



## CRIS: ASIC INDUSTRY FUNDING MODEL (2022–23)

This document is part of [ASIC's 2022–23 CRIS](#). It should be read in conjunction with the other documents that make up the CRIS, including the key terms.

### **A Summary of ASIC's 2022–23 regulatory costs and estimated levies for subsectors**

#### Key points

This document summarises:

- ASIC's costs and levies for 2022–23 by regulatory activity and industry sector (see paragraphs 1–5 and Table 1–Table 3);
- estimated costs and levies for 2022–23 by industry subsector (see paragraphs 6–7 and Table 4); and
- forward estimates for future financial years (see paragraphs 8–12 and Table 5–Table 6).

### **Summary of ASIC's estimated costs and levies for 2022–23**

1 Under the ASIC industry funding model, the Australian Government determines our budget. We then recover our regulatory costs through industry funding levies (cost recovery levies and statutory levies) and fees for service.

2 We expect to recover \$352.0 million of regulatory costs via cost recovery levies and statutory levies for 2022–23. This includes \$19.9 million in allowance for capital expenditure, less costs funded by own-source revenue, and adjustments for under and over recoveries from 2021–22.

Note: The \$19.9 million includes \$0.5 million that was not recovered from deregistered companies. This amount is carried forward in accordance with s10(6)(b) of the *ASIC Supervisory Cost Recovery Levy Act 2017* (Cost Recovery Levy Act).

3 Table 1 outlines how we expect to recover our 2022–23 regulatory costs for each of our regulatory activities that are subject to industry funding.

Note: In this CRIS, we round figures to one decimal place in the text and three decimal places in tables. Items may not add up to totals due to rounding.

**Table 1: Method of cost recovery by regulatory activity**

Activity	Cost recovery levies	Statutory levies	Fees for service
Supervision and surveillance	\$48.385m	\$3.114m	Nil
Enforcement	\$55.442m	\$55.657m	Nil
Other regulatory activities			
<i>Industry engagement</i>	\$9.443m	\$0.077m	<i>Nil</i>
<i>Education</i>	\$0.119m	\$3.598m	<i>Nil</i>
<i>Guidance</i>	\$5.143m	\$0.018m	<i>Nil</i>
<i>Policy advice</i>	\$5.727m	\$0.024m	<i>Nil</i>
Indirect costs			
<i>Governance, central strategy and legal</i>	\$40.904m	\$0.121m	<i>Nil</i>
<i>IT support</i>	\$34.529m	\$0.354m	<i>Nil</i>
<i>Operations support</i>	\$30.776m	\$1.287m	<i>Nil</i>
<i>Property and corporate services</i>	\$37.275m	\$0.117m	<i>Nil</i>
Fees for service activities			
<i>Licence applications or variations</i>	<i>Nil</i>	<i>Nil</i>	\$2.121m
<i>Registration application services</i>	<i>Nil</i>	<i>Nil</i>	\$0.635m
<i>Compliance review of documents</i>	<i>Nil</i>	<i>Nil</i>	\$11.116m
<i>Requests for changes to market operating rules</i>	<i>Nil</i>	<i>Nil</i>	\$0.296m
<i>Assessment of applications for relief</i>	<i>Nil</i>	<i>Nil</i>	\$13.228m
<b>Total</b>	<b>\$267.744m</b>	<b>\$64.366m</b>	<b>\$27.396m</b>

Note: In addition to the industry funding levies, there will be a recovery of \$19.9 million in allowance for capital expenditure, less costs funded by own-source revenue, and adjustments for under and over recoveries from 2021–22.

4 Table 2 outlines the regulatory costs expected to be recovered by industry funding levies for each sector.

**Table 2: Regulatory costs to be recovered via industry funding levies, by industry sector**

Sector	Cost recovery levies	Statutory levies	Total levy
Corporate	\$47.934m	\$20.440m	\$68.375m
Note: For this sector, the regulatory costs recovered through levies do not include the costs recovered from small proprietary companies. The costs for that subsector are recovered through a \$4 increase to the annual review fee.			
Deposit taking and credit	\$50.306m	\$5.146m	\$55.452m
Investment management, superannuation and related services	\$57.472m	\$10.492m	\$67.964m

Sector	Cost recovery levies	Statutory levies	Total levy
Market infrastructure and intermediaries	\$51.982m	\$14.159m	\$66.141m
Financial advice	\$50.105m	\$8.313m	\$58.418m
Insurance	\$29.874m	\$5.816m	\$35.690m
<b>Total</b>	<b>\$287.674m</b>	<b>\$64.366m</b>	<b>\$352.040m</b>

- 5 The activities for which regulatory costs will be recovered via a statutory levy are set out in Table 3.

