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Australian Government
AUSTRAC

Chief Executive Officer

9 June 2023

The Hon Mark Dreyfus KC MP
Attorney-General
Parliament House
CANBERRA ACT 2600

Dear Attorney-General

AUSTRAC Statement of Intent

Thank you for your letter of 9 March 2023, providing your Statement of Expectations for the Australian Transaction Reports and Analysis Centre (AUSTRAC). On behalf of AUSTRAC, I am pleased to provide our Statement of Intent in response.

As AUSTRAC's accountable authority under the *Public Governance, Performance and Accountability Act 2013*, I am committed to ensuring that AUSTRAC delivers the highest level of performance and accountability, consistent with its functions under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) and in line with the expectations of the Australian Government and wider community.

Our Statement of Intent addresses your priorities and objectives for the regulatory reform agenda, and regulatory best practice. It outlines how AUSTRAC will build trust in the community, industry and government, and how AUSTRAC will reinforce international standards and norms. It also addresses innovation and regulatory change, integrity and public confidence of the Australian financial system, and the effectiveness of Australia's AML/CTF regime.

We look forward to working with you and your department to deliver the objectives outlined in this Statement of Intent.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Nicole Rose', with a large loop at the end.

Nicole Rose PSM
Chief Executive Officer

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Fighting financial crime, together

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Australian Transaction Reports and Analysis Centre

Statement of Intent—June 2023

This statement sets out my intentions as the Chief Executive Officer (CEO) of the Australian Transaction Reports and Analysis Centre (AUSTRAC), regarding how AUSTRAC will meet the expectations outlined by the Attorney-General under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act), in the Ministerial Statement of Expectations of 9 March 2023.

Overview

I acknowledge AUSTRAC's role as Australia's AML/CTF regulator and financial intelligence unit. I recognise AUSTRAC's functions under the AML/CTF Act, to assist the AUSTRAC CEO in the performance of the CEO's functions, which are broadly to:

- retain, compile, analyse, disseminate and facilitate access to AUSTRAC information to support domestic and international efforts to combat money laundering, terrorism financing and other serious crimes
- promote compliance with the AML/CTF regime and advise and assist reporting entities and their representatives in relation to AML/CTF obligations
- assist in the development of government policy or academic research.

AUSTRAC intends to exercise its functions and powers in good faith and to the best of its ability.

The government's policy priorities and objectives

Regulatory reform agenda

AUSTRAC recognises the government's regulatory reform agenda, focused on improving regulator performance, capability and culture. AUSTRAC will contribute to this reform process by:

- seeking opportunities to remove duplication, and streamline processes to improve efficiency and lift productivity
- acting in accordance with regulator best practice in decision making, policies, processes and communication practices, to maximise transparency and minimise compliance costs

- applying the *Regulator Performance Resource Management Guide (December 2022)* to its regulatory functions to assess its performance and engagement with stakeholders
- incorporating regulator performance reporting into its reporting processes, as required by the *Regulator Performance Resource Management Guide (December 2022)* under the *Public Governance, Performance and Accountability Act 2013* and *Public Governance, Performance and Accountability Rule 2014*, to support greater transparency and accountability of regulator performance.

Principles of regulator best practice

AUSTRAC acknowledges the principles of regulator best practice, under the *Regulator Performance Resource Management Guide (December 2022)*, and is committed to ensuring its regulatory performance remains in line with the government's expectations.

Continuous improvement and building trust: AUSTRAC will strive to continuously improve its performance, capability and culture, to build trust and confidence in Australia's regulatory settings. To this end, AUSTRAC will:

- actively build staff capability, to ensure staff have relevant regulatory knowledge, and have the capacity and are empowered to identify and implement improved practices
- provide clear information about the rationale for compliance costs and actively engage with stakeholders to identify solutions to avoid or reduce unnecessary costs
- regularly review regulatory actions to identify learnings and explore opportunities for improvement of operating procedures
- have well-defined, communicated and embedded organisational values and culture that articulate the type of regulator and regulatory posture AUSTRAC seeks to adopt.

Risk-based and data-driven: AUSTRAC commits to use available data and technology to support its regulated population's compliance capabilities and minimise regulatory burden.

To this end, AUSTRAC will:

- use intelligence and data to continuously improve its understanding of risk and develop risk insights reports and comprehensive national risk assessments
- focus on risk culture, build staff understanding of its approach to risk and how it applies to day-to-day decision making
- modify its regulatory approach to encourage voluntary compliance where appropriate, and focus compliance and enforcement activity where risks and impacts of harm are greatest

- take into account the cumulative burden of regulations, including the impact on smaller businesses and sole traders, when establishing and implementing processes
- be receptive to diverse views about implementation of regulation, while ensuring the integrity of the regulatory system.

