

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
BUDGET ESTIMATES 2017

Australian Transaction Reports and Analysis Centre

Question No. BE17-197

Senator Watt asked the following question on 29 August 2017:

Senator WATT: Is it correct that AUSTRAC told Commonwealth Bank staff that it couldn't cope with the volume of reporting it was receiving from the bank?

Ms Jamieson: I'm not actually able to comment on that.

Senator WATT: Because you do not know?

Ms Jamieson: No, just as part of our operational requirements I can't comment.

Senator WATT: You can't tell the committee whether you ever told the bank that your agency was struggling with the volume of reporting it was getting?

Ms Jamieson: As I mentioned, we have significant technology, and we are always advancing our technology, but I can't answer that, no. I can take that on notice.

Senator WATT: OK. Are there any other entities apart from the Commonwealth Bank which AUSTRAC has struggled to manage the volume of reporting from?

Ms Jamieson: No, I didn't actually say that we struggle receiving the information. All our reporting entities are required to report to us on a regular basis as and when appropriate, and our systems cope with that. As I say, we receive a large volume of reports yearly.

The response to the honourable Senator's question is as follows:

AUSTRAC has found no record of advising the Commonwealth Bank of Australia (CBA) that AUSTRAC was struggling with the volume of reporting it was receiving from CBA. However, AUSTRAC is aware that in a small number of instances, due to the way CBA submits its reports to AUSTRAC, CBA has encountered a delay, because AUSTRAC's systems prevented the transmission of reports over specific thresholds.

AUSTRAC's systems allow up to 99 files, known as 'C Files', per reporting entity per day. Each C File can contain up to 9,999 reports. If a reporting entity uploads a file containing 15,000 reports, this will result in the creation of two C Files by AUSTRAC's systems: one containing 9,999 reports and a second containing 5,001 reports. When submitting international funds transfer instruction reports, CBA regularly uploads files containing tens of thousands of reports. However, when CBA reports suspicious matter reports (SMRs), each SMR is reported in a single file, which results in the creation of a C File for each SMR. AUSTRAC has recommended on more than one occasion that CBA report multiple SMRs in a single file, as it does for other report types. This would ensure that the 99 C File limit is not reached. AUSTRAC is awaiting feedback from CBA on what steps it is putting in place to ensure that it does not exceed the C File limit.

AUSTRAC's systems receive over 300,000 reports daily and are designed to accommodate the very large reporting volumes expected from reporting entities in meeting their obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. On occasion, when a reporting entity is required to submit a large number of reports beyond the normal reporting volumes for that entity, standard AUSTRAC practice is for the reports to be lodged over an agreed period of time. This is to ensure that all reports are received and processed by AUSTRAC in the usual way. This may occur on the rare occasion where the reporting entity has been asked to submit or resubmit very large volumes of reports identified through our compliance, data quality assurance and data integrity processes.