

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
AUSTRAC

Question No. 103

Senator Ludlam asked the following question at the hearing on 20 October 2008:

In relation to the new Anti-Money Laundering laws:

- a) what effect have the new laws had on small operators who provide remittance services to particular sectors of the Australian community (eg remittance to Somalia, to Pakistan) and whose activities are therefore likely to come under scrutiny, and
- b) have resources been allocated to educating/supporting these operators?

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

- a) Cash dealers providing remittance services were previously regulated by AUSTRAC under the *Financial Transaction Reports Act 1988* (FTR Act), and remitters subsequently have obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act).

Remitters are not regulated by any other body and must register with AUSTRAC if they provide a designated remittance service.

Remitters are required by law to report significant cash transactions, international funds transfer instructions and suspect transactions.

Remitters' compliance obligations under the AML/CTF Act require them to have an AML/CTF risk program, identify and verify their customers and submit a statutory compliance report annually.

The risk-based model applies across all reporting entities, including remittance providers, who may have little experience with this approach.

AUSTRAC's risk assessment model is intended to identify sectors and entities most exposed to money laundering and terrorism financing risk. This enables the agency's limited resources to be directed towards those areas where risk is greatest.

AUSTRAC's surveillance capability includes an on-site assessment program and desk review program.

AUSTRAC can take enforcement action against remitters who demonstrably do not meet their obligations under the Act. This includes prosecution for not registering with AUSTRAC.

AUSTRAC identifies and verifies remittance dealers through a number of processes, including voluntary self disclosure, information received from the public and monitoring advertisements in local ethnic press.

- b) AUSTRAC's outreach and education program covers remittance dealers and includes education on their FTR Act and AML/CTF Act obligations and reporting requirements.

The education program is open, transparent and applied equally across all remitters, regardless of the particular sector of the Australian community that they serve. When required, translation services are provided.

AUSTRAC is conscious of and sensitive to the unique nature of remittance service providers. AUSTRAC has engaged with multi-cultural commissioners and community relations leaders to seek advice on how to best engage with this sector of the community and explore avenues to most effectively target our communication and outreach strategies.

AUSTRAC has a major national program of education and outreach with this sector, including:

- Introduction to AML/CTF e-learning course;
- AML/CTF Programs e-learning course;
- A checklist for small businesses;
- Education presentations;
- Online information guides.