Collaboration and engagement: In order to remain an open and transparent agency, AUSTRAC is committed to continuous and frequent engagement and collaboration with its stakeholders. These include AUSTRAC's regulated population, industry bodies, law enforcement and regulatory partners, government and the broader community. To this end, AUSTRAC will:

- seek opportunities to engage and consult regularly and genuinely with stakeholders
- be receptive to feedback and diverse stakeholder views
- provide up-to-date, clear and accessible guidance and information to assist regulated entities with compliance
- educate reporting entities and help build their capacity to comply with their obligations under the AML/CTF Act
- continue to take a risk-based approach to monitoring and supervising reporting entities' compliance with their AML/CTF obligations
- take enforcement action against reporting entities that is proportionate to the nature of, and harm resulting from, the non-compliance with the AML/CTF Act
- adopt a risk-based, transparent approach to regulation and decision-making, and leverage data and digital technology to inform its approach to compliance and enforcement.

AUSTRAC is committed to embedding these principles in all of its operations and will work with the Attorney-General's Department to ensure AUSTRAC's strategic goals and the Attorney-General's priorities align.

Innovation and regulatory change

AUSTRAC recognises the need to continually monitor the environment it operates in, to ensure that AUSTRAC's regulatory approaches keep pace with changes in technology, industry practices and community expectations.

AUSTRAC is committed to continuous review of its policies, protocols and operating procedures, to ensure they remain in line with the changing social, technological and commercial context in which AUSTRAC operates. AUSTRAC is committed to considering new

and emerging risks and new technologies as part of this continuous review and development of policies and AML/CTF Rules.

Promote and protect the integrity of and public confidence in the Australian financial system

AUSTRAC is committed to continuing to protect individuals, businesses and organisations, and the financial sector from criminal abuse. AUSTRAC seeks to achieve its purpose by:

- ensuring individuals, businesses and organisations comply with their obligations under the AML/CTF Act, and have systems and controls in place to mitigate and manage the risk of criminal exploitation and money laundering
- educating and providing guidance to these entities on their risks and obligations to help them comply, build their resilience, and detect and mitigate criminal abuse of the financial system
- using its legislative powers to take enforcement action against entities where they fail to comply with their AML/CTF obligations
- collaborating with law enforcement and intelligence partners to produce financial intelligence to enable other agencies to more effectively achieve their mandates.

Ensuring Australia's AML/CTF regime remains fit-for-purpose and effective

AUSTRAC is committed to continuing to support and work closely with the Attorney-General's Department, to ensure Australia's AML/CTF legislative framework remains effective against sophisticated criminal enterprises and in line with international standards as set by the Financial Action Task Force (FATF).

AUSTRAC remains committed to supporting reforms that strengthen and streamline Australia's AML/CTF regime, to improve regulatory outcomes and deliver greater efficiencies for government and business. This includes the development of AML/CTF Rules to provide the detail for broader obligations under the AML/CTF Act.

Collaboration is a hallmark of how AUSTRAC interacts with its partners across government and industry. AUSTRAC will continue to develop AML/CTF Rules in close consultation with relevant government agencies, industry and other stakeholders, by holding consultation sessions with industry stakeholders and releasing draft amendments to the AML/CTF Rules for public consultation. AUSTRAC and the department will work closely on improving Australia's AML/CTF regime, progressively implementing recommendations from the *Report*

on the Statutory Review of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and Associated Rules and Regulations.

Trust in community, industry and government

Trust is an important component of AUSTRAC's job—it helps build an engaged, capable and collaborative regulated community. AUSTRAC is committed to continuing to undertake regular and proactive engagement with industry, to improve and make it easier for businesses to comply with their AML/CTF obligations.

AUSTRAC also works collaboratively with government agencies, at an international, federal and state level, to ensure a consistent approach to regulating the financial, gaming and other sectors. As part of this, AUSTRAC has regular engagement with its partners and shares information to support regulation and education of the sectors AUSTRAC regulates.

AUSTRAC remains committed to proactive engagement with industry, and to act in a proportionate, open and responsive manner in implementing regulations and undertaking regulatory decisions, ensuring its decision-making criteria are transparent and reasons for its decisions are clearly communicated.

Reinforcing international standards and norms

AUSTRAC is committed to continuing its support of, and engagement with, FATF and the Asia/Pacific Group on Money Laundering, to promote effective implementation of the FATF standards across the global network, recognising their importance in protecting and upholding the integrity of the financial system.

AUSTRAC remains committed to supporting the department and other portfolio agencies in preparing for Australia's next mutual evaluation by FATF.

Relationship with Minister and portfolio

As AUSTRAC CEO, I acknowledge the role AUSTRAC plays in supporting you, the minister responsible for the AML/CTF Act, and the government, to respond promptly to relevant issues that may arise.

AUSTRAC will continue to work collaboratively with the Attorney-General's Department, and will provide accurate and timely policy advice on significant issues relating to the work of AUSTRAC.