

**HOME AFFAIRS PORTFOLIO
AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE (AUSTRAC)**

PARLIAMENTARY INQUIRY QUESTION ON NOTICE

Senate Standing Committee on Economics—References Committee

QoN Number:

Subject: East Coast Alliance

Asked by: Senator Whish-Wilson

Question:

Senator WHISH-WILSON: Have you received any correspondence at AUSTRAC—and you'll probably need to take this on notice—from the East Coast Alliance, ECA, raising a number of concerns about proposals in Tasmania also being involved with money laundering?

Mr Collett: I'm certainly not familiar. As you said, we'll need to take that on notice. I should also note for the committee's benefit that we wouldn't normally comment publicly on current operation matters.

Senator WHISH-WILSON: I wouldn't want you to comment on any operational matters. My query was: if someone sends you information, what do you typically do with that? Do you assess it yourself? Do you pass it on to the AFP? What kind of decision-making process would be involved?

Mr Collett: I understand the general question. It really depends on the topic at hand. Your question's a valid one. AUSTRAC does receive referrals or information from time to time of that sort of scenario. It very much depends on the context. It may well be relevant to AUSTRAC as the financial intelligence unit to undertake a level of financial intelligence analysis. If that's the case, we produce intelligence for our partners. That would then, in a law enforcement context, typically be for the Federal Police or a relevant state police agency depending on the circumstances. And there may well be other contexts—say, in a national security domain—where we would be doing a similar function. Equally, we may receive a referral that simply is not relevant to AUSTRAC and we would refer that on or advise the individual in question where appropriately they should direct their inquiry.

Senator WHISH-WILSON: Could you take that on notice? They've raised 11 issues of concern based on the AUSTRAC 2015 document, Strategic analysis brief: money laundering through real estate. They've raised a number of issues in relation to that report and have asked you to investigate. If you could follow that up with me and let me know if you've seen it or what you've done with it and if there's any follow-up action required, that would be great. No details, just whether you've received it.

Mr Collett: Thank you, Senator.

Answer:

AUSTRAC has received correspondence from East Coast Alliance. The correspondence notes that the same information was provided to other Commonwealth agencies.

More broadly, upon receipt of unsolicited information, AUSTRAC will assess the material to determine relevance to AUSTRAC's regulatory and/or intelligence responsibilities and whether further action or referral is warranted.

AUSTRAC does not comment publicly on operational matters.

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PARLIAMENTARY INQUIRY QUESTION ON NOTICE

Senate Standing Committee on Economics—References Committee

QoN Number:

Subject: Estimate of money laundering through Australian real estate

Asked by: Senator Whish-Wilson

Question:

Senator WHISH-WILSON: Does AUSTRAC have an updated estimate of how much money is laundered by international criminal enterprises or kleptocrats through Australian real estate—commercial, residential or otherwise? Does AUSTRAC try to monitor that?

Mr Collett: They're certainly issues of interest to monitor. I don't have a specific number I can point to on that particular question.

Senator WHISH-WILSON: If you did, it'd be great if you could take that on notice.

Answer:

There is no single information source in relation to estimates of how much international criminal proceeds are laundered through Australian real estate.

Actual incidents involving the restraint, forfeiture or divestment of real property are undertaken by multiple Commonwealth and state authorities.

Measuring the proceeds of overseas crime that are either invested in Australia or laundered via the use of Australian business infrastructures is challenging because the underlying predicate crimes take place outside of Australia.

In the context of these limitations, the United Nations Office on Drugs and Crime (UNODC) estimates that between 2% and 5% of global GDP is laundered each year. This equates to approximately \$800 billion and \$2 trillion in current US dollars. (Refer to UNODC – Money Laundering and Globalisation, available online at <https://www.unodc.org/unodc/en/money-laundering/globalisation.html>).

If this GDP share is applied in the Australian context, the estimated amount of money laundered in or through Australia is between **\$20.6 billion** and **\$51.4 billion** in Australian dollars annually.

This value has some alignment to the Australian Institute of Criminology statistical report - *Estimating the costs of serious and organised crime in Australia 2016–17* (link: <https://www.aic.gov.au/publications/sr/sr9>) as the benchmark publication in

quantifying the cost of serious crime upon the Australian economy. That report puts the figure as a range between **\$23.8 billion** and **\$47.4 billion**.

