

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Output 2.1

Question No. 128

Senator Stott-Despoja asked the following question at the hearing on 27 May 2008:

Anti-money laundering and counter-terrorism financing (AML-CTF)

\$4.2 million is being appropriated in 2008-09 in relation to the information and public awareness campaign for AML-CTF, compared to \$8.3 million in 2007-08 and, according to the portfolio budget statement, unspent funds in 07-08 will be returned to budget.

- a) What activity under this head actually took place in 2007-08?
- b) Was activity affected by the federal election advertising moratorium?
- c) If so, why is the full amount allocated in 2007-08 expenditure not being rolled over into 2008/09?
- d) Why is it considered any less important to ensure public awareness of the new AML-CTF customer identification and reporting regime now, compared to when the campaign was initiated?
- e) What amendments are proposed to the AML-CTF Act?
- f) How many organisations are estimated to have obligations under the proposed second tranche of legislation?
- g) What cost-benefit analysis and regulatory impact assessment has been undertaken in relation to the proposed extension of the customer identification and reporting requirements of the Act to many thousands of small businesses?
- h) What assurances can the government give that all reporting entities will be able to fulfil these obligations in a fair and responsible manner given the complexity and subjectivity of the criteria in the legislation and the lack of any financial support for staff training?
- i) According to the Portfolio Budget Statement, the 'establishment of enhanced identification and verification processes to combat identity crime' is a key performance indicator target for Output Group 2.1. What processes are envisaged to meet this target, and in what areas of activity/transactions? How does this activity relate to the National Identity Security Strategy?

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

a) Prior to the commencement of obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) on 12 December 2007, the following public awareness communications measures were implemented:

- Customer information brochures are available in English, Chinese, Arabic, Japanese, Vietnamese, Spanish, Indonesian Bahasa, Farsi/Persian, French, Korean, Russian, Hindi and

Tagalog/Filipino and were distributed by the Department to reporting entities. Reporting entities can order additional brochures through the Department.

- A business card, listing the customer help line, departmental website and customer email address, is available in English, Chinese, Arabic, Japanese, Vietnamese, Spanish, Indonesian Bahasa, Farsi/Persian, French, Korean, Russian, Hindi and Tagalog/Filipino and was distributed by the Department to reporting entities. Reporting entities can order additional business cards through the Department.
- A customer information phone number (1800 021 037) was established to answer customer inquiries about the AML/CTF Act. This includes a Translating and Interpreting Service for customers from non-English speaking backgrounds.
- A customer email address (customers@austrac.gov.au) was established to answer customer inquiries about the AML/CTF Act.

All of this material and information is available from the Department website (www.ag.gov.au/aml). AUSTRAC's website also contains a range of information for customers on the AML/CTF Act including information for travellers, an e-learning program and other educational material.

b) Implementation of the measures described above coincided with the commencement of new customer obligations from 12 December 2007 and was not affected by the timing of the federal election.

c) The communication measures described at (a) were developed prior to the introduction of obligations under the AML/CTF Act on 12 December 2007. These materials are proving effective and have met the current level of demand.

The funding being provided in 2008-09 is sufficient to maintain the existing customer awareness strategy.

d) See answer (c).

e) The AML/CTF Act 2006 covers the financial and gambling sectors.

Work is progressing on the second tranche of reforms to combat money laundering and terrorism financing. The aim of the second tranche of reforms is to bring specified transactions conducted by a range of businesses and professions, including lawyers, accountants, jewellers and real estate agents, under the AML/CTF Act.

The Government is presently consulting affected stakeholders on the details of the second tranche of reforms.

f) The second tranche of reforms will potentially affect a large number of small businesses. As the details of the legislation have not yet been developed, it is not possible to quantify the number of businesses which are affected.

g) A regulatory impact assessment will be undertaken as part of the development of the legislative amendments.

h) The AML/CTF Act received royal assent on 12 December 2006 and sets out the regulatory requirements for reporting entities in affected industry sectors.

AUSTRAC, as the AML/CTF regulator, is supporting industry in efforts to comply with obligations. Fundamental to AUSTRAC's engagement with industry is the process of continued consultation on education and training needs.

AUSTRAC has developed a range of tools to help reporting entities meet their obligations, such as fact sheets, a self-assessment questionnaire, guidance notes, typologies reports, the AUSTRAC Regulatory Guide, AUSTRAC On-line, and an e-learning program.

AUSTRAC will continue to provide support to industry stakeholders affected by the second tranche of reforms.

i) The Attorney-General's Department is the lead Commonwealth Government agency responsible for the development, coordination and implementation of the National Identity Security Strategy (The Strategy). The Strategy aims to provide a nationally coordinated approach to strengthening Australia's personal identification processes through a framework of initiatives agreed by the Council of Australian Governments (COAG) through an inter-governmental agreement signed on 13 April 2007. These initiatives include:

- a common enrolment framework setting out standards for use by Commonwealth, State and Territory government agencies when registering individuals for benefits, services or issuing documents that may also function as key documents for identification purposes;
- common authentication standards Government agencies might apply when authenticating individuals for the purpose of providing a service, especially for high value or higher risk transactions;
- agreed security standards for key government documents commonly used in the community for identification purposes to reduce the risk of forgery or unauthorised alteration of these documents;
- standards to provide guidance to Commonwealth, State and Territory government agencies on improving the accuracy of personal data held on government agency databases;
- a document verification service to provide an on-line service allowing Commonwealth, State and Territory government agencies to verify the information contained in key proof-of-identity documents with the government agencies that issued those documents; and
- work to examine biometric identification systems and to examine nationally interoperable biometric security measures which might be adopted by all jurisdictions to reduce the risk and incidence of forgery, taking into account potential community concerns.

The development and implementation of these initiatives will contribute to enhanced identification and verification processes to combat identity crime.