



Capability of law enforcement to respond to money laundering and financial crime

Introduction

The Real Estate Institute of Australia (REIA) serves as the national peak body representing the real estate profession, advocating for policies that foster a prosperous and sustainable industry since 1924. As the leading voice for real estate professionals, REIA welcomes the opportunity provided by the Parliamentary Joint Committee on Law Enforcement to contribute to the inquiry into the capability of law enforcement to respond to money laundering and financial crime.

In this submission, REIA has elected to respond to terms of reference (e) and (g).

(e) The role and response of businesses and other private sector organisations, including their level of awareness, assistance to law enforcement, and initiatives to counter this crime

The Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) regime takes effect in less than a year for Tranche 2 entities. There remains significant uncertainty for both industry and consumers, as the New Rules have just been finalised last Friday, and sector-specific guidance will only be released in December of this year. This lack of guidance and timing lag is creating acute concerns regarding the overall preparedness of both industry and consumers to meet their compliance obligations and ensure the successful implementation of effective AML/CTF measures in the real estate sector.

A primary concern that REIA has is that industry training cannot be potentialised in time for the commencement of the AML/CTF legislation next year without definitive guidance and initiatives from AUSTRAC. The rental, hiring, and real estate services sector ranks among Australia's top three industries with the highest proportion of small businesses, accounting for 11.5% of the nation's 2.59 million small businesses.¹ Faced with compliance and administrative costs, limited resourcing and capacity constraints, real estate professionals will require awareness and training well in advance to meet their AML/CTF obligations.

This ambiguity also causes further concerns on managing consumer awareness and the critical interaction between the real estate agent and their client (i.e. consumer). When a buyer is inherently sceptical of their real estate agent, a trust imbalance arises, making it challenging for the buyer to conduct Customer Due Diligence (CDD) checks with their agent. Additionally, there is no commercial relationship to rely on when asking the agent to engage in CDD. Therefore, it is crucial that a consumer awareness piece by AUSTRAC is prioritised for the real estate sector to utilise in their client interactions.

¹ Australian Government, The Treasury, *National Small Business Strategy* (February 2025)

To date, AUSTRAC has not yet provided any marketing and communication collateral focused on consumer awareness of their AML/CTF obligations, and REIA has concerns regarding wider consumer engagement and willingness to comply with their AML/CTF obligations. As such, REIA and REA Group are collaborating on a consumer awareness campaign, targeting individuals who are looking to buy or sell a house and a separate industry awareness campaign to encourage real estate agents to enrol with AUSTRAC. However, we need AUSTRAC to support these endeavours with measures such as an Australian Government microsite with industry-specific information for consumers.

(g) Any related matters

Duplication across the real estate transaction

Section 6-33 of the *AML/CTF Rules 2025* allows for real estate agents to rely on the CDD provisions conducted by other reporting entities under certain circumstances. This is a positive step by AUSTRAC to minimise the number of times consumers will be engaging in CDD processes throughout the discrete real estate transaction (which can be up to four times for buyers). The transition from regulation to guidance and implementation is critical. AUSTRAC will need to provide sufficient and clear guidance to ensure both real estate agencies and other reporting entities are comfortable to adopt this provision. For further background on REIA's positions on the recent AML/CTF Rules, see our response to the 2nd Exposure Draft [here](#) and 1st Exposure Draft [here](#).

The Explanatory Memorandum of the AML/CTF Bill sets the spirit of these provisions at para 322, which states:

“To reduce regulatory burden, and avoid duplication where there are multiple real estate professionals (for example, in a multi-listing agreement) and other reporting entities involved in a real estate transaction, the AML/CTF Act already provides a flexible CDD reliance framework. This is set out in sections 37A to 39 of the AML/CTF Act, in which one reporting entity may rely on CDD undertaken by another reporting entity in appropriate circumstances. New reporting entities, such as real estate agencies or conveyancers may rely upon CDD carried out by another reporting entity ...”

AUSTRAC needs to ensure this spirit is reflected in its regulator guidance, to avoid increased administrative burdens and consumer costs.

Conclusion

REIA supports the intent of the AML/CTF regime in effectively combating financial crimes, meeting the Financial Action Task Force evaluations and safeguarding our economy. We welcome further collaborative engagement to shape a fair and balanced regulatory framework.