**Table 3: Regulatory costs to be recovered by statutory levies, by activity**

Activity	Estimated costs
Enforcement (funded by Enforcement Special Account (ESA))	\$55.246m
Education	\$3.589m
Unclaimed money administration	\$1.187m
North Queensland insurance aggregator	\$0.460m
Crowd-sourced funding (CSF) implementation	\$1.062m
Whistleblower legal framework	\$2.647m
Credit rating agencies (all activities)	\$0.175m
<b>Total</b>	<b>\$64.366m</b>

## Summary of estimated regulatory costs and levies for 2022–23

- 6 Table 4 outlines the regulatory costs we expect to recover through industry funding levies for each subsector.
- 7 An entity can belong to more than one subsector. We have provided [further information to help entities determine the subsectors to which they belong](#) (PDF 229 KB) on our website.

**Table 4: Overview of costs to be recovered through industry funding levies by subsector****Corporate sector**

Subsectors	Estimated costs	Estimated levy
Listed corporations	\$42.987m	Minimum levy of \$4,000, plus \$23.12 per \$1m of market capitalisation above \$5m  Maximum levy of \$466,205 for entities with a market capitalisation of greater than \$20bn
Unlisted public companies	\$3.605m	\$243
Large proprietary companies	\$9.587m	\$976, less \$4 collected via the annual review fee
Small proprietary companies	\$22.343m	Not applicable—levied via the annual review fee of \$4
Auditors of disclosing entities	\$6.001m	\$98 per \$10,000 of revenue
Registered company auditors	\$1.316m	\$387
Registered liquidators	\$4.878m	Minimum levy of \$2,500, plus \$67.84 per appointment and notifiable event

**Deposit taking and credit sector**

Subsectors	Estimated costs	Estimated levy
Credit providers	\$31.806m	Minimum levy of \$2,000, plus \$38.41 per \$1m of credit provided above \$100m (other than for small and medium amount credit contracts)
Small and medium amount credit providers	\$7.025m	\$52.29 per \$10,000 of credit provided under small and medium credit contracts
Credit intermediaries	\$4.857m	Minimum levy of \$1,000, plus \$14.62 per credit representative
Deposit product providers	\$8.579m	Minimum levy of \$2,000, plus \$2.75 per \$1m of total deposit liabilities above \$10m
Payment product providers	\$3.176m	Minimum levy of \$2,000, plus \$4 per \$10,000 of total revenue from payment product provider activity
Margin lenders	\$0.008m	\$372

**Investment management, superannuation and related services sector**

Subsectors	Estimated costs	Estimated levy
Superannuation trustees	\$28.798m	Minimum levy of \$18,000, plus \$13.68 per \$1m of assets above the \$250m threshold
Responsible entities	\$35.590m	Minimum levy of \$7,000, plus \$22.70 per \$1m of assets above the \$10m threshold

Subsectors	Estimated costs	Estimated levy
Wholesale trustees	\$2.886m	Minimum levy of \$1,000, plus \$1.29 per \$1m of adjusted total assets
Operators of notified foreign passport funds and regulated former notified funds	\$0.000m	\$0
Custodians	\$0.328m	\$257
Investor directed portfolio services (IDPS) operators	\$0.000m	\$0
Managed discretionary account (MDA) providers	\$0.334m	\$1,453
Traditional trustee company service providers	\$0.080m	\$7,260

#### Market infrastructure and intermediaries sector

Subsectors	Estimated costs	Estimated levy
Large securities exchange operators	\$4.948m	\$2.29 per \$1m of total transactions
Large futures exchange operators	\$1.495m	\$1,495,449
Small futures exchange operators	\$0.086m	\$86,155
Small securities exchange operators	\$0.739m	\$369,420
Small securities exchange operators with self-listing function only	\$0.000m	\$0
New specialised market operators	\$0.011m	No leviable entities
Established specialised market operators	\$0.590m	\$25,100
Overseas market operators	\$0.312m	\$10,742
Tier 1 clearing and settlement (CS) facility operators	\$2.894m	\$723,450
Tier 2 CS facility operators	\$0.100m	\$100,153
Tier 3 CS facility operators	\$0.018m	\$17,589
Tier 4 CS facility operators	\$0.000m	\$0

