



Australia moves forward on Compensation Scheme of Last Resort

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Australia's government has introduced a package of bills to establish the Compensation Scheme of Last Resort (CSLR) that was recommended by the Financial Services Royal Commission. The CSLR is intended to support confidence in the financial system's external dispute resolution framework.

Highlights

- The CSLR would provide compensation where a determination issued by the Australian Financial Complaints Authority (AFCA) remains unpaid and the determination relates to a financial product or service within the scope of the CSLR.
- The CSLR would fund unpaid determinations made by AFCA that have accumulated since 1 Nov 2019 — the beginning of the AFCA scheme.
- The CSLR's establishment and the supporting levy framework would commence on the later of 1 Jan 2022 or the day after Royal Assent. The operator of the CSLR could begin to make compensation payments under the scheme from 1 Jul 2022.
- The Government would fund the establishment of the scheme and its operation in the first year. A levy will be imposed on the financial services industry to fund the scheme in future years.

Related resources

- [Financial Sector Reform \(Hayne Royal Commission Response No. 3\) Bill 2021 \(Government\)](#)
- [Financial Services Compensation Scheme of Last Resort Levy Bill 2021 \(Government\)](#)
- [Financial Services Compensation Scheme of Last Resort Levy \(Collection\) Bill 2021 \(Government\)](#)

- [Explanatory Memorandum](#) (Government)

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