



THE CABINET OFFICE
NEW SOUTH WALES

TCO/17701

Senator Marise Payne
Chair
Senate Legal and Constitutional Affairs Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600



Dear Senator Payne

I write regarding the Committee's Inquiry into the provisions of the *Anti-Money Laundering and Counter-Terrorism Financing Bill 2006*. The Premier has asked me to provide comments on behalf of the NSW Government.

NSW is broadly supportive of the proposed reforms, but notes that it is difficult to assess their impact on industry in the absence of finalised accompanying Rules. In this regard, I note that NSW has previously raised concerns that the proposed reforms will place a substantial burden on the NSW gambling and racing industries, and has advised the Commonwealth Government that the gambling environment in NSW Clubs and Hotels is characterised by relatively low bets and prizes. Suitable customer identification and recording requirements are already in place, including the requirement that any gaming prize worth more than \$1,000 must be paid by cheque.

In light of the existing protective measures and the low risk of money laundering activity, NSW considers that NSW Clubs and Hotels should be designated as "low risk" in the Rules and therefore exempted from the Bill's requirements. More broadly, NSW supports the creation of a \$10,000 threshold for gaming and racing transactions, which it is understood will be provided for in the Rules.

NSW's support for the reforms assumes that such a threshold will be contained in the Rules, and that there will be continued consultation with industry groups in NSW who will face possible new compliance burdens.

- 2 -

The Committee would be aware that the Commonwealth Government has foreshadowed extending the Bill's requirements to a wider range of businesses and professions, in a second tranche of reforms. The NSW Government is concerned that extension of the requirements could impose a substantial burden on many low risk small businesses that are currently free from reporting requirements, and has encouraged the Commonwealth Government to consider whether less restrictive forms of compliance could be used for low risk transactions.

I enclose, for the consideration of the Committee, a submission from the NSW Crime Commission on the revised Bill, which was provided to the Commonwealth Attorney-General's Department in August 2006.

Thank you for the opportunity to comment on these matters.

Yours sincerely



J.L. Schmidt
Acting Director-General