

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

BUDGET ESTIMATES 2017

Australian Transaction Reports and Analysis Centre

Question No. BE17-176

Senator Pratt asked the following question on 28 August 2017:

Does AUSTRAC have any concerns about participants in the banking sector (other than the Commonwealth Bank of Australia) potentially being in breach of the AML-CTF Act?

Has AUSTRAC ever been unable to manage the volume of reports being submitted by reporting entities?

Has AUSTRAC had to scale back any operations due to funding cuts or budget constraints in the following years:

2013-14

2014-15

2015-16

2016-17

2017-18

Has AUSTRAC ever raised concerns about funding with the Minister?

What measures does AUSTRAC have that will terminate over the forward estimates?

Please provide the number of investigations undertaken by AUSTRAC for each of the following years:

2013-14

2014-15

2015-16

2016-17

2017-18

Please indicate how many AUSTRAC investigations went to prosecution in the following years:

2013-14

2014-15

2015-16

2016-17

2017-18

How many convictions has AUSTRAC secured in the following years:

2013-14

2014-15

2015-16

2016-17
2017-18

The response to the honourable Senator's question is as follows:

1. AUSTRAC constantly works with reporting entities to monitor, and where necessary support them to improve, their compliance with their obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act). From time to time we identify areas where our reporting entities could improve their compliance processes, and work closely with them to assist.
2. AUSTRAC's systems receive over 300,000 reports daily and are designed to receive the very large reporting volumes expected to be lodged by reporting entities in meeting their obligations under the AML/CTF Act. On occasion when a reporting entity is required to submit a large number of reports, beyond the normal reporting volumes for that entity, standard AUSTRAC practice is for the reports to be lodged over an agreed period of time to ensure that all reports are received and processed by AUSTRAC in the usual way.
This may occur on the rare occasion where the reporting entity has been asked to submit or resubmit very large volumes of reports identified through our compliance, data quality assurance and data integrity processes.
3. AUSTRAC operates with an agile approach, adjusting priorities and work as required in response to changes in AUSTRAC's external environment and/or changes in AML/CTF risks within the regulated population. In this same manner, AUSTRAC allocates—and continually reviews and adjusts—agency resources to ensure it is focused on the highest risk. Due to internal restructures over the last five years to best address these risks, it is not possible to provide a meaningful comparative analysis of funding increases and decreases of activities or capabilities going back to 2013-14. To do so would require an unreasonable diversion of resources.
4. AUSTRAC works closely with the Minister for Justice to ensure the agency has the resources necessary to perform its work. As outlined in 3 above, AUSTRAC allocates—and continually reviews and adjusts—agency resources to ensure it is focused on the highest risk.
5. The measure is 'Strengthening the Integrity of Welfare Payments program'. Funding for this initiative began on 1 July 2015 and ceases on 30 June 2019.
6. AUSTRAC is not an investigative agency; it is a regulator and financial intelligence unit. AUSTRAC conducts a range of compliance activities including assessments and reviews, with the intention of identifying non-compliance.
7. AUSTRAC's law enforcement partners are able to use the provisions of the AML/CTF Act. In some cases, AUSTRAC will support those law enforcement partners including through the provision of data and intelligence. AUSTRAC works with a number of law enforcement agencies on operations that involve entities that are not complying with the AML/CTF Act and/or are part of organised crime activities. However, often charges that are laid relate to primary offences such as money laundering or drug trafficking offences under the Criminal Code. In the case of AUSTRAC, the number of compliance activities that went to prosecution in the following years:

2013-14 – 0

2014-15 – 0

2015-16 – 1 civil penalty action instituted (note: a civil penalty proceeding is not a prosecution)

2016-17 – 0

2017-18 – 1 civil penalty action instituted (note: a civil penalty proceeding is not a prosecution)

8. In the case of AUSTRAC, the number of convictions secured in the following years:

2013-14 – 0

2014-15 – 0

2015-16 – 0

2016-17 – 1 civil penalty order made (note this is not a criminal conviction); 1 criminal penalty conviction (Australian Federal Police-led)

2017-18 – 0