



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

26 August 2021

Senator the Hon Kim Carr
Chair
Senate References Committee on Legal and Constitutional Affairs

via email: legcon.sen@aph.gov.au

Dear Senator Carr

The adequacy and efficacy of Australia's anti-money laundering and counter-terrorism financing regime

Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime is critical in protecting the integrity of the Australian economy.

In expanding Australia's AML/CTF regime to meet our international commitments, it is important to ensure the regime achieves required outcomes without dampening competition in designated non-financial business and professions (DNFBPs). Any overregulation of DNFBPs will dampen competition as small businesses pass on the associated costs, which their larger competitors are more able to absorb. Overregulation may also see small business DNFBPs unable to secure financial services.

To avoid these consequences, the Government should consider:

1. Mapping existing regulation of these industries through professional standards and existing legal obligations.
2. Working with representatives of these industries to strengthen existing frameworks to ensure Australia meets its international obligations. Leveraging small business' existing knowledge and resources by strengthening current mechanisms is likely to have a positive effect on small business compliance.
3. Mapping potential points of regulatory duplication. Government should consider whether regulation of DNFBPs will unnecessarily duplicate existing regulation of other businesses in relevant service supply chains (e.g. financial institutions).
4. How small business DNFBPs will be able to prove their compliance under the AML/CTF regime to other businesses, particularly financial institutions. Our Office has provided assistance to legally operating small businesses across a number of industries that have lost access to banking services because financial institutions will not accept their associated 'risk'. Many of these small businesses report under the current AML/CTF regime which suggests that a financial institution's inability to independently verify the business' AML/CTF compliance can trigger a loss of risk appetite.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact

Yours sincerely | |

The Hon. Bruce Billson
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