage.

There are 974 complaints against other entities that aren't CSLR-eligible. CSLR cannot compensate complaints against Responsible Entities (and by extension, MIS) and Superannuation Trustees as those entities are not part of sub-sectors captured by the Scheme. We understand that complaints against Superannuation Trustees are unlikely to progress as they are outside AFCA rules for superannuation related Determinations. Further, we understand that AFCA will not progress complaints against Responsible Entities, consistent with standard AFCA processes in respect of entities in liquidation and with limited prospect of paying an adverse Determination.

4.2.3 Shield Master Fund

Estimated investor losses

The table below summarises the funds invested into Shield based on information that is publicly available or was made available to us for this Revised Estimate.

¹⁴ <https://www.afca.org.au/news/latest-news/update-on-interprac-complaints>; accessed on 3 June 2026

Table 4.5 – Estimated investments for Shield

	Interprac	Other Advisors	Total
Number of investors			
Macquarie Wrap accounts	1,967	1,033	3,000
Non-Macquarie accounts	1,836	964	2,800
Total accounts	3,803	1,997	5,800
Principal amount invested (\$m)			
Macquarie Wrap accounts	191.6	129.4	321.0
Non-Macquarie accounts	94.9	64.1	159.0
Total invested	286.6	193.4	480.0
Estimated counterfactual loss, after refunded principal (\$m)			
Macquarie Wrap accounts	77.1	52.1	129.2
Non-Macquarie accounts	133.1	89.9	223.0
Total estimated counterfactual loss	210.3	141.9	352.2

Note: Highlighted items are reported sources. Other items are derived/approximated.

The average amount invested into Shield was \$83,000 across 5,800 investors. Around 3,800 of these investors are associated with Interprac, leaving around 2,000 investors that may have been advised by other advisors, most of whom appear to be CSLR-eligible.

We could not identify the mix of MIML customers between financial advisors, so we have assumed MIML was used equally by each implicated financial advisor. Deducting the amount paid by MIML leaves around \$159m invested capital that has not yet been returned to investors.

MIML only compensated investors for the capital invested and did not include compensation for lost investment returns. Assuming a 7% p.a. counterfactual return over a period of 5 years leads to a potential counterfactual balance owing to investors in the order of \$350m.

Potential for returns to investors

Based on recent reports published by Shield’s liquidators, it is expected that investors will receive a return from the liquidation of Shield¹⁵. On 1 December 2025, Shield’s liquidators applied to the Federal Court for an interim dividend to eligible Shield investors in the order of \$101m. The court has not made a decision regarding this interim dividend, with the final hearing date adjourned to 15 June 2026.

If an interim dividend payment were to be made, this would reduce the average claim size for CSLR-eligible claims. However, we note that only a proportion of this payment would be relevant to CSLR claims payments estimated for FY2027. More specifically:

- Investors who were compensated by MIML would not receive anything from the distribution as their portion of the distribution payment would go to MIML (as MIML purchased investors’ holdings in Shield).
- Payments to Interprac related investors are not related to CSLR-eligible complaints.

¹⁵ “Court application to make interim distribution to unitholders of Shield Master Fund”, Alvarez & Marsal Australia, 1 December 2025

The proportion of Shield complaints in FY2027 that would receive the interim dividend is unclear. In any event, the impact would be small relative to other assumptions made in this Revised Estimate. Therefore, we have not assumed any potential offsets or recoveries at this stage.

We outline our claim assumptions relating to Shield in Section 5.

4.2.4 First Guardian Master Fund

Estimated investor losses

The table below summarises the funds invested into First Guardian based on information that is publicly available or was made available to us for this Revised Estimate.

Table 4.6 – Estimated investments for First Guardian

	Interprac	Other advisors	Total
Number of investors			
Netwealth accounts	721	279	1,000
Non-Netwealth accounts	3,605	1,395	5,000
Total accounts	4,326	1,674	6,000
Principal amount invested (\$m)			
Netwealth accounts	87.5	12.5	100.0
Non-Netwealth accounts	302.9	43.1	346.0
Total invested	390.4	55.6	446.0
Estimated counterfactual loss, after refunded principal (\$m)			
Netwealth accounts	35.2	5.0	40.3
Non-Netwealth accounts	424.8	60.5	485.3
Total estimated counterfactual loss	460.0	65.5	525.5

Note: Highlighted items are reported sources. Other items are derived/approximated.

The average amount invested into First Guardian was \$74,000 across 6,000 investors. Around 4,300 of these investors are associated with Interprac, leaving around 1,700 investors that may have been advised by other advisors, most of whom appear to be CSLR-eligible.

We could not identify the mix of Netwealth customers between financial advisors, so we have assumed Netwealth was used equally by each implicated financial advisor. Deducting the amount repaid by Netwealth leaves an estimated \$346m invested capital that has not yet been returned to investors.

Netwealth compensated investors only for the capital invested and did not include compensation for foregone investment returns. Assuming a 7% p.a. counterfactual return over a period of 5 years leads to a potential counterfactual balance owing to investors in the order of \$525m.

Potential for returns to investors

Liquidator reports indicate limited prospects of material return to investors from the liquidation of First Guardian, and a substantial shortfall is likely. We have not assumed any offsets or recoveries from the liquidation of First Guardian.

We outline our claim assumptions relating to First Guardian in Section 5.

4.3 United Global Capital Proprietary Limited (UGC)

UGC is implicated with complaints relating to Shield and First Guardian, the Global Capital Property Fund (GCPF) as well as other circumstances. The Shield and First Guardian complaints have been identified by AFCA where

possible and are considered above. This section focuses on GCPF and other related losses from UGC, which we will notate as UGC (GCPF).

GCPF is an unlisted public company incorporated in August 2019. GCPF raised around \$85m from 538 shareholders between 2019 and 2022 (an average of \$158,000 investment per shareholder)¹⁶. GCPF's accounts as at 30 June 2023 showed it had 82m shares on issue and financial investments of \$94m.

The vast majority of GCPF's shareholders came to acquire their shares in GCPF via the UGC Advice Model and, consequently, the money invested in GCPF primarily comprises investors' retirement savings rolled over from their regular superannuation accounts into SMSFs and thereafter invested in GCPF shares.

4.3.1 Update on UGC AFCA status

After initially cancelling UGC's AFCA membership in March 2025, AFCA subsequently reinstated its AFCA membership in September 2025 to ensure consumers impacted by the collapse of Shield and First Guardian could access redress. Whilst this reinstatement was initially expected to last until 31 March 2026, on 3 March 2026 AFCA announced that:

*"no financial firm (licensees) in liquidation known to be involved in the collapse of the Shield and First Guardian Master Funds will be expelled from AFCA at this time."*¹⁷

4.3.2 UGC (GCPF) experience to date

Table 4.7 outlines the AFCA complaint and CSLR claim experience related to UGC (GCPF) to 30 April 2026.

Table 4.7 – UGC (GCPF) complaint and claim experience

Levy Period	Total AFCA complaints to date ¹	AFCA open complaints ¹	AFCA determinations to date ¹	AFCA discontinuances to date ¹²	Estimated AFCA determinations to date by 30-Jun-26	Estimated AFCA determinations during FY2027	CSLR claims paid to date ¹	Estimated CSLR claims paid to date by 30-Jun-26	Estimated CSLR claims paid during FY2027	Estimated remaining CSLR claims as at 30-Jun-27
Initial FY27 Estimate	615	486	69	60	357	148	19	312	178	0
Revised FY27 Estimate	662	476	117	69	144	283	35	56	241	250

¹ As at 31 July 2025 for Initial and 30 April 2026 for Revised

² Includes other closures

At the time of the Initial Estimate Report, we assumed 490 CSLR claims would ultimately arise from the failure of UGC (GCPF). We now expect 547 CSLR claims will ultimately arise. The allocation of UGC related complaints received by AFCA between GCPF, Shield/First Guardian and other circumstances is not known.

4.3.3 Implications for the FY2027 Levy Period Revised Estimate

The number of UGC complaints that AFCA can process during the FY2027 Levy Period is a key determinant of the assumed CSLR claims payments for the FY2027 Levy Period Revised Estimate. This is outlined in Section 5.

4.3.4 Potential recoveries

Our Initial Estimate included an allowance payable to CSLR for \$1.2m of potential recoveries in FY2027 from the liquidation of GCPF.

