

File Name: 2013/20

21 May 2013

Cost Recovery

Australian Transaction Reports and Analysis Centre
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COST RECOVERY IMPACT STATEMENT – EXPOSURE DRAFT (APRIL 2013) ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING REGULATORY ACTIVITIES

The Association of Superannuation Funds of Australia (ASFA) would like to provide the comments below in relation to the exposure draft on the Cost Recovery Impact Statement (CRIS) issued by the Australian Transaction Reports and Analysis Centre (AUSTRAC) for the regulatory period 1 July 2013 to 30 June 2014.

About ASFA

ASFA is the peak policy, research and advocacy body for Australia's superannuation industry. It is a not-for-profit, sector-neutral, and non-party political national organisation whose aim is to advance effective retirement outcomes for members of funds through research, advocacy and the development of policy and industry best practice.

ASFA's focus is on whole of system issues and its core strategies are aimed at encouraging industry best practice, advocating for a system that plays a productive role in the Australian economy and ensuring the industry delivers on its primary purpose of delivering decent retirement incomes.

Our membership - which includes superannuation funds from the corporate, industry, retail and public sectors, and, through its service provider membership, self-managed and small APRA funds - represents over 90 per cent of Australians with superannuation.

Clarification regarding the large entity component

In previous submissions to, and discussions with, AUSTRAC regarding the calculation of the large entity component, ASFA has sought confirmation that, for superannuation funds, it is the earnings before income tax expense, net financing costs, depreciation and amortisation (EBITDA) of the trustee not the trust (i.e. the superannuation fund) that is the applicable measure for determining whether a fund is liable for the large entity component.

Although not reflected in the CRIS itself, we note that this position has been expressly confirmed in the accompanying "Calculating earnings fact sheet" (Part A, item 10) which AUSTRAC has released to assist reporting entities to understand the earnings measure and calculate their earnings. ASFA appreciates the inclusion of this in the fact sheet – we believe this will serve to minimise the potential risk of misinterpretation or confusion on the part of superannuation trustees.

Opposition to the recovery of AUSTRAC's regulatory costs from reporting entities

In previous submissions to AUSTRAC we have expressed our strong opposition to the Government's policy to recover AUSTRAC's regulatory costs from reporting entities. We do not intend to restate the reasons behind ASFA's position again in this submission. However we feel it is appropriate to draw your attention to these prior submissions which contain, in detail, the reasons behind our objections to the AUSTRAC levy.

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If you have any queries or comments on this submission, please contact Jon Echevarria, Senior Policy Adviser on 02 8079 0859 or by email jechevarria@superannuation.asn.au.

Yours sincerely,



Fiona Galbraith
Director, Policy