

From: Jamie Kelly
Sent: Sunday, 13 February 2011 1:03 PM
To: Cost_recovery
Subject: Submission - Discussion Paper Cost Recovery for Austrac's regulatory Function

Thank you your email dated 11th February requesting a further submission on your 'Cost Recovery Impact Statement – Exposure Draft'.

As per my previous submission on behalf of a number of small AFS Licensees, I wish to make the following submission.

Small AFS Licensees in Western Australia are grateful that you have taken our submission into account in that you have publicly stated:

"To ensure the cost recovery arrangements do not add to the regulatory burden for very small business, it is proposed to remove non-employing entities (sole proprietors and partnerships without employees) and micro businesses (Businesses employing less than five people), both as defined by the Australian Bureau of Statistics (ABS) from the application of the base component of the levy".

Also you have stated; *"In addition, it is proposed to remove 'item 54' (primarily financial planners) providers from the definition of a large business for the purposes of the large entity component of the levy."*

Although we are appreciative of the concessions made, we are disappointed that you do not appear to have undertaken any serious research to measure the affect on competition on the proposed changes as promulgated in your original Discussion Paper before releasing your "Cost Recovery Impact Statement – Exposure Draft". Therefore, we can only conclude that you have been bound by your own IT limitation in deciding to limit the removal of the base component levy to non-employing entities (sole proprietors and partnerships without employees) and micro businesses (Businesses employing less than five people).

We do not believe that there would be a material impact on your calculation should you not use the ABS definition of micro businesses and inserted your own definition, that being *"businesses employing less than eleven people"*. Therefore, we request that you immediately revisit this to explain what the actual impact would be to the base levy component and if as we suspect, this would not result in a material change (not exceeding \$320.00), adopt your own definition for micro businesses or introduce your own.

Nor have you detailed, other than to say; "The amount of the base component relating to these entities will be recovered through the transaction reporting component of the levy". We still have concerns that you will still require exempt entities to complete annual reports thereby defeating the whole purpose of the Gillard Governments recognition of the important contribution small businesses make to national prosperity and supporting jobs, by actually creating more red tape.

Please confirm that once you have identified a business as an exempt entity that you will not require them to have to complete any annual reports relating to the collection of 'Cost Recovery Levies'.

Thank you for your invitation to make this submission and I look forward to your detailed response.

Regards

Alexander Kelly
Known as Jamie Kelly

From: Jamie Kelly
Sent: Tuesday, 16 November 2010 11:29 AM
To: cost_recovery@austrac.gov.au
Subject: Submission - Discussion Paper Cost Recovery for Austrac's regulatory Function

I wish to make a very short submission on behalf of a number of small AFS Licences (no more than four staff/advisers in total and designated 54 services) who all reside in Western Australia.

Although in principle we understand the issue Austrac is trying to address in its discussion paper, we would request that before your proposal is finalised and implemented that you conduct additional research to understand the affect of your proposed fee structure as detailed in your discussion paper will have on competition, especially to the small end of the advice market (those AFS Licensees who only provided financial advice of no more than ten staff in total).

We are concerned that your proposal in itself may appear fair and reasonable.

However, if you take into account the proposed changes by ASIC as promulgated in their Consultation Paper 140 (Changes to NTA for ADS Licensees), other changes already implemented by ACCC to the Trade Practices Act 1974 (anti-cartel provisions) and changes yet to be announced in relation to the Governments "Future of Financial Advice" reforms. The total affect is increased costs that have the real potential to force small AFS licensees out of the market (possibly becoming more cost effective to join larger Dealer Groups who are predominantly now owned by the Banks) and in turn competition is or will be reduced.

Especially that your proposal for Large Entity Component starts at 150 full-time staff. As a minimum you should dramatically reduce the Base Component and lower the starting point for the Large Entity Component but preferably exempt small designated 54 services AFS Licensees all together..

We strongly suspect that the end result, if implemented as detailed in your discussion paper, is that the combined changes from all Government agencies will in fact increase the cost to the consumer while at the same time reduce much need competition.

Therefore, we request that Austrac undertake the necessary research to measure the affect on competition on the proposed changes as promulgated in your Discussion Paper before any changes are made.

Regards

Alexander Kelly
Known as Jamie Kelly