



Australian Association of Permanent Building Societies Inc

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Mr Jonathan Curtis
Committee Secretary
Senate Legal and Constitutional Committee
Department of the Senate
Parliament House
CANBERRA ACT 2600

By email: legcon.sen@aph.gov.au

Dear Secretary,

Inquiry into the Exposure Draft of the Anti-Money Laundering and Counter Terrorism Financing Bill 2005

Thank you for your invitation to comment on the Exposure Draft of the Anti-Money Laundering and Counter Terrorism Financing Bill 2005.

AAPBS is the peak industry body for building societies in Australia, and has been working within the advisory framework established by the Minister of Justice and Customs, Senator Ellison, to provide industry input into the bill and to consult with AUSTRAC on the development of the draft AML Rules and Guidelines.

We have had the opportunity of reviewing the submission of the Australian Bankers' Association (ABA) to the Committee in relation to the Exposure draft bill.

AAPBS fully supports the ABA submission which recites a range of concerns that are also shared by building societies.

We wish to make the point that the cost of implementing government regulation falls disproportionately on smaller financial institutions, such as building societies, as they are not able to achieve the economies of scale enjoyed by larger players.

The overall effect of this is that regional financial institutions carry more regulatory lead in the saddle compared with the majors. Suffice to say this regulatory burden lessens competition in regional areas to the detriment of consumers.

Indeed, the January 2004 Report of the Parliamentary Joint Committee on Corporations and Financial Services - Money Matters in the Bush – noted that the Committee was particularly concerned about compliance costs and the lack of flexibility in some of the requirements under legislation. It believed that the government needed to be aware of the difficulties borne by the smaller financial institutions in satisfying regulatory requirements and to demonstrate a commitment to keep such obstacles to a minimum.

This sentiment needs to be reflected in the exposure draft bill.

Kind regards

Raj Venga
Executive Director