Surplus funds from the liquidation are estimated to be material and expectations are that these amounts will be ultimately returned to investors. The liquidators have provided estimated timing of distributions as follows:

¹⁶ Australian Securities and Investments Commission v United Global Capital Pty Ltd [2024] FCA 1215

¹⁷ 'Update on response to Shield and First Guardian collapse, including AFCA membership of financial firms in liquidation', AFCA, 3 March 2026

- Earliest that creditors could be expected to be paid: November 2026
- Earliest that a distribution would be made to shareholders: January 2027

These timings assume favourable conditions. On balance, it is reasonable to assume that no distribution will be paid during the FY2027 Levy Period, and therefore no recoveries received by the CSLR. This revises our prior assumption in the Initial Estimate that assumed a modest \$10m interim dividend would be paid during FY2027, an estimated \$1.2m of which would have been paid to the CSLR.

4.4 Brite Advisors Pty Ltd

4.4.1 Update on Brite status

At the time of this Report, Brite remains an AFCA member and complaints continue to be able to be lodged with AFCA in relation to Brite. AFCA did not expel Brite as at 29 April 2026 as anticipated, though this could occur later.

The portfolio value of US\$782m as at 31 October 2025 compares to a purported value of US\$748m as at 13 December 2023¹⁸. In January 2026 Brite Liquidators paid to investors an interim distribution of the Client AuM of 85c in the dollar.

4.4.2 Brite experience to date

Table 4.8 details the AFCA and CSLR experience in relation to Brite complaints to 30 April 2026 compared with experience at the time of our Initial Estimate.

Table 4.8 – Brite complaint and claim experience

Levy Period	Total AFCA complaints to date ¹	AFCA open complaints ¹	AFCA determinations to date ¹	AFCA discontinuances to date ¹²	AFCA Estimated AFCA determinations to date by 30-Jun-26	Estimated AFCA determinations during FY2027	CSLR claims paid to date ¹	Estimated CSLR claims paid to date by 30-Jun-26	Estimated CSLR claims paid during FY2027	Estimated remaining CSLR claims as at 30-Jun-27
Initial FY27 Estimate	632	627	0	5	30	60	1	26	62	322
Revised FY27 Estimate	738	726	1	11	2	57	1	1	38	117

¹ As at 31 July 2025 for Initial and 30 April 2026 for Revised

² Includes other closures

The Initial Estimate Report assumed 62 claims in respect of Brite would be paid in the FY2027 Levy Period.

Based on revised AFCA Determination forecasts, 38 Brite related claims are assumed to be paid in the FY2027 Levy Period. As at 30 April 2026, CSLR has made just 1 claim payment related to Brite on 2 April 2025.

Many Brite related complaints received by AFCA will not be eligible for CSLR compensation. AFCA has indicated that, due to the circumstances surrounding the complaints, it's unclear what proportion of those complaints can be considered within AFCA rules and/or will be CSLR-eligible, including whether the client received financial advice, the involvement of the Australian AFS licenced entity and whether the circumstances meet the criteria for a CSLR compensable loss. Therefore, while the estimated potential volume of complaints remaining at 30 June 2027 is large, it's not clear how many of these will result in a CSLR claim payment.

4.4.3 Implications for the FY2027 Levy Period Revised Estimate

The relevance of Brite to the FY2027 Levy Period Revised Estimate largely depends on the number of Brite complaints that AFCA determines during the FY2027 year, which is ultimately limited by AFCA's processing capacity.

¹⁸ "Brite Advisors Pty Ltd (In Liquidation) (Receivers and Managers Appointed) ACN 135 024 412 (Brite Advisors), Interim Distribution Update", 12 December 2025

CSLR’s expected FY2027 payments in respect of Brite related claims are materially lower than in the Initial Estimate following the interim distribution received by investors. Whilst an 85c in the dollar capital recovery is substantial, the counterfactual loss amounts are also substantial given the generally high investment balances of Brite investors. As a result, the reduction in the CSLR Brite related average claim size is expected to be moderate compared with the significant proportion of capital investors have received to date.

The remaining 15c in the dollar has been held back by the liquidators to meet estimated liabilities. We have assumed no material further distributions will be paid to investors. Our claim volume and average claim size assumptions are outlined in Section 5.

4.5 Walker Stores Pty Ltd (Walker Stores)

4.5.1 Background

Walker Stores operated Snaffle, an online retailer offering household goods, electronics, furniture and appliances through instalment-based finance plans. Walker Stores is a Credit Provider, and therefore complaints against Walker Stores are relevant to the Credit Provision sub-sector.

In 2025, the Australian Securities and Investments Commission (ASIC) commenced proceedings against Walker Stores, alleging:

- Product prices were significantly inflated before interest was added
- Interest charges exceeded Australia’s legal cap of 48% annual cost rate
- Customers were charged unlawful fees and incorrect interest calculations
- Credit disclosures allegedly failed to clearly show the true cost of borrowing.

In May 2026, Australia’s Federal Court ordered a \$33.5m penalty against Walker Stores¹⁹.

This is the first time we have considered Walker Stores in respect of CSLR estimates.

4.5.2 Walker Stores experience to date

Table 4.9 details the AFCA and CSLR experience in relation to Walker Stores complaints to 30 April 2026.

Table 4.9 – Walker Stores complaint and claim experience

Levy Period	Total AFCA complaints to date ¹	AFCA open complaints ¹	AFCA determinations to date ¹	AFCA discontinuances to date ¹²	Estimated AFCA determinations to date by 30-Jun-26	Estimated AFCA determinations during FY2027	CSLR claims paid to date ¹	Estimated CSLR claims paid to date by 30-Jun-26	Estimated CSLR claims paid during FY2027	Estimated remaining CSLR claims as at 30-Jun-27
Revised FY27 Estimate	135	44	2	89	-	37	-	0	22	26

¹ As at 31 July 2025 for Initial and 30 April 2026 for Revised

² Includes other closures and 59 complaints resolved by the Financial Firm

We expect there to be 48 ultimate CSLR claims associated with Walker Stores, with 22 to be paid in the FY2027 Levy Period. As at 30 April 2026, CSLR had made no claim payments related to Walker Stores.

4.5.3 Implications for the FY2027 Levy Period Revised Estimate

ASIC estimates that as many as 38,000 individual credit contracts are potentially impacted by incorrect interest calculations, amounting to nearly \$20m of overcharged interest²⁰.

¹⁹ Order, Order Number VID647/2025, 18 May 2026, Federal Court of Australia – Victoria Registry

²⁰ 26-099MR, ASIC, 18 May 2026

The average size of the loss to consumers is expected to be small, which may lead to consumers not lodging complaints with AFCA and thus not lodging claims with CSLR.

AFCA have advised that they expect the Walker Stores related complaints to most likely all progress through a standard complaint handling process, thus attracting standard AFCA fee rates.

If a large volume of complaints relating to Walker Stores were to be received by AFCA during FY2027, AFCA may, subject to having sufficient operational capacity, process a greater number of complaints than currently assumed in its processing estimates. This could result in a higher-than-expected number of Determinations and correspondingly increased AFCA fees. At elevated volumes of Determinations, these fees could be substantial.

4.6 Remi Investment Services Pty Ltd (Remi)

4.6.1 Background

Remi was licenced to provide financial services from October 2003 to 27 November 2023. Remi authorised Remi Capital Pty Ltd (Remi Capital) to provide financial services from 2019. Remi Capital was ordered to wind up by the Supreme Court of Queensland on 9 June 2022. The liquidators have reported that the company and its group owed over \$124 million in total debts to investors and lenders²¹.

A Determination by AFCA in May 2025 identified that some complaints are possibly eligible for CSLR under the securities dealing sub-sector.

As Remi has been expelled as an AFCA member, no further complaints can be lodged.

4.6.2 Claims in FY2027

In the Revised Estimate for FY2026, 23 claims were expected to arise from Remi. CSLR decided against requesting a Further Levy to meet the higher estimated claim cost for the securities dealing sub-sector, with the shortfall included in the Initial Estimate for FY2027.

As at 30 April 2026, 25 AFCA Determinations and 15 CSLR claim payments had been made related to Remi. Thus much of the claim cost associated with the 23 Remi claims included in the Initial Estimate for FY2027 have in fact already been paid during FY2026.

We understand that since the time of our Initial Estimate AFCA has identified a further 33 existing complaints that it considers likely to be determined and CSLR-eligible, of which 17 are assumed to be paid in FY2027. Amounts for these additional claims are included in the Revised Estimate for FY2027.

