

REAL ESTATE INSTITUTE OF AUSTRALIA

Reforming Australia's anti-money laundering and counter-terrorism financing regime

REIA submission on the second stage consultation papers
on reforms to simplify, clarify and modernise the AML/CTF
regime and address vulnerabilities in tranche two sectors.

June 2024



ACKNOWLEDGMENT OF COUNTRY

The Real Estate Institute of Australia (REIA)
acknowledges the Traditional Owners of
Country throughout Australia.

We pay our respect to them, their culture and
their leaders, past, present and emerging.

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INTRODUCTION

The Real Estate Institute of Australia (REIA) is the national body and voice for the real estate profession in Australia. REIA's primary function since 1924 has been advocacy for policies that support a successful real estate industry.

REIA's members are the State and Territory Real Estate Institutes (REIs) through which around 85% of Australian real estate agencies are collectively represented across 46,793 businesses.

Today, REIA represents real estate practitioners and agencies through our work across policy and political action, media advocacy, market research and evidence, industry excellence and national leadership and networks.

Real estate is a relatively unique sector as it's a large segment of the Australian economy servicing nearly all Australians almost exclusively by small businesses. To put this in perspective, there are 44,000 Australian real estate agencies Australia wide with 99% of these being small businesses.

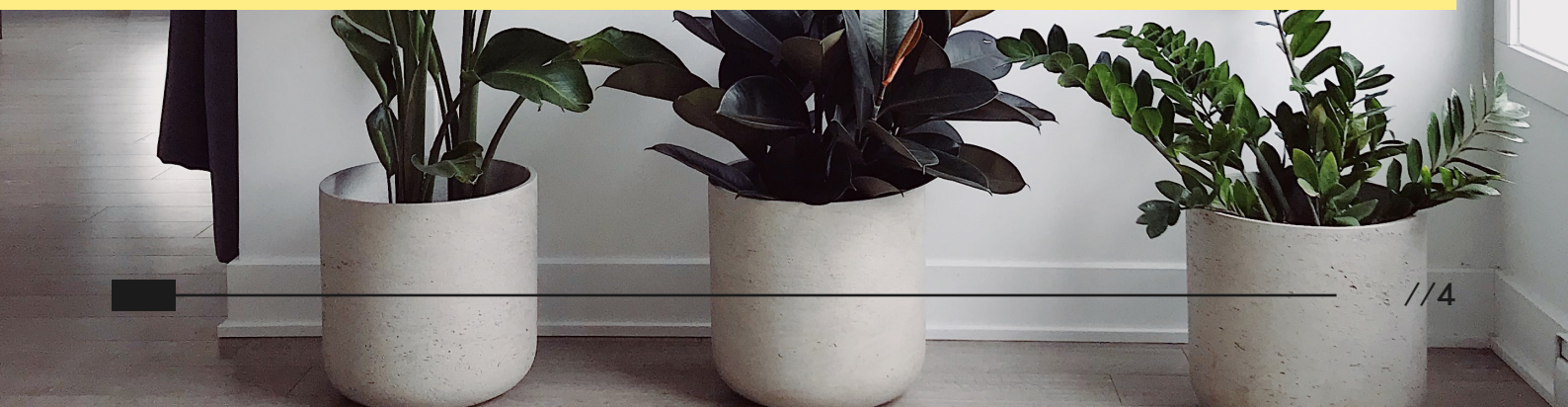
At the same time, our consumer base is considerable, with our outreach estimated to be:

- 6.9 million Australians helped into home ownership or rentals each year.
- \$350 billion in home sales settled in the last recorded financial period.
- \$78 billion in rent receipts collected annually.
- \$3 trillion in rental assets under management.
- Combined residential real estate asset value of \$9.3 trillion.
- Combined commercial real estate asset value of around \$1 trillion.

The Real Estate Institute of Australia (REIA) is committed to working with the Australian Government in strengthening Australia's anti-money laundering and counter-terrorism financing regulatory framework.

