

Backlog of accumulated complaints – as at 7 September 2022

Sub-sector	No. of complaints	Maximum notional compensation payable under CSLR	Total notional AFCA fees	TOTAL
Financial Advisors/Planners	Dixon – 1,638	\$245.7 million (avg claim – \$193,000)	\$16.4 million	\$287.0 million
	Non-Dixon – 155	\$23.3 million (avg claim \$161,000)	\$1.6 million	
Securities Dealers	20	\$3.0 million (avg claim \$164,000)	\$0.2 million	\$3.2 million
Credit intermediation	13	\$1.7 million (avg claim \$266,000)	\$0.1 million	\$1.8 million
Credit Providers	10	\$20,000 (avg claim \$2,000)	\$0.1 million	\$0.1 million
TOTAL	1,836	\$273.7 million	\$18.4 million	\$292.1 million

Notes:

- There are a further 2,992 complains that have been provided to AFCA and are out-of-scope of the CSLR (these complaints relate to MISs, foreign exchange and derivatives dealing)
- The compensation cap of \$150,000 has been applied to the complaints
- No more than \$250 million may be collected under the one-off levy to be imposed onto the ten largest financial services firms

Backlog of accumulated complaints – as at 27 October 2021

Sub-sector	No. of complaints	Maximum notional compensation payable under CSLR	Total notional AFCA fees	TOTAL
Financial Advisors/Planners	Dixon – 74	\$11.1 million	\$0.74 million	\$35.2 million
	Non-Dixon – 146	\$21.9 million	\$1.46 million	
Securities Dealers	19	\$2.9 million	\$0.19 million	\$3.09 million
Credit intermediation	13	\$2.0 million	\$0.13 million	\$2.13 million
Credit Providers	5	\$10,000 (avg claim \$2,000)	\$0.05 million	\$0.06 million
TOTAL	257	\$37.9 million	\$2.6 million	\$40.5 million

Note: The compensation cap of \$150,000 has been applied to the complaints

Since legislation was introduced on 8 September 2022, AFCA has received a total of 108 Dixon Advisory complaints (as at 7 October 2022). The notional total maximum value of these complaints is \$16 million.

s 22



If the scheme levy cap was placed at \$20 million, there would be a shortfall of approximately \$225.7 million for the backlog.

A further \$12.9 million could be collected from the advice sub-sector before reaching the sub-sector cap in the second year. This leaves \$213 million shortfall for the backlog to be collected following Ministerial determination, against the advice sub-sector and/or any other sub-sector including those that are not within scope of the CSLR.

s 22



Backlog of accumulated complaints – as at 7 September 2022 (backlog end date)

Sub-sector	No. of complaints	Estimated compensation payable under CSLR	Total notional AFCA fees	TOTAL
Financial Advisors/Planners	Dixon – 1,638	\$214.6 million (avg claim – \$131,000)	\$16.4 million	\$255.9 million
	Non-Dixon – 155	\$23.3 million (avg claim \$161,000)	\$1.6 million	
Securities Dealers	20	\$3.0 million (avg claim \$164,000)	\$0.2 million	\$3.2 million
Credit intermediation	13	\$1.7 million (avg claim \$266,000)	\$0.1 million	\$1.8 million
Credit Providers	10	\$20,000 (avg claim \$2,000)	\$0.1 million	\$0.1 million
TOTAL	1,836	\$242.6 million	\$18.4 million	\$261 million

Notes:

- There are a further 2,992 complains that have been provided to AFCA and are out-of-scope of the CSLR (these complaints relate to MISs, foreign exchange and derivatives dealing)
- The compensation cap of \$150,000 has been applied to the complaints
- No more than \$250 million may be collected under the one-off levy to be imposed onto the ten largest financial services firms
- Since the introduction of the CSLR Bills on 8 September 2022, approximately 120 complaints have been received by AFCA (non-backlog complaints):
 - o Each relates to Dixon Advisory
 - o The average claim value is \$131,000
 - o These matters represent approximately \$16.9 million in estimated costs (\$15.7 million in compensation; \$1.2 million in AFCA fees)
 - o Costs associated with these complaints would be funded via the annual/special levy mechanism, not the one-off levy

~~OFFICIAL Sensitive~~

FOR TREASURY – BACKPOCKET Compensation scheme of last resort (CSLR) – Key questions for consideration

s 22



Notes: As at 7 September 2022, the backlog was comprised of 1,836 complaints, of which 90 per cent related to Dixon Advisory. The average amount claimed per Dixon complaint was \$131,351. With the addition of AFCA's processes fees of \$10,000 per determination, the total backlog is estimated to cost approximately \$260 million. An additional 176 Dixon complaints have been received by AFCA since introduction, which, in the absence of changes to the Bills, would further contribute to the backlog.

s 22



~~OFFICIAL Sensitive~~