²¹ <https://www.agilitylaw.com.au/winding-up-remi-capital>; accessed 9 June 2026

5 Emerging experience and claim assumptions

In this section, we focus only on the changes to assumptions used in the Initial Estimate that have been material to the Revised Estimate for the FY2027 Levy Period.

5.1 AFCA complaint experience

Table 5.1 shows the number of reported in-scope, post-CSLR complaints relating to DASS, UGC, Brite, Shield & First Guardian 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 31 July 2025			As at 30 April 2026		
	Open	Closed	Total	Open	Closed	Total
DASS personal financial advice	1,002	80	1,082	631	431	1,062
UGC (GCPF) personal financial advice	486	129	615	476	186	662
Brite personal financial advice	627	5	632	726	12	738
S/FG personal financial advice	90	20	110	773	112	885
Other personal financial advice ¹	70	111	181	197	366	563
Credit provision	1	50	51	47	205	252
Credit intermediation	-	-	-	2	10	11
Securities dealing	15	120	135	44	182	226
Total	2,291	515	2,806	2,896	1,503	4,398

¹ Some complaints considered at 31 Jul 2025 relate to Shield/ First Guardian

DASS had ceased being an AFCA member at the time of preparing our Initial Estimate, which means that no further DASS complaints are eligible to be reported to AFCA. The number of post-CSLR DASS complaints has reduced by 20 due to duplicate complaints being removed by AFCA. As at 30 April 2026, AFCA has progressed 326 post-CSLR DASS complaints to a Determination, 101 post-CSLR DASS complaints have been discontinued by AFCA and 4 others were outside rules. 631 post-CSLR DASS complaints remain open.

47 additional UGC (GCPF) complaints have been reported since the time of preparing our Initial Estimate. As at 30 April 2026, 272 UGC (Shield & First Guardian) complaints have also been reported to date. These UGC (Shield & First Guardian) complaints are included in 'S/FG personal financial advice' in Table 5.1 above.

106 additional Brite complaints have been reported since the time of preparing our Initial Estimate.

There has been a large increase in the number of Shield & First Guardian related complaints lodged with AFCA since our Initial Estimate. This was anticipated, given the publicity surrounding these financial failures.

There has also been a significant increase in the number of complaints relating to other personal financial advice. This increase has been driven by the following:

- We previously regarded all complaints associated with Financial Services Group Australia (FSGA) and Next Generation Advice (NGA) as being related to Shield and/or First Guardian. AFCA has since provided data on complaints that it understands relate to Shield & First Guardian, which enabled reallocation of complaints to those related to Shield & First Guardian and those not so related.
- Around 30 open complaints relating to Australian Fiduciaries are now considered in-scope (these were considered out-of-scope at the time of the Initial Estimate).

Movements in the other sub-sectors include:

- 201 additional Credit Provision complaints have been reported since the time of preparing our Initial Estimate, to a total of 252 to date. We note that only 13 of the 205 complaints closed to date resulted in a Determination (others were resolved by the Financial Firm or otherwise discontinued).
- A small number of Credit Intermediation complaints have emerged. We note that only 1 of the 10 complaints closed to date resulted in a Determination (others were resolved by the Financial Firm or otherwise discontinued).
- 91 additional Securities Dealing complaints have been reported, bringing the total to 226 to 30 April 2026. We note that only 40 of the 182 complaints closed to date resulted in a Determination (others were resolved by the Financial Firm or otherwise discontinued).

Securities Dealing experience is dominated by Remi, which accounts for 130 of the 226 complaints to date and 25 of the 40 Determinations to date. The 44 open complaints in Table 5.1 includes the 33 existing Remi complaints that AFCA has recently identified as likely to be determined and CSLR-eligible.

The numbers of complaints reported against newly insolvent (since our Initial Estimate) Financial Firms (with at least 10 complaints) are summarised in Table 5.2 below.

Table 5.2 – Other recent insolvency post-CSLR complaints

Financial Firm	Subsector	Number of complaints since 31-Jul-25	Number of complaints prior to 31-Jul-25
Walker Stores Pty Ltd (In Liquidation) (Receivers and Manager Appointed)	Credit Provision	61	74
Private Wealth Pty Ltd (In Liquidation)	Financial Advice	12	29
5 Point Australia Pty Ltd (In Liquidation)	Financial Advice	17	0

5.2 Assumed AFCA complaint processing

The number of CSLR claims to be paid in the FY2027 Levy Period is largely dependent on how many complaints that AFCA can determine in that period. Our assumed CSLR claims processing volume is informed by AFCA's forecast Determination timeframes provided in late May 2026.

5.2.1 AFCA Determination forecasts

Table 5.3 outlines the expected number of CSLR in-scope AFCA Determinations forecast by AFCA at the time of the Initial Estimate, compared to the number that AFCA actually determined, as well as compared to AFCA's latest forecast provided for our Revised Estimate.

Table 5.3 – AFCA Determination Forecasts

Subsector	9 months to Apr-26			FY2027		
	Initial Estimate AFCA Forecast	Actual	Difference	Initial Estimate AFCA Forecast	Revised Estimate AFCA Forecast	Difference
Pre-CSLR DASS	496	659	163	424	263	-161
Post-CSLR	352	499	147	920	1568	648
Financial Advice	335	485	150	873	1500	627
Credit Provision	0	2	2	5	41	36
Credit Intermediation	0	1	1	5	0	-5
Securities Dealing	17	11	-6	37	27	-10
Total	848	1158	310	1344	1831	487

The higher actuals in the 9 months to April 26 can be explained by a combination of processing speeds on existing complaints being faster than AFCA had previously forecast, as well as additional Determinations being made regarding newly reported complaints.

The expected number of in-scope post-CSLR AFCA Determinations forecast by AFCA to occur during FY2027 has increased from 920 for the Initial Estimate to 1,568 for this Revised Estimate. This has a material impact on our Revised Levy Estimate.

We note that AFCA’s forecast volumes anticipate that:

- Determinations on pre-CSLR DASS complaints will be completed by the end of October 2026
- Determinations on post-CSLR DASS complaints will be completed by the end of March 2027

5.2.2 AFCA Determination assumptions

We have taken AFCA’s forecast of Determination volumes for FY2027 and, in some places, included additional Determination allowances to capture areas where we believe synergies or capacity exists to warrant it. These adjustments are outlined in Table 5.4.

Figure 5.1 illustrates our assumed number of CSLR in-scope AFCA Determinations, based on the forecasts of known complaints processing capacity provided by AFCA and including our allowances for additional future complaints.

Figure 5.1 – Assumed Forecast of in-scope AFCA Determinations

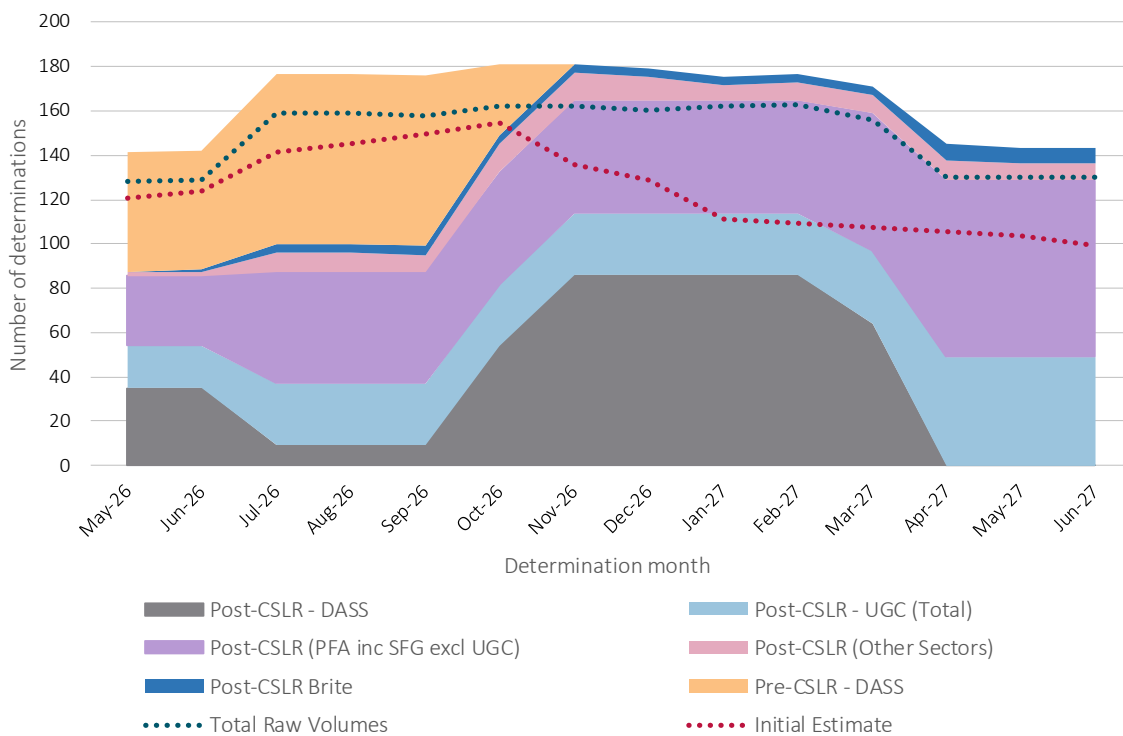


Table 5.4 below summarises our allowances for Determinations in addition to AFCA’s forecast volumes during FY2027.

