



Cost recovery for AUSTRAC's regulatory functions

Further consultation regarding an alternative definition of a large entity

As announced in the Australian Government's 2010 Budget, commencing from 2011–12 the Australian Transaction Reports and Analysis Centre (AUSTRAC) will recover the costs of its regulatory activities from businesses that AUSTRAC regulates under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

On 12 February 2011, AUSTRAC released an exposure draft of a Cost Recovery Impact Statement (CRIS) for public comment. This document contained a proposed model for AUSTRAC cost recovery which had been modified as a result of feedback received from industry.

Before finalising the key elements of the cost recovery model, AUSTRAC has determined that there should be further consultation about the proposed definition of a large entity as many of the submissions received were in relation to this proposed definition.

To address the issues raised, AUSTRAC has developed an alternative definition of a large entity. This alternative definition relies on a financial measure for determining the size of business regulated by AUSTRAC rather than an employee measure.

In addition, rather than applying the large entity component to individual reporting entities, it proposes to apply a large entity component at a corporate group level.

The proposed alternative definition of a large entity is as set out below.

- A large entity component will be applied to a reporting entity or a group of related reporting entities (as defined under section 50 of the *Corporations Act 2001*) if the total earnings before interest, taxation, depreciation and amortization (EBITDA) in the most recent audited financial statements of that entity or group of entities is greater than \$100 million.
- Where a reporting entity is incorporated outside of Australia, that entity's contribution to the total EBITDA is that which relates to its Australian operations.

The amount of the large entity component payable by a reporting entity or a group of related reporting entities is proposed to be:

Total EBITDA	Large entity component applicable *
Greater than \$5 billion	\$400,000
\$5 billion - \$1 billion	\$125,000
\$1 billion - \$500 million	\$62,500
\$500 million - \$200 million	\$25,000
\$200 million - \$100 million	\$12,500

*As opposed to the definition of a large entity set out in the exposure draft of the CRIS, only one large entity component will be charged to a group of related reporting entities.

Further feedback on this proposed alternative definition of a large entity is welcomed by 5pm on Monday 4 April 2011.

Written submissions can be forwarded to:

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