However, since 2006, REIA has noted a range of shortfalls in the inclusion of real estate agents in the Gatekeeper 2 proposal. This includes:

- That real estate agencies provide no new visibility of evidence to the transaction.
- Verification of Identity (VOI) and other measures are generally undertaken by solicitors and conveyancers as the transaction nears settlement.
- There is a range of differences and complexities across the Federation transaction by transaction.
- AUSTRAC and the Australian Federal Police (AFP) have not been able to provide any statistical basis for the 2021 senate inquiry and consultations to follow, bar the provision of a few case studies.
- The AFP believes that it's not practical to regulate all gatekeeper professions and admitted on record that collecting surveillance information from real estate agents would not increase any useful surveillance.



REIA POSITION

REIA acknowledges the importance of adhering to international standards established by the Financial Action Task Force (FATF).

We thank the Attorney General and his Department for the engagement of this issue to date. REIA notes that this has been a long-term advocacy issue since 2006 with multiple submissions, consultations and input provided to the Attorney-General’s department.

Nevertheless, we continue to seek further clarification on a range of matters including the justification for wholesale policy change. REIA ensures the continued advocacy for the smooth integration of these legislated requirements into our business operations, it is imperative that we strive to maintain a seamless workflow.

Areas of Unaddressed Concern

A number of key areas as identified in the multiple discussion papers REIA is responding to.

ISSUE	EXPLANATION
Evidence base to include real estate agents in Gatekeeper 2	The numbers attached to money laundering in real estate remain fractional compared to the size of the broader real estate market. Repeated attempts to clarify this have ultimately remained unaddressed.
Cost-benefit analysis	Whilst REIA understands an impact analysis will occur for the entire Act, a detailed cost-benefit analysis is lacking on the impacts of Gatekeeper 2 to proposed new reporting entities.
Audit of existing data collected, particularly by banks, lawyers and conveyancers	This work has not been undertaken by the Attorney General's Department taking into account the requirements of each State and Territory.
Direct business offsets or subsidies	AUSTRAC has secured \$166 million in funding, however, the businesses affected by the proposal are yet to receive any support via the Federal Budget.
Reporting compliance	In the event of non-compliance with the mandatory suspicious reporting requirement, costs associated to the agency and/or responsible person(s) are not stated.
Risk Rating Requirement	The risk rating requirement proposed translates to a duplication of existing processes and increased costs that are borne by consumers. It is important to establish specific parameters, that are transparent, easily understandable, and user-friendly, and the consultation paper does not provide clarification in relation to these issues.

With the clarifications outlined above still outstanding, it is difficult to address consultation questions meaningfully as these pose limitations.

Scope Refinement

REIA firstly notes that the department has not proposed to regulate services related to residential tenancies, property management, and leasing of commercial real estate.

These services fall outside the scope of the FATF Recommendations relating to designated non-financial businesses and professions.

REIA has proposed to the Attorney General's Department that only high-risk real estate transactions and specific pain points within the real estate transaction be addressed.

We continue to oppose the introduction of a blanket compliance approach.

However, the current consultation appears to still require all real estate businesses of any size and risk profile to provide all six measures of a compliance program.



SUBMISSION SUMMARY

REIA thanks the Attorney General's Department for the opportunity to contribute to the consultation paper on reforming Australia's anti-money laundering and counter-terrorism financing regime (the consultation paper).

REIA notes the 45 consultation questions presented in the consultation paper and has elected to respond to 15 of the questions that directly relate to the regulation of tranche two entities within the real estate industry in the following papers:

- Paper 1: Further information for real estate professionals
- Paper 5: Broader reforms to simplify, clarify and modernise the regime (which will apply to current and new proposed reporting entities)

REIA understands 'real property' to be defined to include:

- any interest in or right over land
- a personal right to call for or be granted any interest in or right over land, or
- a licence to occupy land or any other contractual right exercisable over or in relation to land.

REIA is available to speak further with the Attorney-General's department on request.



REAL ESTATE AGENT REQUIREMENTS

Real estate agencies in Australia provide a range of comprehensive services as outlined in Paper 1. These services are essential in facilitating smooth and successful real estate transactions on a day-to-day basis and we have consulted with our REI institutes on the measures outlined below.

REIA reiterates our opposition to all six components being required as a blanket for all entities.