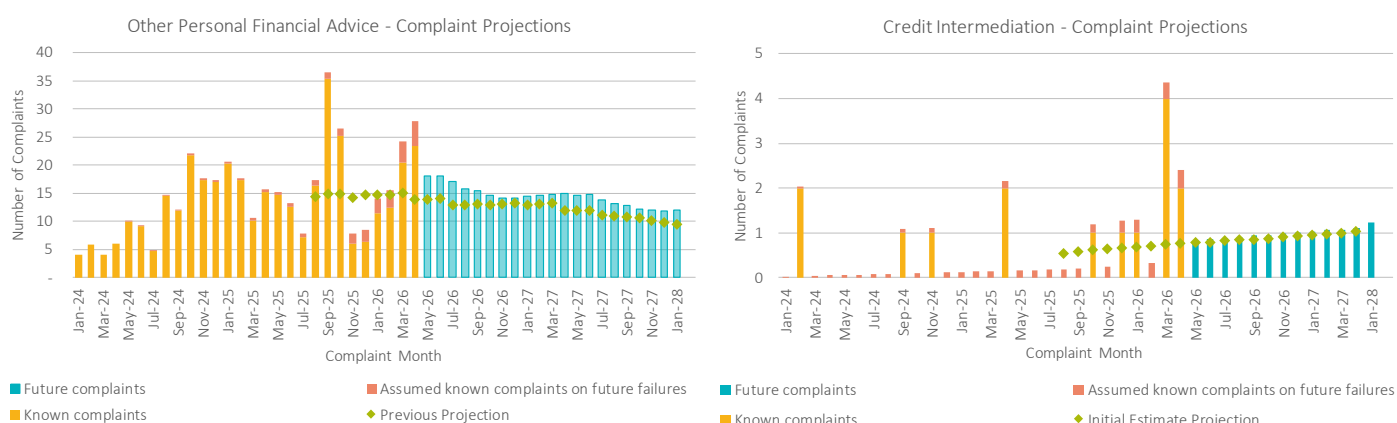
Table 5.4 – Additional in-scope AFCA Determination allowances for FY2027 above AFCA’s forecasts

Sub-sector / Financial Firm	Allowance for additional in-scope AFCA Determinations during FY2027
Personal Financial Advice: DASS, UGC (GCPF) and Brite	No additional allowance. We consider AFCA’s Determination forecasts to capture Determination capacity relevant to the CSLR.

Sub-sector / Financial Firm	Allowance for additional in-scope AFCA Determinations during FY2027
Personal Financial Advice: Shield & First Guardian	<p>120 additional Determinations</p> <p>Noting that recent AFCA Determination experience has exceeded previous forecasts due to processing synergies that have arisen, we have allowed for the potential that further synergies may emerge relating to Shield & First Guardian complaints.</p>
Personal Financial Advice: Other	<p>33 additional Determinations</p> <p>AFCA's Determination forecasts project 99 in-scope Determinations relating to Other Financial Advice during FY2027, an average of 8 in-scope Determinations per month.</p> <p>Our forecasts of future reported complaints imply an average of 15 new complaints per month (see Figure 5.2). After allowing for the probability that these complaints are CSLR-eligible and result in a Determination, our forecasts imply that 11 of these new complaints per month will be CSLR-eligible and result in a Determination.</p> <p>Therefore, we have adopted a run-rate of 11 in-scope Determinations per month, which is more than the 8 in-scope Determinations per month that the AFCA forecasts allow for, or 33 more in-scope Determinations during FY2027.</p>
Credit Provision	No additional allowance. We consider AFCA's Determination forecasts to capture Determination capacity relevant to the CSLR.
Credit Intermediation	<p>15 additional Determinations</p> <p>AFCA's forecast does not include any Credit Intermediation Determinations. We have included an allowance of just over 1 Determination per month during FY2027, unchanged from the Initial Review. This was based on Credit Intermediation complaint experience (as shown in Figure 5.2).</p>
Securities Dealing	No additional allowance. We consider AFCA's Determination forecasts to capture Determination capacity relevant to the CSLR.

Figure 5.2 shows recent known complaint experience as well as our projections for future complaints to emerge for Other Personal Financial Advice and Credit Intermediation, as described in Table 5.4 above.

Figure 5.2 – Reported complaints and projected complaints by complaint month



* Note we have excluded Australian Fiduciaries from the Other Personal Financial Advice chart on the left because there is a significant number of these complaints and they are considered mostly out of scope (30 of the open complaints are considered in-scope).

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 (which excludes Shield & First Guardian related complaints) between 31 July 2025 and 30 April 2026 has been higher than expected. In response to this experience, we have increased our allowance for future reported complaints from this segment.
- Complaint experience for Credit Intermediation has been slightly higher than expectations in the Initial Estimate. Noting the variability of these expectations given the lower projected volumes, we have not changed our projected future complaint volumes for this segment.

5.3 Assumed CSLR claim numbers

We apply expected CSLR claim processing timeframes to assumed AFCA processing volumes to derive our estimate of the expected number of post-CSLR claims that will be eligible to be paid during the FY2027 Levy Period, assuming CSLR had the funds available to do so.

Table 5.5 shows the resulting numbers of CSLR claims to be paid during FY2027 in our Revised Estimate compared to the numbers in our Initial Estimate.

Table 5.5 – Number of assumed CSLR claims paid in the FY2027 Levy Period

Subsector/Major Firm	Initial Estimate	Revised Estimate	Difference
Personal Financial Advice: DASS	386	589	203
Personal Financial Advice: UGC (GCPF)	178	241	63
Personal Financial Advice: Brite	62	38	(24)
Personal Financial Advice: Shield/First Guardian	-	474	474
Other Personal Financial Advice	215	173	(42)
Personal Financial Advice	841	1,514	673
Credit Provision	10	24	14
Credit Intermediation	10	10	-
Securities Dealing	28	19	(9)
Total	889	1,567	678

*Note that the Initial Estimate number for Securities Dealing does not include the previous shortfall allowance.

5.4 Average CSLR claim sizes

Our assumptions for average CSLR claim sizes are based on a combination of experience, where there is credible emerging experience, or a-priori estimates based on available sources of information. This section considers the emerging average claim sizes and our adopted assumptions.

5.4.1 Recent claim size experience

Table 5.6 outlines the emerging experience up to 30 April 2026 across our modelling segments.

Table 5.6 – Average complaint and claim size

Segment	AFCA		CSLR		Average claim size	
	No. of Determinations (non-nil)	Average Determination Amount ¹ (\$000)	No. of Claims Paid	Average payment amount (\$000)	FY27 Initial Estimate	FY27 Revised Estimate
Personal Financial Advice: DASS	318	133	66	139	142	142
Personal Financial Advice: UGC (GCPF)	113	135	44	131	139	139
Personal Financial Advice: Brite	1	21	1	22	143	105
Personal Financial Advice: Shield/First Guardian	75	129	6	90	n/a	67
Other Financial Advice	189	67	68	101	101	103
Personal Financial Advice	621	113	179	122	131	112
Credit Provision	33	2	6	1	40	8
Credit Intermediation	3	3	-	-	100	100
Securities Dealing	55	73	31	79	82	106
Total	712	104	216	112	128	110

¹Capped at \$150k per Complaint

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

- **DASS:** CSLR has paid 66 post-CSLR DASS claims with an average compensation amount of \$139,000. This is close to our assumption of \$142,000 at the Initial Estimate, hence we have not changed our assumption for this Revised Estimate.
- **UGC (GCPF):** CSLR has paid 44 UGC (GCPF) claims with an average compensation amount of \$131,000. This is close to our assumption of \$139,000 at the Initial Estimate, hence we have left this assumption unchanged.
- **Other Personal Financial Advice:** We have kept our base assumption of \$100,000 unchanged from the Initial Estimate. However, we allow for 5% of Determinations to result in multiple payments for some financial advice firms. The mix of these complaints with multiple payments has changed slightly from the Initial Estimate, resulting in a minor increase in our adopted average claim size from \$101,000 to \$103,000.
- **Credit Intermediation:** There is no meaningful experience. The previously assumed average compensation amount selection of \$100,000 has been retained.
- **Securities Dealing:** CSLR has paid 31 Securities Dealing claims with an average compensation amount of \$79,000. This is close to our assumption of \$82,000 at the Initial Estimate.

