



OFFICE OF THE CHIEF EXECUTIVE OFFICER

Ref:

27 May 2009

Mr Peter Hallahan
Secretary
Senate Legal and Constitutional Affairs Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Mr Hallahan

Re: Budget estimates hearing, 25 May 2009

I am writing to make a correction and a number of clarifications to evidence AUSTRAC officers provided to the Senate Legal and Constitutional Affairs Legislation Committee at the above hearing.

1. In response to Senator Barnett's questions regarding the Managing Values Pty Ltd consultancy, Mr Mazzitelli stated the consultancy provided AUSTRAC's external education team with cultural awareness training related to reporting entities that AUSTRAC regulates (proof Hansard, p. 51). This response was not fully correct.

The Managing Values consultancy was engaged to assist with implementing an internal change management program for the area of AUSTRAC which managed reporting entity relations. Part of that program included providing staff with training on a range of interpersonal skills, many of which will assist them in dealing with the diverse reporting entities within AUSTRAC's regulatory population.

2. In my responses to Senator Brandis's questions about financial intelligence related to Botswana, Kenya, Tanzania and Namibia, I said I thought there would be less likelihood that AUSTRAC would have identified matters of interest concerning those countries but that I could take this issue on notice (proof Hansard, p. 53).

After reviewing our intelligence holdings, it is necessary to amend the record to note that AUSTRAC has in recent years identified various matters of significance in relation to these countries. AUSTRAC is not able to disclose anything further on intelligence that touches upon operational matters.

3. In relation to questions from Senators Barnett and Brandis about AUSTRAC security vetting, I responded that AUSTRAC had reviewed and strengthened its security clearance procedures (proof Hansard, pp 56-57). I would like to take the opportunity to provide further information. AUSTRAC has strengthened its security vetting procedures to include:

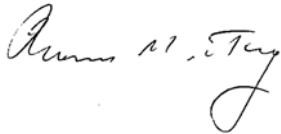
- a revised security questionnaire which covers specific issues regarding a person's involvement in drugs, associations and past activities
- procedures that extend beyond identifying if a person has a criminal history and which seek to establish 'fit and proper' criteria by asking whether the person has ever been investigated by a professional body or industry group or appeared before a tribunal

- new staff must also complete a revised financial declaration form to enable detailed checks to be conducted on their financial position and
- a mandatory procedure to conduct internet searches to identify any risks on new staff that may not be recorded in security clearance documentation.

These new measures were introduced in January 2009.

Please contact Alistair Sands on 6120 2612 should the Committee require further information on the above.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Thomas Story'.

Thomas Story
(Acting) Chief Executive Officer