GATEKEEPER 2 PROPOSALS	EASY	NEUTRAL	DIFFICULT	JUSTIFICATIONS
1. Enrol with AUSTRAC				Reasonable.
2. Develop and maintain an AML/CTF program tailored to your business				Business offsets provided by AUSTRAC not identified and 99% of small businesses will have to bear additional operating and compliance costs. This is impractical for widescale adoption by business groups, both in the development and implementation phase.
3. Conduct customer due diligence				Existing identity checks to be utilized, before imposing additional costs on buyers, sellers and real estate agents. These costs arise from the potential conflict of interest issues emerging from an agent acting in the interests of both parties, in addition to the role of the real estate agent as a marketing professional.
4. Conduct ongoing customer due diligence				Reasonable, provided that it does not have a significant impact on daily workflow operations in the real estate agency. If there is a reasonable impact, then the administrative burden will be onerous, with agencies passing on these higher costs to the final consumers.
5. Report certain transactions and suspicious activity				Penalties for non-compliance are unclear and the proposed reporting is against the best interests of agents.
6. Make and keep records				Additional administrative costs.

ISSUE 1: Conducting customer due diligence

Real estate agents are currently obligated to adhere to the Verification of Identity (VOI) process in accordance with the regulations stipulated by the relevant States and Territories.

The onus of conducting customer due diligence falls onto real estate agents, buyer's agents or conveyancers, where the requirements are not clear and different sale scenarios are not considered.



The customer journey: Sale by private treaty

Client (vendor) seeks proposals from real estate agents.

Agency agreement signed.

Preparation of marketing collateral.

Marketing launch and home opens for inspections.

Offers received from prospective buyers.

Offer accepted by vendor, contracts exchanged and sale of home finalised.



The customer journey: Sale by auction

Seller enters into agency agreement.

Auction preparation (Marketing and open homes).
Potential buyers inspect open homes.

Reserve received in writing by auction day.

On auction day, bidders register with the agent and a valid ID is required.

Bidding commences and sold at fall of the hammer (Or passed in).

Bidding commences and is sold at the fall of the hammer (Or passed in).

The successful bidder signs the contract of sale and pays the deposit, usually by bank transfer.

No cooling-off period, completion of sale occurs, generally around 42 days after exchange, but can vary.

Note: In the case of a purchaser employing the services of a buyer's agent, the customer is represented throughout the entire process by their nominated agent, who negotiates and bids on the customer's behalf.

Key concern areas highlighted by real estate agencies concerning customer due diligence conducted include the following:

Auction Scenario

In an auction scenario, bidders usually register beforehand or on the day, providing required personal details (where ID check is conducted).

The consultation paper notes that AML/CTF obligations only apply to business that facilitate auctions for sellers and act as an auctioneer for a real property transaction.

The requirements of conducting customer due diligence on **prospective bidders** have not been stated in the consultation paper. In the instance where this is required, the issue that arises relates to whether customer due diligence is to be conducted either before the bidder is allowed to participate in the auction or after the sale of the property has taken place, allowing bidders to participate in the auction first.

It is pertinent to note that the above scenario is currently applicable in all states and territories except for Tasmania (where legislation comes into effect August 1st).

In Tasmania, VOI will only be required once settlement is reached and this will take into effect from 1st August. This further only widens the bridge amongst states and territories where pre-existing legislations are in effect and will result in non-uniform compliance.

The onus of performing customer due diligence in an auction process becomes convoluted, as seller agents would perform due diligence on the sellers but buyer agents are not as prominent with individuals representing themselves in auction. Thus, it is practicable and realistic to perform the customer due diligence after a sale/settlement has occurred because otherwise, it would result in differing treatment of individuals according to classifications as buyers and sellers. It is REIA's view that auctioneers, contracted by a selling agent to conduct an auction, should not be considered reporting parties for the purposes of AML/CTF compliance.

Holding companies and off-the-plan sales

It has been raised by REIA's member Institutes and their practitioners that holding companies are outside the scope of a real estate agent's professional knowledge and career requirements.

In this instance, it would be reasonable to seek advice from an accountant or lawyer who are better placed to understand the legislation proposed on conducting customer due diligence in relation to different business structures and sales.