However, about 90% of the forecast FY27 claim payments relate to Remi where the average claim has been \$106,000 across 15 Remi claims to date. We have selected \$110,000 average compensation size for Remi for FY2027, resulting in a higher Securities Dealing claim size compared to the Initial Estimate.

- **Credit Provision:** Around 90% of the forecast FY27 claim payments relate to Walker Stores. We have selected an average compensation size of \$5,000 for Walker Stores, resulting in a significantly lower Credit Provision average than at the Initial Estimate.

Shield & First Guardian and Brite complaints and claim experience is premature. Our estimate for average claim sizes is outlined below.

5.4.2 Shield average claim size estimate

We assume a distribution of initial investment sizes to recognise that there are investors that invested larger and smaller amounts of funds into Shield. We applied the counterfactual investment loss assumptions to the distribution, and then estimated the average CSLR compensation after applying the \$150,000 compensation cap. The outcome is shown below.

Table 5.7 – Estimated CSLR claim size for Shield investors

	Interprac	Other advisors
Macquarie Wrap accounts	n/a	50,044
Non-Macquarie accounts	n/a	84,660
Total	n/a	66,755

We have assumed an average claim size for Shield related complaints in FY2027 of \$76,000. This assumes that complaints are more likely to arise from complainants that have not been compensated by MIML.

We assume that 5% of Determinations will result in multiple CSLR payments and, as a result, the average claim size per Determination is assumed to be \$79,800.

5.4.3 First Guardian average claim size estimate

To estimate the CSLR claim size, we assume a distribution of initial investment sizes to recognise that there are investors that invested larger and smaller amounts of funds into First Guardian. We applied the counterfactual investment loss assumptions to the distribution, and then estimated the CSLR compensation after applying the \$150,000 compensation cap. The outcome is shown below.

Table 5.8 – Estimated CSLR claim size for First Guardian investors

	Interprac	Other advisors
Netwealth accounts	n/a	17,979
Non-Netwealth accounts	n/a	43,226
Total	n/a	39,018

We have assumed an average claim size for First Guardian related complaints in FY2027 of \$40,700. This assumes that complaints are more likely to arise from complainants that have not been compensated by Netwealth.

We assume that 5% of Determinations will result in multiple CSLR payments and, as a result, the average claim size per Determination is assumed to be \$42,700.

5.4.4 Additional Shield & First Guardian allowance: average claim size

Where we have assumed additional Shield & First Guardian complaints to be Determined by AFCA (above its forecast volumes), we have assumed an average claim size of \$63,900. This assumes that complaints will more likely arise from those not previously compensated by MIML or Netwealth and will include both Shield and First Guardian investors.

We assume that 5% of such Determinations will result in multiple CSLR payments and, as a result, the average claim size per Determination is assumed to be \$67,100.

5.4.5 Brite average claim size estimate

Our approach to estimating average claim sizes for Brite is based on the distribution of investment amounts, applying estimated counterfactual investment losses, and estimating the capped compensation payable if a

CSLR claim was lodged. For the Initial Estimate, this resulted in an assumed average claim size per Determination of \$136,000, or \$143,000 allowing for 5% of Determinations to result in multiple CSLR payments.

As outlined in Section 4.40, since our Initial Estimate the liquidators have paid an interim distribution to investors. We have revised the estimated loss to reflect the interim distribution, which gives a lower estimated average claim size of \$100,000, or \$105,000 including allowance for 5% of Determinations to result in multiple CSLR payments. Given the generally high investment balances of Brite investors, the expected counterfactual loss amounts are substantial and hence the expected average claim sizes remain high, even after the interim dividend payments.

5.5 Other assumptions

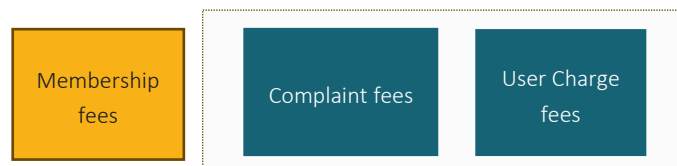
The following other assumptions are considered in our Revised Estimate:

- **AFCA Determinations converting to CSLR claims:** CSLR has observed CSLR-eligible complaints to AFCA that have received a positive AFCA Determination but where the complainants have not yet lodged a claim with the CSLR. Our analysis shows such delays in CSLR claim lodgement. We have assumed that CSLR will receive claims in respect of all CSLR-eligible AFCA Determinations that have been found against the Financial Firm, unless it has been 13 months or more since the AFCA Determination.
- **Probability of a successful complaint:** We have assumed a probability that an open complaint is found in favour of the complainant (other than the major failures discussed elsewhere, which have an assumption specific to that failure). We consider this in two steps: the probability that a complaint receives a Determination, and the probability that the Determination is in favour of the complainant. Reflecting experience to date, for the Personal Financial Advice sub-sector we have increased for the Revised Estimate the assumed probability that a Determination is in favour of the complainant to 80%, compared to our Initial Estimate assumption of 55%. This change adds 15 additional CSLR claims to our FY2027 estimate.

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 fee²² structure applying to discontinued complaints and determinations for FY2027.

Table 6.1 –AFCA complaint fee for FY2027

Complaint Type	FY2026 increased by 3.5%		Fee schedule	
	Excluding GST	Including GST: Adopted for Initial Estimate	Excluding GST: Adopted for Revised Estimate	Including GST
Determination	9,967	10,964	9,948	10,943
Discontinued	2,397	2,637	2,393	2,632
Fast-Track: Determination	3,384	3,722	3,377	3,715
Fast-Track: Discontinued	1,223	1,345	1,220	1,342

In our Initial Estimate, we assumed the FY2027 complaint fees to be the FY2026 fees increased by 3.5% and adopted those fees inclusive of GST.

CSLR has obtained a private tax ruling from the Australian Tax Office confirming its entitlement to recover GST paid to AFCA in relation to unpaid AFCA fees. Accordingly, GST in respect of AFCA fees will no longer be included in CSLR's levy estimates or administrative cost base.

The Revised Estimate adopts AFCA's published fee schedule for 2026/27 (an increase of 3.3% on the FY2026 fees) and AFCA fees exclusive of GST. Therefore, the adopted AFCA complaint fees (excluding GST) for FY2027 are 9.3% lower than those adopted in the Initial Estimate (which included GST).

Based on our estimates of future Determinations and discontinued complaints, we have estimated that there will be \$17.7m in AFCA Complaint fees payable in the FY2027 Levy Period, \$16.9m of which will relate to Personal Financial Advice.

²² <https://www.afca.org.au/members/funding-model/fee-structure>, accessed 2 June 2026

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 actual case load for FY2026 to determine the User Charge applicable for FY2027 (and which CSLR pays in the FY2027 Levy Period). AFCA has advised that they apply a cost recovery model to CSLR and at the end of FY2027 it would review the costs incurred in FY2027 and adjust the FY2028 user charge to remain within cost recovery.

AFCA has estimated that a User Charge of approximately \$5.9m (exclusive of GST) will apply to CSLR for FY2027. This includes the portion relating to AFCA's processing of pre-CSLR complaints. This compares to an estimated User Charge of \$10.9m (which was inclusive of GST) in the Initial Estimate in advance of AFCA's invoicing of the User Charge to CSLR, which is estimated based on anticipated AFCA Determination workloads only. Other factors affect the AFCA's costs relating to CSLR, which we understand are considered for the amount ultimately invoiced to CSLR.

Based on our projections, we assess that around 88% of the complaints dealt with by AFCA in respect of the CSLR in FY2027 (i.e. number of determinations and discontinued complaints) will be in respect of post-CSLR complaints.

To allocate the user charge for FY2027 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 FY2027 Levy Period is summarised in Table 6.2 below.

