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**Appearance before Senate Legal and Constitutional Affairs Legislation Committee**  
**Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2017**  
**Public Hearing: 20 September 2017, Canberra, ACT.**

Thank you for the invitation to appear before the Committee today.

The Australian Bankers' Association appreciates this opportunity to discuss the *Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2017* which is the result of the first phase of the Attorney-General's Department's project plan to implement recommendations arising from the statutory review<sup>1</sup> of the anti-money laundering (**AML**) and counter-terrorism financing (**CTF**) regime in Australia.

The ABA strongly support the implementation of all 84 recommendations contained in that report.

I would like to note the substantial effort and collaborative approach taken by both the AGD and AUSTRAC in relation to the statutory review of the regime. These phase 1 reforms are an important first step, but will only be effective with the implementation of all 84 recommendations. It is vital that Australia closes the gaps in our AML/CTF regime as identified by Financial Action Task Force (**FATF**)<sup>2 3</sup>.

Banks are just some of the 14,000 AUSTRAC reporting entities (**REs**) that play a role in detecting, deterring and disrupting financial crime risks and threats that affect Australia's financial system. The ABA and members will continue to work with AUSTRAC, the AGD and other stakeholders to enhance and protect the integrity of Australia's financial system.

I am happy to take any questions.

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<sup>1</sup> <https://www.ag.gov.au/Consultations/Documents/StatutoryReviewAnti-MoneyLaunderingAndCounter-TerrorismFinancingActCth200/report-on-the-statutory-review-of-the-anti-money-laundering.pdf>

<sup>2</sup> The FATF Australia Mutual Evaluation Report (April 2015) highlights that most designated non-financial business and professional sectors are not subject to AML/CTF requirements. The FATF recommended actions for Australia are to ensure that lawyers, accountants, real estate agents, precious stones dealers, and trust and company service providers understand their ML/TF risks are required to effectively implement AML/CTF obligations and risk mitigating measures in line with the FATF standards. FATF are not alone in their recommendations - the Asia/Pacific Group on money laundering (APG) and the Bank for International Settlements (BIS) have also published numerous papers on the benefits of regulating these high risk sectors.

<sup>3</sup> The ABA notes that Australia has committed to fully and effectively implementing two of the FATF recommendations on transparency of the beneficial ownership of legal persons (companies) and legal arrangements, e.g. (trusts). The FATF recommends that countries should ensure that there is adequate, accurate and timely information on express trusts, including information on the settlor, trustee and beneficiaries that can be obtained or accessed in a timely fashion by competent authorities. The ABA is supportive of the adoption of the entire FATF framework and the Organisation for Economic Co-operation and Development's (OECD) transparency initiatives, <http://www.oecd.org/tax/transparency/>, with regard to beneficial ownership. This will greatly assist in deterring and disrupting financial crime, greatly reduce the regulatory burden and result in significant cost savings for the Government, its agencies, and all reporting entities in Australia.