



Australian Government

Australian Transaction Reports
and Analysis Centre

Education policy

Application

This policy sets out AUSTRAC's approach to education services for cash dealers as defined under section 3 of the [Financial Transaction Reports Act 1988](#) (FTR Act) and reporting entities as defined under section 5 of the [Anti-Money Laundering and Counter-Terrorism Financing Act 2006](#) (AML/CTF Act). Cash dealers and reporting entities are collectively referred to hereafter as 'regulated entities'.

AUSTRAC's regulated population ranges from large entities with highly sophisticated internal systems, to quite small entities with relatively simple office systems. Regulated entities reading this policy statement should keep in mind that it has been kept general enough to span the entire spectrum of business sizes and types, and entities should interpret the information it provides having regard to their own particular circumstances.

Purpose

This document outlines AUSTRAC's policy for educating regulated entities under both the FTR Act and the AML/CTF Act. It includes AUSTRAC's approach, the tools and methodologies which it intends to employ, and lists some reasonable expectations that AUSTRAC and regulated entities may hold.

Policy objectives

AUSTRAC aims to create an environment of continuous voluntary compliance with the FTR and AML/CTF Acts. It is anticipated that most regulated entities will seek to comply with their responsibilities. However there will be some who do not comply with the law either through ignorance, failure of their own systems, lack of effort, or even on occasion wilful or dishonest intention. It is the aim of the AUSTRAC education policy to promote industry compliance by advising and assisting regulated entities in relation to their obligations under the FTR and AML/CTF Acts.

AUSTRAC has traditionally committed significant resources to educational activities such as visits, presentations and advisory groups for cash dealers, as well as circulating various publications in both hard copy and electronic forms. AUSTRAC is committed to an ongoing education policy that matches its resources with the differing needs of a wide variety of regulated entities, in a fair and equitable manner to promote understanding and compliance.

Education during concurrent application of the FTR and AML/CTF Acts

The AML/CTF Act will increasingly replace the FTR Act. The AML/CTF Act is being implemented in accordance with a staggered timetable and, as a result, various provisions of the FTR Act will remain in effect until such time as the AML/CTF Act has replaced them. This period will be referred to hereafter as the 'transition period'. Those provisions in the FTR Act that are not explicitly replaced will remain in effect in future. One of the key messages of education programs during this transition period will be that some regulated entities will have concurrent obligations to comply with provisions of both Acts. By highlighting the parallel operation of the two Acts during the transition period, AUSTRAC hopes to avoid the prospect of regulated entities falling into non-compliance with the FTR Act in the mistaken belief that it has ceased to have effect.

AML/CTF Act policy principles – directions from the Minister for Justice and Customs

The Minister for Justice and Customs may issue policy principles under section 213 of the AML/CTF Act to the AUSTRAC CEO about the performance of the CEO's functions. The first policy principles to be issued under this section, the *Policy (Civil Penalty Orders) Principles 2006* (Policy Principles) have an indirect influence on AUSTRAC's education strategy under the AML/CTF Act.

The Policy Principles only allow the AUSTRAC CEO to apply for a civil penalty order against a reporting entity for contravention of the AML/CTF Act if the AUSTRAC CEO is satisfied that the reporting entity has failed to take reasonable steps to comply with the provision. The Policy Principles also provide a period of 15 months after the date of commencement of a provision as listed in section 2 of the AML/CTF Act during which this will apply, and also provide other matters that must be considered.

AUSTRAC will be conducting an intense education campaign to increase awareness of reporting entities' obligations under the AML/CTF Act during that time.

AUSTRAC's approach to education

It is each regulated entity's responsibility to ensure it understands and complies with its obligations under the AML/CTF Act. However, AUSTRAC is committed to assisting regulated entities through the transition period and beyond with a variety of education services. AUSTRAC does not consider education to be a 'one-off' event, but an ongoing process which will change in focus, content and method of delivery as the situation requires. Education is a crucial component of a process which encourages and facilitates voluntary compliance.

