



## Chief Executive Officer

13 January 2021

Ref: 12160109

Committee Secretary  
Senate Legal and Constitutional Affairs Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Secretary

### Correction to written question on notice: 'Vatican—Money Transfers to Australia'

I write to you concerning the written question on notice (QON) received by AUSTRAC from Senator the Hon Concetta Fierravanti-Wells: BE20-080—Vatican—Money Transfers to Australia.

AUSTRAC's response to this QON was tabled on 16 December 2020, providing transaction volumes and values of money transferred to and from Australia and the Vatican City State. AUSTRAC's subsequent engagement with the Vatican City State Financial Intelligence Unit and our detailed analysis of the extracted data has identified a discrepancy.

A revised table is provided below for the Committee's reference.

International funds transfer instructions (IFTIs) <sup>1</sup>							
Vatican City State	2014	2015	2016	2017	2018	2019	2020
<b>Incoming to Australia</b>							
Report count	46	59	51	65	57	52	32
\$ value (m)	0.4	1.7	2.1	2.6	1.3	0.8	0.6
<b>Outgoing from Australia</b>							
Report count	24	30	33	33	25	44	48
\$ value (m)	2.8	2.0	5.5	4.1	2.2	4.3	5.7
<b>Total</b>							
Report count	70	89	84	98	82	96	80
\$ value (m)	3.2	3.7	7.6	6.7	3.5	5.1	6.3

<sup>1</sup> The data is derived from international funds transfer instructions reported to AUSTRAC under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* for instructions sent between financial institutions located in the Vatican City State and Australia. AUSTRAC reporting captures instructions for the transfer of funds rather than the transfer itself. The data also does not include instructions for transfers via third countries, or non-reportable transfers such as those between national central banks.



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The statistics provided in our original response were generated for the specific purpose of responding to the Question on Notice. These statistics were not used for nor were part of any financial intelligence or regulatory analysis.

The discrepancy in the data occurred due to a range of complexities and inconsistencies in some reporting received by AUSTRAC originating from international institutions, relating to incomplete geo-coding data. This led to AUSTRAC's system attributing a large series of transactions to the Vatican City State. AUSTRAC's quality assurance processes should have identified this issue.

AUSTRAC has subsequently undertaken a detailed review of the data and put immediate additional quality assurance processes in place. AUSTRAC has worked with the Vatican City State Financial Intelligence Unit as part of this process. AUSTRAC is also considering what further processes and governance changes should be implemented into the future.

Australia's anti-money laundering and counter-terrorism financing regime requires over 15,000 financial institutions and other reporting entities to report the instructions for the transfer of funds into and out of Australia. However this reporting does not capture all money transferred in and out of Australia, such as transactions between national central banks. Australian financial institutions submitting reports to AUSTRAC are reliant upon the instructions and information received from counterpart financial institutions from across the world and subsequently the quality of reporting data received by AUSTRAC does vary greatly. In 2019-20 the total value related to the 165 million reports made to AUSTRAC was approximately \$7.4 trillion, including the transactions involving Australia and over 190 nation states.

I wish to reassure the Committee that this change to these statistics does not affect AUSTRAC financial intelligence or regulatory activities, as such activities necessarily involve detailed review and analysis of all relevant reports.

Yours sincerely

Nicole Rose PSM  
Chief Executive Officer