This further adds cost to real estate agencies of which 99% are small businesses through increased compliance, regulatory and operational risks that are borne direct by these agencies.

ISSUE 2: Suspicious activity reporting

REIA's member Institutes have indicated a lack of clarity surrounding the definition and classification of "suspicious activity", which has not been stipulated clearly in both stages of the consultation process.

This is despite repeated attempts to better understand this from the Attorney General's Department. Limited advice has been received in this regard.

A valid scenario is a purchase of a dwelling for a price and then a resale of that same dwelling purchased, at a substantial discount and within a quick turnaround would raise a red flag as this may constitute money laundering behaviour.

However, there is a double-edged sword as the practice of "flipping homes" is common in real estate and a number of upstanding, regular people continue to do so for a living. Abnormal purchasing behaviour, such as unusually large transactions or a sudden change in buying patterns, does not immediately trigger the submission of a suspicious activity report.

It is important to carefully assess these behaviours, considering their varied nature and potential underlying reasons, before making a decision to report them. Therefore, this brings into question, the need for clear, accurate and transparent requirements for reporting certain transactions and suspicious activity.



SUBMISSION TO CONSULTATION QUESTIONS

REIA has elected to respond to all 15 of the consultation questions from the second consultation paper series:

PAPER 1: Further information for real estate professionals; and

PAPER 5: Broader reforms to simplify, clarify and modernise the regime (which will apply to current and new proposed reporting entities) from the second consultation paper series.

PAPER 1: Further information for real estate professionals

a. Does the proposed definition of real property and its intersection with the proposed designated services create any unintended outcomes with regard to real estate transactions?

REIA recognises that the proposed designated services, which are related to real estate transactions, fall within the scope of activities relevant to the real estate industry. It is important to emphasize that in the context of these activities, the requirement to report suspicious activities involving clients or parties to a transaction presents a notable conflict. This conflict arises from the inherent challenge of balancing the best interests of the practitioner while fulfilling reporting obligations, which could potentially place the practitioner in a position of ethical and professional dilemma.

In accordance with the Agents Acts in each State and Territory, real estate agents are mandated to prioritize the best interest of their clients, whether they are vendors (selling a house), purchasers (buying a house) or investors (renting a house). These state laws necessitate that agents operate with due skill, care, and diligence, and uphold ethical and honest conduct.

b. To what extent do you think you would be able to leverage existing systems and controls to meet the proposed obligations?

Pre-existing controls that exist within current real estate providers are highlighted below:

Cash Purchases

- Cash purchases of property are exceedingly rare given the amount required for a home deposit and in the rare event that this does occur, appropriate controls are already in place as the bank will be notified of the cash deposit and the onus of reporting falls back to the financial institution in question.
- There are existing requirements in place where businesses that provide a designated service that involves a threshold transaction must report these transfers to AUSTRAC in a threshold transaction report (TTR) within 10 business days. A threshold transaction is the transfer of \$10,000 or more (or the foreign currency equivalent) as part of providing a designated service.
- Real estate agents generally do not accept cash for property transactions due to security risks.

Verification of identity in private treaty sales and auction

JURISDICTION	VERIFICATION OF IDENTITY	AUCTION
Western Australia	Agents must take all reasonable steps to perform satisfactory ID checks as per the VOI requirements. There are no legal requirements for the provision of Digital ID services, noting that this will be introduced as part of the real estate institute's membership service. A complete record of the verification process is stored with the agency.	Verification of identity and registration is not required for bidders at an auction. VOI check is only mandatory at the exchange of contract.
South Australia	Agents have an obligation to take all reasonable steps to perform satisfactory ID check. There is no legal requirement for the provision of Digital ID services. A complete record of the verification process is stored with the agency.	Verification of identity is required for registered bidders.
Victoria	Agents have an obligation to take all reasonable steps to perform satisfactory ID check. There is no legal requirement for the provision of Digital ID services. A complete record of the verification process is stored with the agency.	Verification of identity not required for bidder registration. VOI check is mandatory at exchange of contract.
Northern Territory	Agents have an obligation to take all reasonable steps to perform satisfactory ID check. There is no legal requirement for the provision of Digital ID services. A complete record of the verification process is stored with the agency.	Verification of identity is required for registered bidders.
Australian Capital Territory	Agents have an obligation to take all reasonable steps to perform satisfactory ID check. There is no legal requirement for the provision of Digital ID services. A complete record of the verification process is stored with the agency.	Verification of identity is required for registered bidders.
Tasmania	No requirements to identify clients upon listing and no requirements for record-keeping until the 1st August as per state legislation.	Verification of identity not required for registered bidders. VOI check is mandatory at exchange of contract.
New South Wales	Agents have requirements to perform comprehensive verification of identity checks (including audio-visual, certified copies) starting from 1st July. A complete record of the verification process is stored on file.	Verification of identity is required for registered bidders.
Queensland	Agents have an obligation to take all reasonable steps to perform satisfactory ID check. There is no legal requirement for the provision of Digital ID services.	Agents have an obligation to take all reasonable steps to perform satisfactory ID check on bidders at auction.

