

Parliamentary Joint Committee on Corporations and Financial Services

ANSWERS TO QUESTIONS ON NOTICE

19 November 2019

Question No: 004
Topic: Iran oil payment processed by Bank of New Zealand
Reference: Hansard page 18, 32 and 33

Question:

1. Page 18

Senator O'NEILL: I might just ask a couple of quick ones and perhaps return to that line of questioning when there's more time. Is ASIC aware of the Iran oil payment that was processed by BNZ in the second half of 2017 in breach of US sanctions?

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Senator O'NEILL: I thank Mr Falinski for that excellent question around fairness. People don't understand unconscionable conduct in their everyday life. They're not common words, but 'fairness' is a commonly used word and understood concept. Can I congratulate you on the limitations of consumer disclosures—the joint report with the Dutch regulator. I think it goes to some of the questions I asked about the franchising code. I also want to alert you, further to my comments about FRANDdata earlier, to the fact that, if you read the disclosure, it says, 'The Franchise Rating Scale is underpinned by seven performance standards which include—I won't name them all—'leader relations' Then it says, 'The report can be used by following parties as a reference for assessing quality of franchise performance for franchise lenders.' So it's absolutely within the purview of banks and being used in terms of lending practices. I just want to go back to my earlier question: is ASIC aware of the Iran oil payment that was processed by BNZ in the second half of 2017 in breach of US sanctions? Has anybody been able to find out about that?

Mr Shipton: Unfortunately, given other demands, we have not been able to follow up on that. I'd be happy to take that on notice.

2. Senator O'NEILL: Maybe you could get back to us this afternoon. Also: what caused the breach, was the breach notice issued by NAB, what remediation was required and was enforcement action required? If you could provide an answer by the end of the day, I'd very much appreciate that.

Answer:

1. ASIC was not previously aware of this matter. ASIC notes publicly available information that suggests Bank of New Zealand, a subsidiary of the National Australia Bank, may have breached NAB Group policy in relation to the payment referenced in the Senator's question.
2. The Sanctions Section of the Department of Foreign Affairs and Trade has primary responsibility for the implementation of sanctions in Australia and works with other agencies, notably AUSTRAC, to monitor compliance with Australian sanction laws. We understand that the Ministry of Foreign Affairs and Trade is responsible for the

implementation of sanctions in New Zealand and works in cooperation with other agencies, notably New Zealand Police, to regulate sanction laws in New Zealand. ASIC has not received any reports from any of these agencies concerning this payment.

The National Australia Bank has not submitted a breach report to ASIC under s912D of the Corporations Act 2001 (**Act**) in relation to this matter. Generally speaking, breach reporting requirements are limited to certain Corporations Act and financial services law breaches.

Based on current information we are not aware of a contravention of the Corporations Act that required a breach report.