Table 6.2 – Indicative User Charge: FY2027 Levy Period

	FY27 Share of AFCA Charges	User Charge (\$000)
Pre-CSLR	12%	711
Post-CSLR	88%	5,189
Total	100%	5,900

6.2 Estimate of Unpaid AFCA fees for the FY2027 Levy Period

Based on the assumptions shown in Tables 6.1 and 6.2, Table 6.3 shows the estimated unpaid AFCA fees in respect of the FY2027 Levy Period. The estimated total amount of \$22.9m is split across each of the sub-sectors.

Table 6.3 – Estimated Unpaid AFCA fees for FY2027 Levy Period¹

Type	Number of Determinations in FY2027	Number of discontinued complaints in FY2027	Complaint fees from Determinations in FY2027 Levy Period (\$000)	User charge paid in FY2027 Levy Period (\$000)	Total AFCA fees for FY2027 Levy Period estimate (\$000)
DASS personal financial advice ¹	489	62	5,014	1,490	6,504
UGC personal financial advice ¹	283	31	2,888	848	3,736
Brite personal financial advice ¹	57	6	582	171	753
Shield/First Guardian personal financial advice ¹	620	55	6,297	1,824	8,121
Other personal financial advice	204	22	2,088	613	2,701
Credit provision	41	4	418	122	541
Credit Intermediation	15	-	145	39	185
Securities dealing	27	3	276	81	356
Total	1,736	185	17,708	5,189	22,898

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. The funds held at a point in time reflect 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 income is determined considering when funds are expected to be received and invested by CSLR, until they are paid to claimants or otherwise expensed. We have made several assumptions about the receipt and expenditure of levy monies for the FY2027 Levy Period, specifically:

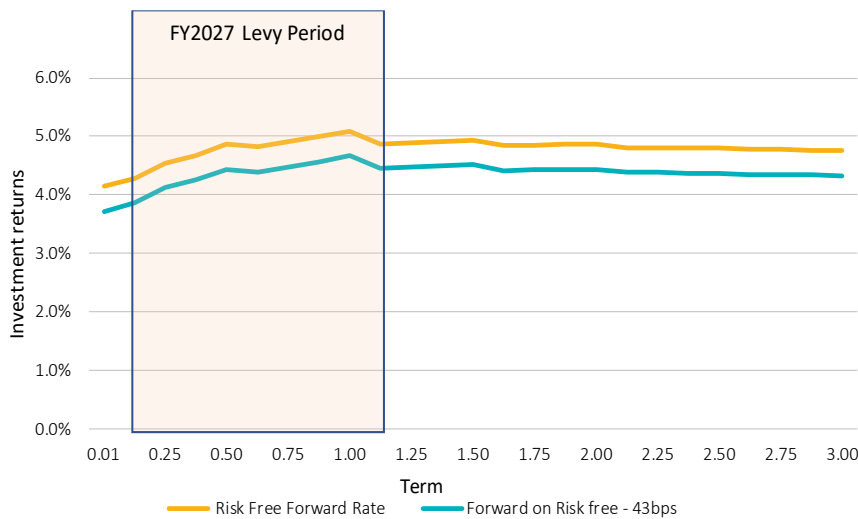
- Annual Levy funds collected for the FY2027 Levy Period will be received before the start of the FY2027 Levy Period.²³
- CSLR operating expenses, ASIC costs and the AFCA user charge will be incurred uniformly through the levy period.

In addition, we assume that the receipt of any Special and/or Further Levy amounts would not occur until late in FY2027 at the earliest and, as a result, have assumed no interest income on such levy amounts.

These timing assumptions are largely unchanged from our Initial Estimate.

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 2026 to 30 June 2027)



Current forward rates in the above figure imply an average risk-free return over the FY2027 Levy Period of around 4.78%.

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 a 43-bps discount to the risk-free rate. We have therefore assumed a cash

²³ The actual amount collected by ASIC in respect of the financial advice Sub-sector is likely to be less than \$20m, based on previous levy period collection rates.

management investment return of 4.35% p.a. on the levy funds (compared to the 2.5% p.a. return assumed in the Initial Estimate).

In the Initial Estimate we assumed that the \$5m of accumulated capital contributions (i.e. reserve) would be invested in term deposits. CSLR has advised that the reserve is likely to be held in a cash management account similar to the levy funds, as these reserves may be needed to pay levy costs. Hence, we have assumed a cash management investment return of 4.35% on the capital reserve (compared to the 3.6% p.a. return assumed in the Initial Estimate).

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 FY2027, investment income is estimated to be \$0.769m. This is higher than our Initial Estimate of \$0.360m. The allocation of investment income by sub-sector is shown in Table 7.1.

Table 7.1 – Investment income by sub-sector (\$000)

Type	Investment income
Personal Financial Advice	(418)
Credit Provision	(101)
Credit Intermediation	(109)
Securities Dealing	(142)
Total	(769)

7.2 Other levy components

The legislation prescribes several additional components to be provided for by individual levies. We outlined these and discussed the approach to allocation, by year and sub-sector, in Section 3.3 and Section 6.10 of our Initial Estimate Report.

Table 7.2 shows these additional levy components for the FY2027 Levy Period, by sub-sector.

Table 7.2 – Summary of additional levy components

Type	CSLR operating costs	ASIC costs	Sum of other levy components
Personal financial advice	3,021	525	3,546
Credit provision	1,326	225	1,551
Credit intermediation	1,331	225	1,556
Securities dealing	1,337	225	1,562
Total	7,015	1,200	8,215

CSLR operating costs increased from \$6.6m in the Initial Estimate Report to \$7.0m in the Revised Estimate Report, reflecting the costs to process an additional 655 claims expected to be paid in FY2027.

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 FY2027 Levy Period, some of the CSLR operating costs will relate to time spent on pre-CSLR claims. An estimated 2,000 claims will be eligible to be paid during FY2027.

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, including additional technology-related costs to manage the expected number of claims for the Personal Financial Advice sub-sector. The higher ASIC costs for Personal Financial Advice reflect the expected costs (assumed to be \$300,000) incurred in collecting a Special Levy.

7.3 GST and other tax considerations

Previous levy estimates have included GST when estimating unpaid AFCA fees. CSLR has obtained a private tax ruling from the Australian Tax Office confirming its entitlement to recover GST paid to AFCA in relation to unpaid AFCA fees. Accordingly, GST in respect of AFCA fees will no longer be included in CSLR's levy estimates or administrative cost base.

No other allowances have been made for GST within the FY2027 Levy Period estimate. CSLR is income tax exempt and is not required to make an allowance for income tax.

8 Recommended Revised Estimate for FY2027 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 FY2027 Levy Period

FY2027 levy period estimate												
Subsector/Financial Firm	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 FY2027 Levy Period (\$000)	Excess from FY2025 (2nd) Levy Period (\$000)	CSLR Levy Estimate (\$000)
Personal Financial Advice - DASS	489	589	83,497	6,504	-	-	-	-	-	-	-	-
Personal Financial Advice - UGC (GCPF)	283	241	33,345	3,736	-	-	-	-	-	-	-	-
Personal Financial Advice - Brite	57	38	3,951	753	-	-	-	-	-	-	-	-
Personal Financial Advice - Shield & First Guardian	620	474	30,151	8,121	-	-	-	-	-	-	-	-
Personal Financial Advice - Other	204	173	17,980	2,701	-	-	-	-	-	-	-	-
Personal Financial Advice	1,653	1,514	168,924	21,816	-	-	3,021	525	(418)	193,868	(3,606)	190,262
Credit Provision	41	24	182	541	-	-	1,326	225	(101)	2,174	(137)	2,037
Credit Intermediation	15	10	1,001	185	-	-	1,331	225	(109)	2,633	(573)	2,060
Securities Dealing	27	19	2,015	356	-	-	1,337	225	(142)	3,792	(82)	3,709
Total	1,736	1,567	172,123	22,898	-	-	7,015	1,200	(769)	202,466	(4,399)	198,068

Table 8.2 – Initial Estimate for the FY2027 Levy Period (from Initial Estimate Report)

