

# Review of Australia's AML/CTF Framework

## Terms of Reference

### 1. Background

The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (the AML/CTF Act) forms part of a legislative package which implemented reforms to strengthen Australia's AML/CTF regulatory regime and bring it into line with international standards set by the Financial Action Task Force (FATF). A central aim of the regime has been to strike a balance between efficient conduct of business and effective regulation to combat money laundering and terrorism financing. The AML/CTF Act was implemented in a staggered manner from 2006 with all provisions of the Act fully operational from 12 December 2008. The Act contains the requirement that it be fully reviewed after seven years, with the review to commence by 13 December 2013.

### 2. Purpose

To review the operation of the AML/CTF Act, the *Anti-Money Laundering and Counter-Terrorism Financing Regulations 2008* (Cth), and the *Anti-Money Laundering and Counter-Terrorism Financing Rules* (collectively the 'AML/CTF regime') in accordance with section 251 of the AML/CTF Act.

### 3. Objectives

In accordance with the Review's 'Guiding Principles' (**below**), the review will examine:

- the operation of the AML/CTF regime<sup>1</sup>
- the extent to which the policy objectives of the AML/CTF regime remain appropriate, and
- whether the provisions of the AML/CTF regime remain appropriate for the achievement of those objectives.

The Review will culminate in a report to Government which may include recommendations for reform of the AML/CTF regime.

---

<sup>1</sup> Including whether there is a need for the ongoing operation of the *Financial Transactions Report Act 1988* (Cth).

#### **4. Methodology**

The Review will commence with the publication of Terms of Reference, the release of an issues paper and an invitation for written submissions.

Later stages of the Review are expected to involve face to face consultation.

The Review will also consider the outcome of Australia's fourth round 2014 Mutual Evaluation undertaken by the FATF.

The Review will be conducted in accordance with the Review's Guiding Principles.

#### **5. Consultation**

The key role played by industry in combating money laundering and the financing of terrorism activity has long been recognised by government. Industry input on the operation and effectiveness of Australia's AML/CTF regime is crucial to a thorough review of the regime.

In addition to industry, important stakeholders include law enforcement, national security, regulatory and anti-corruption agencies, privacy and civil liberty organisations, and other relevant Commonwealth, State and Territory departments and agencies.

#### **6. Reporting**

The Review Team will present a report to the Government in accordance with section 251 of the AML/CTF Act. Section 251 requires the Minister to table the report in both Houses of Parliament within 15 sitting days of the report's completion.

# Review of Australia's AML/CTF Framework

## Guiding Principles

The Review will be guided by the following principles as they relate to anti-money laundering and counter-terrorism financing:

- Create a financial **environment hostile** to money laundering, the financing of terrorism, serious and organised crime and tax evasion, through industry regulation and the collection, analysis and dissemination of financial intelligence.
- Ensure Australia fulfils its **international obligations** and addresses matters of **international concern** (including the FATF standards, the Egmont Group, Group of 20 Nations, United Nations Security Council Resolutions, the United Nations Convention against Corruption and the United Nations Convention on Transnational Organised Crime).
- Support the **better regulation agenda** to simplify the regulatory burden on reporting entities (in particular, small businesses), while maintaining an AML/CTF regime which represents the most **appropriate, efficient** and **effective** means of achieving government objectives.
- Foster and enhance **international cooperation and collaboration**.
- Work in **partnership** with industry, the states and territories to promote a national effort to maintaining the AML/CTF regime.
- Ensure the AML/CTF regime produces **information necessary** to assist the Australian Government and law enforcement agencies to combat money laundering, the financing of terrorism and serious and organised crime.
- Ensure **privacy considerations** are appropriately addressed.