



AUSTRALIAN HOTELS ASSOCIATION

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Discussion Paper – AUSTRAC Industry Contribution
Legal and Policy Branch
PO Box 13173, Law Courts
MELBOURNE VIC 8010

By email: Policy_Consultation@austrac.gov.au

Dear Sir/Madam,

Submission re: Austrac Industry Review Discussion Paper

AHA appreciates the opportunity to provide a submission regarding the AUSTRAC Industry Contribution Discussion Paper of 23 June 2014.

Background

We note that the Austrac industry contribution provides to the effect that:

- The industry contribution will replace the current supervisory levy model;
- The industry contribution removes the \$300 base component to the levy;
- If a hoteliers' levy does not exceed a \$1,000 threshold it will be waived; and
- If a hoteliers' domestic earnings do not exceed \$100,000,000 they will not be required to pay an earnings component of 0.05% of their domestic earnings.

Acknowledgement

AHA acknowledges that the effect of the above means that the vast majority of hotels would not be subject to the AUSTRAC Industry Contribution. However, it is our understanding that the draft provisions will still capture the larger hotel groups. AHA believes that this may be an unintended consequence due to the structure of these groups.

Submission

AHA submits that the draft provisions be amended so that all hotel groups are exempted. The following is relevant:

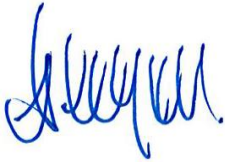
- These larger hotel groups are simply made up of multiple small enterprises with a significant geographical spread. On their own, each of these enterprises falls far below the new parameters. We suggest that the intention of the new regulations is to capture large operators in industries such as financial services. Such businesses have a far different financial and community profile when compared to individual hotels, that albeit trade as a group.

- Under the new regulations, industry contribution is based on the domestic earnings of the entire business. However, only a portion of the earnings of the relevant hotel groups are made up of earnings from EGM's. The remainder of revenue is sourced from general hospitality services, which falls outside the purview of AUSTRAC. Revenue that falls outside the purview of Austrac should be excluded from the regulations.
- These hotel groups are structured so as to reduce red tape – an aim of the Commonwealth Government. Whilst, it would be possible for the groups to be restructured into smaller entities, this would increase red tape – which is at odds with the desire of the Government.

Conclusion

AHA commends the vast bulk of the new regulations, but believes the circumstances now applying to the larger hotel groups are an unintended consequence and should be further considered.

Yours faithfully,



STEPHEN FERGUSON
NATIONAL CEO