

SENATE LEGAL AND CONSTITUTIONAL LEGISLATION COMMITTEE
AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

Question No. 226

Senator Ludwig asked the following question at the hearing on 24 May 2005:

Regarding the extensive consultations about the implementation of the new money-laundering regime:

- a) Were any discussion papers been released for comment?
If yes, were revised papers drafted based on the comments?
- b) What was the format of the consultations?
- c) How many meetings were held? Where and when?
- d) Were the meetings invitation-only? If so, who was invited and how were they chosen?
- e) If not, were the meetings advertised in industry publications or general media?
- f) What other steps were taken to notify industry bodies of the meetings?
- g) Did AUSTRAC advertise for submissions on the implementation in industry publications or general media? If so, which ones and when (also, please supply a copy of the advertisement)? If not, why not? Was there a decision not to advertise?
- h) What formal feedback did AUSTRAC receive from industry regarding the consultations? Please itemise.

The answer to the honourable senator's question is as follows:

- a) As part of the Anti-Money Laundering Review (AML Review) I released five industry-specific Issues Papers for public comment in February 2004. These papers are available on the Attorney-General's Department web site at <http://www.ag.gov.au/aml>. Forty-six submissions were received from industry groups and the public in response to the Issues Papers.

In response to this feedback and further feedback from industry groups represented in my Ministerial Advisory Group on money laundering, I released a Policy Principles Paper in June 2004 outlining the key principles underpinning the proposed reforms to Australia's anti-money laundering system. The Policy Principles Paper is available at the web site referred to above.

In March 2005, I provided an issues paper on customer identity verification to members of my Ministerial Advisory Group. This issues paper is intended to facilitate consultation on the issue of customer identity verification within the Ministerial Advisory Group and has not been distributed publicly.

Feedback at each stage of the consultation process has been used to inform future consultations with industry groups and the public and as the basis for advice to Government, rather than being incorporated into revised versions of earlier papers.

- b) The first stage of consultations as part of the AML Review involved the release of the five industry-specific Issues Papers in February 2004 for comment by industry and the public. This was followed by public consultation forums held in Sydney and Melbourne in February and March 2004.

In March 2004, I formed a Ministerial Advisory Group of peak bodies to provide advice on issues affecting a range of industry sectors including small business. In addition, I established a sub-group of the Ministerial Advisory Group, the Systems Working Group, to examine key implementation issues in greater detail.

Throughout the AML Review I, and the Attorney-General's Department, have also held bilateral consultations directly with specific industry groups. These have formed a significant part of the consultation process.

The Attorney-General's Department has invited all interested parties to provide feedback throughout the AML Review and has made officers available to discuss and clarify the anti-money laundering reforms.

- c) The initial public consultation forums took place in Sydney at the Commonwealth Director of Public Prosecutions offices on 26 February 2004 and in Melbourne at AUSTRAC's offices on 1 March 2004.

The Ministerial Advisory Group has met on 11 March 2004, 24 June 2004 and 2 December 2004. These meetings were held at Parliament House.

Numerous bilateral and ad hoc conversations, meetings and exchanges have taken place between industry representatives and officers of the Attorney-General's Department. The majority of the consultations have taken the form of bilateral discussions and meetings initiated by industry groups and other interested parties. Most of these face-to-face discussions have been conducted at the Attorney-General's Department offices in Canberra.

- d) The public consultation forums conducted in Sydney and Melbourne were open to attendance by all interested industry groups and members of the public.

Ad hoc and bilateral consultations have been conducted in response to approaches from interested parties.

Attendance at the Ministerial Advisory Group and the Systems Working Group is by invitation only. I invited industry groups likely to be affected by reforms resulting from the AML Review to send representatives to each group. Invitations were sent with a view to including the greatest range of parties affected by possible reforms whilst ensuring that the groups remained effective forums.

The Ministerial Advisory Group comprises one representative from each of the following organisations:

Australian Association of Permanent Building Societies
Australian Bankers' Association
Australian Casino Association
Australian Finance Conference Ltd
CPA Australia
Credit Union Services Corporation (Australia) Limited
Financial Planning Association of Australia
Institute of Chartered Accountants in Australia
International Banks and Securities Association of Australia
Investment and Financial Services Association Ltd
Jewellers Association of Australia
Law Council of Australia
Real Estate Institute of Australia
Securities and Derivatives Industry Association
Securities Institute of Australia

As a sub-group of the Ministerial Advisory Group, participation in the Systems Working Group is open to Ministerial Advisory Group member organisations.

- e) The Attorney-General's Department advertised the public consultation forums on the Department's web site, with a view to determining the number and location of consultation forums to be held. Interested participants were asked to contact the Department and indicate their interest in attending the forums. On the basis of expressed interest, the number and venues of the public consultation forums was determined and interested parties contacted. All but two expressions of interest came from Sydney and Melbourne and it was decided to hold forums in these two cities.

Information on the AML Review and the public consultations has also been published on the AUSTRAC web site, in the *AUSTRAC Newsletter*, on the Office of Small Business' *Business Entry Point* web site and in the *Getting Down to Business* newsletter.

The Attorney-General's Department has also contributed to articles and information pieces in business association publications and professional journals advising of the AML Review and the ongoing consultations.

Officers of the Department and AUSTRAC have addressed various conferences, industry forums and professional seminars on the reform process. The Department also addressed the National Small Business Forum on the anti-money laundering reforms and the consultation process.

