

Dear AUSTRAC

Sorry to be repeating the words of the discussion paper but there's a few quotable quotes, namely (with emphasis added):

The Gillard Government is committed to **protecting the Australian community and businesses** from the social and economic impacts of **organised crime**, estimated to cost the community \$15 billion a year.

The Australian Government's cost recovery guidelines require agencies providing government goods and services (including regulation) to the private and other non-government sectors of the economy to set charges to **recover all the costs of such products or services**, where it is efficient to do so, in consultation with stakeholders

In the case of regulatory activities, the cost recovery **guidelines require that the individuals or groups that have created the need for regulation should bear the cost** of that regulation.

Law enforcement agencies use AUSTRAC's data to disrupt criminal activities

Collection of monies for ...

- The business-as-usual cost of AUSTRAC's regulatory activities (including support services and costs associated with **capital projects** necessary to support regulation)
- some small businesses captured by the AML/CTF Act have had difficulty in implementing compliant AML/CTF programs. This proposed component would **include the development of simplified guidance materials and redevelopment of AUSTRAC's website to enhance its usability for small business**
- to **meet the specific legal costs associated with significant enforcement activities** undertaken by AUSTRAC. Enforcement activity is a necessary and significant deterrent to non-compliance in any effective regulatory regime

From this it is obvious that the view is that organised crime is creating the need for the regulation and should bear the cost; alternatively, as it is the Australian community and businesses that derive the benefit from the products and services, it is therefore they that should bear the charges; and, as a further alternative position, it is others who use the data collected. And it's being argued that we need to fund AUSTRAC so it can initiate legal action against us and charge for providing support that to date AUSTRAC has refused to give – setting up someone to fail by not providing support and demanding funding so that there's resources available to prosecute the people they've set up to fail is un-Australian. Whatever, a small country pub that has its bar trade and some gaming revenue is not the reason why the regulation is needed nor the beneficiary of the products and services, nor does it receive or use the data.

Accordingly, there is no nexus to the assertion that our pub derives a benefit and should pay, and pay not just the costs but also fund capital needs. Moreover, we've been denied product to help us deliver on the obligations imposed, our call for more realistic reference materials to gather the information required and used by others has been ignored, and our request for on-site assistance refused (we're too remote). All we've ever got are threats

arising from AUSTRAC failing to correctly maintain its data and not actioning repeated advice on who is the contact.

And why do you need to recover costs at all? The Prime Minister tells us that an effective AUSTRAC will save the community and businesses \$15 billion a year. Business pays tax at 30% and the average personal income tax is around 20% - this means that an effective AUSTRAC will deliver over \$3 billion of taxation revenue to the Government and 10% of that additional income means that AUSTRAC needs nothing from the likes of us. If the Government gets such a gain why shouldn't it pay? Isn't it the Government that is a substantial beneficiary who has actually ordered the activity? If it doesn't isn't that what they call double-dipping? or is it more akin to gouging such as what the Government is accusing banks of doing?

From what's in the paper we'll be in the "Base component" category and paying 10% of the monies needed by AUSTRAC to run itself, meet its capital outlays, fund training (bit late for that after 3 years of nothing meaningful or relevant), pay for AUSTRAC's legal costs so it can harass with greater effect, and pay AUSTRAC's costs for bleeding us. We have no say in AUSTRAC's budget - \$32 million dollars of wages and on costs pa, \$7½ million spent so far on purchasing land, buildings and equipment, \$5 million on capitalised costs, paying a CEO \$370,000 pa and seven other executives a total of \$2 million a year. These are astonishing amounts which are not of our making and which we're given no right of comment or input (yet the Government has legislated under the Corporations Law that shareholders can be heard on Executive Remuneration and generally), the Prime Minister states that we haven't created the need that they be spent and we derive no benefit, product, service, data or support.

So what do we get for the \$241? AUSTRAC's track record indicates nothing other than threats and an inability of AUSTRAC to maintain its own database. It seems we'll be simply funding greater levels of harassment.

We shouldn't even be part of the scheme – we'd like to even get within 10% of the amounts used in the examples of turnover/event for the smallest category used in the AUSTRAC examples. We're a pub in Queenstown in Tasmania with declining turnover servicing, overwhelmingly, locals. We're not _____, we're not a drug hub, if someone wanted to launder money I doubt that \$100 through pokies is of interest (our average gaming turnover for all forms (pokies, Keno and TAB) is only \$10,000 per day which equates to about \$20 per player/punter).

We have no problem with the concept of "user pays". But this is not user pays as we are not the user nor the cause of why AUSTRAC must exist. If anything, we should be being paid to collect data for the AUSTRAC. Any cost recovery regime must be levied on the beneficiary of the activity. If it isn't so then be honest and call it what it is – taxation, oops, sorry, I forgot, you can't admit that as calling it what it is would be to admit an illegal impost!

I doubt the comments made will be receive any attention but they are legitimate. I hope I'm wrong and we do receive a substantive response.

Yours sincerely
Bob Cox
Secretary
Tasmanian Hotels Corporation Pty Ltd