FY2027 levy period estimate												
Subsector/Financial Firm	No. AFCA complaints to be finalised	No. claims to be paid	Gross claim Payments (\$000)	AFCA Fees (\$000)	Recoveries (\$000)	Capital Recovery (\$000)	CSLR Operating Costs (\$000)	ASIC Costs (\$000)	Investment income (\$000)	Expected payments by CSLR in FY2027 Levy Period (\$000)	Excess from FY2025 (2nd) Levy Period (\$000)	CSLR Levy Estimate (\$000)
Personal Financial Advice - DASS	474	386	54,760	8,958	-	-	-	-	-	-	-	-
Personal Financial Advice - UGC	148	178	24,665	2,798	(1,239)	-	-	-	-	-	-	-
Personal Financial Advice - Brite	60	62	8,815	1,135	-	-	-	-	-	-	-	-
Personal Financial Advice - Other	321	215	21,714	5,782	-	-	-	-	-	-	-	-
Personal Financial Advice	1,002	841	109,954	18,673	(1,239)	-	2,660	525	(114)	130,459	(3,606)	126,853
Credit Provision	15	10	401	271	-	-	1,313	225	(70)	2,140	(137)	2,003
Credit Intermediation	15	10	1,001	261	-	-	1,320	225	(77)	2,729	(573)	2,156
Securities Dealing - FY2027	37	28	2,273	678	-	-	1,337	225	(99)	4,414	(82)	4,332
Securities Dealing - Revised Estimate shortfall from FY2026	4	23	2,068	122	(4)	-	(20)	-	(16)	2,150	-	2,150
Securities Dealing	41	51	4,341	800	(4)	-	1,317	225	(115)	6,564	(82)	6,482
Total	1,073	912	115,698	20,004	(1,243)	-	6,610	1,200	(376)	141,893	(4,399)	137,495

8.2 Future claim payments

Table 8.3 shows the expected timing of future payments for expected claims to be paid. This is shown by the source of CSLR claim. Note that Shield and First Guardian related costs, discussed in Section 1.5, are excluded from the table below.

Table 8.3 – Future claim payments (net of recoveries)

Type	Revised Estimate	
	FY2027 Payments (\$000)	Remaining after FY2027 (\$000)
Financial Advice - DASS	83,497	1,374
Financial Advice - UGC (GCPF)	33,345	31,736
Financial Advice - Brite	3,951	12,253
Financial Advice - Other ¹	17,980	21,856
Financial Advice (excluding Shield and First Guardian)	138,773	67,219
Credit Provision ¹	182	1,123
Credit Intermediation ¹	1,001	715
Securities Dealing ¹	2,015	3,709
Total (excluding Shield and First Guardian)	141,971	72,765

¹ Includes the estimated net cost to the CSLR of firms that fail by 30 June 2027

The amounts shown as “Remaining after FY2027” are estimated based on the view of future outcomes for the large firm failures that we know about, less the amounts that we estimate CSLR will pay by the end of FY2027. We make the following observations:

- **DASS:** Claims related to DASS are expected to be largely finalised by the end of FY2027. This is due to faster processing of these complaints, which has brought forward many claims to FY2026 and FY2027 compared to previous estimates. Our previous Initial Estimate showed material amounts to be paid in FY2028 and beyond.
- **UGC (GCPF):** The amount of UGC (GCPF) claims paid in FY2026 is lower than previously expected, leaving more claims to be paid in FY2027 and later. The number of UGC (GCPF) CSLR claim payments is also projected to be higher than envisaged in the Initial Estimate.
- **Brite:** CSLR payments are lower overall than in the Initial Estimate due to lower assumed average claim payment size following payment of an interim dividend by the liquidator.
- **Other Financial Advice:** CSLR payments in FY2028 and afterwards are higher overall than in the Initial Estimate due to more open AFCA complaints on known firm failures than in the Initial Estimate. This is in part from some Australian Fiduciaries complaints that are now considered CSLR-eligible.
- **Credit Provision:** CSLR payments in FY2028 and afterwards are higher overall than in the Initial Estimate due to more open AFCA complaints on known firm failures than in the Initial Estimate.
- **Securities Dealing:** CSLR payments in FY2027 and FY2028 reflect the updated estimate of Remi claims likely to be in-scope for CSLR and the timing of payments.

9 Implications of uncertainty

This section of the report expands on the key elements of uncertainty in deriving the Revised Estimate for the FY2027 Levy Period. We also discuss the implications of uncertainty on the Estimate amounts.

9.1 Context

CSLR has been in operation for only a short time. The emerging experience continues to improve the understanding of how the CSLR operates in practice and interacts with AFCA and other stakeholders. For these reasons, the actuarial assumptions continue to have significant elements of reasoned judgement where direct analysis of experience is difficult or unreliable.

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

The analysis supporting our Initial Estimate was based on information available prior to September 2025, more than 9 months from the beginning of the 4th Levy Period. Our Revised Estimate relies on more recent information and is closer to the beginning of the Levy Period, which lowers some of the uncertainty in respect of the Levy Period estimate.

In particular, there is generally less uncertainty around processing volumes, with AFCA's financial year budgets informing the Revised Estimate. In addition, the ability for yet unknown, future financial failures to impact the estimates is reduced due to the length of time available for them to materialise and for AFCA to respond in terms of processing capacity.

9.2 Range of CSLR claim outcomes

Informed by our consideration of the Board Policy for the FY2027 Levy Period, our assessment of a reasonable estimate is based on expected amounts 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 additional Financial Firm failures.

This section considers alternative plausible scenarios that could lead to outcome amounts that are greater or less than the estimate we have determined. Table 9.1 shows a range of plausible estimates for more uncertain areas of our estimate.

Table 9.1 –Scenarios for FY2027 Levy Period – excluding the impact of FY2025 Levy Period excess amounts

Scenario narrative	Sub-sector	Base scenario - assumption	Low scenario - assumption and impact	High scenario - assumption and impact
Shield & First Guardian complaint processing speed	Personal Financial Advice	620 Determinations and 474 claims paid \$38.3m (compensation + AFCA fees)	0 Determinations and 0 claims paid There are plausible scenarios whereby AFCA may be restricted in their ability to progress or determine Shield & First Guardian related complaints \$0m total (i.e. reduction of \$38.3m)	1,200 complaints finalised and 950 claims paid Assuming that AFCA can process twice as many Shield & First Guardian complaints than forecast. This could be accomplished through some combination of processing efficiencies or increased workload capacity \$76.4m total (i.e. increase of \$38.2m)
The average size of Shield & First Guardian related CSLR claims	Personal Financial Advice	Base claim assumptions for Shield & First Guardian \$30.2m in compensation	Reduced average claim size of \$45,000 \$23.5m in compensation (i.e. reduction of \$6.6m)	Increased average claim size of \$100,000 \$44.1m in compensation (i.e. increase of \$14.0m)
General AFCA processing volumes	All	Planned processing volumes \$170.3m compensation + \$23.1m AFCA fees	20% fewer determinations per month due to unforeseen complications in AFCA processing complaints at their planned rate \$154.1m compensation + \$21.3m AFCA fees (i.e. decrease of \$18.0 in total)	20% more determinations per month derived from increased efficiencies, synergies or workforce. \$184.2m compensation + \$24.2m AFCA fees (i.e. increase of \$15.0 in total)
Walker Stores	Credit Provision	37 Determinations and 22 claims paid \$111.6k compensation + \$330.3k AFCA fees	<i>n/a</i> – there aren't reasonable scenarios that would lead to a materially lower amount.	400 Determinations and 285 claims paid \$1.4.m compensation + \$4.9m AFCA fees (i.e. increase of \$5.9m in total)

The Revised Estimate for the FY2027 Levy Period for Personal Financial Advice, prior to reduction for the FY2025 Levy Period excess, is \$193.9m. Based on the above, plausible scenarios for the FY2027 Levy Period range from around \$155.6m to \$232.1m for the Personal Financial Advice sub-sector.

The speed at which AFCA process Shield & First Guardian related complaints is a key component of uncertainty in the Revised Estimate. Given the large number of open Shield & First Guardian complaints, combined with the potential for processing efficiencies to exist between them, it is possible that AFCA will be able to process materially more complaints in FY2027 than estimated in their forecasts.

Equally, due to legal action, regulatory intervention or some other unforeseen circumstances, AFCA may be restricted in the number of Shield and First Guardian related complaints they are able to process during FY2027

(see Section 1.5). These constraints may consequently affect both the timing and quantum of compensation paid for a certain cohort of claimants.

There is limited experience to inform potential claim sizes arising from Shield and First Guardian failures. We have based our estimate based on reported information of amounts invested and assumed counterfactual losses. For Shield and First Guardian, this is complicated by repayments by MIML and Netwealth to some investors, and differences in clientele profile of the various financial advisors that recommended Shield and First Guardian investments.

This means the size of claim payments by CSLR will depend on the mix of investors that are lodging complaints. For example, if the mix is more weighted towards investors that haven't been compensated by MIML and Netwealth, then the potential claim size will be higher. Conversely, those that have been repaid their invested principal will have smaller claim sizes because only the counterfactual loss will need to be compensated. This could also lead to different incentives to pursue an AFCA complaint.

