

31 July 2024

The Committee Secretary  
Parliamentary Joint Committee on Law Enforcement  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Via: Online submission

**REIA Submission on the capability of law enforcement to respond to money laundering and financial crime**

Dear Secretary,

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.

The real estate sector plays a crucial role in the Australian economy, serving the needs of Australians through a network of approximately 44,000 real estate agencies spread across the country. It is noteworthy that 99% of these agencies are characterized as small businesses.

Furthermore, this has been a long-term advocacy issue of REIA since 2006 and our steadfast dedication is to engage in a collaborative effort with the Australian Government to bolster and refine Australia's existing anti-money laundering and counter-terrorism financing regulatory framework, thereby ensuring the integrity and stability of the real estate sector.

**Introduction**

REIA recognizes the significance of complying with the international standards set by the Financial Action Task Force (FATF) as it is crucial to ensure that Australia's financial system is secure and resistant to money laundering and terrorist financing activities.

The Attorney General's speech at the National Press Club revealed that only \$228 million worth of property had been seized by financial crime regulators in the past calendar year. The Australian residential property market is valued at over \$10 trillion, making this a mere 0.00228% of the total market. The numbers attached to money laundering in real estate remain fractional compared to the size of the broader real estate market.

According to the Australian Transaction Reports and Analysis Centre's (AUSTRAC) National Risk Assessment, the real estate sector is considered a 'very high risk' asset. In contrast, real estate agents are identified as 'medium risk' when compared to other Gatekeeper Two professions. This assessment underscores the fact that implementing a blanket compliance approach for all real estate agents is impractical.

## Our Position

REIA supports the scope of the inquiry into the capability of law enforcement to respond to money laundering and financial crime, as provided in the [terms of reference](#).

To ensure the continued advocacy for the smooth integration of these legislated requirements into our business operations, REIA notes several areas of unaddressed concerns. We refer the Committee to our most [recent submission](#) on this matter to the Attorney Generals Department.

Real estate is frequently cited as a potential avenue for money laundering due to the substantial amount of transactions involved, yet there is no conclusive evidence linking robust growth in housing prices to money laundering activities.

Real estate agents are generally perceived as low-risk targets for anti-money laundering (AML) regulations and do not receive professional training to detect financial crimes. While law enforcement agencies have developed significant capabilities to respond to money laundering and financial crime, it is essential to recognize the limitations and appropriate role of real estate agents in this context. Real estate agents are low-risk targets for AML/CTF interventions and lack the professional training to effectively identify and respond to financial crimes.

By providing targeted training and awareness, fostering collaboration with industry stakeholders, and offering clear guidelines, the real estate sector can contribute to law enforcement's AML/CTF efforts without overstepping its professional boundaries.

## Real Estate Agent Requirements & Responsibilities

Law enforcement should look to integrate the pre-existing controls within the current real estate landscape into the wider AML/CTF regime.

It is crucial to avoid imposing undue burdens on real estate agents, who lack the qualifications and accountability to monitor or be held responsible for the actions of their clients. 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 strongly advocates for the establishment of a real estate regime that focuses on awareness and partnership. This would be achieved through the development of a comprehensive industry-wide information dossier that is clear and transparent, in order to better understand legal reporting obligations and associated procedures. This underscores the importance of **fostering a relationship between law enforcement and local businesses at the initial outset**.

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 and suspicious activity reporting.

## Conclusion

Should you require further information, I can be contacted on 0448 692 245 or [anna.neelagama@reia.com.au](mailto:anna.neelagama@reia.com.au).

Yours sincerely,

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