

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS  
 AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

**Question No. 23**

**Senator Barnett asked the following question at the hearing on 18 February 2008:**

Please provide an update in terms of a progress report on the Anti-Money Laundering and Counter Terrorism Legislation.

**The answer to the honourable senator's question is as follows:**

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) was introduced to strengthen Australia's compliance with the international standards set out in the 40 Recommendations and 9 Special Recommendations of the Financial Action Task Force (FATF), and to reduce the risk of Australian businesses being misused for the purposes of money laundering or terrorism financing.

The AML/CTF Act covers the financial sector including banks, credit unions, building societies and extends to casinos, TABs, bookmakers, clubs and hotels providing gambling services and bullion dealers.

The AML/CTF Act is being implemented over a 24 month period from 12 December 2006. Commencement dates for key obligations under the AML/CTF Act are set out in the table below:

13/12/2006	<ul style="list-style-type: none"> <li>▪ New requirements for reporting entities came into effect:                             <ul style="list-style-type: none"> <li>- Originating customer information to be included in electronic fund transfer instructions</li> <li>- Registration of providers of designated remittance services</li> </ul> </li> <li>▪ New requirement for individuals to report movements of Bearer Negotiable Instruments carried into or out of Australia</li> </ul>
12/06/2007	<ul style="list-style-type: none"> <li>▪ New requirements for reporting entities came into effect regarding:                             <ul style="list-style-type: none"> <li>- AML/CTF compliance reporting</li> <li>- Correspondent banking (provision of financial services by one financial institution to another)</li> </ul> </li> </ul>
12/12/2007	<ul style="list-style-type: none"> <li>▪ New requirements for reporting entities come into effect regarding:                             <ul style="list-style-type: none"> <li>- AML/CTF programs</li> <li>- Customer identification and verification procedures</li> </ul> </li> <li>▪ Launch of AUSTRAC Online service</li> <li>▪ Launch of the AUSTRAC Regulatory Guide</li> </ul>
12/12/2008	<ul style="list-style-type: none"> <li>▪ New requirements for reporting entities come into effect, including performance of ongoing customer due diligence, and suspicious matter reporting.</li> <li>▪ All remaining reporting obligations under the AML/CTF Act come into effect.</li> </ul>

On 31 January 2007, the then Minister for Justice and Customs issued, under section 213 of the AML/CTF Act, the *Policy (Civil Penalty Orders) Principles 2006*. These provide for a period of 15 months after the date of commencement of each obligation under the AML/CTF Act, in which the AUSTRAC CEO may only commence a civil penalty action where he is satisfied that a reporting entity has failed to take reasonable steps to comply with the relevant provision.

As outlined at the Senate estimates hearing of 18 February 2008, AUSTRAC has provided an extensive education and assistance program to help industry to meet its obligations under the AML/CTF Act. This includes the tools listed below which AUSTRAC launched in December 2007 to coincide with the commencement of phase three obligations:

- AUSTRAC Online;
- AUSTRAC Regulatory Guide;
- AUSTRAC Typologies and Case Studies Report 2007; and
- *Introduction to AML/CTF* e-learning course.

(All of these tools are available on AUSTRAC's website <[www.austrac.gov.au](http://www.austrac.gov.au)>)

AUSTRAC has also undertaken a number of additional measures to ensure that the agency meets the demands placed on it by the AML/CTF reforms. AUSTRAC policies on industry supervision, monitoring and enforcement have been published. A major project is underway to identify potential reporting entities unknown to AUSTRAC. AUSTRAC is also upgrading various computer systems, including its regulatory risk rating framework and suspicious matter reporting capability.

The Attorney-General's Department has developed communications material to assist industry to communicate changes to their customers. The materials include a customer information brochure, business card, information line, and email address.

(All of these materials are available on the Department's website <[www.ag.gov.au/aml](http://www.ag.gov.au/aml)>)

### *Second tranche reforms*

The Attorney-General's Department is progressing the second tranche of AML/CTF reforms that will extend Australia's AML/CTF regime to cover specified transactions conducted by lawyers, accountants, dealers in precious metals and stones and real estate agents.

Draft designated services tables proposing the transactions to be captured under the second tranche of reforms were released for public comment in August 2007. Multiple submissions were received.

The Attorney-General's Department will hold bilateral discussions with stakeholders about the issues raised in the submissions during March and April 2008.