

Senate Inquiry into the Partial Suspension of Iranian Sanctions – Questions on notice from Transcript

1. Could I ask you to take on notice to come back to the committee with your time frame in terms of what consultation you are going to do with industry, what beta releases you are going to have, who you are going to road-test that with and when you plan to have a functioning website up and running? [Sen Fawcett p 37]

DFAT has a functioning website that includes relevant information on Australian sanctions laws.

DFAT allocated funding in this financial year to upgrade the Online Sanctions Administration System and is currently reviewing the website to improve its accessibility and usability. No time lines have been set for releases.

DFAT will seek views from industry on DFAT's online sanctions presence during regular outreach sessions, now underway.

2. What consultation with other government departments did DFAT do before you presented that recommendation [the recommendation about the lifting of sanctions] to the minister? [Sen Fawcett p 38]

DFAT regularly engages with other government Departments as needed. Amongst these consultations, DFAT hosted an Inter-Departmental Committee meeting on Iran sanctions on 20 August 2015.

The lifting of sanctions was also discussed by relevant Ministers.

3. What is the government doing, what is DFAT doing, what is AGD doing to make sure that system is robust [referring to the financial system and financing of terrorism]? [Sen Fawcett p 38]

Australia, in compliance with international standards and best practice, adopts a risk-based approach to combating money laundering and counter-terrorism financing. Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime requires regulated businesses, including banks and non-bank remitters, to identify the risk of money laundering and terrorism financing associated with the provision of certain services, individual customers and transactions. This risk-based approach recognises that businesses are best placed to assess the risk posed by their customers and decide the measures that appropriately mitigate the identified risk. Where the identified risk cannot be mitigated, the service will be ceased. It is recognised that countries with limited systems of government, limited financial infrastructure and/or experiencing internal conflict, pose a higher risk.

Under the AML/CTF regime, Australia implements counter-measures against jurisdictions of concern under Part 9 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act). Given the serious money laundering and terrorism financing risks, Australia has implemented counter-measures against

Iran and the Democratic Peoples Republic of Korea (DPRK), declaring each of these countries to be a 'prescribed foreign country' for the purposes of the AML/CTF Act. The counter-measures require regulated businesses to undertake due diligence enhanced due diligence regardless of the risks attributable to the customer or the particular transaction. The enhanced due diligence measures must be applied to all transactions that involve Iran or DPRK.