



MEDIA RELEASE

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CSLR LEVY ESTIMATE UNDERSCORES URGENCY OF NEEDED REFORM

The Financial Services Council (FSC) has called for the cost of the Compensation Scheme of Last Resort (CSLR) to be brought to sustainable levels following the announcement that the initial levy estimate for FY2027 is \$137.5 million, an 82 per cent increase from the revised estimate for FY2026.

Each year, the CSLR Operator releases an initial estimate (the early forecast) and revised estimate (the finalised figure) of the scheme's total expected claims, fees and operating costs for the relevant levy period. These figures are then used to set the annual levy amounts for each CSLR sub-sector.

The revised estimate for FY2027, expected to be published mid-2026, is likely to be materially higher than \$137.5 million, reflecting the emerging volume of potential Shield and First Guardian-related claims and the Australian Financial Complaints Authority's (AFCA) recent acceleration in progressing its claims backlog.

CEO of the FSC Blake Briggs said "The FSC recognises the CSLR plays an important role supporting and protecting Australians who experience serious financial hardship as a result of financial advice failures, however the scheme must be reformed to ensure it remains genuinely 'last resort' and targeted towards those most in need.

"The FY2027 estimate again includes another significant breach of the financial advice sub-sector cap, this time by a staggering \$106.9 million. Without urgent reform to the CSLR's design, special levies on industry will again be required to meet the gap for the foreseeable future.

"This is another blow to law abiding financial advice businesses who face continued cost pressures and who will again be called on to pay up to the \$20 million sector sub-cap, and potentially above it, for the wrongdoing of others.

The FSC opposes normalising the use of 'special levies' as a routine funding mechanism. Special levies are inherently unpredictable, undermine industry confidence, and function as a de-facto tax on business.

"The wider financial services sector is willing to do its part to meet the existing shortfall, provided the costs are distributed widely and fairly. A diversified approach avoids disproportionate impacts on individual subsectors and reduces the risk of cross-industry disputes.

"However, socialising the cost of underwriting investment losses is not a sustainable long-term solution for a scheme that is on track to have continued cost blow outs into the foreseeable future."

The FSC urges the Assistant Treasurer to set out a clear pathway for reform to ensure the scheme is sustainable for the consumers who need it and aligned it to its original policy intent to provide compensation as a last resort.

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About the Financial Services Council

The FSC is a peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia's largest industry sectors, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds and financial advice licensees. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing more than \$3 trillion on behalf of over 15.6 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is one of the largest pools of managed funds in the world.