AUSTRAC will adopt an education strategy that recognises the challenges ahead. Some reporting entities have obligations as cash dealers under the FTR Act and will have existing compliance infrastructure that will assist them in adapting to the requirements of the AML/CTF reform program. Other reporting entities that are new to the AML/CTF program may have no existing infrastructure, policies and/or systems. Some of the challenges for AUSTRAC, besides the number of new reporting entities coming within AUSTRAC's regulatory reach for the first time, are the geographic spread of entities, the variety in size and complexity of entities which range from large multinationals through to one person operations, and the range of designated services offered across multiple industries.

AUSTRAC recognises the need to adopt the most efficient and effective strategies in order to meet these challenges and achieve its educative goals. When deciding on which audiences to focus, the method of delivery, and the intensity of effort required, AUSTRAC will consider a range of factors. One is the potential for money laundering and terrorism financing to occur. AUSTRAC will focus on regulated entities and industry sectors which, although well intentioned, are assessed as having a greater exposure to ML/TF risk, or as being at higher risk of non-compliance with the AML/CTF requirements. Other factors include the approach taken by some entities on self education and awareness, the extent to which a regulated entity has received education previously, the willingness of regulated entities to cooperate with AUSTRAC education, the compliance history of the entities concerned, and any Ministerial Directions¹ or policy principles² in existence.

Given the challenges in the period ahead, including the number and diverse locations for potential educative focus, AUSTRAC recognises that it has to take a broader view of education services and to achieve this will offer education visits, telephone assistance and online support through the transition period and beyond. This will allow for a targeted, practical approach to maximise the effectiveness of the education campaign and the resources available to implement it. An initial focus will be on developing key messages for each industry and delivering those messages through industry associations to ensure the maximum number of entities receive uniform information quickly. Thereafter, education will be available in many forms, as listed below, each one appropriate to the achievement of different goals.

¹ Ministerial Directions can be given under section 226 of the AML/CTF Act.

² Policy principles can be given under section 213 of the AML/CTF Act.

- **AML/CTF sessions**

Short, general information sessions delivered either to specific industry groups or to particular regulated entities will present both broad and key messages, examples (where appropriate) and provide opportunities for discussion.

- **Seminars/Forums**

Longer sessions in the form of seminars or forums will be offered for the provision of more in-depth information, usually on specific areas of interest, for example, on customer due diligence. Seminars may be presented by AUSTRAC staff, other AML professionals, staff of regulated entities, or a combination of all three, to ensure the appropriate level of insight and expertise. Discussion of ideas is a key component of such sessions.

- **Online education**

The AUSTRAC website is a valuable tool for engaging with, informing and educating regulated entities. The website provides a channel well suited to reaching the increased number of regulated entities, particularly considering the geographic spread. An AML e-learning application is currently available on the AUSTRAC website and will continue to be developed to incorporate new modules on the legislative changes brought about by the AML/CTF Act. Over time the website will also be developed to include questions and answers; scenarios; material such as policy, AML/CTF Rules and guidance; and other material to reinforce education and training sessions.

Some information on the AUSTRAC website may be customised and accessible via industry-specific entry points; however, the initial focus will be on providing comprehensive generic information on the AML/CTF Act. It is also a tool to educate members of the public about changes to legislation and their reporting obligations.

- **Help Desk**

AUSTRAC has maintained a Help Desk service to assist cash dealers and the general public understand their obligations under the FTR Act for many years. This service will continue to be provided for all regulated entities and the general public to assist understanding of the new legislative provisions.

Expectations

You can expect that AUSTRAC will:

- abide by our Guiding Principles which are efficiency, equity, integrity and transparency as set out in our Supervisory Framework
- provide clarity on the options for accessing AUSTRAC's education services (presentations as well as website and e-learning)
- consider requests for education and determine the best options in terms of the request
- understand that the AML/CTF Act and FTR Act are just two of a number of regulatory regimes that many entities need to address
- recognise that consultation with business is required because business needs, the implementation timetable and scheduling restraints will govern when and where AUSTRAC education services can be offered
- comply with the provisions in the AML/CTF Act relevant to its conduct
- review this policy regularly to ensure it remains current as the AML/CTF Act is implemented.

AUSTRAC expects that you will:

- make an honest, genuine and reasonable effort to understand and comply with your obligations under the FTR and AML/CTF Acts
- seek education support as necessary from AUSTRAC
- record both your internal training activities in terms of AML/CTF as well as any AUSTRAC delivered education.