



AML/CTF Consultation Paper (November 2016)

Discussion Questions

1. What are the ML/TF risks posed by high-value dealers conducting transactions involving large sums of cash ?

Currently there are no AML/CTF regulations covering the sale of diamonds, diamond jewellery or gold jewellery. These goods can easily be converted into cash either in Australia or overseas.

2. What high-value goods pose a high ML/TF risk in Australia?

Loose diamonds, diamond jewellery (where the diamond represents the majority of the purchase price), and gold or platinum jewellery (where the metal content represents the majority of the purchase price).

3. What high-value goods pose a low ML/TF risk in Australia?

Jewellery with small (under 0.20cts) diamonds, coloured stone jewellery, opal jewellery, pearl jewellery and jewellery with a low value gold/platinum metal content.

4. Are there transactions conducted by high-value dealers involving small sums of cash that pose high ML/TF risks?

Quite likely

5. To what extent do existing mechanisms that allow for regulatory oversight of HVDs mitigate any ML/TF risks posed by HVDs?

None, other than regulations covering gold refiners.

6. What lessons can be learned from the experience of regulating HVDs under AML/CTF regimes in other jurisdictions?

Exempting retailers who do not accept cash payments above a threshold limit is practical.

7. What goods should be included in the definition of high-value goods?

Loose diamonds, diamond jewellery and gold or platinum jewellery.

8. Should HVD be defined broadly to be any good over the threshold (like in the UK) or be defined more specifically to certain types of goods as suggested above?

Only the types above. Other goods are low risk as resale achieves a much lower price, value is more difficult to determine, and they are not as easily saleable.

9. Is a threshold of AUD10,000 to trigger AML/CTF obligations appropriate?

Yes

10. Should Australia set an upper limit on all cash payments that applies universally (ie prohibit any business from accepting a cash payment for goods and services above a prescribed threshold)?

No, there may be some legitimate instances where a consumer wishes to pay cash.

11. What impact would AML/CTF compliance costs have on HVDs?

All HVDs would need to allocate some resources to determine if they fall within the system, and if so, their obligations. Industry training will assist with this process.

Apart from diamond merchants, diamond jewellery suppliers and gold jewellery suppliers, the compliance costs should not be significant.

12. What other aspects of the HVD sector would be impacted by AML/CTF obligations?

There may be some retailers who prefer to pay cash for goods purchased from suppliers

13. How important are cash transactions to HVDs?

They are only accepted as a customer service. Most businesses prefer credit card or electronic payments.

14. If HVDs were regulated under Australia's AML/CTF regime as suggested in this paper, would the majority of HVDs refuse to accept cash for high-value goods to exempt themselves from regulation?

Yes

Colin Pocklington
Managing director
Nationwide Jewellers

15th December, 2016