Agents have an obligation to take all reasonable steps to perform satisfactory ID check. There are no legal requirement for the provision of Digital ID services. A complete record of the verification process is stored with the agency. This applies across all jurisdictions except for TAS, where legislation requirements will take into effect from 1st August.

A majority of our REIs have switched to a digital verification process or are currently in the process of implementation as we understand most agencies offer a paperless transaction process for customers that ensures ease of access and security of information stored on our database.

The auction verification process is disproportionate where VOIs are not required on all registered bidders at an auction across some jurisdictions, these differences are noted in the table above. However, at the exchange of contract, the successful bidder is required to undergo VOI checks as per normal verification checks in place by the real estate agencies and required by law.

The pre-existing ID checks performed for the regular provision of real estate services by certain jurisdictions indicate that these would have stronger reporting capabilities for the AML/CTF reforms.

Other measures

- Any unfinanced property transaction triggers a direct report to the Australian Taxation Office
- Real estate agents are not generally involved in the formation of trusts.
- The legal transfer of property ultimately lies with State and Territory Governments through their respective land registries not real estate agents.

Costs borne by customers

Noting that, based on implementation in New Zealand, feedback has shown that the main problems are customer-facing as they bear the brunt of costs associated through:

- Poor consumer experience and complaints
- Duplication of provision of services

Agencies will face operational challenges in complying with the proposed AML/CTF regime. This will involve upgrading and developing technological solutions for record-keeping, documentation, and compliance monitoring. These system upgrades will come with significant costs that the industry will need to bear.



REIA RECOMMENDATION 1:

The Attorney General's Department clarifies the risk profile and specific pain points within a real estate transaction for AML.

c. In what circumstances do you consider reliance among real estate professionals and other reporting entities for initial customer due diligence will be appropriate?

As noted in question (b) above, REIA has highlighted the Verification of Identity process currently required by legislation in states and territories.

An additional layer of requirement for risk rating to be performed on clients identified under the proposed designated services are onerous and imposes additional administrative costs and is a burden on a sector that is already subject to over forty pieces of legislation in their day-to-day practice.

Within the process of property sales involving banks, conveyancing, and legal property transfers, a minimum of 3 – 5 identity verifications are necessary. Furthermore, all involved parties are expected to report any instances of suspicious behavior and other relevant declarations. Real estate agents, as marketing professionals, do not have any new additional data, evidence, or intelligence to report that is not already collected by banks, lawyers, conveyancers, and land title registries.

Moreover, the identification and reporting of such behavior are clearly beyond their typical area of expertise. Some properties that are sold and leased independently of real estate agents fall outside the scope of tranche two entities.

To identify the circumstances where initial customer due diligence will be appropriate, REIA strongly recommends that an audit of all available data points across a real estate transaction be conducted by banks, lawyers, conveyancers and land title registries to see where the gaps lie, if any.



REIA RECOMMENDATION 2:

A comprehensive data audit is undertaken across all responsible parties and data points associated with the real estate transaction process.

d. What additional information, guidance and materials would you require from AUSTRAC to help you comply with your new AML/CTF obligations?

