



Australian Government

Australian Transaction Reports
and Analysis Centre

AUSTRAC fact sheet - clubs and hotels

The Australian Transaction Reports and Analysis Centre (AUSTRAC) is an Australian Government agency. Established in 1989, it is part of the Attorney-General's portfolio. AUSTRAC plays an important role in the global fight against crime, working to support an Australian community that is hostile to money laundering and the financing of terrorism.

What are money laundering and terrorism financing?

Money laundering is the process of using criminal profits in legitimate transactions with the intent of disguising their illegal origin. It is often referred to as turning 'dirty' money into 'clean' funds. The majority of criminals would not be in the business of crime were there not tremendous profits to be made. Therefore, a major objective of the battle against crime is to deprive criminals of their profits. The International Monetary Fund estimated that the amount of money being laundered globally could be in excess of US\$850 billion a year.

Terrorism financing includes the financing of terrorist acts and the provision of support to terrorists and terrorist organisations. Terrorism financing may include providing assets such as bank credits, traveller's cheques, bank cheques, money orders, shares or bonds, or letters of credit.

What does AUSTRAC do?

AUSTRAC is Australia's anti-money laundering and counter-terrorism financing regulator and specialist financial intelligence unit (FIU). AUSTRAC was one of the first FIUs to be established in the world.

In its FIU role, AUSTRAC collects financial transaction reports, analyses the information and disseminates financial intelligence which is used in the investigation of major crime and tax evasion.

In its regulatory role, AUSTRAC oversees compliance by relevant regulated entities with the *Financial Transaction Reports Act 1988* (FTR Act) and the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act). These entities include those in the financial, bullion and gambling sectors.

How will the new AML/CTF Act affect my business?

The AML/CTF Act was introduced to meet revised international standards and to keep pace with ever-evolving criminal practices and changes in technology. Currently, the FTR and AML/CTF Acts exist alongside each other. The AML/CTF Act is being implemented on a staggered basis over two years (from 12 December 2006).

Currently, gaming machine venues are classed as 'cash dealers' under the FTR Act and are required to provide reports to AUSTRAC of:

- significant cash transactions (transactions involving \$10,000 or more in physical currency)
- suspect transactions (where a cash dealer has reasonable grounds to suspect that certain information is relevant to investigations relating to taxation evasion, investigations or prosecutions of offences against a law of the Commonwealth or Territory or the enforcement of proceeds of crime legislation)

Entities offering gambling services are also classed as 'reporting entities' under the AML/CTF Act. Examples include allowing a person to play a game on a gaming machine, and paying out winnings relating to a game played on a gaming machine.

AUSTRAC Help Desk

HOURS: Monday – Friday 8.30am – 5pm

TELEPHONE: 1300 021 037

EMAIL: help_desk@austrac.gov.au

WEB: www.austrac.gov.au



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'Designated services' are listed in section 6 of the AML/CTF Act. Table 3 of section 6 sets out the designated services related to gambling. If an entity provides a designated service, it is classed as a reporting entity.

Broadly, reporting entities have the following obligations:

- Reporting entities must have in place and comply with a risk-based AML/CTF program from 12 December 2007. The AML/CTF program consists of Part A (identifying, mitigating and managing the risk of money laundering and terrorism financing the entity may reasonably face by providing a designated service) and Part B (customer identification procedures).
- Customer identification requirements. Before providing a designated service, a reporting entity must identify the customer and collect prescribed customer information. Some exemptions apply to gaming machines (refer to Part 10.3 of the **Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)**). Chapter 10 of these Rules also addresses customer identification, verification and record-keeping requirements for other gambling services (casinos, on-course bookmakers and totalisator agency boards and accounts for online gambling services).
- Reporting requirements. At this stage, reporting under the FTR Act still applies. However, from 12 December 2008, new reporting obligations will commence under the AML/CTF Act:
 - threshold transactions (similar to significant cash transactions but also include e-currency)
 - suspicious matters (similar to suspect transactions)
 - cross-border movements of physical currency (similar to international currency transfers) and bearer negotiable instruments (a new obligation)
- international funds transfer instructions (IFTIs).
- Reporting entities must complete an AML/CTF compliance report and send it to AUSTRAC. The first AML/CTF compliance report is due on 31 March 2008. Refer to AUSTRAC's website for further information.

It is important to note that pubs, clubs and hotels may offer other designated services apart from gambling services; for example, money exchange or the provision of safety deposit boxes. Each entity's AML/CTF program should cover all designated services it offers.

How does AUSTRAC work with industry?

AUSTRAC assists businesses in understanding their obligations. AUSTRAC works with industry to raise awareness of the ways in which the provision of services could potentially be used for criminal and terrorism financing purposes.

An important source of information on AML/CTF issues is industry bodies. AUSTRAC is working closely with these bodies to assist individual businesses and particular industry sectors in understanding their legal obligations and reporting requirements under the AML/CTF legislation.

AUSTRAC will provide educational material to pubs, clubs and hotels through peak industry bodies. In addition, AUSTRAC will run a series of compliance-related educational seminars and presentations throughout the country on the new AML/CTF Act provisions.

How can I evaluate my own progress with AML/CTF compliance?

AUSTRAC has developed a Self Assessment Questionnaire (SAQ) to help reporting entities track their progress in complying with the AML/CTF legislation. The SAQ can be downloaded from AUSTRAC's website (www.austrac.gov.au). A range of policies, guidance notes and other material is also available on the website.