Given the range of public communications, the focussed discussion within industry and the high level of contact with affected industry bodies, there was a decision not to advertise in the press as relevant industry representatives were all aware of the proposed consultation process.

- f) The Attorney-General's Department initiated direct contact with industry groups that were identified as having an interest in the anti-money laundering reform consultation process, following advice from other Government agencies with long-standing relationships with industry, small business and other relevant parties.

- g) No. The Attorney-General's Department is the lead agency on anti-money laundering reform. The five industry-specific Issues Papers, referred to in response to part (a) of the question, included contact details and an invitation to submit comments. The web site, <<http://www.ag.gov.au/aml>>, also referred to in the response to part (a) of the question, lists a contact email address through which the Department has received ongoing correspondence and formal submissions.

There was a decision not to advertise in the press as relevant industry representatives were all aware of the proposed consultation process.

- h) The Attorney-General's Department, as the lead agency on the anti-money laundering reforms, received 46 submissions in response to the five industry-specific Issues Papers. The submissions have not been publicly released.

The Systems Working Group provided a first interim report to me on 2 March 2005. The report was provided on an in-confidence basis by industry groups represented on the Systems Working Group.

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Question No. 227

Senator Ludwig asked the following question at the hearing on 24 May 2005:

- a) Could AUSTRAC advise how many online bookmaking entities fall within the ambit of s3(a)?
- b) What is the criteria for an online bookmaker to fall within this section?
- c) Please provide a list of their names, and the state from which they originate. Are any overseas bookmakers listed under this section?

The answer to the honourable senator's question is as follows:

a) Under Part I, Section 3 (Interpretation) Sub Section (1) point (n) of the *Financial Transaction Reports Act 1988* (FTR Act):

Cash dealer means:

(n) a bookmaker, including a totalisator agency board and any other person who operates a totalisator betting service.

Twenty two bookmakers licensed in Australia offer on-line bookmaking facilities. Those entities are cash dealers for the purposes of the FTR Act.

b) Online bookmakers are captured under Section 3 of the *Financial Transaction Reports Act 1988* (FTR Act) – see response to (a).

c) A list of bookmakers licensed in Australia who provide on-line gambling services and who have been identified by AUSTRAC is at Attachment A.

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Attachment A

Name	Origin	Country
VICBET	Victoria	Australia
International All Sports (IASBet)	Northern Territory	Australia
SportingBet	Northern Territory	Australia
SportsBet	Northern Territory	Australia
CentreBet / SportOdds / SuperOdds	Northern Territory	Australia
MultiBet	Northern Territory	Australia
UniTab (TAB Online)	Queensland	Australia
SATab (subsidiary of UniTab)	South Australia	Australia
NTTab (subsidiary of UniTab)	Northern Territory	Australia
CentreRacing	Northern Territory	Australia
Michael Eskander	Victoria	Australia
CanBet	New South Wales	UK (now owned by International All Sports)
Betfair (unclear whether have Australian license / premises within Australia)		UK
Act Tab	ACT	Australia
SportsBook.com.au (Bill Hurley Bookmaking Pty Ltd)	New South Wales	Australia
Colin Tidy's Horsebet.com.au	New South Wales	Australia
Davidson Sports Betting (www.sportsbetting.com.au)	unknown	Australia
Norm Short (Normshort.com.au)	Victoria	Australia
Tab Oz Bet	Western Australia	Australia
Sports Acumen	ACT	Australia
Sports Tab / TAB Sportsbet NSW / TAB NSW	New South Wales	Australia
TabCorp / Tab Racing / RaceTab	Victoria	Australia
The Tote / TAS Tab	Tasmania	Australia

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Question No. 228

Senator Ludwig asked the following question at the hearing on 24 May 2005:

- a) What proportion of AUSTRAC's time and resources is spent investigating money laundering as opposed to Tax Evasion? Are they separated for accounting purposes?
- b) Why is AUSTRAC not a permanent member of Task Force Gordian?

The answer to the honourable senator's question is as follows:

a) AUSTRAC does not investigate money laundering or tax evasion. AUSTRAC's role is to collect, analyse and disseminate Financial Transaction Reports (FTR) information and intelligence derived by analysing FTR and other information. AUSTRAC's monitoring, detection and intelligence systems have been designed to identify many forms of suspicious financial activity.

The monitoring system known as TargIT operates using a number of sophisticated clauses designed to detect various forms of suspicious financial activity and does not distinguish between suspect money laundering and suspect tax evasion. In some instances the activity detected may encompass and relate to both types of activity. In addition, money laundering and tax evasion are identified through the filing of suspect transaction reports by cash dealers, which include banks and other financial institutions.

Our resources are not separated for accounting purposes in relation both types of illegal activities.

b) Whilst AUSTRAC is not involved in the management of Task Force Gordian, AUSTRAC is contributing its financial information and financial intelligence to support the operational activities of the Task Force. Participation in the Task Force's activities is case driven and accordingly the involvement of AUSTRAC personnel will be determined on a case by case basis.

AUSTRAC's management and analysts have been briefed by the Head of Task Force Gordian regarding the objectives and methodologies of the Task Force so that AUSTRAC is well placed to provide targeted analytical support and intelligence to Task Force operations.

AUSTRAC works closely with the Australian Crime Commission and other law enforcement and revenue agencies involved in the Task Force. AUSTRAC will provide assistance as and when required throughout the duration of the Task Force.