Subsectors	Estimated costs	Estimated levy
Exempt CS facility operators	\$0.010m	\$5,031
Australian derivative trade repository operators	\$0.167m	\$167,239
Exempt market operators	\$0.008m	\$2,745
Credit rating agencies	\$0.189m	Minimum levy of \$2,000, plus \$59,031 for credit rating agencies with a supervisory college
Benchmark administrator licensees	\$0.239m	\$119,622
Large securities exchange participants	\$18.018m	Minimum levy of \$9,000, plus \$0.0137 per transaction and \$0.00032 per message
Large futures exchange participants	\$7.085m	Minimum levy of \$9,000, plus \$0.020 per lot and \$0.0023 per message
Securities dealers	\$3.142m	Minimum levy of \$1,000, plus \$9.03 per \$1m of annual transaction turnover
Corporate advisers	\$2.871m	Minimum levy of \$1,000, plus \$5.55 per \$10,000 of total revenue above the \$100,000 threshold
Over-the-counter (OTC) traders	\$13.578m	Minimum levy of \$1,000, plus \$6,636 per full-time equivalent staff engaged in OTC trading activity
Retail OTC derivative issuers	\$9.545m	\$107,846
Wholesale electricity dealers	\$0.095m	\$2,216

### Financial advice sector

Subsectors	Estimated costs	Estimated levy
Licensees that provide personal advice to retail clients on relevant financial products	\$55.523m	Minimum levy of \$1,500, plus \$3,217 per adviser
Licensees that provide personal advice to retail clients on products that are not relevant financial products	\$0.065m	\$121
Licensees that provide general advice only	\$2.796m	\$2,635
Licensees that provide personal advice to wholesale clients only	\$0.034m	\$18

**Insurance sector**

Subsectors	Estimated costs	Estimated levy
Insurance product providers	\$28.041m	Minimum levy of \$20,000, plus \$5.23 per \$10,000 of revenue above the \$5m threshold
Insurance product distributors	\$2.712m	\$786
Risk management product providers	\$0.103m	\$1,518
Claims handling and settling services providers	\$4.834m	Minimum levy of \$500, plus \$0.77 per claim under insurance products in relation to which the entity provides claims handling and settling services

**Forward estimates for future financial years****Industry funding levies**

- 8 Table 5 provides estimates of our revenue and expenses for costs recovered through industry funding levies for 2023–24 and 2024–25.

**Table 5: Forward estimates for costs recovered through industry funding levies**

Figure type	Actual figure for 2021–22	Estimates for 2022–23	Estimates for 2023–24	Estimates for 2024–25
Expenses	\$347.2m	\$352.0m	\$349.9m	\$354.3m
Revenue (costs recoverable)	\$313.3m	\$352.0m	\$349.9m	\$354.3m
Balance (revenue minus expenses)	(\$33.9m)	\$0.0m	Nil	Nil
Cumulative balance	(\$0.5m)	\$0.0m	Nil	Nil

- 9 In August 2021, the Australian Government announced temporary relief for AFS licensees that provide personal advice to retail clients on relevant financial products (financial adviser levy relief). The relief restored the graduated component of the levy charged for this subsector to its 2018–19 level for two years (2020–21 and 2021–22). The financial adviser levy relief resulted in an under recovery of \$33.9 million in the 2021–22 financial year.

Note: See the Hon. Josh Frydenberg MP, former Treasurer, and Senator the Hon. Jane Hume, former Minister for Superannuation, Financial Services and the Digital Economy, [Temporary and targeted relief on ASIC levies for financial advisers](#), joint media release, 30 August 2021.

- 10 The \$0.5 million cumulative balance carried forward from 2021–22 to 2022–23 represents 2021–22 costs that were not recovered from deregistered companies. This amount is carried forward in accordance with s10(6)(b) of the Cost Recovery Levy Act.

## Fees for service

- 11 Table 6 provides estimates of our revenue and expenses for costs recovered through fees-for-service for 2023–24 and 2024–25.

**Table 6: Forward estimates for costs recovered through fees-for-service**

Figure type	Actual figure for 2021-22	Estimates for 2022–23	Estimates for 2023–24	Estimates for 2024–25
Expenses	\$25.4m	\$27.4m	\$31.3m	\$31.3m
Revenue (costs recoverable)	\$12.9m	\$27.4m	\$31.3m	\$31.3m
Variance (revenue minus expenses)	(\$12.5m)	Nil	Nil	Nil

- 12 The variance for 2021–22 is due to an increase in costs since 2017, when the fees were set.