The following information is required:

- Any audit of existing data collected across the property transaction to identify duplications and reduce the compliance burden on real estate agencies
- A cost benefit analysis specific to real estate to be developed and made available for the public
- A comprehensive dossier on AML/CTF requirements to be made available to real estate agencies, to better understand legal reporting obligations and associated procedures.
- A nationwide education and awareness campaign including webinars, training and development courses to be included for all real estate agencies.



REIA RECOMMENDATION 3:

Establishment of a real estate regime focused on awareness and partnership through the development of a comprehensive industry-wide information dossier that is clear and transparent to better understand legal reporting obligations and associated procedures.

e. What timeframe would you require to complete a risk rating for all pre-commencement customers (customers who you are in a business relationship with when the reforms commence)?

Real estate agencies, being predominantly small businesses that are involved in managing a high volume of daily real estate transactions, require an appropriate timeframe within which to comply with the regulations. A business relationship concludes when contracts are exchanged and the contract is not subject to any conditions enuring for the purchaser or expiry of the authority period, whichever comes later.

In order to establish a fair timeframe, it is essential to engage in consultations with real estate agencies to understand their operational challenges and constraints. It is recommended that a minimum duration of 2 years be proposed to ensure that real estate agencies have ample time to adapt and comply with the new requirements.

We note AUSTRAC has recently completed a suite of prosecutions for non-compliance on Gatekeeper 1 entities. We believe at a minimum a non-enforcement period of 5 years should apply.

This will allow for a smoother transition and prevent undue disruptions to their business operations.



REIA RECOMMENDATION 4:

Further consultations to be undertaken with real estate agencies to determine appropriate reporting timeframe and penalties associated with non-compliance.



PAPER 5: Broader reforms to simplify, clarify and modernise the regime

(which will apply to current and new proposed reporting entities)

Business Group

a. Under the outlined proposal, a business group head would ensure that the AML/CTF program applies to all branches and subsidiaries. Responsibility for some obligations (such as certain CDD requirements) could also be delegated to an entity within the group where appropriate. For example, a franchisor could take responsibility for overseeing the implementation of transaction monitoring in line with a group-wide risk assessment. Would this proposal assist in alleviating some of the initial costs for smaller entities?

b. The streamlined AML/CTF program requirement outlined in this paper provides that the board or equivalent senior management of a reporting entity should ensure the entity's AML/CTF program is effectively identifying and mitigating risk. To what extent would this streamlined approach to oversight allow for a more flexible approach to changes in circumstance?

c. Many modern business groups use structures that differ from the traditional parent subsidiary company arrangement. What forms and structures of groups should be captured by the group-wide AML/CTF program framework?

The Real Estate Industry Association (REIA) emphasizes that 99% of real estate agencies are small entities, which makes them more susceptible to the financial burden of appointing a compliance officer for Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) obligations. Due to the added expense, these small agencies find it impractical to appoint such officers, leading to the agency principals bearing the majority of the responsibility and costs associated with ensuring compliance.

On the other hand, there will be an unjustifiable financial burden placed on both franchisors, franchisees, and independent small and medium-sized enterprises (SMEs).

Franchisors will be compelled to develop, execute, and uphold a comprehensive anti-money laundering/counter-terrorism financing (AML/CTF) program that encompasses the entire business operations while ensuring the compliance of reporting entities. In contrast, franchisees may not possess the financial means to meet these obligations which raises the implications of non-compliance. SMEs lacking the support of franchisors will grapple with this financial burden in addition to their existing business outlays, which include but are not limited to investing in software systems to guarantee compliance, provide training, and cover operating expenditures.

REIA RECOMMENDATION 5:

A cost benefit analysis specific to real estate to be developed and made available for the public

Customer Due Diligence

d. To what extent do the proposed core obligations clarify the AML/CTF CDD framework?

e. What circumstances should support consideration of simplified due diligence measures?

REIA opposes the full six points of the compliance program needing to be imposed on every real estate business. There remains a complete lack of clarity as to how the risk management process will mirror this.

Real estate agents are the marketing professionals in the real estate transaction process and should not be held responsible to conduct due diligence on the vendor or purchasers. The proposed changes could also lead to situations where conflicts of interest arise as real estate agents are required to duly act in the best interests of their vendor. Hence, the overarching principle is to conduct due diligence in a manner that does not hinder regular business operations, and excludes activities involving potential buyers.

