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The Secretary  
Australian Senate Legal and Constitutional  
Committee  
Parliament House  
Canberra ACT 2600

Our ref Committee letter - Inquiry into AML (2)-  
RM-060306.doc

7 March 2006

Dear Sir

Thank you for the invitation to provide comment to the inquiry into the Anti-Money Laundering and Counter-Terrorism Financing Exposure Draft. KPMG welcomes the inquiry and looks forward to helping refine the proposed legislation to support its consistency and timeliness.

KPMG bring several different perspectives to its review, as a firm, on behalf of clients and on behalf of those affected by other regulatory regimes such as Australian Financial Services licensing.

KPMG supports the process undertaken to date to release the proposed legislation. The key points to note are:

- 1 The rigorous consultation process has involved many stakeholders in developing the current exposure draft. In addition, the current exposure period allows industry to consider the requirements and provide further comment to help refine the implementation of the regime.
- 2 The release of the legislation in two tranches has benefited industry as it is tailored towards different business types in the Australian market. Professional service firms appear to be far greater impacted by the second tranche, and by this stage, any first tranche issues will hopefully be resolved.
- 3 KPMG certainly welcomes the risk / principles-based approach to compliance with the legislation.

However, KPMG requests that the Australian Senate Legal and Constitutional Committee consider the impact of the legislation on the current regulatory environment. Accordingly, we recommend that:

- 1 The proposed legislation is introduced with significant regard to:
  - Australian Financial Services licensees;

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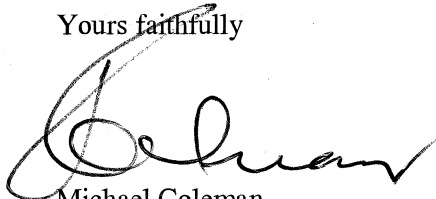
- The Proceeds of Crime Act;
  - The Criminal Code Act; and
  - The Privacy Act.
- 2 In relation to the second tranche, significant consideration should be given to auditing standards and the Corporations Act. For example, whistle-blowing provisions may conflict with the requirement to report suspicious transactions.
  - 3 With respect to timing, the second tranche should follow in a timely manner, as delays may give rise to scope creep and inconsistency.

Historically, there has been delay in the introduction of this legislation while other jurisdictions have equivalent legislation in place in accordance with the FATF 40 recommendations. Therefore, KPMG encourage a timely release of the first tranche.

At this stage, KPMG is not in a position to comment on specific aspects of the exposure draft; however, any submissions made by KPMG to the Attorney-General's office will also be made available to the committee.

KPMG looks forward to further consultation and to provide further assistance as required. Please do not hesitate to contact Tony Byrne on 02 9335 8227 or [tbyrne@kpmg.com.au](mailto:tbyrne@kpmg.com.au).

Yours faithfully



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