9.3 Implications of timing uncertainty

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

- FY2027 Levy Period amounts in respect of the Personal Financial Advice sub-sector, up to the \$20m sub-sector cap (i.e. the Annual Levy), would be received in June 2026.
- Amounts in respect of a Special Levy, if one is sought, would be received no earlier than in the last quarter of the FY2027 Levy Period (i.e. April to June 2027), with the potential for their receipt in FY2028.

Based on these forecast timeframes for receipt of levy monies, as well as the expectations of FY2027 Levy Period outflows outlined in Section 8, the CSLR will need to significantly delay payment of claims in respect of the Personal Financial Advice sub-sector during FY2027. Personal Financial Advice administration costs, including AFCA unpaid fees are estimated to exceed the sub-sector cap of \$20m in FY2027.

As was the case for our Initial Estimate, in our Revised Estimate for the FY2027 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

FY 2027 Estimation Assumption Summary

Processing volumes

Segment	CSLR Eligible AFCA determinations		CSLR Payments	
	FY2027 Initial Estimate	FY2027 Revised Estimate	FY2027 Initial Estimate	FY2027 Revised Estimate
Post-CSLR: DASS	474	489	386	589
Post-CSLR: UGC (GCPF)	148	283	178	241
Post-CSLR: Brite	60	57	62	38
Post-CSLR: Shield and First Guardian	0	620	0	474
Post-CSLR: Other FA	321	204	215	173
Post-CSLR: Other	71	83	71	53
Post-CSLR Total	1,073	1,736	912	1,567

Average claim size assumptions

Average Claim Size - Outcome

Segment	FY2027 Initial Estimate (\$000)	FY2027 Revised Estimate (\$000)
Personal Financial Advice - DASS	142	142
Personal Financial Advice - UGC (GCPF)	139	139
Personal Financial Advice - Brite	143	105
Personal Financial Advice - Shield and First Guardian	n/a	67
Personal Financial Advice - Other	101	103
Credit Provision	40	106
Credit Intermediation	100	8
Securities Dealing	82	100
Total	128	110

AFCA Complaint Fees on FY2027 complaints

Type	FY2027 Initial Estimate (including GST)	FY2027 Revised Estimate (excluding GST)
Discontinued complaints	\$ 2,637	\$ 2,393
All other complaints	\$ 10,964	\$ 9,948

FY2027 Recoveries

Type	FY2027 Initial Estimate (\$000)	FY2027 Revised Estimate (\$000)
UGC	1,239	-
Other	-	-

Other Assumptions

Prob. of successful CSLR claim (for open complaints)

Type	FY2027 Initial Estimate	FY2027 Revised Estimate
UGC	88%	88%
DASS, non-UGC Shield & First Guardian complaints	86%	84%
Walker Stores	n/a	90%
Other Financial Advice	47%	68%
Other	47%	47%

Prob. of Discontinued (for open complaints)

Type	FY2027 Initial Estimate	FY2027 Revised Estimate
DASS	10%	11%
Other	10%	10%

Investment income

Type	FY2027 Initial Estimate	FY2027 Revised Estimate
Investment income on term deposits	3.60%	4.35%
Investment income on cash management account	2.50%	4.35%

User Charge Total

	FY2027 Initial Estimate	FY2027 Revised Estimate
User Charge Total	\$ 7,940,940	\$ 5,189,389

B Glossary

Table B.1 outlines the definition of some of the commonly used terms in this Report.

Table B.1 – Glossary of terms

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 (30 April 2026, unless otherwise stated).
Annual Levy	The levy determined based on the Initial Estimate for a levy period.
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
AuM	Assets Under Management
Australian Fiduciaries	Australian Fiduciaries Limited
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.
Counterfactual Investment	The estimated value of an investment had the client received appropriate advice. This follows the approach adopted by AFCA to determine the financial loss arising from a breach ²⁴ .
CSLR Ltd	Compensation Scheme of Last Resort Limited, the operator of the Scheme
DASS	Dixon Advisory and Superannuation Services Limited
Determination	A decision made by an AFCA Decision Maker about a complaint in accordance with rule A.14 of the AFCA Rules.
Discontinued Complaint	An AFCA discontinued complaint is one that has been closed by AFCA without a resolution being reached, often because the complainant withdrew the complaint or failed to respond to AFCA's requests for information
Discontinuance Rate	The rate at which Complaints become Discontinued Complaints
'Failed' Financial Firm	A Financial Firm that is currently insolvent, in administration or otherwise not trading.

²⁴ <https://www.afca.org.au/news/latest-news/article-how-does-afca-calculate-loss-what-financial-advisers-need-to-know>

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.
First Guardian	First Guardian Master Fund
FSGA	Financial Services Group Australia
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.
FY2024 Levy Period	Levy period from 2 April 2024 to 30 June 2024 (1 st Levy Period)
FY2025 Levy Period	Levy period from 1 July 2024 to 30 June 2025 (2 nd Levy Period)
FY2026 Levy Period	Levy period from 1 July 2025 to 30 June 2026 (3 rd Levy Period)
FY2027 Levy Period	Levy period from 1 July 2026 to 30 June 2027 (4 th Levy Period)
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 many 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.
Levy Period	A 12-month period commencing from 1 July for which Initial Estimates, Revised Estimates, levies and levy caps are considered.
NGA	Next Generation Advice
Offset	An offset is an amount repaid to the complainant for losses suffered. The offset amount reduces the net loss that is compensable by CSLR. An offset is comparable to a recovery, except that it is received by the complainant before a claim is paid by CSLR.
Other Financial Firms	Financial Firms apart from DASS, UGC, Brite, First Guardian and Shield.
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 amounts for 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.

Recovery	A recovery paid to CSLR following payment of the claim amount, which reduces the net cost of a claim to CSLR. The recovery can be paid to CSLR under subrogation rights or other mechanism.
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.
Shield	Shield Master Fund
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 primary 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 AFCA member closed during the financial year, compared with the same data across all AFCA members. The user charge facilitates a 'user-pays' model, where AFCA members contribute to funding in proportion to their use of AFCA's services.

C 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
- A database of all complaints received by AFCA that AFCA has identified as being related to Shield and/or First Guardian
- 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 FY2026 and FY2027
- Estimated ASIC costs to manage industry levies for the FY2027 Levy Period including a potential special Levy and Further Levies
- FY2026 AFCA unpaid fee amounts for Determinations and discontinued complaints notified to date by AFCA
- CSLR expectations of claims paid to the end of FY2026
- Indications on the User Charge due from CSLR to AFCA in FY2027
- Responses to several legal questions about interpretation of CSLR legislation

C.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.

C.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.

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.

D Estimate of FY2027 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 D.1 outlines the component parts of the levy estimates for the FY2027 Levy Period, split by sub-sector and to the nearest cent. The amounts below are shown split according to parliamentary instrument specifications.

Table D.1 – Recommended FY2027 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	\$1,001,028.25	\$182,430.59	\$168,924,426.43	\$2,014,637.13	\$172,122,522.40
	Recoveries	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Compensation claims	\$1,001,028.25	\$182,430.59	\$168,924,426.43	\$2,014,637.13	\$172,122,522.40
Paragraph 9(1)(b)(i)	AFCA unpaid fees	\$184,638.93	\$540,705.32	\$21,815,860.18	\$356,418.13	\$22,897,622.56
Paragraph 9(1)(b)(ii)	CSLR's administrative costs	\$1,330,970.98	\$1,326,034.20	\$3,020,776.99	\$1,337,083.83	\$7,014,866.00
	Investment income	-\$108,794.80	-\$100,567.25	-\$417,619.63	-\$141,538.86	-\$768,520.54
	CSLR's administrative costs	\$1,222,176.18	\$1,225,466.95	\$2,603,157.36	\$1,195,544.97	\$6,246,345.46
Paragraph 9(1)(b)(iii)	ASIC's administrative costs	\$225,000.00	\$225,000.00	\$525,000.00	\$225,000.00	\$1,200,000.00
Paragraph 9(1)(b)(v)	Capital reserve restoration	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Paragraph 9(2)(a)	Excess from FY2025	-\$573,244.37	-\$137,026.75	-\$3,606,235.67	-\$82,369.71	-\$4,398,876.50
Total		\$2,059,598.99	\$2,036,576.11	\$190,262,208.30	\$3,709,230.52	\$198,067,613.92