The onus of responsibility is on solicitors and financial service providers as they manage the bulk of transactions and have in-depth knowledge of the subject matter to ensure accurate customer due diligence is conducted. Given the current verification of identity requirements required under State and Territory Laws combined with the multiple identity verification processes across other professional entities such as banks, solicitors, conveyancers, registries and financial institutions, there is a significantly lower risk assessment attached to the real estate sector.



REIA RECOMMENDATION 6:

An exemption for conducting customer due diligence in the real estate sector based on lower risk profile and duplication of existing reporting processes.

f. What guidance should AUSTRAC produce to assist reporting entities to meet the expectations of an outcomes-focused approach to CDD?

These are identified in consultation question (d) in Paper 1, in addition to the following:

- Funding for capacity building and training from government to the industry to offset business costs. The following training is required:
 - Compliance officers in each business need initial training.
 - All current sales representatives and buyer's agents who interact with customers need initial training.
 - Ongoing training is necessary to keep knowledge and practices up to date.
 - New entrants to the industry need ongoing training to stay informed.
 - Existing training must be updated to reflect the AML/CTF requirements.
- A clear template guidance provided for reporting entities, particularly in relation to "suspicious reporting".

Additionally, both a phased out approach and transitional adjustment period is recommended.



REIA RECOMMENDATION 7:

Funding for capacity building and training from government to the industry to offset business costs borne by small businesses and customers.

g. When do you think should be considered the conclusion of a 'business relationship'?

The conclusion of a "business relationship" with a real estate agency occurs when their involvement in the property transaction process comes to an end.

This happens upon the completion of a property sale. At this stage, the real estate agent has fulfilled their duties and responsibilities, and the property is either acquired by the customer.

h. What timeframe would be suitable for reporting entities to give a risk rating to all pre-commencement customers?

This is identified in the response to consultation question (e) in Paper 1.



Tipping off offence

i. Are there situations where SMR or section 49 related information may need to be disclosed for legitimate purposes but would still be prevented by the proposed framing of the offence?

j. Are there any unintended consequences that could arise due to the proposed changes to the tipping off offence?

REIA understands the changes to the 'tipping off' offence will be reframed to focus on prevention of disclosures of SMR information or section 49 related information where it is likely to prejudice current or potential investigations. This is to allow for information sharing between reporting entities for legitimate purposes.

Once again, REIA emphasises that real estate agents are in a delicate position as they are required to act in the best interests of their clients.

They are entrusted with property transactions and must represent the needs of their customers.

Therefore, it would be beneficial to have further clarification on the penalties for failing to comply with the tipping off offence to ensure peace of mind.



REIA RECOMMENDATIONS

1. The Attorney General's Department clarifies the risk profile and specific pain points within a real estate transaction for AML.

2. A comprehensive data audit is undertaken across all responsible parties and data points associated with the real estate transaction process.

3. Establishment of a real estate regime focused on awareness and partnership through the development of a comprehensive industry-wide information dossier that is clear and transparent to better understand legal reporting obligations and associated procedures.

4. Further consultations to be undertaken with real estate agencies to determine appropriate reporting timeframe and penalties associated with non-compliance.

5. A cost benefit analysis specific to real estate to be developed and made available for the public.

6. An exemption for conducting customer due diligence in the real estate sector based on lower risk profile and duplication of existing reporting processes.

7. Funding for capacity building and training from government to the industry to offset business costs borne by small businesses and customers.

CONCLUSION

REIA thanks the Attorney General's department for the opportunity to contribute to the consultation papers on reforming Australia's anti-money laundering and counter-terrorism financing regime.

An essential objective of the AML/CTF framework is to smoothly integrate supplementary requirements into the standard business processes, thereby ensuring that sales are not unduly impeded, especially given our current housing crisis.

We hope that feedback will be provided to us that best addresses the range of concerns in relation to this proposed reform.

THANK YOU



**100 YEARS OF SERVING
THE REAL ESTATE INDUSTRY**