



FAAA MEMBER RESOURCE

COMPENSATION SCHEME OF LAST RESORT

BRIEFING PAPER

Monday 22 July 2024

CSLR Legislation – The Timeline

The CSLR timeline has played out over a long period of time:



CSLR & Dixon – The Key Dates

Jan 2022
Dixon Advisory goes
into Administration

8 Sept 2022
ALP Tables CSLR
Legislation

Nov 2022
Dixon Advisory
Administrators
Report

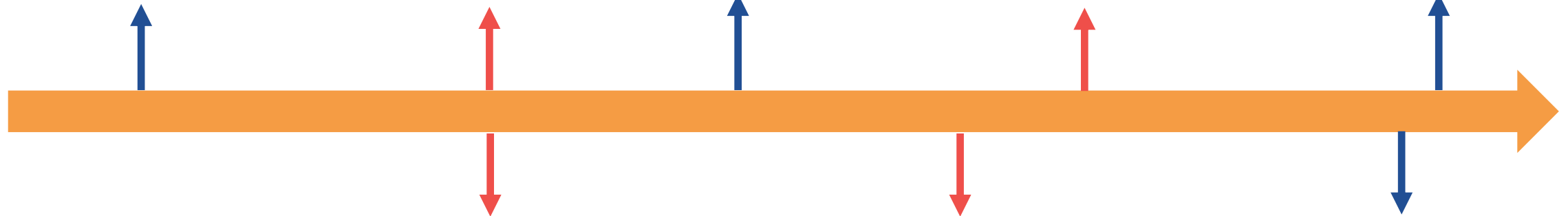
June 2023
CSLR Legislation
passed

30 June 2024
Dixon Advisory
ceases AFCA
membership

7 Sept 2022
Key cut-off date for
pre-CSLR complaints

March 2023
ALP re-Tables CSLR
Legislation

7 May 2024
AFCA Announces
Dixon complaint
update large increase

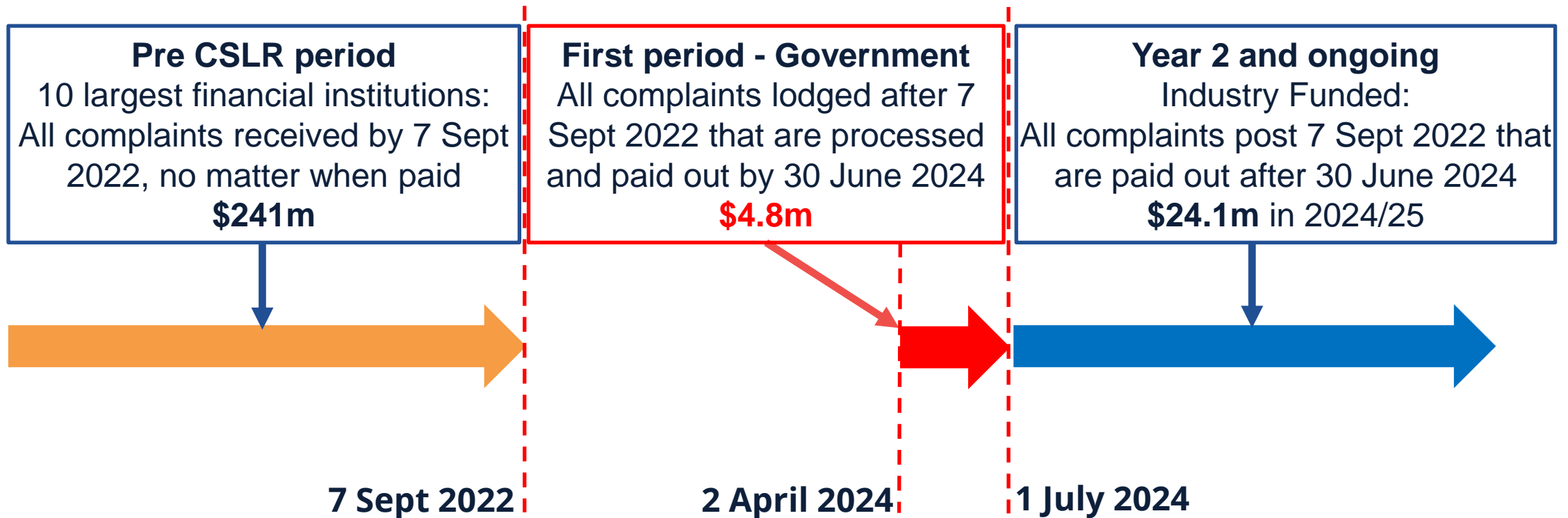


CSLR – What are our key concerns?

1. The Dixon Advisory debacle and what appears to be “phoenixing”
 2. Retrospectivity – advisers forced to pay for misconduct that occurred well before the scheme was established, contrary to intent
 3. The Government only paying for 3 months of the scheme, when previously committed to pay for 12 months
 4. The lack of disclosure and explanation of how the funding would work in the Explanatory memorandum
 5. Dixon Advisory remaining a member of AFCA (now finally solved)
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CSLR – Understanding who pays

The CSLR cost is split up on the basis of complex legislation:



CSLR – Who Pays for Dixon Advisory

Period	Pre CSLR	First Period April to June 24	Second Period 2024/2025
Funder	Top 10 financial institutions	Government	Advice Profession
Dixon Complaints	1,638	1	86
Advice related cost	\$233m of \$241m	\$2.4m of \$4.8m	\$18.5m

The second period (2024/25 year) is based upon the assumption that 86 Dixon Advisory post CSLR cases will be processed through AFCA and CSLR in that year. This is only a small fraction of the cases to be processed, and we know that this could roll on for years

There is an overall cap of \$250m per year and a sector cap of \$20m per year. When the cost exceeds this, the matter is referred to the Minister for a decision. They could spread the cost over other sectors

CSLR – Dixon Complaints

Complaints	7-Sep-22	15-Feb-24	5-Jun-24	30-Jun-24
	CSLR Legislation Tabled	AFCA Report to Senate Estimates	AFCA Website Update	Dixons claims close
Pre CSLR	1,638	1,638	1,638	1,638
Post CSLR		310	872	1,135
Total	1,638	1,948	2,510	2,773

Estimated cost for financial advice sector:

– 1,134 (Govt paying for 1) times \$120k each - \$136 million

Dixon Advisory

www.pwc.com.au

Table 4-3: Creditors' claims

Creditor class	Number of creditors	Amount (\$)
Secured creditors	5	-
Employee entitlements	-	-
Unsecured creditors		
Trade/External creditors	9	663,009
Quantified Claims of Investors	4,606	367,928,537
Total creditor claims	4,620	368,591,546

Admin

Dixon Adv
(Administra
ACN 103 07

Administrator

29 November 2022

The administrator calculated the loss on a simple loss amount basis and has not allowed for lost investment earnings, which AFCA will do