

Senate Standing Committee on Foreign Affairs, Defence and Trade

Inquiry into the main economic and security challenges facing PNG and the island states of the Southwest Pacific

Question taken on notice at hearing 21 November 2008

Department of Australian Transaction Reports and Analysis Centre

Nature of question	Senator	Page of Proof Hansard
1. Money laundering and terrorism financing and whether it comes under heads of agreements (Pacific Partnerships for Development)	Bishop	pp. 45 and 46

SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE
AUSTRAC

Question No. 1

Senator Bishop asked the following question at the hearing on 21 November 2008:

CHAIR—Thank you, Mr Clark. Mr Jensen, in your submission you cite some information where it is reported that most Pacific Island states have a jurisdictional or legislative framework for regulating and reporting money laundering activities but struggle to enforce or implement the regulatory system.

Mr Jensen—All those within the Pacific Islands Forum have passed that legislation.

CHAIR—Are there any who have not—presumably those outside the forum?

Mr Jensen—Outside the forum, possibly. We could provide you with that information. I do not readily have it with me.

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

Pacific island jurisdictions that are not members of the Pacific Islands Forum are generally external territories or dependencies of other states. United States legislation has full effect in its external territories, including American Samoa. Similarly, French legislation has full effect in the territories of New Caledonia, French Polynesia and Wallis and Futuna.

New Zealand's anti-money laundering legislation does not apply to Tokelau. Tokelau has no domestic rules relating to money-laundering. There are no external registered banks operating in Tokelau at present. Tokelau Savings Bank is the only bank which operates under local banking rules. The Government of New Zealand have advised that Tokelau Savings Bank does not conform to a recognised banking structure and is more aptly considered as a passbook scheme. Large transactions need to go through the Bank of New Zealand in Wellington and are therefore covered under New Zealand legislation.

Question No. 2

Senator Bishop asked the following question at the hearing on 21 November 2008:

CHAIR—In relation to money laundering and terrorism financing in the Pacific, is that one of the heads of agreement that is being negotiated under the Pacific Plan that the Prime Minister outlined in March of this year—the bilaterals; the partnership for development?

Mr Jensen—We are not certain of that at this stage. We would need to check on that and come back to you, which we can do.

CHAIR—You know what I am talking about when I refer to the ‘partnership for development’? No?

Mr Jensen—To a degree, yes.

CHAIR—The Pacific Partnerships for Development was outlined by the Prime Minister on 7 March this year. He said:

... Australia will begin to negotiate Pacific Partnerships for Development with the nations of the Pacific.

Some bilaterals have been concluded; some are works in progress. Under each of those bilaterals there is a range of headings. Where the host nations indicate they want assistance, we are going to provide supplementary funding via AusAID. My question is: is money laundering and terrorism financing part of that process or is it something that you are doing with AusAID?

Mr Jensen—Yes, I understand that. I am not certain at this point in time whether it is specifically there as a header in its own right, or whether it fits under the law enforcement component of that. I would need to check that. I am just not sure.

CHAIR—Take that on notice.

The answer to the senator’s question is as follows:

To-date all technical assistance and training activities conducted by AUSTRAC for the Pacific region have been funded under AusAID’s Pacific Governance Support Program.

The Prime Minister’s Port Moresby Declaration of March 2008 does not specifically refer to anti-money laundering and counter-terrorism financing (AML/CTF) support. Nor is it listed in either of the Partnerships for Development agreements Australia has concluded with the Government of Papua New Guinea (PNG) and the Government of Samoa.

AUSTRAC understands that the Pacific Partnerships for Development commit Australia and our Pacific partners to make more rapid progress towards achieving the Millennium Development Goals and partners’ broader development ambitions. Specific assistance programs are then to be considered on a case by case basis with reference to the broader agreement framework. Both the PNG and Samoan agreements include outcomes broadly consistent with the technical advice and training promoted by AUSTRAC.

AUSTRAC will continue to engage closely with AusAID to explore all possible options to conduct future technical assistance and training.