Businesses regulated under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* have an obligation to report suspicious matters to AUSTRAC. These reports do not represent evidence of wrong-doing, however do provide an indication of matters that have raised concern within a regulated business.

Set out below is a table showing the number of suspicious matter reports (SMRs) reported to AUSTRAC over the period July 2017 to June 2020, which are linked to property purchase and investment. They do not distinguish between domestic and international and will likely pick up a broader range of suspicions including these matters.

Determining a value is less reliable than the number of reports as many SMRs may highlight a suspicion of a proposed transaction versus those completed and therefore will not always contain values. However, over the period the average value of SMRs over each quarter where property/investment was contained was \$1.5 billion or an average amount of \$1.01 million for each individual SMR report. The relevant percentage of suspicious transactions identifying property/investment has been decreasing year on year in comparison with the total suspicious matter reported to AUSTRAC; 4.0 percent in 2017-18, 2.8 percent in 2018-19 and 2.2 percent in 2019-20.

Years	Quarters	All SMRs	Inv/Property SMRs	%
FY 17/18	Total	125,682	4,976	4.0%
	Q1	22,435	1,019	4.5%
	Q2	29,148	1,095	3.8%
	Q3	31,605	1,362	4.3%
	Q4	42,494	1,500	3.5%
FY 18/19	Total	246,453	6,940	2.8%
	Q1	62,966	2,000	3.2%
	Q2	64,056	1,721	2.7%
	Q3	60,481	1,572	2.6%
	Q4	58,950	1,647	2.8%
FY 19/20	Total	265,455	5,910	2.2%
	Q1	63,169	1,529	2.4%
	Q2	63,989	1,506	2.4%
	Q3	70,307	1,360	1.9%
	Q4	67,990	1,515	2.2%

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Senate Standing Committee on Economics—References Committee

QoN Number:

Subject: Interaction with international jurisdictions

Asked by: Senator O'Neill

Question:

ACTING CHAIR: I have a number of lines of questioning. You said 97 jurisdictions are in a relationship with Australia in terms of financial intelligence units. On notice could you provide the committee with a chart and a heat map of interactions with those jurisdictions between 2015 and 2020?

Mr Collett: I'll just qualify your question slightly. We have bilateral memorandums of understanding with I think 97 financial intelligence units. The global network I think has 164 member FI units. I take it that your question is more about who do we deal with and at what regularity?

ACTING CHAIR: Exactly. [Inaudible] scale of interaction, thank you very much.

Mr Collett: I'll take that on notice.

Answer:

AUSTRAC has 93 memoranda of understanding (MOUs) to exchange financial intelligence, and five regulatory MOUs with foreign counterparts. AUSTRAC also exchanges financial intelligence through the Egmont Group (international network of financial intelligence agencies), which currently has 165 members.

The following table represents the top 10 jurisdictions in relation to financial intelligence interactions from 2017/18 to 2019/20.

	FY 17/18	FY 18/19	FY 19/20
1	USA - 1660	USA - 967	USA - 728
2	NZ - 321	France - 167	NZ - 114
3	France - 315	Netherlands - 158	UK - 109
4	Netherlands - 310	Belgium - 153	Singapore - 65
5	Belgium - 305	NZ - 101	Indonesia - 46
6	UK - 278	UK - 54	Philippines - 44
7	Canada - 241	Malaysia - 52	Canada - 38
8	Malaysia - 62	Singapore - 50	Thailand - 38
9	Indonesia - 60	Indonesia - 49	Malaysia - 34
10	Singapore - 49	Canada - 43	Hong Kong - 29
TOTAL in Year	4603	3657	2712
Top 10 % of TOTAL	78%	50%	45%

There is significant variation in the level of exchange with foreign partners. These changes reflect the dynamic nature of money laundering and terrorism financing and reflect international areas of focus for exchange during a particular period (for instance, the attention of the international network of financial intelligence agencies on high-risk terrorism financing related to ISIL).

AUSTRAC has statistics on information exchange readily available for the years provided. It would be an unreasonable diversion of resources to attempt to extract prior years.