

## AUSTRAC Opening Statement – Budget Estimates December 2020

*Call back for - AUSTRAC's actions to prevent, detect and respond to allegations of money laundering and terrorism financing in relation to casinos and their relationships with Junket Operators.*

- Thank you for the opportunity to make an opening statement.
- Given the Committee's interest at the last estimates and the topic you wish to cover today, I would like to start by providing some clarity regarding the work AUSTRAC does to prevent, detect and respond to allegations of money laundering and terrorism financing and the more specific issue of Junket Tour Operators or JTOs.
- **Firstly, we generate advice and educational material to assist reporting entities to meet their obligations, including information that helps them understand the risks posed to their business and customers.**
  - Why is this important – because the legislation puts that onus on the reporting entity to identify, understand and mitigate the ML/TF risks – not AUSTRAC.
  - It recognises that the entity, not the government, is best placed to do this as they intimately understand how their business operates, and the products and services they provide.
- **We supervise reporting entities to ensure they manage their ML/TF risk and comply with their obligations.**
  - With over 15,000 reporting - there are **hundreds of thousands** of different financial products and payment channels and hundreds of millions of financial transactions that move through these entities every year.
  - AUSTRAC does not have real-time access to regulated entities' systems, transactions, policies or procedures.
  - The key transaction reports we receive from businesses are Threshold Transaction Reports (TTRs), International Funds Transfer Instructions (IFTIs) and Suspicious Matter Reports (SMRs).

- The onus is on industry to ensure it complies with its AML/CTF obligations.
- The Federal Court has also reiterated this view.
- In finding that a \$45 million penalty was appropriate in the matter of Tabcorp, Justice Perram pointed to the fact that **Parliament chose** a risk management approach to anti-money laundering and counter-terrorism financing, recognising that industry is well placed to assess and manage its own risks.
- Justice Perram said that Parliament has *'reposed in industry a degree of trust for the operation of the AML/CTF risk management system. The Act deals severely with breaches of that trust'*.
- Accordingly, over the past four years AUSTRAC has launched civil proceedings against TabCorp, CBA and Westpac, for serious and systemic non-compliance culminating in the three largest corporate fines in Australia's history.
- We have also launched an enforcement investigation into Crown Melbourne and continue to examine the casino sector.
- **We undertake enforcement action where serious non-compliance is identified to deter future non-compliance.**
  - AUSTRAC is not a criminal investigative agency. We conduct regulatory investigations only.
  - We are not legislated to conduct investigations into criminal groups, or undertake search warrants or surveillance. We also are not legislated to undertake policing or licensing duties.
  - AUSTRAC also provides access to our financial intelligence system, to nearly 6000 Commonwealth, state and territory law enforcement and intelligence staff to support them in their criminal investigations.
  - These agencies are able to analyse and interrogate over one billion transaction reports, including suspicious matter reports that relate to the activities of criminal groups at casinos.

- **Lastly, let me now turn** to the specific matter of *casinos and their relationships with Junket Operators*.
  - AUSTRAC does not regulate Junket Tour Operators. The services provided by JTOs do not meet the definition of designated service in the Act.
  - However, in the last four years, AUSTRAC has undertaken a nation-wide junket campaign, 12 compliance assessments on Australian casinos and has been consistently working with law enforcement partners to detect and disrupt criminal activity within Casinos and specifically junkets.
  - AUSTRAC is also finalising a risk assessment on JTOs due to be released in by the end of the calendar year.
  - In developing the risk assessment, AUSTRAC has been working with the Department to consider how the existing AML/CTF regime could be strengthened to mitigate the risks posed by junket tour operators, most of which are based offshore.
  
- Of course, I am happy to elaborate further on all of the above today.