

Parliamentary Joint Committee on Law Enforcement
Inquiry into financial related crime
Answers to Questions on Notice
AUSTRAC

Question No: [1]

Hansard Reference: 10 September 2014, p.7 of Committee Hansard.

Topic: ACC Board

[unknown committee member] asked:

How does AUSTRAC respond to suggestions that ‘AUSTRAC could be better represented by participating directly on the Australian Crime Commission Board?’

Answer:

ASIC is an original member of the Australian Crime Commission (ACC) Board. Since the Board's creation over 10 years ago, the nature of serious and organised crime has changed, in that it has become more sophisticated. Added to this is the increasing threat of terrorist financing which has seen the role of agencies such as AUSTRAC be required to evolve and become more actively involved in law enforcement intelligence operations. As a Board member, the ASIC Chairman was, along with the other Board members, asked to consider the staged inclusion of AUSTRAC on the Board of the ACC. In early 2015, the Chairman supported the resolution to seek the approval of the Inter-Governmental Committee - ACC to begin the process of admitting the AUSTRAC CEO to the ACC Board and agreed to allow the AUSTRAC CEO to attend as a non-voting observer until such time at the Australian Crime Commission Act 2002 can be amended to ‘include AUSTRAC as a member of the Board.

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Question No: [2]

Hansard Reference: 9 September 2014, p.36 of Committee Hansard.

Topic: Document Verification System

[Mr Strassberg] asked:

In evidence to the inquiry, Veda advocated that private sector financial service providers should be given access to the Document Verification System (DVS), 'We ask that the committee recommend the development of a policy framework to ensure that government agencies, including law enforcement agencies, can share suspected fraud data and have confidence in the private entities they share it with.' (see: *Committee Hansard*, 9 September 2014, p. 36). What is AUSTRAC's view on whether the DVS should be open to any user with a reasonable requirement to identity verification and the lowering of the per user access fees?

Answer:

AUSTRAC is not responsible for the operation of the document verification service and is unable to comment on broadening user access or service fees.

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Question No: [3]

Hansard Reference: 3 October 2014, p.2. Answer to Question on Notice.

Topic: Registration obligations

[unknown committee member] asked:

How many of the 56 organisations mentioned in the penultimate paragraph advised they do not have registration obligations and how many did not respond?

Answer:

Further analysis of the answer to the honourable senator's question provided on 3 October 2014 was incorrect.

To clarify, in the period 1 September 2013 to 31 August 2014, AUSTRAC wrote to 47 entities to enquire whether they have registration obligations.

Of those 47, 16 registered, 15 indicated that they did not have registration obligations, three failed to respond, 11 were not able to be located after repeated attempts and two involve ongoing work. AUSTRAC is following up on the three that failed to respond.

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Question No: [4]

Hansard Reference: 9 September 2014, p.36 of Committee Hansard.

Topic: Registration Obligation

[Chair of the Law Enforcement Committee] asked:

Internationally, is it usual practice in other jurisdictions for registration obligation decisions to be made by the remitter entity rather than the AML/CTF agency?

Answer: Practices in Australia strongly align with international obligations and international approaches for the registration of remittance services. In some respects, Australia's requirements are more robust due to important registration information that must be obtained by remittance network providers on each of the affiliate businesses that it registers with AUSTRAC. In other jurisdictions, additional information obtained on affiliates or agents is basic. The regulatory framework under the AML/CTF Act was developed to reflect and leverage the commercial structures operating in the remittance sector where major remittance providers operate large networks of affiliates.

To further clarify, although a remittance network provider has the obligation to register its affiliate businesses with AUSTRAC, the ongoing ability is retained by AUSTRAC to refuse, cancel, suspend or impose conditions upon any registration. The remittance network provider, of its own accord may terminate its relationship with the affiliate for commercial or other reasons.