

CORPORATE SUPER ASSOCIATION

Deputy Director
AML Reform
AUSTRAC
PO Box 5516
West Chatswood NSW 1515

CC: Assistant Secretary
Criminal Law Branch
Attorney-General's Department
Robert Garran Offices
National Circuit
Barton ACT 2600

11 April 2006

Dear Sir/Madam

PROPOSED REFORMS TO AUSTRALIA'S AML/CTF SYSTEM

Thank you for the opportunity to comment on the Exposure draft Anti-Money Laundering and Counter-Terrorism Financing Bill and sample AML/CTF Rules, issued in December 2005. The following comments are provided on behalf of the Corporate Superannuation Association.

By way of background, the Corporate Superannuation Association is Australia's representative body for over thirty major not-for-profit corporate superannuation funds and their corporate sponsors.

Clearly the Association is in support of legislation whose objective is to prevent the easy transfer of funds intended for illegal purposes.

Concerns about the application of the Draft AML/CTF Guidelines

The Association is concerned, however, about the application of the full compliance requirements under the proposed Draft Guidelines - AML/CTF Programs ("the Guidelines"). We accept that the Guidelines represent good practice for organisations interacting with clients who are on first contact unknown to the relevant institution. However, our funds are of the type that accepts members only from the ranks of employees, and spouses of employees, of the sponsoring employer. Hence, "know your client" protocols are redundant because of existing data collection procedures at the time of commencement of employment. Accordingly, we believe that it would be appropriate to provide relief for our members from the major AML/CTF Program requirements as set out in the Guidelines.

Details of employee information collected

Our funds have indicated that the following information is typically collected from employees at the time when they first accept employment:

- Name
- Home street address
- Postal address
- Emergency contact details
- Date of birth (evidence required: passport/driver's licence)
- Country of birth
- Residency status (evidenced)
- Languages spoken
- Educational and other qualifications

In many cases there is a data link from the employer's records to the superannuation fund's records through payroll interface systems.

Proposal for procedures for not-for-profit corporate employer sponsored funds

As indicated above, we believe the application of full due diligence procedures under the proposed "know your client" rules is inappropriate in the context of corporate employer-sponsored funds (where membership is restricted to employees and their spouses) given the level of data collection by the employer. We would support a requirement for corporate employer-sponsored funds to ascertain that specific information has been collected from employees. However, we do not support the imposition of further due diligence requirements which are redundant given that the employer has already carried out due procedures before engaging the employee.

Yours faithfully



Elizabeth Goddard
Research Officer
Corporate Super Association