

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Supplementary Budget Estimates, 2 - 3 November 2005

Question: SBT 5

Topic: ASIC – Global Money Laundering Tracking Efforts

Hansard Page: E103

Senator Sherry asked:

1.

Senator SHERRY—I know there is a lot of activity going on in terms of money laundering legislation internationally. One of the things that concerns me is that whatever we do in Australia, to some extent we are dependent on other countries doing something similar or the same in terms of making sure the impact is consistent. What countries are improving their money laundering tracking efforts?

Mr Lucy—I think the quick answer would be most. Certainly within the IOSCO group there is a very high level of interest in money laundering. For example one of the issues that was specifically identified in the report on Parmalat was the potential for illegal movement of funds.

Senator SHERRY—Yes, but is a report available on this of which you are aware?

Mr Lucy—I am happy to take it on notice and see what might be available. You are talking from a global context?

2.

Senator SHERRY—Yes. The reason I raise this is that certainly in the anti-terror legislation—I have not seen the detail of it yet—but I know there will be a section on money laundering as well as the specific money laundering legislation. It strikes me that you say most; the problem is, if we have jurisdictions like Monaco, Switzerland, Channel Islands within the English jurisdiction, Cayman Islands, Bermuda—if they do not do something similar, we are left with holes in the system, are we not?

Mr Lucy—Yes. I do not think it is quite as bleak as you present, in that certainly again from an IOSCO perspective, there are really only three countries that are regarded as being reluctant to provide international support for enforcement activities.

Senator SHERRY—You might take it on notice to find out what those three countries are?

Mr Lucy—I will take it on notice.

Answers:

1. Details of the Financial Action Task Force on Money Laundering's ("FATF's") Non Cooperative Counties and Territories ("NCCT") list and the process for jurisdictions to be removed from that list is available from the FATF web site.

In addition, the FATF web site includes some of the reports of the jurisdictions (including the report on Australia's assessment) that have been subject to a mutual evaluation in respect of their compliance with FATF's Forty Recommendations to

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Combat Money Laundering and the 9 Special Recommendations to Combat Terrorist Financing ("the Recommendations").

The most recent International Monetary Fund ("IMF") review of its Offshore Financial Centre ("OFC") assessment project (of 25 February 2005) is available on the IMF's web site.

As well as providing an overview of its findings to date, this report also provides a short summary of the conclusions in respect of each of the OFC jurisdictions.

In addition, the actual reports of 38 of the 41 OFCs that were assessed (noting that 2 jurisdictions opted for technical assistance rather than an IMF assessment) are available on the IMF's web site.

2. This particular IOSCO project is being conducted on a confidential basis, ASIC is therefore not in a position to identify these particular jurisdictions.

We can however indicate that each of the 3 jurisdictions are participants in the IMF's OFC assessment project.