

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 3-5 June 2008

Question: bet 121

Topic: Anti-Money Laundering and Counter-Terrorism Financing Act

Hansard Page: E124-E125

Senator Bushby asked:

Senator BUSHBY—As to the Anti-Money Laundering and Counter-Terrorism Financing Act, which came into effect on 12 December 2007, I understand that as at 23 May, according to the *Financial Review*, only 6,000 of the 17,000 organisations required to comply had actually complied. Is that correct?

Mr D'Aloisio—It is not an area within our immediate jurisdiction, but I am happy to take it on notice, to the extent that it is, to answer it or to have it answered for you.

Senator Sherry—It is within Attorney-General's. Coincidentally, I actually went for a three- or four-hour briefing with them in Melbourne two weeks ago. They obviously have high relevance to activities of the financial sector. I was just interested in terms of the performance and the impact on the financial services sector. It is actually a financial services regulatory agency, but it is not within the Treasury portfolio.

Answer:

Compliance under Australia's anti-money laundering and counter-terrorism financing reforms is at an early, transitional stage. The new requirements of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (the AML/CTF Act) take effect progressively over a two year period starting December 2006.

Consistent with international experience, compliance under the new system is uneven with mainstream corporate sectors (for example, banking and wealth management) at a more advanced stage compared with other industry sectors characterised by micro businesses and less sophisticated and resource-constrained entities.

As at 25 June 2008, the Australian Transaction Reports and Analysis Centre (AUSTRAC) has identified approximately 15,000 businesses ('reporting entities') that appear to offer services covered by the AML/CTF Act. Around 10,000 entities have voluntarily identified themselves to AUSTRAC as reporting entities under the AML/CTF Act and enrolled with AUSTRAC Online, the agency's online enrolment program. Of these entities, around 7,000 have lodged compliance reports. AUSTRAC expects further reports to be lodged as a result of its consultation, outreach and education with the regulated community.

In relation to these figures, there are two key groups of reporting entities which are not required to submit a compliance report this year. Around 1,500 Australian financial services licence holders are not required to put in a compliance report this year. A number of businesses which issued an interest in a managed investment scheme (prior to 31 January 2008) are also not required to submit a report.