

WRITTEN QUESTIONS ON NOTICE – Senator Deborah O’Neil

Q1. What is the scale of the current money laundering and terrorism financing space in Australia right now?

AFP response:

Money laundering organisations (MLOs), and other well-established crime groups who self-laundry, have the capacity to move millions of dollars within Australia at a time. The results of Operation Ironside, which include approximately \$48 million in seized cash are indicative of the scale of this threat. MLOs are particularly adept at moving either illicit funds or the equivalent value of those funds across international borders. The case studies on pages 5 and 6 of the AFP’s submission evidence the capability of MLOs to facilitate transfers worth many millions of dollars.

In comparison to the significant volume of money laundering, particularly that linked to transnational organised criminal drug trading, the amounts of money connected to potential terrorism activity is minimal.

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Q2. How much dirty money do you think has been funnelled through DNFBPs in the last eight years?

AFP response:

Noting that DNFBPs are not subject to AML/CTF reporting obligations, nor does the AFP retain distinct category of statistics of these sectors, the AFP cannot accurately estimate the total amount of money transferred nationally through DNFBPs in the last eight years. Arriving at an accurate estimate of this figure would require a combined response from all state and federal law enforcement partners. However, in one case alone, \$25 million was allegedly laundered via the use of a DNFPB.

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Q3. Has Australia become a more attractive target for international money launderers over the last eight years?

AFP response:

Australia continues to be an attractive destination for investment generally due to our stable legal and financial systems, but these structures are also a perceived “safe haven” for criminal ventures. A comprehensive and reliable legal system as well as relatively high property prices compared with other countries makes Australian property a lucrative environment for hiding and investing illicit funds with future revenue generating potential.

However, Australia has rigorous legislative frameworks (for example, the AML/CTF regime) and government bodies (e.g. AUSTRAC) to detect, deter and prevent money laundering. This is closely monitored by international oversight bodies, such as the Financial Action Taskforce and the Asia-Pacific Group on Money Laundering.

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Q4. What is the impact on the economy and public safety of allowing these criminal groups to wash their money in Australia? Has the increase in safe or clean money caused organised crime groups to increase their activities within Australia?

Answer:

Australia remains an attractive target for transnational, serious and organised crime for many reasons, including, but not limited to, our country's relative wealth and high-standard of living, and the high profits which can be obtained through the illicit drug trade and other criminal activities.

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WRITTEN QUESTIONS ON NOTICE – Senator Kim Carr

Where assets or funds are identified as proceeds of crime:

Q1. Were these funds always confiscated as proceeds of crime?

AFP response:

At a Commonwealth level, Australia has had proceeds of crime legislation in place for several decades. Currently, funds suspected to be proceeds of crime need to be traced, restrained and confiscated under our legislative framework, using the *Proceeds of Crime Act 2002* (Cth) (the POC Act).

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Q2. Can you tell the Committee how much the AFP confiscates annually as proceeds of crime?

AFP response:

In the 2019/20 financial year, the AFP confiscated \$38.8 million and restrained \$264 million (gross).

In the 2020/21 financial year, the AFP confiscated \$53.9 million and restrained \$187 million (gross).

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Q3. Have any of the confiscations deemed proceeds of crime been real estate? If yes, can this be quantified annually?

AFP response:

As at 30 November 2021, approximately 56 per cent (\$266 million) of the total \$470 million restrained by the AFP as proceeds of crime since 1 July 2019 has been real estate.

In the 2020-21 financial year, 62 percent of the total amount of money restrained by the AFP as proceeds of crime was real estate.

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Q4. Earlier witnesses have mentioned problems with establishing the identity of those engaged in laundering or the beneficial owners of assets purchased by laundered funds. Are you aware of any jurisdictions which might deem assets where no beneficial owner can be established treating these assets as proceeds of crime?

AFP response:

As previously discussed, the AFP-led Criminal Assets Confiscation Taskforce (CACT) uses the *Proceeds of Crime Act 2002* (Cth) (POC Act) to trace, restrain and confiscate assets. Under the POC Act, if the assets can be proven to be proceeds of crime, or suspected to be proceeds of crime, an asset-directed restraining order can be obtained, and the beneficial owner need not be identified.

The AFP cannot provide comment on other jurisdictions' approach.

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Q5. What happens to the proceeds confiscated? Does it go to consolidated revenue, or to increase resourcing of the AFP or other agencies?

AFP response:

The confiscated assets are deposited into the Confiscated Assets Account (CAA), which is managed by AFSA on behalf of the Commonwealth. These funds are then used to benefit the community through funding crime prevention, intervention or diversion programs, or other law enforcement initiatives.

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Q6. Has any consideration been given to using funds confiscated as proceeds of crime as a reward or payment to encourage informants or whistle-blowers?

AFP response:

Policy regarding the types of programs for which CAA funds can be used is a matter for Government.

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Q7. Are you aware of any overseas jurisdictions where this approach is taken? If so, it is considered a successful approach?

AFP response:

Policy regarding the types of programs for which CAA funds can be used is a matter for Government.

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