

File Name: 2012/70

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**The Director**

Rules

Australian Transaction Reports and Analysis Centre

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**AML/CTF RULES - AMENDMENTS TO CHAPTER 41 - LOW BALANCE SUPERANNUATION  
ACCOUNTS AND DEPARTING AUSTRALIA SUPERANNUATION PAYMENTS**

Dear Director,

The Association of Superannuation Funds of Australia (ASFA) would like to provide this submission to the Australian Transaction Reports and Analysis Centre (AUSTRAC) in relation to the draft amendments to Chapter 41 of the AML/CTF Rules relating to the cashing out of low balance superannuation accounts and benefits paid under the online Departing Australia Superannuation Payment (DASP) system.

**About ASFA**

The Association of Superannuation Funds of Australia (ASFA) is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. We focus on the issues that affect the entire superannuation industry. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self managed superannuation funds and small APRA funds through its service provider membership, represent over 90% of the 12 million Australians with superannuation.

**Support for the draft amendments**

ASFA supports the draft amendments to Chapter 41 of the AML/CTF Rules, particularly in respect of exempting superannuation providers from conducting the applicable customer identification procedure (ACIP) on members prior to paying out superannuation benefits to temporary residents that have permanently departed Australia, where the application has been made through the ATO's on-line DASP system.

As stated in our letter to the AUSTRAC CEO dated 28 March 2011, ASFA requested an amendment to the AML/CTF Rules on the basis that:

1. The money laundering and terrorism financing risk associated with these payments is low, particularly since all payments made through the ATO's on-line system involve the release of money to an individual whose identity has already been verified through the VISA application process.
2. The customer identification requirements for such payments generally lead to a technical breach of the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations).
3. The administrative burden of having to conduct the ACIP in these circumstances is unreasonable (particularly for the superannuation fund member).

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We note that the exemption on conducting ACIP for on-line DASP payments is limited to balances not greater than \$5,000. Although we believe the basis for ASFA's request for an exemption applies equally to higher account balances, we understand that payments to departing temporary residents are generally small amounts (typically less than \$5,000). As such, we are not uncomfortable with AUSTRAC's decision to limit the exemption to circumstances in which the value of the member's interest on the date of application is less than or equal to \$5,000.

ASFA also supports the extension of the exemption in respect of on-line DASP payments beyond superannuation funds to approved deposit funds (ADFs) and retirement savings accounts (RSAs).

We thank you for considering our initial request for an amendment to the AML/CTF Rules and for providing us with the opportunity to participate in the consultation process.

If you have any queries or comments on the contents of this submission, please feel free to contact Jon Echevarria, Senior Policy Adviser on 02 8079 0859 or by email [jechevarria@superannuation.asn.au](mailto:jechevarria@superannuation.asn.au).

Yours sincerely,



Margaret Stewart  
General Manager, Policy and Industry Practice