

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Output 2.1

Question No. 46

Senator Stott-Despoja asked the following question at the hearing on 31 October 2006:

The current lack of a threshold means that even the smallest wire transfers are included in the more than 11 million IFTI reports lodged in 2005-06.

- (a) Why is it not practicable to have a threshold for international funds transfers instructions reports?
- (b) Can AUSTRAC or AGD confirm that a threshold would not be inconsistent with the FATF recommendations used as the justification for the reporting regime?

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

- (a) The existing requirements under the *Financial Transaction Reports Act 1988* for reporting wire transfers do not apply a threshold. Australian law enforcement agencies have confirmed that details of low value transactions can provide useful information to build an overall picture of a suspected criminal's financial activity or to identify assets or sources of income that might otherwise remain hidden. The Government has decided that introduction of the new laws does not provide an opportunity to lower Australia's anti-money laundering standards for existing reporting entities. Further, it is not appropriate to draw distinctions in the new Bill between entities previously subject to reporting requirements and those to be covered by the Bill. There are provisions in the AML/CTF Bill which could be used to establish a threshold if that becomes appropriate, at a later date, in light of operating experience.
- (b) FATF does not preclude the use of a threshold for IFTI reports, although it does impose a *de minimis* limit of USD 1,000. The requirement to report all IFTIs is a continuation of the long-standing obligations under Australia's existing AML/CTF regime, the *Financial Transaction Reports Act 1988* (FTR Act). At present it is considered appropriate that the current position under the FTR Act (namely that the reporting entity obligation is not subject to a threshold) should continue. In order to provide a level of flexibility in light of operational experience, the AML/CTF Bill provides a mechanism to enable a threshold to be imposed at a later date if that is considered appropriate.